## Appraisal of 17-21 East Main Street.

Landmark Research, Inc.
[s.I.]: [s.n.], [s.d.]
https://digital.library.wisc.edu/1711.dl/ADIMABUAAWOGQ83
http://rightsstatements.org/vocab/InC/1.0/

The libraries provide public access to a wide range of material, including online exhibits, digitized collections, archival finding aids, our catalog, online articles, and a growing range of materials in many media.

When possible, we provide rights information in catalog records, finding aids, and other metadata that accompanies collections or items. However, it is always the user's obligation to evaluate copyright and rights issues in light of their own use.


Jean B. Davis
Business 856
Professor Graaskamp
December 1, 1977

Mr. Richard S. Curto
Real Estate Investment Analyst
Northwestern Mutual Life Insurance Co.
720 East Wisconsin Avenue
Milwaukee, Wjisconsin 53202
Dear Mr. Curto:
We are transmitting the appraisal report that you requested on the property at 17-21 East Main Street, City of Madison, County of Dane, Wisconsin

In your letter authorizing this appraisal you indicated the value conclusion would serve as a reference point for listing and negotiating the sale of the subject property. You also requested a consideration of the effect of financing terms upon the most probably selling price, given the uncertainty of business conditions in the Madison central business district.

The enclosed report has concluded that the most probable selling price of your property on December 1, 1977, is

TWO HUNDRED SEVENTY THOUSAND DOLLARS ( $\$ 270,000$ )
for a cash sale contingent upon the buyer obtaining financing terms of $25 \%$ down, $93 / 4 \%$ interest, and 25 years. The probable transaction zone is from $\$ 240,000$ to $\$ 290,000$. If you accept a land contract for $10 \%$ to $20 \%$ down, $8 \frac{1}{2} \%$ interest, and a 10 year term, the most probable selling price might move to the upper range. If the buyer was forced to accept less desirable financing terms for a cash sale, the price would be in the lower range of the transaction zone.

The value conclusions are sensitive to the estimated costs of renovation and remodeling: (1) conformance with the fire code, particularly in the construction of fire exits, (2) repair of roof to bring it up to code requirement, (3) Installation of a full-service elevator to provide vertical barrier-free access to the entire building, (4) addition of first-floor bathrooms that are accessible to wheel chairs, (5) conversion of the second-floor and basement space into offices, (6) subdivision of the first-floor retail space to accommodate smaller specialty shops that are replacing the larger retail stores. In addition, investment is sensitive to how much appreciation will result from the construction of the Capitol Concourse Mall, due to be completed in 1978. This transformation of the entire Capitol Square district will drastically alter traffic and parking patterns as well as the visual image of the Square and will have an undetermined impact on the downtown retail consumer.

As you will recall, no funds were provided for architectural, legal, or engineering fact finding, and so the feasibility of the most probable use assumption, which is critical to a value estimate, must be regarded as only preliminary. Your attention is called to the assumptions, limiting conditions, and controls on use that are included in Section $V$ of this report.

You will also note that the current Madison assessment of $\$ 300,000$ is out of line with market values on the Square, a fact common to downtown retail property. Because knowledgeable real estate investors are appealing for reductions, there is little negotiation advantage to be gained by deferring your appeal of an assessment, which is excessive by at least $\$ 30,000$ and would contribute $\$ 821$ per year to your holding costs, based upon the 1976 will rate.

We hope you will find the details of this narrative appraisal relevant to your decisions, and we would be happy to answer any questions you might have.

Sincerely,

Jean B. Davis
JBD: ea
enclosure

> Page

LIST OF EXHIbITS
SALIENT FACTS, ASSUMP'TIONS, AND CONCLUSIONS
v

Section
I. PROBLEM ASSIGNMENT
A. The Appraisal Issue
B. Legal Interest to Be Appraised
C. Value Definition
D. Implicit Assumptions
E. Application to Subject
II. PROPERTY ANALYSIS TO DETERMINE ALTERNATIVE USES
A. Physical Attributes
B. Legal Constraints
C. Linkages
D. Dynamic Attributes
E. Existing Improvements
III. MOST PROBABLE USE
A. General Market Characteristics
B. Alternative Uses for the Subject Property
C. Economic Ranking of Alternatives
D. Risk Ranking of Alternatives
E. Political Compatibility of Alternatives
F. Conclusions
IV. PREDICTION OF PRICE FROM MARKET SALES
A. Most Probable Buyer
B. Most Probable Price
C. Market Comparison Approach to Probable Price
D. External Influence on Most Probable Price
E. Tests of Preliminary Most Probable Price Determination

- V. APPRAISAL CONCLUSIONS AND LIMITING CONDITION
A. Value Conclusion
B. Statement of Limiting Conditions
VI. CERTIFICATION OF INDEPENDENT APPRAISAL JUDGMENT 75


## LIST OF EXHIBITS

No.Page1. Estimated One-year Holding Costs for Subject Property ..... 1
2. Location of Subject Site and Other Commercial Space for Sale on Capitol Square ..... 5
3. Special Assessment District for Phase II of the Capitol Concourse Project ..... 8
4. Air Photo of Madison Central Business District (CBD) ..... 11
5. Parking Facilities and Traffic Flow in CBD ..... 13
6. Land Use Near Subject Site ..... 15
7. A Summary of the CBD Work Force ..... 16
8. Photograph of Subject Property circa 1930 ..... 19
9. Current Photos of the Subject Property ..... 21
10. Isometric Drawing of Interior Layout ..... 25
11. Gross Square Footage of Subject Property ..... 26
12. Description of Improvements in 17 East Main Street ..... 28
13. Description of Improvements in 21 East Main Street ..... 30
14. Minimum Cost-to-cure Deficiencies to Receive Occupancy Permit ..... 32
15. First Floor Vacant Retail Space on Square ..... 35
16. Recent Retail Leases on Square ..... 36
17. Office Vacancies and Rents on Square ..... 38
18. Basic Logic for Ranking Alternative Use Scenarios by - Justified Purchase Budget ..... 41
19. Summary of Budgets for Alternative Use Scenarios ..... 42
20. Summary Matrix of Feasibility of Alternative Uses ..... 44
21. Comparable \#1 ..... 46
No． Page
47
22．Comparable 非2
23．Comparable \＃3 ..... 48
24．Comparable 非4 ..... 49
25．Comparable 非5 ..... 50
26．Comparable \＃6 ..... 51
27．Comparable \＃7 ..... 52
28．Comparable 非8 ..... 53
29．Comparable \＃9 ..... 54
30．Comparable $⿰ ⿰ 三 丨 ⿰ 丨 三 一 10$ ..... 55
31．Comparable \＃11 ..... 56
32．Differences in Condition of Sales for Comparables ..... 57
33．Scale for Scoring Comparables on Important Investor Considerations in Madison C－4 Zone ..... 59
34．Weighted Matrix for Comparable Properties ..... 60
35．Price Per Square Foot of First Floor GLA as a Function of Weighted Factor Scores ..... 62
36．Regression Analysis of Sales Price and Property Score ..... 63
37．Market Rents Required by Most Probably Purchase Price of $\$ 270,000$ ..... 66
38．Break－down of Office and Apartment Operating Expenses ..... 67
39．Appreciation Required at Most Probable Purchase Price to Provide 20\％Return to Equity Over Five Years ..... 68
40．BFCF Computer Input and Output ..... 70

## SALTENT FACTS, ASSUMPTTONS, AND CONCLU̇SIONS

Property: A vacant two-story structure at 17-21 East Main Street, Madison, Wisconsin

Type of Estate: Fee simple, encumbered by building code restrictions
Present Owner: Northwestern Mutual Life Insurance Company
City Description: Madison, Dane County, Wisconsin; State Capitol, County Seat, Site of University of Wisconsin, and second largest city in Wisconsin (population 172,000).

Neighborhood: The original plat of Capitol Square, the Central Business District, and the State Capitol Building.

Lot Size: 66 feet $x 132$ feet with 8,712 square feet area.
Legal Description: NE $\frac{1}{2}$ of Lot 2 and SW $\frac{1}{2}$ of Lot 3, Block 89, original plat of Madison, County of Dane, in the State of Wisconsin.

Improvements: Century old, two-story building, subdivided into two spaces on the first-floor, one part $22^{\prime} \mathrm{x} 116^{\prime}$ and the other $44^{\prime} \mathrm{x} 128^{\prime}$, both of masonry construction. Approximately 8,184 gross square feet of first-floor retail and a total of 22,000 gross square feet of floor space.

Legal Constraints: Zoning C-4
Capito1 Preservation View District
Capitol Fire Zone District
Capitol Concourse Assessment District--Phase II Building code violations (requires occupancy permit).

Most Probable Use: Remodeling of second-floor and basement for office use; remodeling of first-floor into three retail units.

Most Probable Buyer: A local investor-developer partnership for income and appreciation over a five- to ten-year term.

Probable Terms of Sale: Prior to and early in the construction period of the Capitol Concourse older buildings in the Capitol Square area sold on land contract with $10 \%$ to $20 \%$ down, $8 \frac{1}{2} \%$ interest and 10 year terms. More recently, the trend is cash with financing terms tailored to the buyer. The present owner is requesting a cash sale.

Market Transaction Jnference: Comparable sales, ranked by price-quality regression model, predict central tendency of $\$ 270,000$ with standard error of $\$ 40,000$ which places a $68 \%$ confidence interval for a sales transaction at $\$ 230,000$-. $\$ 310,000$.

Most Probable Sclling Price: Cash sale as of December 1, 1977 would net central tendency of $\$ 270,000$ with a negotiation range between $\$ 240,000$ and $\$ 290,000$.

Current Assessed Value: | Land | $\begin{array}{r}\$ 26,500 \\ \text { Building } \\ \text { Total }\end{array}$ |
| :---: | ---: |
| $\$ 300,500$ |  |

Total assessment should be appealed to bring it in line with other successful appeals on the Square.

## I. PROBLEM ASSIGNMENT

The content of an appraisal report is determined by the nature of the decision for which it will serve as a point of reference and by the limiting assumptions inherent in the property, data base, or other factors in the decision context. This appraisal is made to assist the owner in the sale of the subject property in terms of both listing price and the transaction zone in which he can expect to negotiate the sales price.

## A. The Appraisal Issue

The real estate market property on the Capitol Square has been soft in recent years, but the market is becoming firmer as the State Street/Capitol Concourse project is nearing completion. Poor sales for retail goods and a lack of profit are the reasons given by the last tenants for leaving the subject property. The King Shoe Store, which had occupied 21 East Main Street since January, 1972, went on a month-to-month lease in January, 1977 and moved in May, 1977. Dartmouth Direct, a men's clothing store at 17 East Main Street, had a ten-year lease until 1983 with a cancellation option available at the end of 1977 , but the owners of the business chose to pay $\$ 16,992$ for a lease buy-out in July, 1977. The owner of the subject property, a large insurance company, has a strong bargaining posture; the cash holding costs are minimal for this company (Exhibit 1), because it has a $100 \%$ equity investment in the property. The lease buy-out of $\$ 16,992$, compounded at $5 \frac{1}{4} \%$ will pay holding costs for at least $13 / 4$ years. The preferred disposition would be a sale because the subject property is too small for the company's management portfolio and because of the uncertain future of the Square. The owner has listed the property as a rental; the asking rental is $\$ 34,155$ for the first floor of 17 East Main Street and $\$ 15,300$ for the first floor of 21 East Main Street or approximately $\$ 6 / s q$. ft. The tenant pays utilities and maintenance plus any escalation of taxes. Thus, with a changing real estate market, the owner can seek alternative solutions and maintain a strong bargaining position.

## EXHIBIT 1

ESTIMATED ONE-YEAR HOLDING COSTS FOR SUBJECT PROPERTY

| Cost | Amount |
| :--- | :---: |
| Insurance | $\$ 600^{\mathrm{a}}$ |
| Heating | $1,200^{\mathrm{b}}$ |
| Real estate tax | $8,206^{\mathrm{c}}$ |
| Right-of-way for alley access | $\$ 10,250^{\text {d }}$ |

$\mathrm{a}_{\text {Based }}$ upon annual income and expense statement provided by owner.
${ }^{\mathrm{b}}$ Estimated from information obtained from Madison Gas and Electric Co. in a telephone conversation with Mr. Mel Spiros October, 1977.
$c_{\text {Based on }} 1977$ assessment $(\$ 300,000)$ at the 1976 mill rate of 27.3549.
$\mathrm{d}_{\text {The total will }}$ increase by $\$ 1973.20$ when the mall assessment comes due in October, 1978
B. Legal Interest to be Appraised

The subject property, 17-21 East Main Street, has the following legal description:

NE $\frac{1}{2}$ of Lot 2 and SW $\frac{1}{2}$ of Lot 3, Block 89, original plat of Madison, County of Dane, in the State of Wisconsin. ${ }^{1}$

There are no encumbrances of record on the property. The subject, property does enjoy a month-to-month right-of-way granted by National Mutual Benefit Life across the grantor's parking lot that fronts on Doty Street; the right-of-way is limited to the use of trucks over and along the southerly property line for a width of twelve feet. A variety of codes and public agencies have constralned the future use of this site as discussed elsewhere in this report.

Fixtures of personalty to be included with the sale are the store cabinets, shelving, carpeting, and other built--in retail fixtures or items of decor in the building.

## C. Value Definition

For the purpose of this appraisal the most appropriate definition of value is that of "most probable selling price," as defined by Professor Richard U. Ratcliff:

The most probable price is that selling price which is most likely to emerge from a transaction involving the subject property if it were to be exposed for sale in the current market for a reasonable time at terms of sale which are currently predominant for properties of the subject type. ${ }^{2}$
$1_{\text {Legal }}$ description found in Vol. 718, p. 140, document \#1015164 Dane County Registrar of Deeds, Madison, Wisconsin.
${ }^{2}$ As quoted by James A. Graaskamp in lecture, "Suggested Outline of a Contemporary Appraisal Report," 1977, p. 4.

