

MARKET VALUE APPRAISAL

of

Various Parcels of Vacant Land in the Coffman Loop,
Phase II Subdivision

Appraisal Report No. 4616-0



STATE OF ALASKA

Department of Natural Resources
Division of Mining, Land and Water
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Anchorage, AK 99501-3576

MEMORANDUM

State of Alaska

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DATE: January 5, 2023

TO: Kevin Hindmarch
Review Appraiser

FROM: Mike Dooley

SUBJECT: Appraisal of 20 parcels of land located in the community of Coffman Cove, Alaska. The parcels are being appraised to establish minimum bid price for sale at auction.

As requested, I have completed an appraisal of the referenced parcels. I understand that this appraisal will be used to determine the minimum purchase price for the above referenced parcels. I am submitting this report for your review and approval.

The appraisal was completed in accordance with the "Uniform Standards of Professional Appraisal Practice" of the Appraisal foundation and in accordance with the Special Appraisal Instructions (DNR Land Disposal), DNR. This Appraisal Report is based on the General Assumptions and Limiting Conditions, Hypothetical Condition and Extraordinary Assumption (see Page 7) stated in the report, as well as the facts, analyses, and reasoning leading to the opinions of value.

I have inspected the subject area and most of the comparable sales used in this report. Physical descriptions of the subject parcels are based on physical inspections, soil maps, aerial photography and topographic maps. Based on my observations and analysis of all available data, I have formed an opinion of market value as of the effective date of value.

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APPRAISAL SUMMARY

Subdivision Name	Location	Lot Size (acres)
Coffman Loop, Phase II	There are 20 subject parcels in the Coffman Loop, Phase II Subdivision. The parcels are located approximately one-half mile south of the marina in Coffman Cove.	1.08 – 4.53

Value Summary

ADL	Subdivision	Lot	Block/ Tract	Survey	Size (acres)	Value (RND)
109073	Coffman Loop, Phase II	1	1	2018-01	2.10	\$44,500
109074	Coffman Loop, Phase II	2	1	2018-01	2.60	\$59,000
109081	Coffman Loop, Phase II	9	1	2018-01	2.02	\$27,600
109087	Coffman Loop, Phase II	1	2	2018-01	1.10	\$40,900
109088	Coffman Loop, Phase II	2	2	2018-01	1.08	\$40,800
109093	Coffman Loop, Phase II	7	2	2018-01	2.59	\$31,300
109095	Coffman Loop, Phase II	9	2	2018-01	2.27	\$29,200
109098	Coffman Loop, Phase II	12	2	2018-01	1.81	\$26,200
109101	Coffman Loop, Phase II	1	3	2018-01	3.81	\$64,300
109102	Coffman Loop, Phase II	2	3	2018-01	3.63	\$63,500
109103	Coffman Loop, Phase II	3	3	2018-01	4.53	\$67,400
109105	Coffman Loop, Phase II	5	3	2018-01	1.91	\$48,700
109106	Coffman Loop, Phase II	6	3	2018-01	2.12	\$49,500
109111	Coffman Loop, Phase II	1	4	2018-01	1.17	\$25,500
109112	Coffman Loop, Phase II	2	4	2018-01	1.28	\$25,000
109116	Coffman Loop, Phase II	6	4	2018-01	1.36	\$25,600
109117	Coffman Loop, Phase II	7	4	2018-01	2.03	\$27,600
109118	Coffman Loop, Phase II	8	4	2018-01	2.24	\$26,100
109120	Coffman Loop, Phase II	10	4	2018-01	2.44	\$50,700
109121	Coffman Loop, Phase II	11	4	2018-01	1.69	\$42,900

PREMISES OF THE APPRAISAL

Type of Appraisal and Report

This appraisal is an Appraisal Report prepared in accordance with Standards Rule 1 and 2 of the current edition of **Uniform Standards of Professional Appraisal Practice (USPAP)**, and in accordance with DNR's Special Appraisal Instructions – DNR Land Disposal.

Purpose of Appraisal

The purpose of this appraisal is to estimate current market value.

User and Client Identity

This appraisal is prepared for the State of Alaska, Department of Natural Resources and the general public.

Intended Use of Appraisal

The appraisal will be used by DNR to establish the minimum price for a sealed bid auction and will be used by the general public for guidance in determining actual bid prices.

Property Rights Appraised

Rights appraised are fee simple estate less mineral rights reserved to the State of Alaska under

AS 38.05.125(a).

Fee simple estate is defined as¹:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."

AS 38.05.125(a) states²:

Reservation. (a) Each contract for the sale, lease or grant of state land...is subject to the following reservations: "[sic] the party of the first part, Alaska, hereby expressly saves, excepts and reserves... unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of every name, kind or description, and with may be in or upon said land...[and the right] to occupy as much of said land as may be necessary or convenient... to render beneficial and efficient the complete enjoyment of the property and rights hereby expressly reserved."

Definition of Market Value³

"The most probable price, as of a specified date, in cash, or terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."

Effective Date of Value

I inspected all of the subject parcels on November 09, 2022.

Date of Report

January 5, 2023

¹ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, p.90

² Alaska Statutes Title 38, Public Land Article 5, <http://www.legis.state.ak.us/basis/folio.asp>, Accessed 1/17/2020

³ The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2013, p.58

Exposure Time

Exposure time is defined as "...the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market. Exposure time is different for various types of property and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable effort."⁴

The parcels are recreational/residential lots located in the community of Coffman Cove. An exposure time for the subject parcels of up to one to two year is reasonable.

Sale History

There are no known sales or deed transfers of any of the subject parcels within the past three years.

Prior Appraisal History

I have performed no services, as an appraiser or in any other capacity, regarding the property that is subject of this report within the three-year period immediately preceding acceptance of this assignment.

SCOPE OF WORK**Property and Comparable Sales Inspection**

I inspected the subject parcels on November 09, 2022. I inspected the comparable sales on November 11, 2022.

Research and Analysis Conducted

Interviews were conducted with local real estate agents, appraisers, and other individuals familiar with the area who provided information about trends in values, supply and demand. DNR records were searched for recent comparable sales and information about parcels currently available.

Previous appraisals of the subject parcels were utilized to help identify pertinent physical characteristics and neighborhood characteristics. Current listings were also searched. Sellers and buyers or other knowledgeable market participants were contacted to verify recent sale prices and other transaction details.