## D. Implicit Assumptions

The Ratcliff definition recognizes that prediction of a future sales transaction price is a business forecast under uncertain conditions. It is therefore appropriate to state the value conclusions as a central tendency within a range of alternative price outcomes that reflect the imperfections of the real estate market and the negotiation positions of both the buyer and the seller. A transaction zone of sales prices is more useful than the traditional point estimate of fair market value, which implies certainty, because it provides the necessary dimensions for establishing a listing and bargaining strategy and for anticipating probable buyer behavior. A detailed analysis of the property leads to a statement about most probable use, and this, in turn, leads to inference regarding the most probable buyer. The preferred method is to infer buyer behavior from actual market transactions. In the absence of adequate market data, the appraiser may sinulate the most probable buyer calculus in determining his purchase transaction zone.

## E. Application to Subject

In many of the recent sales transactions in the area of the subject property the financing has been done with the use of the land contract. The current owner, however, wants a cash sale.

A Madison building inspector has informally reviewed the building and indicated there were some minor nonconformities that would need correction before an occupancy permit can be issued to a new owner-occupant. Thus certain crucial dollar estimates and projections must be based on the preliminary cost-to-cure assumptions of the appraiser and must be recogrized as limitations on the reliability of the most probable price estimate.

## IT. PROPERTY ANALYSIS TO DETERMINE MOST PROBABLE USE

A detailed analysis of the attributes of the subject property leads to the identification of the most probable use. An inventory of these attributes include physical characteristics of the site and of the improvements therein, the relationship (linkages) of the site to various environmental elements that might attract or repel users, and the perceptions of the site that are commonly held by citizens.

## A. Physical Attributes

The subject site, located at 17-21 East Main Street, is rectangular with $66^{\prime}$ of frontage on East Main Street and a total depth of $132^{\prime}$ for a total gross area of 8,712 square feet (Exhibit 2). The site slopes slightly in two directions: at the front there is a drop of approximately $6^{\prime \prime}$ (73.95' to 73.38') from the southwest to the northeast, and from the front to the rear of the site there is a drop of approximately 6' (73.95' to $67.8^{\prime}$ ) with drainage occurring at the southeast by south back corner of the site. The elevations are given in reference to the city datum ( 0.00 ) which has been established at $845.6^{\prime}$ ) above sea level. The site elevations are recorded in the City Engineer's Office.
"Soil Survey Interpretations, \#355" available from the Soil Conservation Service at the City-County Building, indicates that the soil is well drained at grade. The soil consists of silty loam and silty clay; they have a high available water capacity, are moderately permeable, and have a low to high shrink-swell capacity. The depth to bedrock and depth to the water table are both greater than 5'. Excavation done on the same hilltop recently encountered no bedrock at a depth of 35'. There is no danger of flooding. The soils have a low corrosiveness to both uncoated steel and to concrete. The foundation walls of the existing building show no evidence of difficulties due to soil problems. The soil conditions do not indicate any structural limitations for the present structure or new commercial buildings.

A $6^{\prime \prime}$ vitrified clay sewer main serves the frontage of the site and an $8^{\prime \prime}$ sewer main is available along the rear alley. A $2^{\prime}$ water lateral serves 17 East Main Street and al글 water lateral serves 21 East Main Street. Each building is also served by separate gas and electrical meters. Gutter, curb, and sidewalks abutting East Main Street are provided and maintained by the city. Presently the alley is unimproved and impassable; approximately $130^{\prime}$ into the alley from Monona Avenue there is a $3^{\frac{1}{2}}{ }^{\prime}$ drop-off resulting from the removal of a building a few years ago. Owners of property abutting the alley will be invited to participate in a hearing before the Department of Public Works on December 22, 1977 at which time plans and cost estimates for leveling and paving the alley will be presented. Upon a favorable recommendation from the Department

EXHIBIT 2
LOCATION OF SUBJECT SITE AND OTHER COMMERCTAL
SPACE FOR SALE ON CAPITOL SQUARE


Other commercial space for sale on Capitol Square
of Public Works, the outcome then rests with the City Council. If the alley improvement is approved, work will commence in April or May, 1978. A rough cost estimate is $\$ 15$ a linear foot for each involved property owner. 1 Based upon this figure, there would be an assessment of $\$ 990$, payable over 8 years at $6 \%$ simple interest. Tentative plans indicate that Monona Avenue will be the point of ingress and egress will be on South Pinckney Street. Current access to the rear of the building is available as a result of a right-of-way granted the subject property by National Mutual Benefit Life through their parking lot.

## B. Legal Constraints

1. Zoning

The site is zoned C-4 which provides broad authority for retail, service, office, and residential uses (Appendix A). The basic goal of C-4 zoning is to encourage professional and governmental offices, prime and specialized retailing, cultural, recreational, and educational activities of city-wide significance. The C-4 District, which is located in relative proximity to the State Capitol Building, represents the Central Business District (CBD) where no off-street parking is required. In other commercial zones in Madison one parking space is required by every 300 square feet of commercial area; this is a generous option for the maximum use of commercial space, but the lack of free and accessible parking is considered a deterrent to potential consumers in the CBD.

Recent and pending zoning ordinance changes indicate that the City Planning Commission wants to require restaurants moving into the C-4 District to first obtain conditional use permits, and to encourage residential uses in the CBD. To encourage residential uses above the ground floor in the C-4 District, lot area requirements are abolished and useable open space requirements of not less than one hundred square feet of each dwelling unit can be satisfied by interior activity spaces such as swimming pools, fitness room, and roof decks that may be used by all residents of the building (Appendix A).

The broad general provisions of the existing zoning ordinances for $C-4$ and the proposed changes are deceptive because any major alteration of any building must conform to remodeling and new construction guidelines established by the City Planning Commission. The present city administration is deeply committed, both financially and politically, to the regeneration of the CBD. The State Street/Capitol Concourse Project is a manifestation of this commitment. Through the approval power granted the City Plan Department, the city can control the use of CBD property. The city administration strongly favors retail, restaurant, and other pedestrian generators on the first floor of all buildings contiguous to State

## 1

From an interview and a follow-up telephone call with Burnell Roble of the City Engineer's office October and November, 1977.

Street and to the Capitol Square. They seek more housing for the CBD; both upper income and subsidized. Opposition has been expressed to office use on the ground floor, and to the demolition of present structures to provide more parking space or to avoid the high costs of bringing existing structures to their full use.

Remodeling of existing structures is also limited to zoning ordinances and regulations that control materials, height and frontage for buildings in the Square area. Madison Building Code 29.37 (4) restricts building materials to fire-resistant Types 1 and 2. The same Madison Building Code prevents reconstruction when a casualty loss exceeds $50 \%$ of assessed valuation, and it requires that nonconforming fire provisions are corrected before a new use and occupancy permit can be granted. Madison Zoning Code 28.04 (14) states that no part of any building within a mile of the State Capitol can exceed the elevation of the base of the Capitol dome column (187.2). Since the elevation of the subject site at its highest point is $73.95^{\prime}$ the construction limit for improvements is 113.25'. Madison Zoning Codes 28.04 (6) (b) and 28.04 (9)(a) require that each parce 1 created by subdivision has a minimum of $50^{\prime}$ frontage on the principal street and 6,000 square feet of gross area. The site at 21 East Main Street, which covers 2,904 square feet and has $22^{\prime}$ of frontage, cannot be sold separately.
2. Special Assessment District

The City of Madison created a special assessment district comprised of property owners located in the State Street/Capitol Concourse Mall area as a means of financing this redeveopment project. The second phase of the project, which directly affects the subject property, is due to be completed in the spring of 1978 (Exhibit 3). The goals of this project, as outlined in the city's brochure, State Street/Capitol Concourse Mall, Madison, Wisconsin, prepared by M. Paul Friedberg and Associates, are as follows:

- Improve State Street and the Capitol Concourse as a place for people.
- Promote environmental quality, character, safety, comfort, interaction, and flexibility of use.
- Reduce air and noise pollution.
- Insure commercial-retail viability by increasing the area's attraction as a shopping and entertaimment center.
- Strengthen the imagery of downtown Madison in accordance with functional needs and citizen desire.
- Capitalize upon the unique physical and symbolic attributes of the City, Capitol, and University.


| W Primary District | $100 \%$ Assessment |  |
| :--- | :--- | ---: |
| Fid | Special District | $70 \%$ Assessment |
| Wecondary District | $30 \%$ Assessment |  |

As outlined in the same brochure, these broad goals are to be achieved by "altering the physical character and use patterns of street space from one oriented toward vehicular traffic to that concerned with pedestrial activities."

The Capitol Concourse had its grand opening on November 16, 1977; the finished project adheres closely to the original outline in Friedberg's brochure:

The typical cross section sees the space between the lawn of the Capitol and the fronting buildings divided into three zones; the inner zone lying next to the Capitol grounds will have existing sidewalks widened with new landscaping and street furniture serving users whose activities relate to the Capitol and its history. The middle zone is devoted to vehicular circulation-the inner part to private vehicular traffic and parking; the outer part to a transit and bike lane. The outer zone's existing sidewalk is widened with landscaping and furniture, serving shoppers, workers and businessmen relating to the retail and commercial buildings along the street frontage.

The lack of accessible and free parking, which is seen by many businessmen as a major factor in the decline of regional retailing on the Square, was not addressed by the planners of the Capitol Concourse. The brochure discussed plans to alleviate parking problems on State Street, but little mention was made of the Square. The promotion of bus transportation and the discouragement of the use of the automobile are stated goals of the city administration. The popularity of the suburban shopping centers, with free parking is evidence of citizen preference for automobile travel to shop. Unless this problem is confronted realistically, critics of the mall project believe its long term impact will be little more than a face lift and the consumer will continue to be distracted from the CBD.

The committee of city administrators and businessmen charged with the allocation of the assessment believes that the properties facing the Square will have the greatest gain from the expenditures made on the mall project. Yet the businesses with the highest assessments will lose some of the advertising value of their store fronts because of restricted vehicular traffic. The assessment is a maximum of $\$ 1.67$ per square foot on prime ground area. Prime is defined as that ground area included in the lot to a depth of $137^{\prime}$ measured from the front of the property facing the Square. The assessments can be paid over 10 years with a $6 \%$ simple annual interest charge and will be payable no earlier than October, 1978. The assessment for the subject property as determined by the City Engineer is $\$ 14,522.90$. The annual amortized payment is $\$ 1,973.20$.

## 3. Political Constraints

Though the present mayor and city council have been viewed as antibusiness, the city administration opposed a recent city referendum to establish a rent control ordinance in Madison. The proposed 1978 budget for Madison includes plans to tighten the enforcement of the city building codes and to improve the city's housing stock by having the city own and
operate several subsidized low-income housing projects. One of these would be located on a 600 -space surface parking lot $2^{\frac{1}{2}}$ blocks from the Square. Mayor Paul Soglin has proposed the building of a 1,000 space city parking ramp on the same site as well as a senior citizen center and space for commercial stores. The Mayor wants a supermarket to locate on this site, but at this time no enticement is offered.

The city administration is also encouraging middle to high income housing in the CBD; the city is changing C-4 zoning ordinances to permit residential uses in this area and is considering the use of tax-increment financing to build city improvements such as parking ramps and site improvements to aid developers of residential space near the Square. Current city policy does not permit the long term rental of public parking space by private parties.

Recently the plans for two fast-food chain restaurants in Madison were stopped by community action with the support of the city administration. One fast-food restaurant was finally approved by the lower State Street mall and another, not originally blocked, was granted permission to remodel an existing buildjng in the 600 block of State Street. Each restaurant had to agree to stringent rules regarding design and signs; these demands were made by the Planning Commission before each plan was approved. A restaurant is now being built on the first floor and mezzanine of the old Leath Building; a year ago the city's interpretation of the building codes prevented this use. The new owners of the Simpson Building at 25 North Pinckney has been able to use the 2nd and 3rd floors of the building and still maintain the atrium; at first it appeared that the City's interpretation of the codes would not allow for this, but the State overruled the City.

The political constraints that discouraged business a few years ago seem to be moving slightly more in favor of business in the CBD. The strong political necessity of showing immediate results from the mall project and other improvements in attracting new business cculd provide an investor in the subject site considerable negotiation leverage.

## C. Linkages

Linkages are those attributes that relate the site to its immediate surroundings, its activity centers, and its periphery points. The site is located in Madison's CBD, which is on an hour-glass shaped isthmus between two large lakes (Exhibit 4). The State Capitol, situated on a 2.42 acre site, occupies the center of the Square. Both the narrowness of the isthmus and the eight blocks of the Capitol Square impede the flow of vehicular traffic to and around the Square. The Capito 1 Square is accessible by four avenues and by three diagonals. The State Street entry to the Square is for the exclusive use of public transit. Egress is from the four avenues only. The avenues have four lanes on the north, south, and west sides; East Washington Avenue on the east side of the Square has six lanes and connects with the Interstate System approximately ten miles from the Square on Madison's eastern city limits.

EXHIBIT 4
AIR PHOTO OF MADISON CENTRAL BUSINESS DISTRICT


According to Michael Nagy, City Traffic Engineer, the vehicular space between the Capitol and the buildings facing the Square is divided into two main traffic lanes. The inner lane is $21^{\prime}$ wide with approximately $5^{\prime}$ allowed for State legislative parking. A $16^{\prime}$ service lane restricted to buses, bicycles, and right turns occupies the outer ring. At North Hamilton, King, and State Streets there are 11 ' indentations for loading and unloading.

By design, the primary travel around the Concourse is pedestrian from metered parking ramps at the periphery of the Square or from bus stops. There are three city parking ramps and the Dane County ramp. Some space is reserved in the city ramps for police cars, and space has been reserved for legislators during the Concourse construction in the Doty Street ramp. The number of metered parking spaces available in the ramps is shown in Exhibit 5.

There are conflictive views regarding the availability of public parking in Madison's CBD. Retailers and some consumers believe that the lack of parking is the number one problem for the Square. They see the free and accessible parking lots at the suburban centers as the greatest competitive edge operating against them. City administrators, on the other hand, use survey results to demonstrate the frequent availability of parking spaces in the CBD public ramps. A survey done of the downtown parking ramps in October, 1976 showed an average use of $75 \%$ to $79 \%$ between the hours of 7 A.M. and 5 P.M. Use peaked from $90 \%$ to $95 \%$ between 10 A.M. and 3 P.M. The McCormick ramp, which charged 10 cents an hour in 1976, averaged use as low as $25 \%$ on the short-term meters during the day. City administrators realize that the Lake Street ramp is heavily used by University of Wisconsin students and that the Dayton Street ramp receives heavy day-time use from Madison Area Technical College students.

In summary, parking is easier in the suburbs, but it is not impossible downtown. The Square covers a large area, the adverse location of some of the ramps is an added difficulty for shoppers, parking is not free in the CBD, and at some ramps spaces are hard to find. Competitive merchants need to take advantage of ramp parking by issuing parking tokens to shoppers, by keeping evening hours when ramp space is readily available, and by promoting the positive aspects of shopping in the CBD.

James McClary of the Transportation Department appears to be dedicated to solving the transportation problems in the CBD; he works closely with the Central Madison Committee and he is open to suggestions regarding Madison's needs. He is hopeful that the shuttle service will be the linkage between the parking ramps and the Square. Although this service currently operates only until 6 P.M., recent successful experiences moving convention participants around the city may encourage the extension of the shuttle bus service. Regular buses will run more frequently around the Square; by August, 1978 the goal is to have a bus run every 10 minutes on the average. There are 7 bus stops around the Square, and 15 bus routes converge on the Square periodically every day.

Linkages close to the subject site include the Doty ramp $1^{\frac{1}{2}}$ blocks away; this ramp often has available parking spaces. The bus stop is a quarter of a block from the site. There are no strong generators of em-


## Parking

The plan's recommendations for parking are to be viewed as a strategy for attaining a comprehensive offstrest parking program. Proposed is one approach - a program of enlargement of the existing puolic parking space pool. Surface lots would be expanded in the following locations: Buckeye Lot - 58 cars: Madison Motor's property - 113 cars; Lake Street ramp extension - 117 cars. Total space to be provided will be 294 cars, which represents 211 additional parking spaces for the downtown when the existing 83 State Street curb spaces are removed. Acquisition and site improvement costs for the Madison Motor proderty and that adjacent to the Buckeye Lot is $\$ 850.000$. Money presently is budgeted by the parking utility tor purcinase of the Lake Street expansion site. Therefore, no cnarge will accrue to the project ior this improvement.

Temporary parking would be provided in the cul-de-sac streets, with the exception of Frances Street. during the initial phases of the project. A total of 150 such spaces can be provided at virtually no cost. They will minimize disruption, assist in the transition period when on-street parking is removed, and later revert back to a pedestrian and service function.

An alternate approach would be the coordinated development of the many small suriace lots in private ownership. This would require commitments and cooperation among businesses and owners to share parking use of the lots and action by the city to acquire public easements for access and provide public services. The organization of these parcels by the Central Madison Committee or other business grcups represents one coportunity to contribute to the project by defraying its total cost. Public and private sector partnership is critical to the success of this approach.

Long-range recommendations for a parking ramp to be constructed in conjunction with the future University Library Mall will accommodate 165 ears, or about 50 more than those to be :emoved from Murray Street and the Student Union Lot. The deck proposat in the 400 block area will hold 135 cars and serve the new shops. housing, and performance plaza, as well as that section of State Street where present parking is ieast adequate. Estimated cost is $\$ 4,000$ per space or $\$ 5 \$ 0,000$.

ployment or pedestrian traffic on the block continuous to the subject property. S. S. Kresge Co. and J. C. Penney Co., located at either end of East Main Stteet, are the main determinants of the consumer pedestrian traffic in front of the site. Rennebohm Drug Store, located between the site, and J. C. Penney Co. is also a major influence upon the nature of the traffic. Rundell's a successful men's clothing store, is located between Rennebohms and the site (Exhibit 6).

At this time city officials cannot predict the volume of vchicular and pedestrian traffic in the area of the Square and the subject site. The most recent comprehensive pedestrian count was taken at a different location each day from 7 A.M. to 6 P.M. on Monday through Thursday during June and July, 1972. The map in Appendix B indicates the raw counts for each intersection. The latest comprehensive vehicular count was done quarterly in January, April, July, and October 1976 for either 24 or 48 hour counts. The counts were then averaged and the results are shown on the behicular count map in Appendix B.

In spite of the low-key nature of the retailers on East Main Street, this block had the highest pedestrian traffic count in 1972 (Appendix B). The count on West Main was only one-half that of East Main; on the north side of the Square the pedestrian count was close to that of East Main Street, but the count was consistently high for both East and West Mifflin Street. Little significance can be attached to these counts except to indicate, contrary to opinion, that East Main Street has been a busy pedestrian corridor; it compares favorably to the more popular north side of the Square. Vehicular traffic, measured in 1976, was largest on Mifflin Street, on the north side of the Square, but Main Street had the second largest count. If this volume of traffic continues to be generated, retailers on East Main Street should carefully analyze the needs of these potential customers. For example, in interviews given in January, 1977, employees in downtown Madison stated that they would like to shop on the Square if the stores would stay open in the late afternoon and in the evenings. Target marketing will be necessary for successful retailing on the Square. A summary of downtown work force, is given in Exhibit 7.

An existing right-of-way granted by N:. .al Mutual Benefit Life for $\$ 20.83 /$ month can be withdrawn upon short micice. The loss of this license before the city constructs the alley at the rear of the site is a potential source of friction in terms of time, money, and the movement of goods. Plans for the Concourse traffic strongly discourage the loading and unloading of goods on the Capitol Concourse.

- Several proposed changes in land-use might affect the subject site. It seems likely that the State will build GEF-II \&III 2 blocks away with 300,000 square feet of assignable floor area office space. The City of Madison plans to purchase the Federal Post Office building $1 \frac{1}{2}$ blocks away for increased office space to be shared with Dane County and the Federal Government. The increased supply of office space created by the move of state and city offices out of private space could be competition for the subject site, but the increased number of state and city employees could mean more consumers for the site. The future development

EXHIBIT 6
LAND USES NEAR SUBJBCT SITE:


EXHIBIT 7
SUMMARY OF CBD ${ }^{\text {a }}$ WORK FORCE

| Total Work Force | No. ${ }^{\text {b }}$ | State Workers | No. ${ }^{\text {c }}$ | Av. Ann. Salary | Changes Since 1974 |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Public Administration | 9,068 | Administration | 1,000 | \$20,000 | Change | Employment Shift ${ }^{e}$ |
| Finance, Insurance, Real Estate |  | Professional | $3,000$ | $\$ 15,600$ |  | - 450 workers |
| Real Estate | 3,129 | Clerical | $3,500$ | $\$ 8,500$ | moved out, 1975 |  |
| Services | 2,757 | Total | 7,500 |  | U.S. Post Office | - 425 workers |
| Transportation, Communication | 2,200 |  |  |  | closed, 1976 |  |
| Retail | 2,177 |  |  |  | Proposed changes |  |
| Manufacturing | 1,508 |  |  |  | MATC moves from CBD | - 400 workers |
| Wholesale | 302 | City-County <br> Bldg. Workers | No. ${ }^{\text {d }}$ | Salary <br> Range | MAIC moves from cbd |  |
| Construction | 51 |  |  |  | CEF-II \& III <br> builds in $C B D$ | +350 workers |
| Agriculture | 10 | Executive | 40 | \$25-40,000 | Net Change | - 925 workers |
| Total | 21,202 | Middle Managers | 150 | \$12-25,000 |  |  |
|  |  | ```Technical, Professional``` | 150 | \$12-21,000 |  |  |
|  |  | Uniformed Police | 250 | \$16,500 Av. |  |  |
|  |  | Clerical | 125 | \$10,500 Av. |  |  |
| - |  | Total | 715 |  |  |  |

[^0]of the southeast of the subject site's block is controlled by National Mutual Benefit Life through selected property purchases. The nature of this potential development is unknown, but increased economic activity could have a favorable effect upon the subject property

## D. Dynamic Attributes

The Square was once viewed as the primary regional shopping center for Madison, but in recent years there has been a steady decline in retail sales in the CBD. A combination of causes are responsible: outlying shopping malls have intercepted a large proportion of the retail trade; owners of many of the major stores on the Square reached retirement age recently and did not provide for new dynamic management to maintain the businesses and some retailers have not taken a new look at the characteristics of the consumer market that could be available to them. The 1960 s found Madison in an upheaval over the Vietnam War; city government was inconsistent in its attitude toward urban sprawl and the central city experienced neglect.

The development of the Capitol Concourse/State Street Mall, the decision to build the Madison Civic Center near the Square, the City Plan Department's moves to encourage residential use of downtown property, the city administration's positive reception to tax-increment financing, and the slow surge of remodeling that is occurring in buildings around the Square are indicators that the Square may once again hold its own as a good place to be. The opening of Coiffures International, a hairstyling shop, and the Brauthaus II, a restaurant, during the development of the Capitol Concourse are evidence that some businessmen have faith in the CBD.

There are some areas of the Square that are viewed as less desirable than others. The area along East Main Street just east of the Square contains several massage parlors and a bar featuring nude dancing. The Majestic Theater, a block from the site, was the home of pornographic movies until a local businessman bought the theater as a home for artistic movies. East Main, King Street, and South Pinckney receive mixed reviews, with a majority still viewing the area as sleazy. These perceptions are also held for the bars and massage parlor just off the Square on North Pinckney. The McCormick and Doty Street ramps are each located within a block of such an area; though the ramps have parking spaces available, some consumers avoid walking by these establishments.

In 1966 a New York firm, Real Estate Research Corporation, who was employed to do an economic and market study of Madison's CBD made the folowing observation:

Although the State Capitol gives identity to the Central Business District, it also creates a huge "dead spot" in the middle of the Retail Core of the Central Business District. This tends to impede
convenient pedestrian movements from one side of the Square to the other for comparison shopping purposes. ${ }^{1}$

Only an energetic shopper would be willing to walk the entire eight blocks that emcompass the Square.

The block containing the subject property has unique dynamic attributes; the strong retail stores, J. C. Penney, Rennetohms, and Kresge's located on either side of $17-21$ East Main Street have special appeal to the middle and lower middle income class consumer, which includes the majority of the city and state employees. The block has already established a strong identity for these consumer groups.

Although the majority of the people who work and shop around the Square believe that the CFD will never have the same retailing prestige it once had, they believe there is a market available for small specialty shops. Longer store hours, parking tokens, a wider variety of stores and frequent shuttle bus service are among the conveniences most frequently mentioned. 2 As completion of the Capitol Concourse draws near there is a sense of excitement downtown. The newly planted trees along the widened sidewalks are attractive, several buildings are receiving facelifts and the merchants, in general, are welcoming the changes. The Central Madison Committee is developing plans to revitalize the downtown area. The longterm impact of this activity is still an unknown.

## E. Existing Improvements

1. Background and Classification

The original building, constructed in the late $1800^{\prime} \mathrm{s}$, occupied the northeast corner of the subject site. Apparently this structure that housed the Capital City Bank was one floor above grade with a full basement which included a terrazo floor and a walk-in safe. The building was enlarged to its present size sometime before 1930 with the bank housed on the first floor and offices on the second. At one time, Bradley Photo Studio was located there; Northwest Mutual Relief Association was also an occupant of the second floor in thos early days. A photograph taken in the 1930s indicates that J.C. Penney occupied the larger first floor retail area and Feltman Curme Shoes occupied the smaller side of the building (Exhibit 8). During 1960 and 1961 the building was completely remodeled, and the original stone facade was covered with a contemporary textured flat mass of light brown aggregate. After the remodeling Felly's Flowers and King Shoe Store were tenants of 21 East Main Street, and the Three. Sisters Dress Shop and Dartmouth Direct occupied the larger retail area of 17 East Main Street. In the late 1950s the the early 1960s the owners of the building encountered financial difficulties, and finally,
$1_{\text {Economic Studies for Development Planning in the Central Business }}$ District of Madison, Real Estate Research Corporation, New York, p. 5. ${ }^{2}$ Wisconsin State Journal, January 23, 1977, Part 1: "Central Madison," p. 2-3.

on February 1, 1962, the present owner took title to the property under a Trust Claim Deed from the mortgagor in a foreclosure action. Current photos of the subject property are shown in Exhibit 9 .

An examination of the building permit activity since the remodeling indicates the following changes at the 17 East Main Street building:

June 20, 1961
July 19, 1961
August - , 1961
February 14, 1972
August 22, 1973
October 2, 1973
October 8, 1974

Heating units installed
New gas heating units installed
Major electrical work done
Fire resistant furnace room on 2nd floor built
Interior alterations done
New store front installed
Occupancy permit issued

At 21 East Main Street, a new occupancy permit was issued in August, 1974.
The basic dimensions of the structural components of the subject property are presented floor-by-floor in the isometric drawings in Exhibit 10. These dimensions convert to an estimated gross footage of the building of $13,816 \mathrm{sq}$. ft., given its present use. The estimated gross square footage varies with alternative uses of the space (Exhibit 11). Cubic footage is calculated by height x length x width. Therefore 38 [( 44 x 128 ) $+(22 \times 116)]=310,992 \mathrm{c}$. ft. Building floor plans are found in Appendix C. Because the volume of this building exceeds 50,000 cubic feet, all remodeling plans and specifications for the design or structure shall be prepared and supervised by a Wisconsin registered architect or engineer (Wisconsin Administrative Code 50, 07 [2] [a].)