After analysis of all available data, appropriate comparable sales were selected. The market value estimate was derived from this process and is based on the following assumptions and limiting conditions.

⁴ Uniform Standards of Professional Appraisal Practice 2016-2017, Appraisal Foundation, p. 2-3

Assumptions and Limiting Conditions

1. The property is appraised as vacant land without structural or site improvements.
2. All engineering studies are assumed to be accurate. Plats and illustrative material included in the report are intended to help the reader visualize the properties.
3. Information furnished by others and included in the report is believed to be reliable, but the appraiser does not warrant the accuracy of such information.
4. Unless otherwise noted in the report, the appraiser did not find any evidence that hazardous materials exist on these properties. The estimate of value is based on the assumption that there are no such materials on the property. The appraiser is not qualified to detect these substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge that is required to discover these substances.
5. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony, or be in attendance in court with reference to the property in question unless arrangements have been made in advance.
6. The data and conclusions in this report are a part of the whole valuation. Each part of this report is only part of the evidence upon which the final judgment is based. Therefore, no part should be used out of context and by itself alone.
7. It is assumed that there are no hidden or apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for any such conditions, or for arranging engineering studies to discover them.
8. The estimate of value in this report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
9. Some parcels may contain saw timber, but not necessarily in commercial quantities. The estimated market value does not include the value of commercial timber, if any.
10. Unless noted, the existence of personal property or improvements, if any, could not be confirmed. The properties are appraised "as vacant".
11. In this valuation, various mathematical calculations were used to formulate the opinion of value. These calculations are only aids for the formulation of the opinion of value by the appraiser. Therefore, in the application of these calculations, certain arithmetical figures are rounded to the nearest significant amount.
12. The appraiser assumes no responsibility for legal matters. The subject lots are assumed to be free and clear of encumbrances, except as otherwise noted, and title is assumed to be marketable.

PRESENTATION OF DATA

Market Area

Prince of Wales Island

Prince of Wales Island is the third largest island in the United States. It is located in the southern portion of the Alexander Archipelago in southeast Alaska, approximately 15 miles west of Ketchikan, and 32 miles southwest of Wrangell. The area is dominated by a cool, maritime climate. Average temperatures in the summer range from 46 to 70 °F; winter temperatures range from 32 to 42 °F.

Historically, commercial fishing, timber, and mining were the economic mainstays of the island. The timber industry on the island has waned since 1997 when a world-class pulp mill closed down in Ketchikan. Viking Lumber still operates a sawmill in Klawock which employs dozens of people directly and contributes to a wide swath of support jobs. Small sawmills operate in other areas of the island producing rough cut lumber and cedar shakes. Mining faded as an economic force by the mid 1900's but may be poised for a comeback. Bokan Mountain in the southern arm of the island has proven veins of rare earth elements. Recent feasibility studies have shown Bokan Mountain to be a good prospect for mineral extraction. Commercial fishing is still an economic mainstay on the island. Salmon stocks are managed by the Alaska Department of Fish and Game for sustainability. Natural salmon stocks are augmented by the Klawock River Hatchery and the Port St. Nicholas hatchery near Craig, both of which boost fishing opportunities for commercial and sport harvesters. Craig remains one of the top 100 fishing ports in the nation, with millions of pounds of fish being tallied through Craig each year.

Coffman Cove⁵

Coffman Cove is an incorporated 2nd class city located on the northeast coast of Prince of Wales Island. It lies 65 miles northwest of Ketchikan and 36 miles southwest of Wrangell. The current population is 183 (2020 DCCED).

Municipal Facilities & Utilities

Piped Water, Piped Sewer, Volunteer Fire/EMS, Harbor/Dock, Post Office (federal contract), Gravel Sales, Parks & Recreation, Roads, Library, Internet

Transportation

The state ferry landing at Hollis provides daily access to the Prince of Wales Island from Ketchikan. The Inter-Island Ferry Port Authority built a ferry terminal in Coffman Cove, but the boat no longer runs out of the community. A state-owned seaplane base is available, and there is scheduled daily air service from Ketchikan to Klawock. The harbor in Coffman Cove provides for boat moorage and launching. Freight arrives by cargo plane, barge, ship, and by road from Craig. Coffman cove has paved road access from the Hollis Ferry dock and from the airport in Klawock.

Climate

Coffman Cove falls within the southeast maritime climate zone, characterized by cool summers, mild winters and heavy rain throughout the year.

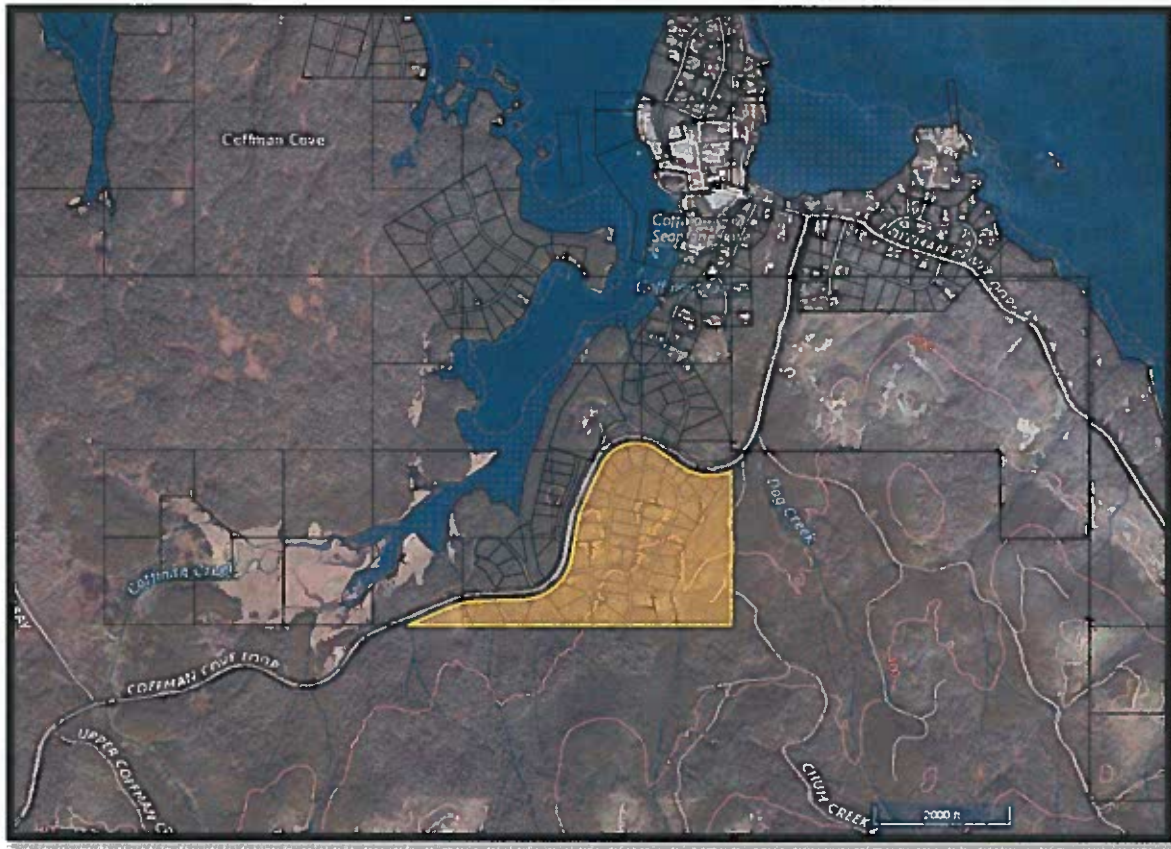
⁵ State of Alaska Division of Community and Regional Affairs.
<https://dced.maps.arcgis.com/apps/MapJournal/index.html?appid=53e8450c79c04f93bd3846749b9a66f9>, accessed 12/13/22.