The barrier-free environment requirements for the subject property are open to interpretation. After several discussions with State building inspectors, the conclusion was reached that the percentage of an existing building that is remodeled or added is the determining factor for the application of the code (Wisconsin Administrative Code 52.04, register, December, 1976, No. 252). If more than $50 \%$ of the gross interior area of an existing building is remodeled and/or added, the building is classified as if it were new construction; therefore a multiple use building with more than 20,000 square feet of gross area would require both vertical and horizontal access for the handicapped. If less than $25 \%$ of the gross interior area is remodeled, none of the barrier-free requirements apply. An existing building that is $25-50 \%$ remodeled or added must be provided with access to the primary floor, interior circulation, and toilet facilities Wisconsin Administrative Code 52.04 (6) (a) (b) (c) (3) . As defined by a Department of Industry, Labor and Human Relations (DILHR) building inspector, the percentage of the gross interior area remodeled is calculated by measuring the gross anterior area in which the change occurred and dividing by gross interior area of the existing building. If the $4^{\prime} \times 128^{\prime}$ first floor area is divided into two retail spaces and the present use of the building continues (Exhibit 11), the percentage remodeled is gross interior area of the floor area remodeled (approximately 5,300 sq. ft.) divided by the gross interuor area of the building ap-

EXHIBIT 9


Front view


lst Floor: 17 East Main Street

Basement: 17 East Main Street toward front steps


lst Floor: 21 East Main Street



Front entry: 17 East Main Street


Rear stairwell to basement: 17 East Main Street


GROSS SQUARE FOOTACE OF THE SUBJECT PROPERTY BY PRESENT AND ALTERNATTVE USES

| Space | 17 E. Main | 21 E. Main |  |
| :--- | :--- | :--- | :--- |
|  | $44^{\prime} \times 128^{\prime}$ | $22^{\prime} \times 116^{\prime}$ | Total |

Present Use


Alternative A
Basement
1st Floor

$$
8,184
$$

2nd Floor

$$
\begin{aligned}
& 5,632 \\
& 5,632
\end{aligned}
$$

Mechanicals and Storage

$$
\begin{aligned}
& 2,552 \\
& 2,552
\end{aligned}
$$

$$
\frac{8,184}{16,368} \text { sq. ft. }
$$

Alternative B

| Basement $^{\text {a }}$ | 5,632 | Storage | 5,632 |
| :--- | ---: | :---: | :---: |
| 1st Floor | 5,632 | 2,552 | 8,184 |
| 2nd Floor | $\frac{5,632}{16,896}$ | $\frac{2,552}{5,104}$ | $\underline{\underline{2,184}}$ |
|  | sq. ft. |  |  |

## Alternative C

| Basement | 5,632 | 2,552 | 8,184 |
| :--- | ---: | ---: | :---: |
| 1st Floor | 5,632 | 2,552 | 8,184 |
| 2nd Floor | $\frac{5,632}{16,896}$ | $\frac{2,552}{7,656}$ | $\underline{\frac{8,184}{24,552}}$ sq. ft. |

${ }^{\text {a }}$ Floor used entirely for storage or mechanical purposes need not be included in determining the total gross area. See Wisconsin Administrative Code 52.04 (5) (b).
proximately $12,880 \mathrm{sq}$. ft.) or $41 \%$. Thus a bathroon for the handicapped in each primary floor retail area and horizontal access on the primary floor would be required. Percentage area remodeled is subject to interpretation, but the calculations above represent the most conservative interpretation. According to Diane Meredith, the recognized expert on bar-rier-free environment code interpretation at the Wisconsin Department of Industry, Labor and Human Relations, the $25 \%-50 \%$ remodeling category does not require the installation of a full service elevator in a multiple use building with a gross area of more than 20,000 square feet of gross area. The intent of the code is to take advantage of extensive remodeling of existing buildings and to make the improved building as barrier-free as possible, given the size and use of the building. The intent is not to force all existing buildings to become barrier-free environments inmediately. As various alternative uses are considered and the percentage of remodeling is determined for each, the economic feasibility of the alternativemust be calculated. ${ }^{1}$

## 2. Type of Construction and Structural Condition

A general description of the building structure is summarized in Exhibits 12 and 13. Because the structure functions as two separate buildings at the first and basement levels, there are two descriptions.

The structural system for this building uses masonry exterior walls, which are load-bearing. The floor and roof joists are wood with the exception of a steel I-beam running the center length of the building. Two rows of six metal column supports divide the span of the structure to form three $20^{\prime}$ bays. 21 East Main Street contains one $20^{\prime}$ bay, and 17 East Main Street contains two $20^{\prime}$ bays in the basement and on the main floor. The second floor remalns undivided with the window area sealed with masonry blocks to form a furnace room.

The structural condition of the building is basically sound. There is no evidence of cracks, sags, or other structural problems in the stone foundation. Although loose paint and stains on the second floor walls denote water damage, new roof flashings installed on the east side of the building have cured this deficiency. The present roof appears to be older than its twenty year useful life; mop-topping with hot tar and regraveling are necessary to requalify the roof as Class B. If the building is extensively remodeled it would be prudent to consider roof replacement in lieu of repair to protect the new investment.

As a result of use changes there are several obsolete features in the building. A three foot stairwell from the first to the second floor at the front of the building has been blocked. An elevator shaft at the rear of the building has been closed with cement blocks although the tower for the elevator's mechanicals is still intact on the roof. A heavy firedoor leads from the tower to the roof. An abandoned boiler is located on a dirt floor in a room at the front west corner of the basement.

[^1]
## EXHIBIT 12

DESCRIPTION OF IMPROVEMENTS: 17 EAST MAIN STREET

NUMBER OF STORIES
AGE:
ROOMS:
Basement

1st floor
2nd floor
EXTERIOR:
Foundation
Walls
Rcof
Store front

CONSTRUCTION:

## Floors

HEATING:

Two stories
Approximately 100 years

6 rooms and spaces including 2 bathrooms

1 large retail area and 2 rooms
1 large space with small bathroom

Stone
Brick
Flat pitch and gravel
Large glass display cases with rough cedar and brick

1st floor: carpet
2nd floor: unfinished wood basement: asphalt tile
$3^{\prime \prime} \times 12^{\prime \prime}$ joists with steel I-beam and metal posts

1st floor: 100 非/square foot 2nd floor: 75 / /square foot

1st floor: $2^{\prime \prime} \times 4^{\prime \prime}$ acoustical grids suspended
2nd floor: lath and plaster basement and suspended acoustical panels

2 Reznor gas forced-air gas-fired units 16 years old and in excellent condition
1 unit, 200,000 BTU hung from 2nd floor ceiling heats lst floor
1 unit in basement heats basement of 17 East Main only - 120,000 BTU

AIR CONDITIONING:

UTILITIES:

2 separate Carrier units, 10T unit cools basement and 15 T unit cools lst floor
2nd floor not air-conditioned
2 " water lateral; 6 " sewer main at front of building and 8 " sewer main in alley; adequate electrical and gas service

EXHIBIT 13
description of Improvements: 21 east main street

NUMBER OF STORIES
AGE:
ROOMS:
Basement
1st floor

EXTERIOR:
Foundation
Walls
Roof
Store front
CONSTRUCTION:
Floors

Flooring structure

Floor capacity
Ceiling
HEATING:

AIR CONDITIONING
UTILITTIES:

One accessible from this address
Approximately 100 years

1 large room with stand-up safe
1 large retail area with rear work space and bathroom

Stone
Brick
Flat, built-up asphalt
Large, glass display cases

1st floor: carpet
Basement: concrete and asphalt tile
$3^{\prime \prime} \times 12^{\prime \prime}$ wood joists with steel I-beam and metal posts

100\# per square foot
Lath and Plaster
1 Reznor forced-air, gas-fired, 120,000 BTU unit, 16 years old in excellent condition, suspended from 2nd floor ceiling of 17 East Main Street.

1 Carrier unit outside rear of building
$1^{\frac{1}{2}}$ water lateral; $6^{\prime \prime}$ sewer main at front and $8^{\prime \prime}$ sewer main in alley; adequate electrical and gas service

## 3. Code Conformity

The building appears to be in good condition. If there is a change of use or if the building has been vacant a year or more, the City of Madison Building Inspection Department requires a new occupancy permit to reopen even the first floor for commercial use. The condition for the occupancy permit is a formal inspection. Costs to cure the minimum deficiencies have been estimated with the assistance of contractors in the Madison area (Exinibit 14). There might be other less apparent building code violations, both for the city of Madison and State Building, Heating, and Ventilation Codes.
4. Interior Finishes

The first floor and the basement of 17 East Main Street have been used for retail purposes; the second floor has been used a furnace room for at least the last five years, and its interior finishes have not been maintained. The first floor of 21 East Main Street was also used for retailing and the basement for storage.

In the larger retailing area on the first floor, inexpensive rough cedar is used for the display racks, for the artificial beams that span the bays, and as large simulated pillars built around the iron support posts. There is no shelving for the display racks. A centrally located counter, which housed cash registers and clerks' materials, and six dressing areas are also finished in rough cedar. Fluorescent lighting fixtures extend from the acoustically tiled dropped ceiling. The floors are covered with red carpet in good to fair condition. Except for one small carpeted and paneled room at the rear of the building, the storage and work areas have lath and plaster walls painted with enamel; they are in need of washing and/or painting.

The large retailing area in the basement of 17 East Main Street has an asphalt tile floor, brightly painted lath and plaster walls, and a ceiling finished with hung acoustical panels. The walls of the smaller rear work and storage area need washing and/or painting. The bathroom at the rear of the basement has a ceramic tile floor, a $6^{\prime \prime}$ tile base with a lavatory, a water closet, and a urinal, all in need of cleaning. Another bathroom toward the front of the basement is in excellent condition with two water closets and two lavatories. It has been well-maintained and meets State code.

The smaller retail area has lath and plaster walls with lights suspended from a $13^{\prime} 6^{\prime \prime}$ ceiling. A workroom and a bathroom in the rear are wellmaintained and adequate. The retail area is an empty shell. The unimproved basement below is useful only for storage. A walk-in safe is an outstanding feature of, this area.

## 5. Renovation Problems

The commercial use of the second floor would require an additional stairwell to provide the two exits required from each floor [Wisconsin Administrative Code, 54.02 (1) ]. An elevator does not satisfy this requirement. A fire escape construction at the rear of the building is a possible solution, but to make the second floor marketable, a second stairway is required.

Present Use

$$
\begin{array}{lr}
\text { Mop-top and gravel roof } & \$ 4,000^{a} \\
\text { Exit lighting } & 400 \\
\text { Rear exit door } & 400 \\
\text { Miscellaneous } & \\
\text { Total } & \frac{1,100}{\$ 5,900}
\end{array}
$$

New Use Requiring $25 \%$ to $50 \%$ Remodeling

Mop-top and gravel roof $\quad \$ 4,000$
Exit lighting $\quad 400$
2 rear exit doors 800
3 bathrooms @ $\$ 3,000$ each 9,000
Miscellaneous
Total
$\frac{1,100}{\$ 15,300}$
a Budget figures rounded

A full-service elevator would be required if more than $50 \%$ of the gross interior area of the subject property were to be remodeled. To provide an attractive, convenient, and separate access to the second floor, the elevator and stairwell should be located near the front entry that leads to both the basement and the first floor of 17 East Main Street. Some renovation of this common foyer would be necessary.

There are no toilet facilities on the first floor of 17 East Main Street; the existing facilities at 21 East Main Street satisfy City code, but the existing facilities on the 2 nd floor do not comply. If more than $25 \%$ of the gross interior area of the building is remodeled, toilet facilities accessible to the handicapped must be provided on the primary floors; a new bathroom and the renovation of an existing one would be required. If the second floor is used as a separate commercial area, bathroom facilities must be brought up to code. For any use that would require more than 5 employees or more than 25 patrons, separate bathroom facilities must be provided for both sexes. A place of diniag, no matter what the size, requires separate facilities.

The conmercial use of the basement at 21 East Main Street would require the provision of a second exit. This requirement could be met by constructing a door in the party wall near the front basement stairwell. This stairwell would lead to a foyer similar to that on the first floor. Access to either basement space would be through separate main entries. The capacity of the present furnace, air-conditioning, and duct system to adequately heat and cool this basement area would need to be determined.

A dining area with a capacity of 100 or more patrons would require 3hour fire-ratings for the floors and walls. Presently the floors have only a 1-hour fire rating. The replacement of the wood floors with concrete floors would not be economically justifiable.

Residential use of the second floor would require windows to be on at least two sides of the building. Therefore, the window space in the front of the building would have to be restored and the facade covering the original building would have to be removed. Whether or not the original facade can be restored is unknown at this time. Residential use is further complicated by the requirement that the suspended furnaces on the second floor be removed and placed in properly rated enclosures [Wisconsin Administrative Code, Table 64.21].

## III. MOST PROBABLE USE

After completing an inventory of positive and negative attributes of the property, of the legal and political constraints on future use, and of the imnediate linkages of the location, the appralser then must identify possible compatible uses. Each considered use must maximize the marketable attributes of the property, minimize its negative characteristics, and operate within the limits of justified, prudent investment.

## A. General Market Characteristics

When a site is in search of a use, a logical beginning point is the examination of the existing and potential markets for the several permitted and most probable uses which are recail, office, dining, and residential.

To continue as two retailing spaces with a $22^{\prime}$ frontage and a 44' frontage respectively, would entail the smallest up-front costs. The vacant buildings with the largest first floor retail space have been on the market the longest. Wolff Kubly, Manchester's Home Store, and Baskin's 0 and $V$ are prime examples (Exhibit 15). The Simpson Building, Leath's, and the Jackson Building have been sold during this year. Simpsons is being divided into small retail shops on the first and basement floors and office space on the second and third floors. The 1976 buyers of the Leath Building recently assigned part of their land contract to another party, and now a restaurant is taking shape on the primary floor and the mezzanine. The 2 d and 3 d floors remain vacant. Karsten's sold in 1976, and has been divided into two smaller (20') retail areas on the ground floor. The smaller retail spaces have had the most active market. Chandler's Shoe Store with a 25 ' frontage is now Brathaus II and the Card Shop with $19^{\prime}$ frontage is now Coiffeurs International. Brathaus II is a one-story building and the second floor of Coiffeurs is vacant, but the owner-user plans to use the space for expansion. There has been a slow but steady demand for the smaller retail units at rents ranging from $\$ 4.50$ to $\$ 7.50$ per square foot. Most frequently the leasee pays utilities; some leases are triple net (Exhibit 16).

Interviews with consumers, city administrators, and businessmen conducted by the Wisconstn State Journal, January, 1977, confirmed the need and desirability of the small specialty shop on the Square. Businesspeople on the Square have a guarded optimism about the future profitability of specialty retailing around the Square; the majority believe the Capitol Concourse Project will help their business. ${ }^{1}$

Part I: $\frac{\text { Wisconsin State Journal }}{\text { "Central Madison." January 23, 1977, Economic Report '77, }}$


RECENT RETAIL LEASES ON SQUARE

| Building | Address | Lessor | Lessee | Terms | Tax and Utility Escalator |
| :---: | :---: | :---: | :---: | :---: | :---: |
| The Atrium | 25 N. Pinckney | Marty Rifkin | Cecil's Sandals | $\begin{aligned} & 1,336 \text { sq. ft. @ } \\ & \$ 6.74 \text { sq. ft. } \end{aligned}$ | Yes |
| The Atrium | 25 N. Pinckney | Marty Rifkin | The Camera Co. | $\begin{aligned} & 2,057 \mathrm{sq} \cdot \mathrm{ft} . @ \\ & \$ 3.73 \mathrm{sq} . \mathrm{ft} . \end{aligned}$ | Yes |
| The Atrium | 25 N. Pinckney | Marty Rifkin | Christian Science Reading Room | 250 sq. ft. @ $\$ 12.00 / \mathrm{sq} . \mathrm{ft}$. | Yes |
| ```Jackson-Divall Property``` | 110 N. Hamilton | Gary Divall | Joe Troia's | $1,000 \mathrm{sq} . \mathrm{ft}$. @ $\$ 600$ mo. net | No |
| Tenney | 27 S. Pinckney | Ist Wis. Bank | Jones, Inc. | 5,000 sq. ft. @ \$5 sq. ft. | Yes |
| Karsten's | 22 N. Carroll | Fred Mohs | Music City | 2,200 sq. ft. \& basement storage @ $\$ 5.00 \mathrm{sq}$. ft. | Yes |

A retail use strategy would be the subdivision of larger primary floor area of the subject property, the maintenance of a common work area, storage area, and rearexit, and the installation of a bathroom accessible to the handicapped at the center rear. The smaller store would also provide retailing space on the ground floor and a barrier-free bathroom.

A1though Rennebohm's Coffee Shop, the Park Motor Inn Coffee Shop and Crandall's Restaurant capture much of the luncheon trade, the concentration of state and city employees near the subject property and the potential increase in these employees, if GEF-II is built, suggest a small restaurant housing under 100 persons. The capacity of a small restaurant is determined by the net area of the occupied space; dining is limited at 10 sq . ft. per person. The stringent Wisconsin fire codes which require 3 -hour fire walls and floors for dining areas serving over 100 persons make renovation costs for a large restaurant in a brick and wood interior building economically unacceptable.

The office rental market for Class B or C space has been soft, but there are indications that there is an increasing demand for such space around the Square. Current office vacancies and quoted rents are given in Exhibit 17. Large vacant buildings advertised as potential office space, such as Madison Newspapers, Inc., and Wolff Kubly have not sold because of the owners' high financial expectations and the low marketing activity of the sellers. The market for Class B office space appears to be firming; investors who have purchased existing retail stores and who have active renovation and marketing plans for newly developed office space are finding tenants. Existing multi-tenant office buildings near the subject property such as the Marshall Building, National Mutual Benefit Life, and the Tenney Building have 0 to $10 \%$ vacancy. The Affiliated Bank of Madison building is almost completely occupied by the owner; there are two lawyer tenants and 3 vacant offices in the building. On the other side of the Square, Woolworth's has only 550 square feet ( $8,5 \%$ ) of office space vacant and Thirty On The Square has no vacancies. The Park Motor Inn office space has $100 \%$ occupancy. The investor-owner of Karsten's is currently remodeling and upgrading the 2 d floor for Class B office space. As mentioned before, the investor-owner of Simpsons is developing office space on the 2 d and 3 d floors. He is tastefully remodeling the entire building and is retaining the atrium and building skylights into the basement as competitive edges. Though there is no elevator, the tenants of the Simpson building are willing to pay Class A office rents (Exhibit 17); they seem to be willing to trade convenience for nostalgia and uniqueness.

The market suggests the development of the 2 d floor of the subject property into office space, preferably with an elevator to make the area accessible to the handicapped. Property managers have indicated that the current rental market is firmer for office space that can accommodate the handicapped. The basement of 17 East Main can be considered as either office, retail, or possibly a small specialty restaurant.

Residential space is needed in the CBD; until recently, lot area and open-space requirements made the provisions of such space economically

EXHIBIT 17
CLASS B DFFICE SPACE VACAICIES AND RENTS ON SQUARE
(Elevator, Air Conditionine \& Utilities Included)

infeasible. An older building, the Baskerville, $2 \frac{1}{2}$ blocks from the subject property, offers one- and two-bedroom apartments, and there are a few vacancies. Most apartments adjacent to the Square are converted, single-family homes that were built prior to 1900. Both occupancy and turnover rates are high. The Capitol Hill apartments, $3 \frac{1}{2}$ blocks from the subject property, are fully occupied, predominantly by elderly and long-term state employees. There is a limited but unsatisfied market for high-style apartments in the CBD; groups of from two to four single persons are willing to pay from $\$ 75$ to $\$ 125$ each for 2 - to 3-bedroom apartments, usually furnished. Legislators and lobbyists, who are in a higher income-bracket compared to state and city employees, are actively seeking tastefully appointed residential space. Along State Street students are paying from $\$ .45$ to $\$ .50$ a square foot for furnished space over stores, bars, and restaurants.

The long and narrow layout of the 2d floor of the subject property does not lend itself to residential space without major remodeling. The suspended furnaces must be removed from the rear ceiling of the building. The five windows at the front of the building must be unblocked, reframed, and rehung; the facade of the building must be removed. Each living room and bedroom must have an outside window which measures at least $10 \%$ of the floor area of the room and the window must open to an area not less than $5 \%$ of the floor area served. Ventilation must be accomplished by natural, not mechanical means. [Wisconsin Administrative Code 52.02 (1), 57.19, 64.07 (1)]. For each dwelling unit 100 square feet of open space must be provided; this can be done by using interior balconies or roof space. It is questionable that the Plan Commission would approve over-hanging balconies facing the Square. Major remodeling would include installing skylights to provide light for apartment space that does not have access to the front windows. An investment analysis must be made to determine if the more certain income from apartments can justify the capital expenditures.

## B. Alternative Uses for the Subject Property

A combination of the physical characteristics of the property and the general demand characteristics on the Square suggest the following alternative scenarios for the use of the subject property (Appendix D):

Scenario \#1: The building will be demolished and the site leveled and paved to provide monthly reserved parking for employees of various nearby public and private office and firms. It is assumed that space for 20 cars will be provided; the only access will be from the alley. An attractive screening wall with plantings will face East Main Street.

This scenario is based upon the assumption that the city will constuct the alley. It is unlikely that National Mutual Benefit will continue granting the right-of-way through their parking area at the inconvenience of their tenants.

Scenario \#2: The building will be demolished, the site leveled, and a new threc-story brick building, 66' $\times 72^{\prime}$, with no basement would be constructed. The building would be divided into 3 retail stores on the first floor, and the second and third floors will be office space. A parking lot constructed at the rear will be leased by the tenants. Although the size of the building will be less than that legally required to install an elevator, the office space will be more marketable if a fuil-service elevator was installed to insure a bar-rier-free environment for the handicapped.

Scenario \#3: The building will be brought up to code to receive an occupancy permit. The first floors of 17 and 21 East Main Strect will be leased with the tenants responsible for their own improvements. The second floor will continue as a furnace room and the basement of 21 East Main Street will be used for storage. The current owner calculates the gross interior area as 20,280 square fect, but the lease is based upon 17,400 square feet as net leasable area; an allowance is made for the inefficient use of the 2 d floor.

Scenario \#4: The first floor of 17 East Main Street will be subdivided into three retail spaces and equipped with barrier-free bathrooms as required by Wisconsin Administrative Code Section 52.04 (6) (b). The basement will be rented without remodeling; the two floors total more than $50 \%$ of the gross interior area (Exhibit 11, Present Use) so an elevator might be required for vertical circulation, and the return will not justify the capital outlay to remodel the basement. The second floor and the basenent of 21 East Main Street will continue to be storage and mechanical space only. T'ine extra $\$ .50$ rental fee for lst retail space is for the extra storage space available to lst floor tenants.

Scenaric 45 : The entire building will be remodeled to convert the 2 d floor to office space, subdivide the total let floor area into 3 rotail stores, and convert the basement of 17 Fast Main Serect into a large office space of 4,570 square feet. There will be 6,740 aquare fect of 2d floor office space and a total of 7,068 square feec of retail space. A full-service elevator and a second stairwell will be instaljed at the front of the building to serve the three levels

Scenario 非: The present structure will be remodeled as in Scenario \#5, but the $2 d$ floor will be converted into two large 2 -bedroon apartments with approximately 3,000 square feet in each. The front facade will be removed, and a large pirture window over jooking the Square installed for each apartment. The bedroms vill be located at the rear of the building to obtain the required windon spoce. The kitchen and bathoons will be in the concor of the duilding; small skylights will be cur into the roof to give the kitchen exta natural ifght. The back stamway io the 2 d floor and to the roof will be moved to the rear center of the buiding, and the elevator shaft will be removed on this floor to expose nore wivdow space. Open space will be provided as a sun-deck on the roof. A statway will be built at the front of the bujaing to povide private aceess to the apartments.

## C．Economic Ranking of Alternatives

The probable alternative uses for the subject property can first be ranked in terms of the general budget parameters inherent in revenue and expenses for each．The alternatives that offer the greatest finan－ cial return are then screened for effective demand，political acceptability， and risk．The property residual，or back－door approach，is used to con－ vert revenues to a justified investment．The logic for the conversion of rents into a cash dividend flow and a debt service flow by the use of a reasonable default point is demonstrated in Exhibit 18．This approach is extremely sensitive to changes in revenues and expenses；it is impera－ tive that the appraiser be consistent in the derivation of estimates for each alternative．The cost assumptions and calculations are provided for each scenario in Appendix D．A preliminary ranking based upon a cash jus－ tified investment demonstrates that Scenario $\# 3$ or $\# 5$ offer the most pro－ fitable use（Exhibit 19）．

## D．Risk Ranking of Alternatives

Scenario \＃3，which involves minimum renovation，offers the least risk of capital outlay and might offer an initial holding strategy until the future of the Square is more certain．A construction budget of $\$ 5,900$ in Scenario $\# 3$ generates $\$ 52,200$ in gross income whereas a con－ struction budget of $\$ 262,600$ is needed in Scenario $\# 5$ to generate $\$ 107,900$ in gross income．But the demand for the large retail space in 17 East Main Street is soft；the $\$ 5,900$ construction budget might generate only $\$ 15,300$ for the smaller retail space．This would make the relationship of capi－ tal outlay to revenue the same for both scenarios．The smaller retail spaces and offices in Scenario $⿰ ⿰ 三 丨 ⿰ 丨 三 彡 5$ diminish the probability of large square footage vacancies occurring simultaneously．

Though the capital outlay is greater in Scenario 非，the cash throw－off before taxes is fifteen times greater in Scenario \＃5 than in Scenario \＃3．The increased rate of equity pay－back diminishes the equity risk for investors．

Remodeling risks，which do not exist in Scenario 非，are minor in Scenario ${ }^{1} 5$ ；the use of artificial lighting and mechanical ventilation， acceptable for offices，avoids the greater risks of removing the front facade and providing adequate open window space necessary for residential use．The installation of the front stairwe11 and elevator，the subdivi－ sion of retail space，and the construction of office space are the major structural changes．

The demand for Class B office space is uncertain；the positive im－ pact of the Capitol Concourse，the negative impact of GEF－II and the City＇s use of the Post Office cannot be determined to date．Currently there is an air of excitement about the Square；the pace of remodeling has increased， and Class $B$ office vacancy rates have declined．The Doty Ramp， $1 \frac{1}{2}$ blocks from the subject property，usually has available parking space for clients of downtown offices．Employee parking is more of a problem；the city ad－ ministration continues to encourage downtown workers to use mass trans－ portation．

## EXHIBIT 18 <br> BASIC LOGIC FOR RANKING ALTERNATIVE USE SCENARIOS BY JUSTIFIED PURCHASE BUDGET



EXHIBIT 19
SUMMARY OF BUDGETS FOR ALTERNATIVE USE SCENARIOS

|  | Budget Item | Scenario \#1 | Scenario \#2 | Scenario \#3 | Scenario \#4 | Scenario \#5 | Scenario \#6 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1. | Demolition | -\$55,530 | -\$55,530 |  | . . . | ... | . . . |
| 2. | Bringing up to code |  |  | - \$5,900 | - \$5,900 | - \$1,000 | - \$800 |
| 3. | New construction | - 12,672 | -473,680 | .... | - 56,544 | -260,754 | -307,598 |
|  | Total Outlays | \$68,202 | -\$529, 210 | - \$5,900 | -\$ 62,444 | -\$262,654 | -\$308,398 |
| 4. | Justified project budget | - 8,525 | $\begin{array}{r}+401,233 \\ \hline\end{array}$ | $\begin{array}{r}+227,837 \\ \hline\end{array}$ | $+247,462$ | $\begin{array}{r}+528,138 \\ \hline\end{array}$ | $+447,459$ |
|  | Total justified investment in subject property as is | -\$76, 727 | -\$127,978 | +\$221,937 | +\$185,018 | +\$265,484 | +\$139,061 |