Parcel Descriptions

ADL	Subdivision	Lot	Block/ Tract	Survey	Size (acres)
109073	Coffman Loop, Phase II	1	1	2018-01	2.10
109074	Coffman Loop, Phase II	2	1	2018-01	2.60
109081	Coffman Loop, Phase II	9	1	2018-01	2.02
109087	Coffman Loop, Phase II	1	2	2018-01	1.10
109088	Coffman Loop, Phase II	2	2	2018-01	1.08
109093	Coffman Loop, Phase II	7	2	2018-01	2.59
109095	Coffman Loop, Phase II	9	2	2018-01	2.27
109098	Coffman Loop, Phase II	12	2	2018-01	1.81
109101	Coffman Loop, Phase II	1	3	2018-01	3.81
109102	Coffman Loop, Phase II	2	3	2018-01	3.63
109103	Coffman Loop, Phase II	3	3	2018-01	4.53
109105	Coffman Loop, Phase II	5	3	2018-01	1.91
109106	Coffman Loop, Phase II	6	3	2018-01	2.12
109111	Coffman Loop, Phase II	1	4	2018-01	1.17
109112	Coffman Loop, Phase II	2	4	2018-01	1.28
109116	Coffman Loop, Phase II	6	4	2018-01	1.36
109117	Coffman Loop, Phase II	7	4	2018-01	2.03
109118	Coffman Loop, Phase II	8	4	2018-01	2.24
109120	Coffman Loop, Phase II	10	4	2018-01	2.44
109121	Coffman Loop, Phase II	11	4	2018-01	1.69

Location

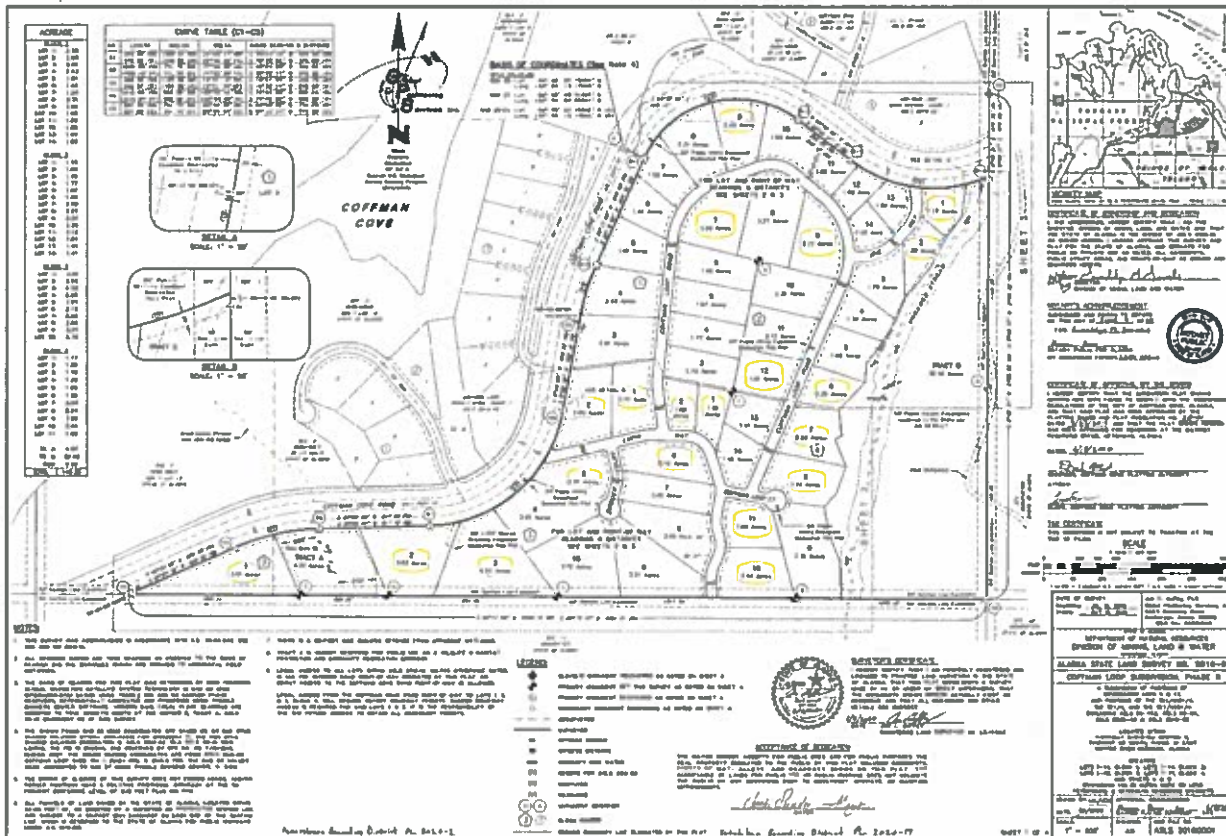
The subject parcels are located approximately one-half mile south of the marina in Coffman Cove.



The yellow highlighted area is the Coffman Loop, Ph II subdivision.

Access

Although the subdivision is accessed via the paved Coffman Cove Road, South Lupin Way and Coffman Loop Court are the only improved roads within the subdivision. Lot 1, Lot 2, and Lot 3 of Block 3 are the only subject parcels that have direct access to Coffman Cove Road. All of the remaining subject parcels must be accessed via the interior platted roads within the subdivision. The highlighted plat on the following page illustrates the subject parcels within the subdivision.



Size & Shape

The subject parcels range in size from 1.10 to 4.53-acres and are irregular in shape.

Topography

The subdivision sits at approximately 200' above sea level and is characterized by a mild to moderately sloping topography.

Soils and Vegetation

Soils and vegetation are typical of the surrounding area. The vegetation is a mix of Hemlock, Cedar, Spruce, and Alder. In addition, there is a large swath of clear-cut land and remaining slash that runs through the subdivision. An estimate of the percent clear-cut for each lot will be discussed on each of the following parcel description pages.

Utilities, Water & Sewer

Electrical service runs along Coffman Cove Road but has not been extended into the subdivision. According to a representative of Alaska Power and Telephone Company, electrical service is to be brought into the subdivision via the utility easements along the platted rights of way. No public water or sewer system is available. Water supply or sewage disposal systems must be located, constructed, and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.

Easements & Zoning Regulations

All parcels abutting a section line are subject to a 50' section line easement on each side of the section line. All parcels are subject to a 20' public utility easement along lot lines with road frontage. In addition, there is a 50' building setback from any apparent wetlands. The subject parcels are not encumbered by zoning restrictions.

Environmental Hazards, Hazardous Waste & Toxic Materials

No toxic materials, waste, or hazards were observed during the field inspection.

Tax Assessments

None.

Ownership History

The Department of Natural Resources is the current owner of record for the subject parcels within the Coffman Loop, Phase II Subdivision.

There are no known sales or deed transfers of the subject parcels within the past three years.

Personal Property

There is no personal property involved with the appraisal of these parcels.

Parcel Descriptions

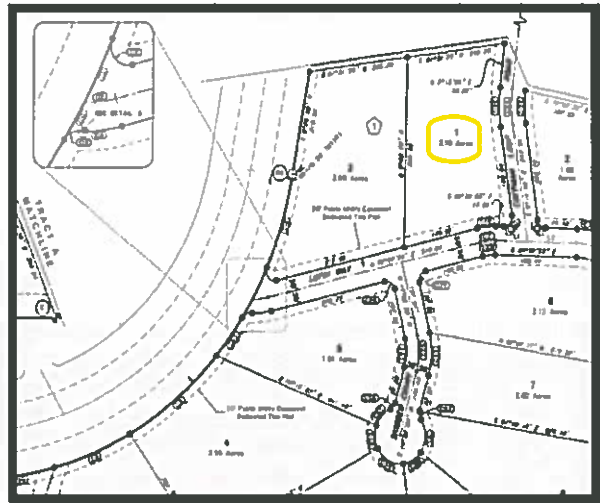
ADL	Lot	Block	ASLS	Size
109073	1	1	2018-01	2.10



Photo taken from the S. Lupin Way, Looking east.



Approximately 75% clear-cut.



20' utility easement at front and back lot lines.

Parcel Descriptions

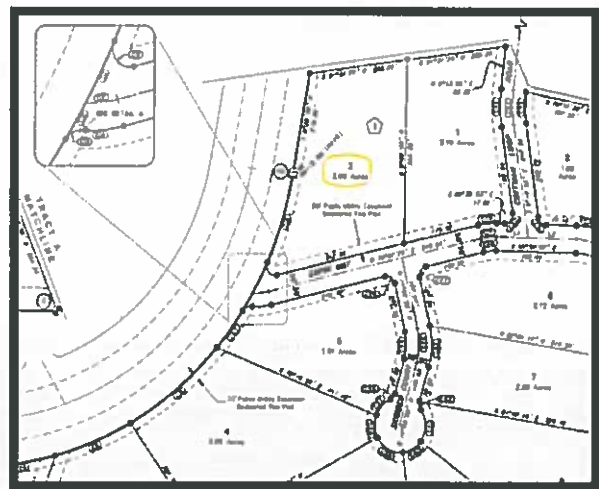
ADL	Lot	Block	ASLS	Size
109074	2	1	2018-01	2.60



Photo taken from Coffman Cove Road and S. Lupin Way, looking east. Moderately sloping.



Heavily wood. 20% Clear-cut.



20' utility easement along front lot lines.

Parcel Descriptions

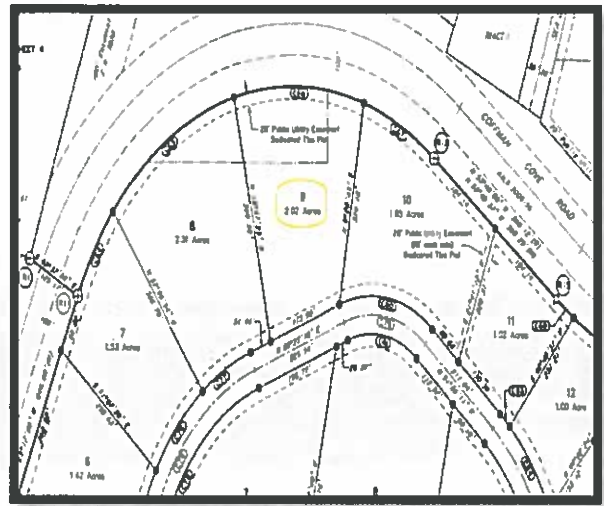
ADL	Lot	Block	ASLS	Size
109081	9	1	2018-01	2.02



Photo taken from Coffman Cove Road, looking southwest. Level to moderately sloping.



Heavily treed. 0% Clear cut.



20' utility easement along front and back lot lines.