The creation of a vertical and horizontal barrier－free environ－ ment in Scenario $\# 5$ adds a competitive edge for this office space．There is a growing awareness of the need to provide access for the handicapped； there is increased political activity favoring the rights of the handi－ capped that has resulted in enabling legislation such as Wisconsin Admini－ stration Code 52.04 ．Realtors report that some tenants are demanding barrier－free environments for their handicapped clients．．

## E．Political Compatibility of Alternatives

Scenarios $\# 3$ or $\# 5$ ，each of which would provide retail space on the first floor，would be politically acceptable；the city administration strongly favors retail，restaurant，and other pedestrian generators on the first floor of all buildings contiguous to the Square．（Appendix A）

## F．Conclusions

The trade－off of risk between high construction costs for total renovation and a soft market for large retail space tend to net out．The future of the CBD is the critical unknown．If the Capitol Square becomes revitalized，and the demand for small retail space and Class B office space increases，the probability of CBD property once again appreciating is likely．Though the initial capital outlay is great，Scenario $⿰ ⿰ 三 丨 ⿰ 丨 三 一$ 5 of fers the best alternative to a syndicate of investors who can spread the risk，and take advantage of both the depreciation from a remodeled build－ ing and the appreciation of the property．To hold the property with only minimum renovation might be costly in the long run；an unmodernized build－ ing might be less likely to capture its share of the retail market and to increase in value．Therefore the $\$ 38,000$ difference in the justified bud－ get between the two scenarios gives Scenario \＃5 a preferred position．A review of the summary feasibility data in Exhibit 20 supports the conclu－ sion that the most probable use of the subject property，in the opinion of the appraiser，is Scenario $\$ 5$ ．

THE MOST PROBABLE USE OF THE SUBJECT PROPERTY WOULD BE THE RE－
MODELING OF THE EXISTING BUILDING TO CREATE THREE SMALL RETAIL UNITS ON
the first floor and office space on the second floor and in the basement
OF 17 EAST MAIN STREET．

EXHIBIT 20
SUMMARY MATRIX OF FEASIBILITY OF ALTERVATIVE USES OF SUBJECT PROPERTY

| Feasibility Factor | Scenario \#1 | Scenario \#2 | Scenario \#3 | Scenario \$4 | Scenario \#5 | Scenario \$6 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Justified investment in subject | Negative | Negative | +\$227,837 | \$185,018 | +\$265,434 | +\$139,061 |
| Remodeling risks | None | None | None | Minor | Minor | Serious |
| Effective market demand | Strong | Soft $\rightarrow$ Firm Imiroving | Soft | Soft $\rightarrow$ Firm Improving | Soft $\rightarrow$ Firm Improving | Apts. - Strong <br> Retail $\rightarrow$ Soft Firm |
| Political acceptability | Strongly negative | Negative demolition Acceptable - use | Acceptable | Acceptable | More Acceptable | Most Acceptable |
| Financial Risk | High <br> Dependent upon high land appreciation which is improbable | High <br> Dependent upon <br> very strong <br> market demand <br> for class B office <br> space to justify <br> investment | Moderate <br> Dependent on consumer response to Square revitalization and marketing skill of rezailer to use larger retail space | Noderate <br> Depencient upon consumer response to Square revitalization talent of management to select strong retailers, and marketing skill of retailers | Moderate <br> 1. Dependent upen increasing marlict demend for Class B or Class C office space and marketing skill of retailers <br> 2. Investor-user of office space would stabilize cash flow and subsidize remodel ing | Moderate <br> Dependent upon acceptability to consumers of apt. whifications necersitated by cocie requirements and high rents necessitated by copital dcots; also cerendent upon rencwed accentance of Square as place prestige |

## IV. PREDICTION OF PRICE FROM MARKET SALES

The most reliable predictor of the price a most probable buyer might be willing to pay is derived from an analysis of the recent market sales of similar properties occurring in the neighborhood of the subject property. This section will discuss the market comparison approach to the most probable selling price and will provide financial tests of this price.
A. Most Probable Buyer

A review of recent (1976 to 1977) sales around the Capitol Square and along State Street (Exhibits 21-31) indicates that the smaller buildings with a frontage of $25^{\prime}$ or less have been purchased by owner-users who want to relocate; the larger buildings have been purchased by investordevelopers who are already involved in CBD property.

Of the eleven comparables examined, five were purchased on land contract, two were financed with both a first and a second mortgage, and four were cash sales. Eight of the eleven properties were purchased by local investors, one was purchased by an insurance company, and two were purchased by business persons for their own use. One of the purchases was made for the purpose of spoilage, two were made for assemblage and eight were purchased to use the existing building after some degree of remodeling. These differences in conditions of sale are tabulated in Exhibit 32.

THEREFORE, THE MOST PROBABLE BUYER WILL BE A PROFESSIONAL REAL estate developer who expects to remodel and redirect marketing of the SUBJECT PROPERTY. THE MOST PROBABLE BUYER WOULD PREFER A GENEROUS LAND CONTRACT BUT WILL have the financial capability of negotiating a cash SALE AT A PRICE NEAR OR BELOW THE ASSESSED VALUATION.

## B. Most Probable Price

In recent years there have been a significant number of sales of properties comparable both in function and location to the subject property, from which to infer a transaction zone that will include a most probable selling price. Although the comparable sale properties are lowrise, retail-commercial structures on the Square, there are significant differences among them. It is necessary to select those characteristics that are price-sensitive, such as location, structural condition, marketability, motivation of buyer and income potential at the time of sale; the differences among the comparables can then be reduced to a common denominator by deriving a weighted point score for each property. The total point score for each comparable sale and the subject property can then be related to one another by means of a simple linear regression line.

EXHIBIT 21

COMPARABLE PROPERTY \＃1


## 111 SOUTH HAMILTON STREET

Date of Sale： $8 / 31 / 76$
Sale Price：$\$ 130,000$
Recorded：Vol．720，p． 255 Document $⿰ ⿰ 三 丨 ⿰ 丨 三 一 1485121$
Terms of Sale：Land contract，$\$ 20,000$ down $8 \%$ quarterly payments of interest， 4 payments of principal of $\$ 5,200$ in Sept．1，1978，79， 80,81 ，final payment of $\$ 90,000+$ accured interest $1 / 2 / 82$ ．
Use at time of sale：Offices on 3 rd floor，2nd floor political office lst floor office + vacant space
Grantor：Willinorth and Jeanne Jackman and Betsy Jackman Standard
Grantee：Peter $R$ and Anne T．Wadsack
Tax Parcel \＃：0709－242－0903－8
Assessed value：$\$ 140,000$ total－－1and $\$ 81,300$ ，improvements $\$ 58,700$
Sale price as of \％of assessed value： $93 \%$
Lot size：3，241 sq ft．
Frontage：Carroll Street 91.3 feet，South Hamilton 112 feet
Zoning： $\mathrm{C}-4$
Gross building area： 7,989 sq．ft．（ $82 \%$ ）
First floor commercial gross square frontage： $2,663 \mathrm{sq}$ ．ft．
Other rentable square frontage： 5,326 sq．ft．
Building description：Masonry bearing walls，interior wood structure structurally sound，spacious entryway and stairwell
Locational factors： 2 blocks from State Street mall， $3 \frac{1}{2}$ blocks from Civic Center， $1 \frac{1}{2}$ blocks from City－County Building
Rental Information：None available

EXHIBIT 22
COMPARABLE PROPERTY \#2


## 214 STATE STREET

Date of sale: $1 / 25 / 76$
Sale price: \$86,000
Recorded: Vol. 651, p. 598, Warranty deed
Terms of sale: Cash, 1st mortgage $\$ 58,500$, 2nd mortgage to se1ler $\$ 14,500$
Use at time of sale: Card shop
Grantor: Mr and Mrs. W. D. Eck
Grantee: Mr and Mrs. A. A. Witz
Tax Parce1 No.: 0709-144-2710-3
Assessed value: Total $\$ 65,500-1$ land $\$ 34,100$, improvements $\$ 31,400$
Sales price as \% of assessed value: 131\%
Lot size: $\$ 1,475 \mathrm{sq}$. ft.
Frontage: State Street 22 feet
Zoning: C-4
Gross building area: 3,960 sq. ft.
First floor commercial gross square footage: 1,320
Other rentable square footage: 2,640
Building description: Three floors, masonry bearing walls, wood interior structure, 2 nd floor apartment, bay windows on State Street, full glass store front
Present uses: 1st floor is same use; 2nd and 3rd floors--3 apartments Locational factors: $1 \frac{1}{2}$ blorks from Concourse, across from Civic Center, 1 block from parking.
Rental information: $\$ 4.55 / \mathrm{sq}$. ft. for lst floor

EXIIBIT 23
COMPARABLE PROPERTY \#3


## 22-24 NORTH CARROLL STREET

Date of sale: $1 / 1 / 76$
Sale price: $\$ 175,000$
Recorded: Vol. 638, p. 355
Terms of sale: Land contract., $\$ 15,000$ down, $7 \frac{1}{2} \%$ interest
Use at time of sale: Vacant
Grantor: Karstens, Inc.
Grantee: Fred Mohs, local investor
Tax Parcel No: 0709-231-0904-9
Assessed value at time of sale: $\$ 189,300--1$ and $\$ 145,000$, improvements $\$ 44,300$
Sales price as \% of assessed value: 92\%
Lot size: 5,800 sq. ft.
Frontage: 44 feet
Zoning: C-4
Gross building area: $16,380 \mathrm{sq}$. ft.
First floor commercial gross square footate: 5,461
Other rentable square footage: 10,922
Building description: 60 years old, 3 floors, all floors have sprinklers - and are air conditioned, concrete structure frame and brick facade, separate entry stairway, exterior fire escape, fair alley access
Present uses: Music instrument shop (20' frontage), jewelry store ( $20^{\prime}$ frontage)
Locational factors: 2 blocks to nearest parking area, major city bus stops in front of building
Rental information: 2 nd and 3 rd floors rented to Madison Credit Bureau for $\$ 4,440 /$ year, or $\$ 1.50 / \mathrm{sq}$. ft: 1 st floor $\$ 5 / \mathrm{sq}$. ft. plus utilities, tax escalator, and overage


19 NORTH PINCKNEY STREET
Date of sale: 4/1/77
Sale price: \$85,000
Recorded: Vol. 789, pp. 507-508 Document \#1511208
Terms of sale: Land contract, $\$ 17,000$ down, $\$ 68,000$ balance payable $\$ 716.05 /$ month, $8 \%$, balloon 10 years
Use at time of sale: Vacant
Grantor: Rennebohn Drug Stores
Grantee: Karl Lechtey
Tax Parcel No: 0709-133-3005-0
Assessed value: Total $\$ 87,500$, Land $\$ 45,600$, improvements, $\$ 41,900$
Sales price as \% of assessed value: 97\%
Lot size: 2508
Frontage: North Pinckney 19 feet
Zoning: C-4
Gross building area: 4,560 sq. ft.
First floor commercial gross square footage: 2,280
Other rentable square footage: 2,280
Building description: 2 floors, masonry bearing walls, wood interior structure
Present uses: Beauty shop, lst floor, vacant 2 nd floor (to be remodeled for owner's use)
Locational factors: $2 \frac{1}{2}$ blocks to State Street, 4 blocks to Civic Center, 1 block First Wisconsin and Tenney Bldg.
Rental information: Owner-user

EXHIbIT 25
COMPARABLE PROPERTY \#5


### 1.22 SOUTH PINCKNEY

Date of sale: 3/15/77
Saie price: $\$ 60,000$
Recorded: Vol. 783, p. 116 Document \#1508785
Terms of sale: Land contract $\$ 6,000$ down, balance $\$ 54,000$ @ $8 \%, 10$ year equal payments @ $\$ 5,400 /$ year
Use at time of sale: Office
Grantor: Floyd McBurney
Grantee: National Mutual Benefit Life
Tax Parcel No.: 0709-242-04129
Assessed value: Total $\$ 62,500-1$ and $\$ 38,400$, improvements $\$ 28,100$
Sales price as \% of assessed value: 96\%
Lot size: 1978 sq. ft.
Frontage: South Pinckney 22.4 feet
Zoning: C-4
Groşs building area: 2,934 sq. ft.
First floor commercial gross square footage: 1,467
Other rentable square footage: $1,467 \mathrm{sq}$. ft.
Building description: 2 floors, masonry bearing walls, wood interior structure, sandstone facade on 2nd floor, poor maintenance
Present uses: Same as at time of sale
Locational factors: $4 \frac{1}{2}$ blocks from State St. mall, 6 blocks from Civic Center, $1 \frac{1}{2}$ blocks from City-County Building, 1 block from lst Wis. B1dg.
Rental information: None available

## COMPARABLE PROPERTY \#6



25 NORTH PINCKNEY STREET
Date of sale: 4/21/77
Sale price: $\$ 150,000$
Recorded: Vol. 796, p. 528 Document No. 1513914
Terms of sale: 1st mortgage $93 / 4 \%, 25$ years--2nd mortgage of $\$ 50,000$ at $8 \%$ interest, 5 years
Use at time of sale: Vacant
Grantor: Raymond T. McGuire
Grantee: Martin Rifkin
Tax Parcel No: 0709-133-3006-8
Assessed value: Total \$285,000--1 land \$214,000, improvements \$71,000
Sales price as \% of assessed value: 53\%
Lot size: $8,712 \mathrm{sq}$. ft.
Frontage: North Pinckney Street 66 feet
Zoning: C-4
Gross building area: 16,060 sq. ft.
First floor commerical gross square footage: 6,886
Other rentable square footage: $9,174+$ basement with NLA 3,941 sq. ft.
Building description: 2 floors $22^{\prime} \times 75^{\prime}$ joined to 3 floors $44^{\prime} \times 120^{\prime}$ with masonry bearing walls, wood interior structure, poor maintenance of 2 nd and 3rd floors.
Present uses: Vacant--being remodeled to accommodate lst floor, basement retail use, and 2 nd , 3 rd floor office use
Locational factors: $2 \frac{1}{2}$ blocks from State Street mall, $3 \frac{1}{2}$ blocks from City-County Bldg., $\frac{1}{2}$ block from lst Wisconsin and Tenney Buildings
Rental information: Signed leases include lst @ $\$ 3.73 \mathrm{sq}$. ft., $\$ 12.00 \mathrm{sq}$. ft. and $\$ 6.74 / \mathrm{sq}$. ft. 2nd floor $\$ 6.00$ to $\$ 8.01 / \mathrm{sq}$. ft.