Parcel Descriptions

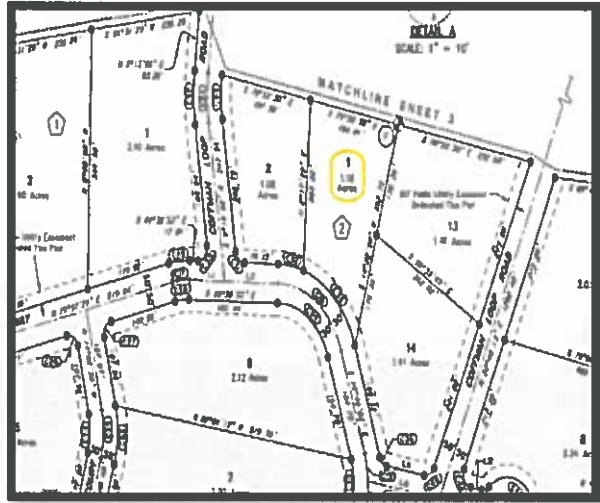
ADL	Lot	Block	ASLS	Size
109087	1	2	2018-01	1.10



Photo taken from Lupin Way, looking southeast. Level to moderately sloping.



Heavily wooded. Approximately 45% Clear cut.



20' utility easement along front lot line.

Parcel Descriptions

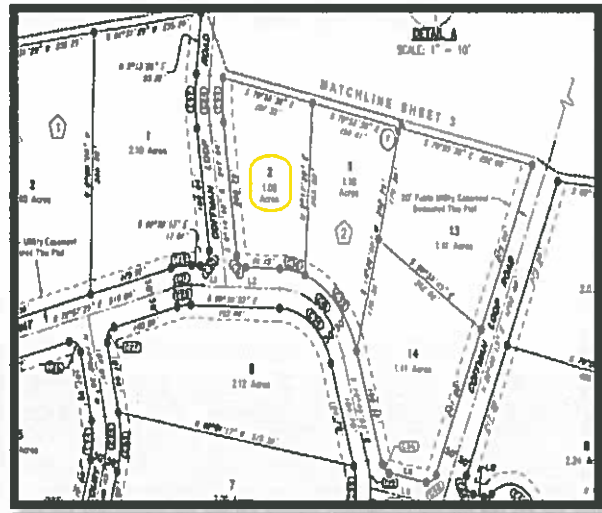
ADL	Lot	Block	ASLS	Size
109088	2	2	2018-01	1.08



Photo taken from Coffman Loop Road and Lupin Way, looking northeast. Level to moderately sloping.



Heavily wooded. 60% clear-cut.



20' utility easement along front lot lines.

Parcel Descriptions

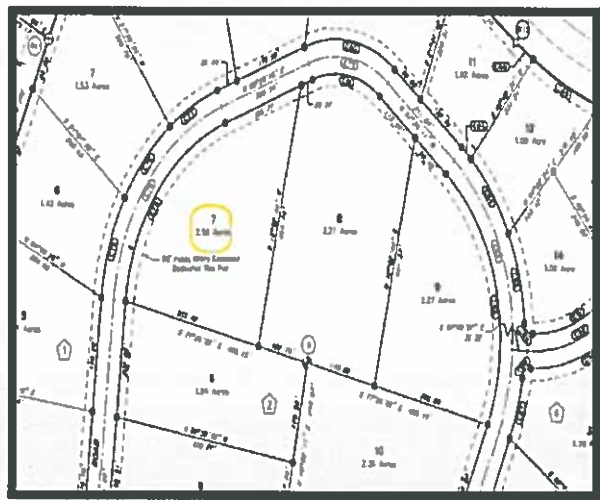
ADL	Lot	Block	ASLS	Size
109093	7	2	2018-01	2.59



Photo taken from Coffman Loop Road, looking west. Level to moderately sloping to the west.



Heavily wooded. No clear-cut.



20' utility easement along front lot line.

Parcel Descriptions

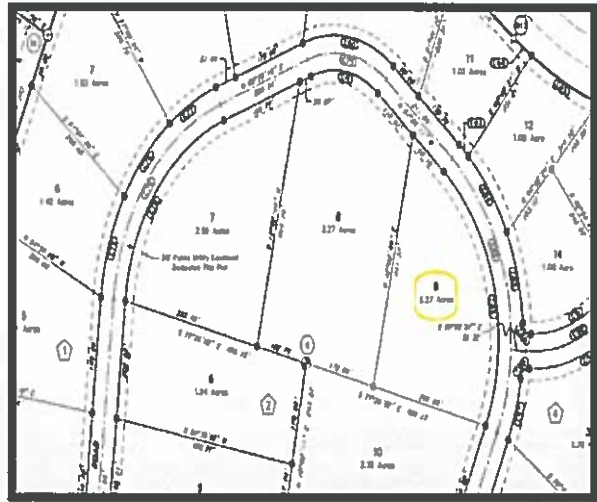
ADL	Lot	Block	ASLS	Size
109095	9	2	2018-01	2.27



Photo taken from Coffman Loop Road, looking south. Level to moderately sloping.



Heavily wooded. No clear-cut.



20' utility easement along front lot line.

Parcel Descriptions

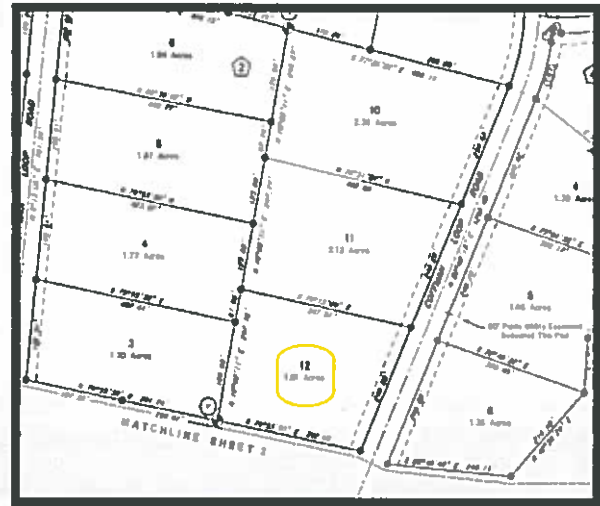
ADL	Lot	Block	ASLS	Size
109098	12	2	2018-01	1.81



Photo taken from Coffman Loop Road, looking southwest. Level to I.



Heavily wooded. No clear-cut.



20' utility easement along front lot.

Parcel Descriptions

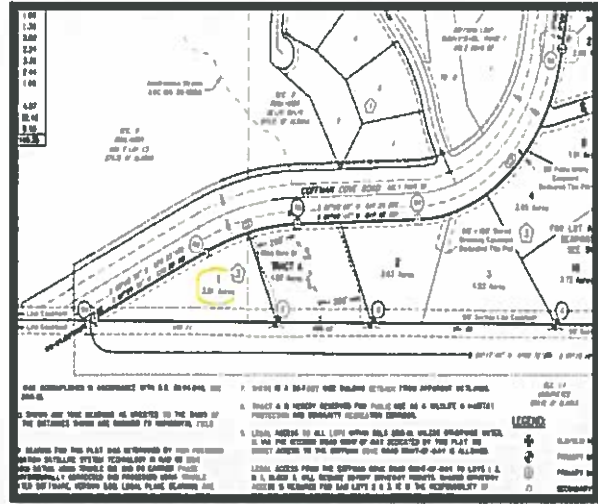
ADL	Lot	Block	ASLS	Size
109101	1	3	2018-01	3.81



Photo taken from Coffman Cove Road, looking east. Mostly level.



Heavily wooded. No clear-cut.



20' utility easement along front lot line.
50' section line easement along south lot line.

Parcel Descriptions

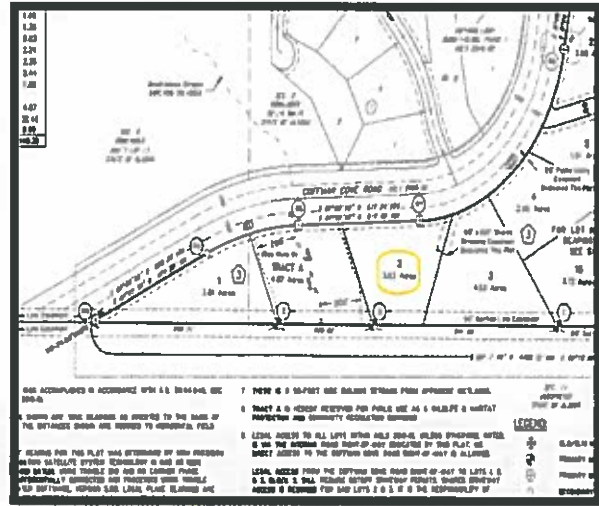
ADL	Lot	Block	ASLS	Size
109102	2	3	2018-01	3.63



Photo taken from Coffman Cove Road, looking east. Level to slightly sloping.



Heavily wooded. No clear-cut.



20' utility easement along front and back lot lines.

50' section line easement along south lot line.

Parcel Descriptions

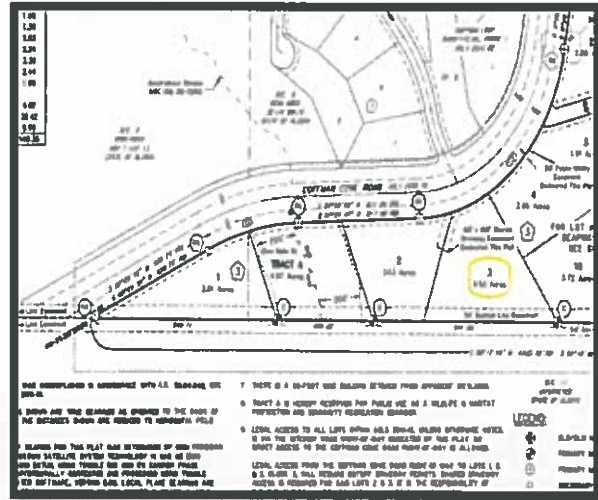
ADL	Lot	Block	ASLS	Size
109103	3	3	2018-01	4.53



Photo taken from Coffman Cove Road, looking east. Level to slightly sloping.



Heavily wooded. No clear-cut.



20' utility easement along front and back lot lines.

50' section line easement along south lot line.

Parcel Descriptions

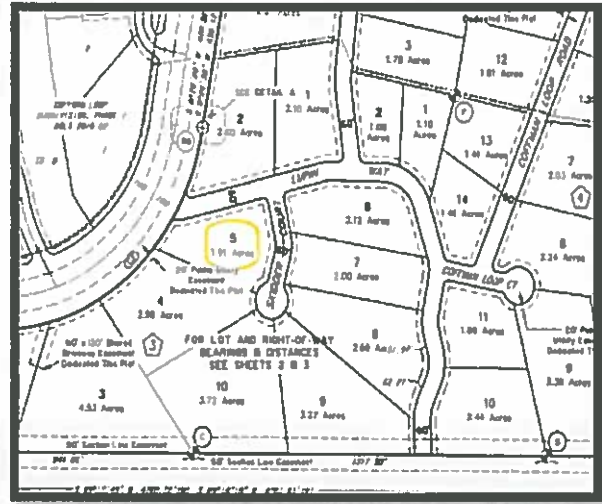
ADL	Lot	Block	ASLS	Size
109105	5	3	2018-01	1.91



Photo taken from Coffman Cove Road, looking east. Level to slightly sloping



Heavily wooded. Approximately 50% clear-cut.



20' utility easement front lot lines

Parcel Descriptions

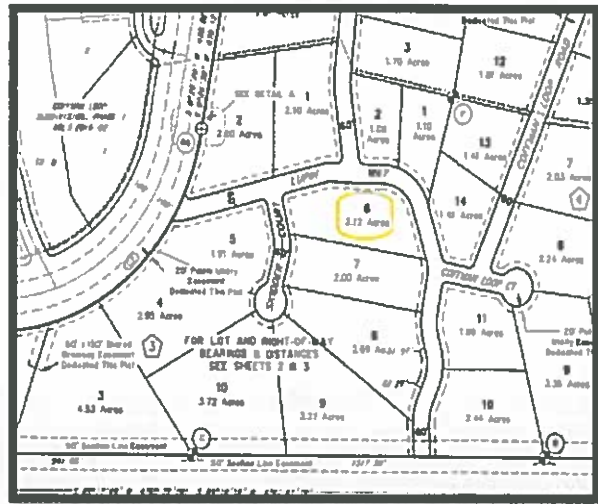
ADL	Lot	Block	ASLS	Size
109106	6	3	2018-01	2.12



Photo taken from Lupin Way looking east. Level to sloping.



Heavily wooded. No clear-cut.



20' utility easement along front lot lines.