EXHIBIT 27
COMPARABLE PROPERTY \#7


102 NORTH HAMILTON STREET, 110 NORTH HAMILTON STREET, PARKING LOT
Date of sale: 9/77
Sale price: $\$ 330,000$ for three parcels
Recorded:
Terms of sale: 5 year balloon mortgage @ $8 \frac{1}{2} \%$
Use at time of sale: Vacant
Grantor: M. Jackson
Grantee: Gary DiVall
Tax Parcel No: 0709-144-1504-1
Assessed value: Total $\$ 360,400-1$ land $\$ 153,900$, improvements $\$ 206,500$
Sales price as \% of assessed valuc: 92\%
Lot size: Approximately $11,000 \mathrm{sq}$. ft.
Frontage: East Mifflin 15 feet, North Hamilton 46 feet, North Pinckney, 132 feet for 102 North Hamilton building
Zoning: C-4
Description of 102 North Hamilton: Gross building area $26,000 \mathrm{sq}$. ft.
1st floor commercial gross square
footage Other rentable square footage

6,000 sq. ft.
$20,000 \mathrm{sq}$ 。ft.

Building description: Concrete and steel structure, 3 stories plus basement at grade entrance on North Pinckney, 1st floor has mezzanine, can carry additional floors.
Locational factors: 2 blocks from State Street mall, 4 blocks from CityCounty Bldg., $1 \frac{1}{2}$ blocks from 1st Wisconsin and Tenney Building
Rental information: Adjacent property, one of the 3 parcels, has 1,000 sq. ft. @ $\$ 600 / \mathrm{mo}$, net for restaurant use

EXHIBIT 28
COMPARABLE PROPERTY \#8


## 118 NORTH PINCKNEY

Date of sale: 7/1/77
Sale price: $\$ 120,000$
Recorded: Vo1. 828, p. 23
Terms of sale: Mortgage with $\$ 15,000$ down, balance $\$ 105,000$ @ $8 \frac{1}{2} \%$
Use at time of sale: Tavern
Grantor: Ida S. Stein
Grantee: Carley Capital Corp.
Tax Parcel No.: 0709-144-2412-5
Assesses value: Total $\$ 115,000-1$ and $\$ 90,000$, improvements $\$ 25,000$
Sales price as \% of assessed value: 104\%
Lot size: 6,660
Frontage: North Pinckney 28 feet
Zoning: $\mathrm{C}-4$
Gross building area: $3,920 \mathrm{sq}$. ft.
First floor commercial gross square footage: 1,960
Other rentable square footage: 1,960
Building description: 2 floors, masonry bearing walls, wood interior structure, separate stairs to 2nd
Present uses: Tavern on 1st floor, apartments on 2nd. Purchased for assemblage with Emporium to be included
Locational factors: $2 \frac{1}{2}$ blocks from State street mall $3 \frac{1}{2}$ blocks from City-County Building, 2 blocks from lst Wisconsin and Tenney Building
Rental information: None

EXHIBIT 29
COMPARABLE PROPERTY \#9


10 WEST MIFFLIN STREET
Date of sale: 2/15/77
Sale price: \$171,000
Recorded:
Terms of sale: Cash
Use at time of sale: Vacant--former Chandler Shoe Store
Grantor: Northwestern Mutual Life Insurance Co.
Grantee: Edison Brothers--Brauthaus Properties Partnership
Tax Parcel No: 0709-144-2508-2
Assessed value: Total $\$ 191,000--1$ and $\$ 97,600$, improvements $\$ 93,400$
Sales price as \% of assessed value: 90\%
Lot size: 3,325 sq. ft.
Frontage: West Mifflin Street, 25 feet
Zoning: C-4
Gross building area: 6,200 sq. ft.
First floor commercial gross square footage: 3,100
other rentable square footage: 3,100 basement
Building description: Masonry bearing walls, brick and tile facade
Present uses: Restaurant - Brauthaus II
Cocktain lounge in basement
Locational factors: $\frac{1}{2}$ block State Street mall

$$
4 \text { blocks--City-County Building }
$$

Rental information: Owner-user

EXHIbIT 30
COMPARABLE PROPERTY \#10


2 WEST MIFFLIN STREET
Date of sale: $8 / 26 / 77$
Sale price: \$585,000
Recorded:
Terms of sale: Cash with financing at 9 3/4\% interest
Use at time of sale: Retail \& office
Grantor: Northwestern Mutual Life Insurance Co.
Grantee: Gordon-Rice--Executive Management, Inc.
Tax Parcel NO: 0709-144-2509-0
Assessed value: $\$ 750,000--1$ and $\$ 371,300$, improvements $\$ 378,700$.
Sales price as \% of assessed value: 78\%
Lot size: $12,012 \mathrm{sq}$. ft.
Frontage: West Mifflin St. 91 feet, Wisconsin Ave., 136 ft.
Zoning: $\mathrm{C}-4$
Gross building area: 38,639 sq. ft.
First floor commercial gross square footage: 13,884
Other rentable square footage: 24,755
Building description: 2 floors masonry bearing walls, concrete slab flooring, in excellent condition
Present uses: Retail lst mezzanine and basement Office, 2nd floor
Locational factors: 1 block from State St. mall
Rental information: $\$ 60,500 / y r$. triple net for whole building, leases sublets office space @ $\$ 4.20 \mathrm{sq} . \mathrm{ft}$.

EXHIBIT 31
COMPARABLE PROPERTY \#11


119 STATE STREET
Date of sale: $1 / 15 / 76$ and $6 / 9 / 77$
Sale price: \$110,000
Recorded: Vol. 737, p. 118
Terms of sale: $1 / 15 / 76-1$ and contract, $\$ 10,000$ down $6 \%$ interest 4 yr. terms plus $\$ 15,000$ of capital improvements by vendor within 6 months of purchase. 6/9/77--50\% of land contract assigned to third party
Grantor: First Wisconsin National Bank
Grantee: Mr. \& Mrs. N. H. Malley 1/15/76 and Royad Hassen-Halleen 6/9/77
Tax Parcel No.: 0709-231-0105-3
Assessed value: Total $\$ 152,500-1$ and $\$ 90,200$, improvements $\$ 62,300$
Sales price as \% of assessed value: 72\%
Lot size: 4,400 sq. ft.
Frontage: State St. 44 feet, Fairchild 44 feet
Zoning: C-4
Gross building area: $14,000 \mathrm{sq} . \mathrm{ft}$.
First floor commercial gross square footage: 4,400
Other rentable square footage: Only lst floor and mezzanine
Building description: Elevator. Two-story granite store front, glass show window, top two floors used for furniture show rooms (presently closed to avoid four-story building classifications and access and exit requirements); masonry bearing walls
Present uses: Being remodeled as restaurant on 1st floor and mezzanine-300 capacity
Locational factors: $\frac{1}{2}$ block from Capital Concourse, 4 blocks from CityCounty B1dg.
Rental information: None available

EXHIBIT 32
dIFFERENCES IN CONDITIONS OF SALE FOR COMPARABLES

| Property | User | Investor | Financing | Reason for <br> Purchase | Date |
| :--- | :---: | :---: | :---: | :---: | :---: |

This statistical process translates supply and demand characteristics into a prediction of price per unit of buyer behavior for the smaller, older properties in the CBD. The resulting regression equation provides a predicted price per unit as a central tendency for the subject property, and it provides a means for estimating the reliability of the prediction through the use of the standard error of the estimate.

## C. Market Comparison Approach to Probable Price

The comparable sales (Exhibits 21-31) were first screened to fit the following criteria:

- Located in the primary or secondary special assessment zone of the Capitol Concourse/State Street project, Phase II.
- Used for retail or service purposes on the first-floor level.
- Total gross building area less than 30,000 square feet.
- Two or three floors above grade.
- Sales date was in 1976 or 1977 just prior to or during the Concourse remodeling.

Comparable \#8 is eliminated because it is only one floor above grade. Comparable $\# 10$ is eliminated because it has more than 30,000 square feet of gross building area. This comparable is also a much newer structure and is occupied by a major long-term tenant.

A point scale to rate the differences is developed to reflect the characteristics believed to influence buyer behavior (Exhibit 33). A weight is given each characteristics, which reflects its relative importance to an investor and each property. The subject property is also scored (Exhibit 34). The State Street entrance to the Capitol Concourse and proximity to state and city employees are considered the most desirable locational attributes on the Square. Both consumers and retailers believe that the small specialty shop has the greatest viability on the Square; therefore the $22^{\prime}$ retail space is considered the most marketable. The marketability of the 2 d and 3 d floor space is also an important characteristic. The amount of income the property is generating at the time of sale is especially important to the most probable buyer or investor to insure a steady cash flow. The concrete and steel building has more versatility in terms of alternative uses due to higher fire ratings and verticle.expansion possibilities.

The Leath Building (Comparable \#11) has recently had another change of ownership; $50 \%$ of the land contract was assigned to a third party. Apparently code problems, which had restricted restaurant use, have been overcome, but the two floors above the mezzanine are still vacant. Though the Simpson Building (Comparable \#6) is undergoing major remodeling, the score reflects its condition at the time of sale. The Card Shop (Comparable \#2) received the highest score because it best fits

EXHIBIT 33
SCALE FOR SCORING COMPARABLES ON IMPORTANT INVESTOR CONSIDERATIONS
IN MADISON C-4 ZONE

| $\begin{gathered} \text { Location: } \\ (20 \%) \end{gathered}$ | 5 = Within 2 blocks of high pedestrian generators such as State Street or CityCounty Building <br> 3 = Within 4 blocks of high pedestrian generators, but more than 2 <br> $1=\underset{\text { generators }}{\text { More }}$ thacks from high pedestrian |
| :---: | :---: |
| Layout of retail space: $(15 \%)$ | 5 = Regular space with good delivery access <br> $3=$ Regular space with poor delivery access <br> $1=$ Irregular space with mezzanine with poor delivery access |
| Marketability of 2d and 3d floor and/or basement at time of sale: $(15 \%)$ | ```5 = Large size space, average rent (owner user) 3 = Medium size space, average rent 1 = Small size space, low rent``` |
| Vacancy and/or revenue sources at time of sale <br> (10\%) | $\begin{aligned} & 5=\text { Fully rented } \\ & 3=\text { Partially rented } \\ & 1=\text { Minimal rental income or vacant } \end{aligned}$ |
| Remodeling required at time of sale (10\%) | 5 = No major improvements required <br> 3 = Average tenant improvements <br> $1=$ Major structure and tenant modifications |
| Structural condition: (10\%) | ```5 Concrete or masonry with concrete/steel framing 3 = Masonry with wood interior framing, well maintained 1 = Masonry with wood interior framing, poorly maintained``` |
| ```Ratio of land area to 1st floor gross sq. ft. of improvements: (10%``` | $5=$ Land area greater than or equal to 1.5 times the improvements <br> $3=$ Land area less than 1.5 greater than or equal to 1.25 times the improvements <br> $1=$ Land area less than 1.25 times the improvement |
| Motivation of buyer: (10\%) | $\begin{aligned} & 5=\text { Owner-user } \\ & 3=\text { Assembler } \\ & 1=\text { Investor-developer } \end{aligned}$ |