Parcel Descriptions

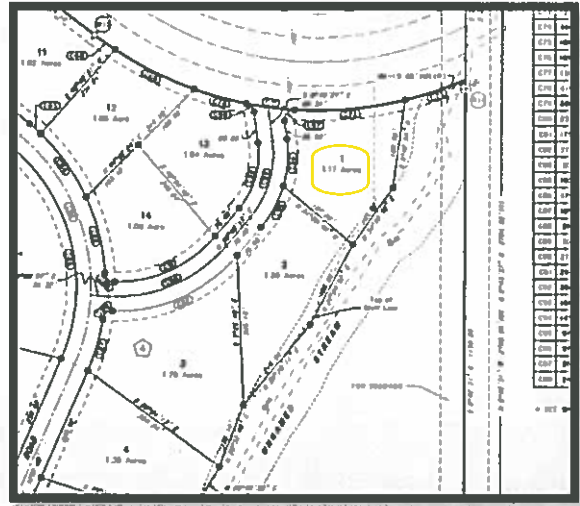
ADL	Lot	Block	ASLS	Size
109111	1	4	2018-01	1.17



Photo taken from Coffman Loop Road, looking west. Level to slightly sloping.



Heavily wooded. No clear-cut.



20' utility easement along the front lot lines.
Parcel is in proximate to a creek to the east.

Parcel Descriptions

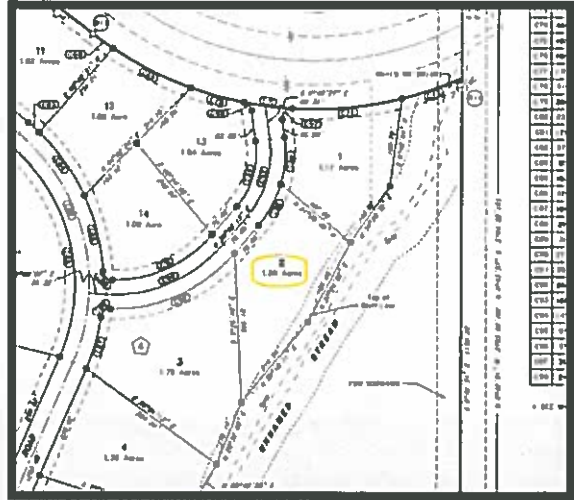
ADL	Lot	Block	ASLS	Size
109112	2	4	2018-01	1.28



Photo taken from Coffman Loop Road, looking east. Level to slightly sloping to the west.



Heavily wooded. No clear-cut.



20' utility easement along the front lot line.
Parcel is in proximate to a creek to the east.

Parcel Descriptions

ADL	Lot	Block	ASLS	Size
109116	6	4	2018-01	1.36



Photo taken from Coffman Loop Road, looking east. Level to slightly sloping to the northeast.



Heavily wooded. No clear-cut.



20' utility easement along the front lot line.
Parcel is in proximate to a creek to the east.

Parcel Descriptions

ADL	Lot	Block	ASLS	Size
109117	7	4	2018-01	2.03



Photo taken from Coffman Loop Road, looking east. Level to slightly sloping to the northeast.



Heavily wooded. 25% clear-cut.



20' utility easement along the front lot line.
Parcel is in proximate to a creek to the east.

Parcel Descriptions

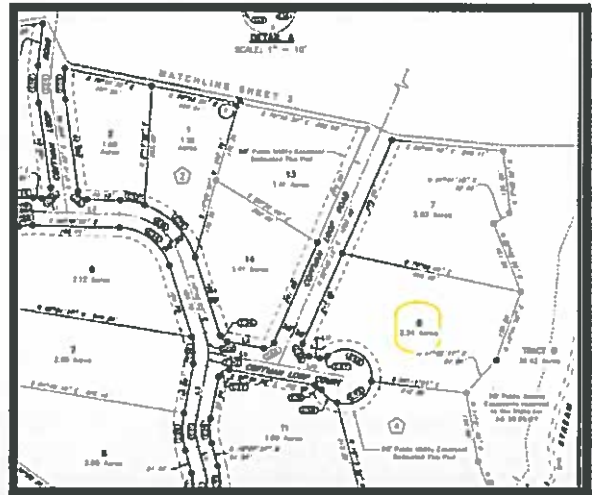
ADL	Lot	Block	ASLS	Size
109118	8	4	2018-01	2.24



Photo taken from Coffman Loop Road, looking east. Parcel is on left side of picture. Level to slightly sloping.



Heavily wooded. 75% clear-cut.



20' utility easement along the front lot lines. Parcel is in proximate to a creek to the east.

Parcel Descriptions

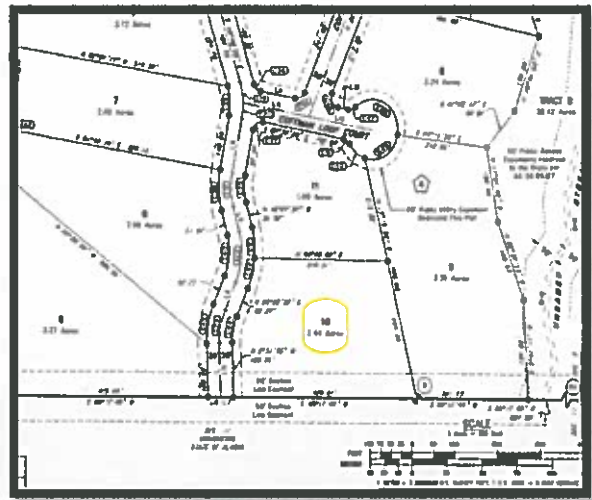
ADL	Lot	Block	ASLS	Size
109120	10	4	2018-01	2.44



Photo taken from Lupin Way, looking south. Level to slightly sloping.



Heavily wooded. 0% clear-cut.



20' utility easement along the front lot line.
50' section line easement along south lot line.

Parcel Descriptions

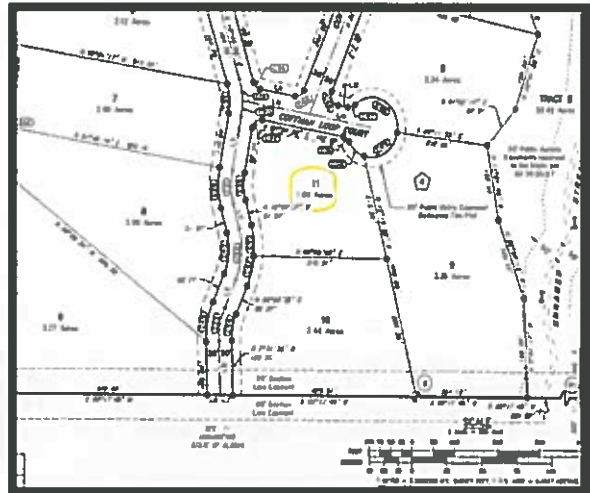
ADL	Lot	Block	ASLS	Size
109121	11	4	2018-01	1.69



Photo taken from on Coffman Loop Road, looking north. Level to sloping.



Heavily wooded. 35% clear-cut.



20' utility easement along the front lot lines.

Highest and Best Use

Analysis of highest and best use for the subject property is necessary to accurately estimate the value of the land. Highest and best use analysis ensures that the value estimate is derived with the use in mind that maximizes the utility for a given property. The appropriate highest and best use for a given property is determined by the conditions of the market. Highest and best use can be defined as:

"The reasonably probable and legal use of vacant land or an improved property, that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value."⁶

The land to be valued is considered vacant and thus valued with the highest and best potential use for the property. Value for improvements (when present on the site) is then based on their contribution to this use. The appraised parcels are vacant and unimproved.

Legally Permissible

The Subject Parcels are not encumbered by any known zoning requirements that would restrict potential development. Development of well and septic systems must comply with the requirements of the Department of Environmental Conservation. Almost any legal use of the site would be possible.

Physically Possible

The size and physical characteristics of the Subject Parcels are adequate to support all reasonable and probable uses.

Financially Feasible

Most of the Subject Parcels do not have developed road access. This is typical in the market as roads can be extended as needed. Electrical service is in the immediate area, but not extended into the subdivision.

Maximally Productive

Maximally productive use is the use that produces the maximum return from the proceeds of a sale or lease.

Highest and Best Use of Land as Vacant

Based on the foregoing analysis, the highest and best use of the Subject Parcels as vacant would be for almost any legal use, primarily a rural residential home site or for a recreational cabin site.

Valuation Analysis

Three approaches to value are considered to determine the market value estimate.

Income Approach

The income approach for valuation is used primarily for income producing properties. It utilizes the capitalization process to discount future anticipated net income to a present value. It is not common to lease vacant land for a residential use therefore data that supports this approach is not available.

Cost Approach

The cost approach is based on the assumption that an informed buyer would pay no more than the cost of producing a substitute property with the same utility as the subject property. This approach will separate the value of the land from the value of the improvements to determine the cost of reproducing the improvements. The cost approach is most effective for appraising properties that have newer improvements. As such, the cost approach will not be used.

⁶ The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2013, p.333

Sales Comparison Approach

The sales comparison approach considers actual sales or prices asked for properties that have similar characteristics of the subject properties. Adjustments are made to the comparison properties so as to determine a price at which they would have sold if they had identical characteristics as the subject properties. This derived price then indicates a value for the subject properties. Some of the characteristics considered include general market conditions, sales terms, location, highest and best use, and physical features. Of the three approaches to value, only the sales comparison approach is applicable.

Key Parcel Method

When appraising more than one similar parcel, it is an accepted practice to appraise a key parcel that is most representative of the other parcels being appraised. The key parcel may be a hypothetical parcel or an actual parcel. The value of the remaining parcels is then based on a comparison to the key parcel. This methodology replicates typical developer thinking and will be used for valuing all of the subject parcels in this report.

Explanation of Adjustments

DNR appraisal instructions state that the appraiser may develop and use quantitative or qualitative adjustments. Ideally, the value differences for any price adjustment are measured by comparing prices of paired sales that are very similar except for the feature of comparison to be measured. When market sales do not support quantifiable adjustments for differences in the comparable sales, the appraiser must use personal knowledge of overall trends, opinion surveys, and/or judgment in making adjustments. The conventional sequence of adjustments is property rights conveyed, financing terms, conditions of sale, time, location, and physical features.

An adjustment of less than 1.00 (or <) means the sale feature is superior to that appraised property and requires a downward adjustment to match the quality of the key parcel's feature, thus indicating the value of the key parcel. An adjustment greater than 1.00 (or >) means that the sale feature is inferior to the subject's feature which requires an upward adjustment to match, thus indicating the value of the key parcel. An adjustment of 1.00 (or =) means the sale feature is similar to the key parcel, and no adjustment is necessary. The adjustments are multiplied to obtain a total adjustment, which is then multiplied by the sale price to indicate the value of a key parcel.

Unit of Comparison

Generally, the buyers and sellers in the marketplace determine the unit of comparison, e.g., price per acre, square foot, site, front foot, etc. The Subject Key Parcels will be valued on a per acre basis.

Rights Conveyed

Fee simple less mineral rights as per Alaska Statue 38.05.125(a). Retention and exclusion of the mineral estate does not tend to affect property values, because most buyers are interested in the surface estate.

Financing Terms

In accordance with DNR instructions, market value is estimated in terms of seller financing typical for the market. Cash transactions sometimes are afforded a discount from typical financing. Sales used in this analysis do not offer quantifiable differences in price as a result of terms. In general, a cash transaction would tend to be at the lower end of the price range with listings or sales with favorable financing usually setting the upper limit.

Conditions of Sale

Unless otherwise noted, the market transactions used in this appraisal do not reflect any unusual seller-buyer motivations that affected value.

Market Conditions (Time)

Analysis of real estate sales in the subject area indicates that prices of vacant land have been stable in recent years. Comparable sales used in this valuation are the most recent transactions available and do not need to be adjusted for time.

Location

The Subject Key Parcels and all comparable sales are located in the same market area. No location adjustment is necessary.

Size & Topography

Price per unit and size have an inverse relationship. As the size of a parcel increases, the price per unit decreases. Some of the comparable sale required size adjustments, which was performed on a qualitative basis. Some of the comparable sales have steeper terrain than others, which requires a qualitative adjustment. There are no major other topographical deficiencies which would require an adjustment.

Access

The subject parcels and comparables have been divided into two categories, parcels with developed road access and parcels without developed road access. As such, no adjustments for access were warranted.

Site Quality

Site quality describes the physical attributes of the parcel.

Utilities

The Road Accessible Subject Key Parcel and all of its comparable sales have electrical service. No adjustment is warranted. The Non-Road Accessible Subject Key Parcel and most of its comparable sales do not have electrical service. However, Comp #5 does have electrical service, which required a downward adjustment.

Amenities

Exceptional features of a given parcel may increase value. Features such as type of water frontage, proximity to bodies of water, exceptional views are examples of amenities that may warrant adjustments.

Due to the confidentiality of sales information, the valuation section of the report is not available online. The entire report can be obtained by submitting a request to the Land Conveyance Section at (907)269-8594, or by e-mail: landsales@alaska.gov.