EXHIBIT 34
WEIGHTED MATRIX FOR COMPARABLE PROPERTIES

| Feature Weight | Rating/Weighted Rating |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{gathered} 111 \\ \text { S. Hamilton } \\ \# 1 \end{gathered}$ | $\begin{gathered} 214 \\ \text { State } \\ \# 2 \\ \hline \end{gathered}$ | $\begin{gathered} 22-24 \\ \text { N.Carrol1 } \\ \# 3 \\ \hline \end{gathered}$ | $\begin{gathered} 19 \\ \text { N. Pinckney } \\ \# 4 \end{gathered}$ | $\begin{gathered} 122 \\ \text { S.Pinckney } \\ \# 5 \end{gathered}$ | $25$ <br> N. Pinckney \#6 | $102$ <br> N. Hamilton \#7 | $\begin{gathered} 118 \\ \text { N.Pinckney } \\ \# 8 \\ \hline \end{gathered}$ | 119 <br> State <br> \#11 | 17-21 <br> E.Main <br> Subject |
| Location . 20 | 5/1.0 | 5/1.0 | 5/1.0 | 3/.60 | $3 / .60$ | 3/.60 | $3 / .60$ | $3 / .60$ | 5/1.0 | 3/.60 |
| Efficiency of Retail Layout . 15 | 1/.15 | 5/.75 | 3/.45 | $5 / .75$ | 3/.45 | 31.45 | $1 / .15$ | 5/.75 | 1/.15 | 3/.45 |
| ```Marketability of 2d and 3d floor rentable . }1 space``` | 3/.45 | 5/.75 | 1/. 15 | 3/.45 | 3/.45 | 3/.45 | 5/.75 | 5/.75 | $0 / 0$ | $3 / .45$ |
| Motivation of buyer $.10$ | 1/. 10 | $1 / .10$ | 1/.10 | 5/.50 | $3 / .30$ | 1/. 10 | 3/. 30 | 3/. 30 | 1/.10 | 1/.10 |
| Ratio of Land to Improvements . 10 | 1/. 10 | 1/. 10 | 1/. 10 | 1/.10 | 3/. 30 | 1/. 10 | 1/.10 | $5 / .50$ | 1/. 10 | 1/. 10 |
| Revenue Sources <br> at Time of Sale . 10 | 3/. 30 | $5 / .50$ | 1/. 10 | 1/. 10 | 5/. 50 | 1/. 10 | 1/. 10 | 5/.50 | 1/. 10 | 1/.10 |
| ```Rem.odeling Re- quired U'pon Furchase . }1``` | 3/.30 | 5/.50 | 1/.10 | 1/.10 | 3/. 30 | 1/. 10 | 3/. 30 | 5/.50 | 1/. 10 | 3/. 30 |
| Structural Con- <br> dition <br> .10 | 3/. 30 | 31.30 | 5/. 50 | 3/. 30 | 1/. 10 | 1/.10 | 5/. 50 | 1/.10 | 3/. 30 | 3/. 30 |
| Total Weighted Score | - 2.20- | -4.02- | - 2.50 | $-2.90-$ | $-3.00-$ | - 2.00 | - $3.20-$ | - 4.00 | 1.85_ | -2.40 - |
| Selling Price | \$130,000 | $\$ 86,000$ | $\$ 175,000$ | $\$ 85,000$ | \$60,000 | \$150,000 | \$330,000 | $\$ 120,000$ | $\$ 110,000$ | NA <br> 8,184 |
| lst Floor Retail GLA (sq. ft.) | $2,663$ | $1,320$ | $5,461$ | $2,280$ | 1,467 | 6,886 | 6,000 $\$ 55,00$ | 1,960 $\$ 61.22$ | 4,400 $\$ 25.00$ | -8,184 |
| Price per sq. ft. of lst floor retail GLA | \$48.82 | \$65.15 | \$32.04 | \$37.28 | \$40.90 | \$21.78 | \$55.00 | \$61.22 | \$25.00 | NA |

the characteristics considered important in today's market: it is small, the 2 d and 3 d floors contain apartments that are in demand, and occupancy is $100 \%$.

The first floor revenue space is considered the primary income source for this type of building. Therefore, purchase prices are divided by square feet retail GLA for each property. This dollar per square foot figure is then used as the dependent variable, and the total weighted score for each building is used as the independent variable in the regression analysis. A graph of the linear relationship of the two variables is provided in Exhibit 35; this represents a correlation coefficient of .941. Computation of the linear regression coefficients, the price prediction for the subject property, and the standard error of the estimate are provided in Exhibit 36. The regression analysis yields a coefficient of determination or $r^{2}$ of $88.5 \%$; the $r^{2}$ indicates that there is $88.5 \%$ less uncertainty in making predictions about the price per square foot of first floor gross leasable area when the weighted point score for each property is considered than when the point score is not considered. The Mini-Tab output for these calculations is in Appendix E.

The market comparison price estimate for the subject property is therefore, $\$ 270,000$ with a standard error estimate of $\$ 40,000$ and a $68.4 \%$ confidence interval, or a suggested price range of $\$ 230,000$ to $\$ 310,000$. This initial conclusion must be considered in light of certain external factors and then tested to see if the probable selling price estimate would provide an acceptable yield from income and appreciation when related to the most probable use, total cost to the most probable buyer, and typical financing.

## D. External Inf1uence on Most Probable Price

The estimate of the most probable selling price inferred by regression analysis is based upon the income potential of the first floor retail area; it assumes a marketability of the 2 d floor upon which the most probable use and the resulting most probable purchase price is partially calculated and it is dependent upon a more detailed engineering analysis than is appropriate for an appraisal to determine the costs of remodeling. The possible variance in both of these estimates represents significant risk to the buyer. He will wish to purchase the property at a price that could be carried by the income from the first floor alone. Scenario \#3 best represents the purchase price; the most probable buyer would be most comfortable with a purchase price near $\$ 220,000$ (Appendix D).

Another influence on the most probable selling price is the attitude of the business community toward the remodeling of the Square. There is more optimism than a year ago; the preliminary plans for residential development and the heightened level of building remodeling lend encouragement. Several lending institutions have evidenced a cooperative interest in making loans on CBD properties. Therefore an investor-buyer might be more willing to take risk now than a year ago.

## EXHIBIT 35

PRICE PER SQUARE FOOT OF FIRST FLOOR GLA
AS A FUNCTION OF WEIGHTED FACTOR SCORES


CORRELATION OF CI AND CI $=.941$

EXHIBIT 36
REGRESSION ANALYSIS OF SALES PRICE AND PROPERTY SCORE

| Property | Price | $\mathrm{Score}_{\mathrm{X}}$ | XY | $x^{2}$ | $\mathrm{x}^{2}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
| 1. 111 S . Hamilton | 48.82 | 2.70 | 131.81 | 2383.39 | 7.29 |
| 2. 214 State | 65.16 | 4.00 | 260.64 | 4245.83 | 16.00 |
| 3. 22-24 N. Carroll | 32.04 | 2.50 | 80.10 | 1026.56 | 6.25 |
| 4. 19 N. Pinckney | 37.28 | 2.90 | 108.11 | 1389.80 | 8.41 |
| 5. 122 S. Pinckney | 40.90 | 3.00 | 122.70 | 1672.81 | 9.00 |
| 6. 25 N. Pinckney | 21.78 | 2.00 | 43.56 | 474.37 | 4.00 |
| 7. 102 N. Hamilton | 55.00 | 3.20 | 176.00 | 3025.00 | 10.24 |
| 8. 118 N. Pinckney | 61.22 | 4.00 | 244.88 | 3747.89 | 16.00 |
| 11. 119 State | 25.00 | 1.85 | 46.25 | 625.00 | 3.42 |
| 11. Total | $\overline{387.20}$ | $\overline{26.15}$ | $1 \overline{214.05}$ | $1 \overline{8590.65}$ | $\overline{80.61}$ |
| $\overline{\mathrm{Y}}$ and $\overline{\mathrm{X}}$ | 43.02 | 2.91 |  |  |  |

$$
\begin{aligned}
& \Sigma \mathrm{xy}=\Sigma \mathrm{XY}-\mathrm{n} \overline{\mathrm{X}} \overline{\mathrm{Y}}=1214.05-1126.69=87.36 \\
& \Sigma \mathrm{y}^{2}=\Sigma \mathrm{Y}^{2}-\mathrm{n}(\overline{\mathrm{Y}})^{2}=18590.65-1.6656 .48=1934.17 \\
& \Sigma \mathrm{x}^{2}=\Sigma \mathrm{X}^{2}-\mathrm{n}(\overline{\mathrm{X}})^{2}=80.61-76.21=4.40
\end{aligned}
$$

$$
\hat{Y}=a+b \bar{X} \quad a=\text { intercept }
$$

$$
\hat{Y}=\text { predicted price/sq. ft. of GLA } \quad b=\text { slope of price point relationship }
$$

$$
\mathrm{b}=\frac{\Sigma_{\mathrm{xy}}}{\Sigma_{\mathrm{x}}{ }^{2}}=\frac{87.36}{4.40}=19.85
$$

$$
\mathrm{a}=\overline{\mathrm{Y}}-\mathrm{b} \overline{\mathrm{X}}=43.02-19.85(2.91)=-14.74
$$

Price/sq. ft. retail GLA $=-14.74+19.85(2.4)=\$ 32.90$
8,180 sq. ft. $x \$ 32.90=\$ 260,122$ or $\$ 270,000$

Standard error of estimate $=$
$\sqrt{\frac{\mathrm{y}-\mathrm{b} x y}{\mathrm{n}-2}}=\sqrt{\frac{1934.52-19.86(87.41)}{9-2}}=\sqrt{28.58}=\$ 5.35 \mathrm{standard}_{\text {error }}^{\text {err }}$
High estimate: $8,180 \times(32.90+5.35)=\$ 312,885$ or $\$ 310,000$
Low estimate: $8,180 \times(32.90-5.35)=\$ 225,359$ or $\$ 230,000$

The seller wants a cash sale and has no intention of financing a buyer．The buyer must，therefore，negotiate for a lower price than might be paid for a sale financed by a land contract．The seller has the option of leasing the building，if possible，but selling is defi－ nitely preferable．In the last five months the seller has sold two other propertics on the Square，each for less than the assessed valua－ tion of the property．It is apparent that a transaction zone will de－ velop only with strong negotiations．

With consideration of the position of both the buyer and the seller，the appraiser has taken the price of $\$ 290,000$ between the central tendency of $\$ 270,000$ and the high estimate of $\$ 310,000$ as the upper range of the transaction zone．This upper range price is confirmed in the market；Baskin 0 and V，a comparable property is listed on the mar－ ket for an asking price of $\$ 290,00$ ．A buyer would pay no more for the subject property than he might have to pay for a comparable property． The seller＇s equity in the property，$\$ 240,000$ ，is the lower range of this zone；it is highly unlikely that a company in good financial condition will sell below its book value．Holding costs equal to $13 / 4$ years al－ ready have been received by the owner in the form of the lease buy－out in July，1977．The most probable selling price of $\$ 270,000$ is within the range of $\$ 290,000$ and $\$ 240,000$ ．

## E．Tests of Preliminary Most Probable Price Determination

Since actual market sales were used for the valuation approach， it is useful to test the probable price based on the marketplace for com－ patibility with investment valuation in terms of basic yields and risk ratios．Three investment tests will be applied：
－The front door approach to convert total investment to rents required to provide cash－flow．
－The Ellwood equation to demonstrate the appreciation needed to provide a minimum acceptable return to the ownership po－ sition．
－The BFCF after－tax yield fqrecast using a basic cash－flow model provided by EDUCARE．

## 1．Minimum Rent Required

－If the probable investor paid $\$ 270,000$ for the subject property as is，and spent $\$ 263,000$ remodeling as the minimum budget estimated in Scenario $⿰ ⿰ 三 丨 ⿰ 丨 三 5$（Appendix D），and invested a minimum of $\$ 40,000$ in contin－

[^2]gencies（ 6 months rent loss of $\$ 26,100$ and holding costs）during the re－ modeling period，he would have a total investment of $\$ 573,000$ in the pro－ perty．Under favorable financing assumptions he might receive a $75 \%$ loan of $\$ 429,750$ at $93 / 4 \%$ interest for 25 years，which would require cash equity of $\$ 143,250$ ．Exhibit 37 and 38 show the conversion of these capital re－ quirements to required net income．This required income，when added to other cash requirements，reveals that the minimum gross rents required would be $\$ 110,073$ ；this is $\$ 2,205$ more than the gross rents expected in Scenario $\$ 5$ ．The $\$ 2,205$ would decrease the cash dividend yield and di－ minish the investor＇s equity position．The default point with the gross rents expected is $79 \%$ ；this is less favorable than the $77.6 \%$ with gross rents required．A buyer would want to procure firm renovation cost esti－ mates and to examine more extensively the market for retail and office space before making an offer at this price．

2．Price and Required Appreciation
The investor in the subject property will be seeking both a cash－ on－cash return as well as capital appreciation over the projected five－ year holding period．The Ellwood equation，which relates net income to purchase price at an overall capitalization rate，is useful in isolating the appreciation rate of an original purchase price needed to provide a desired minimum investor return when given a certain debt structure．The calculations in Exhibit 38 show that the total NOI would be $\$ 59,740$ with a debt cover ratio of 1.3 and a debt service of $\$ 45,954$ ，and the total gross rent would need to be $\$ 110,073$ ．The total gross income anticipated in Scenario $⿰ ⿰ 三 丨 ⿰ 丨 三 一$ 5 is $\$ 107,868$ with an NOI of $\$ 57,500$ ．The more realistic market－derived NOI is used in calculating the appreciation required over 5 years for this project to return $20 \%$ equity yield to the investor；the results in Exhibit 39 suggest that an appreciation of $17.7 \%$ ，or $3.5 \%$ per year compounded，would be required following completion of the building remodeling．This increment is possible only if there is renewed consumer interest in the Capitol Square，if tenants who have marketing expertise can be found for the retail space，and if the need for Class B office space continues to grow in spite of GEF－II and the City＇s purchase of the Post Office Building．

A pretax equity yield of $20 \%$ would be greatly modified by the im－ pact of federal and capital gains taxes．Tax deductions as the result of high interest charges and depreciation available after remodeling will offer short－term relief，but capital gains taxes would take over $30 \%$ of the anticipated capital gain．

3．Federal Income Tax and After－Tax Yield
A real estate investment of this proposed magnitude is always af－ fected by the Federal income tax．Assuming that the probable investor or members of the investment syndicate have a marginal income rate of $30 \%$ and would pay taxes of $35 \%$ of the capital gain in excess of $\$ 0,000$ ，it is useful to test the proposed total investment of $\$ 573,000$ with a simple after－tax cash flow model designed for appraisers．BFCF is a simple pro－

## EXHIBIT 37

BREAK-DOWN OF OFFICE AND APARTMENT OPERATING EXPENSES (Cost per square foot of building)

abOMA International, 1971 Office Building Experience Exchange Report (Chicago, Ill.: Building Owners and Managers Association International, 1972), p. 45.
b. 0167 increase per year.
${ }^{\text {c }}$ Income/Expense Analysis: Apartments, Condominiums, and Cooperatives (Chicago, Ill.: Institute of Real Estate Management, 1973), p. 79.

## EXHIBIT 38

MARKET RENTS REQUIRED BY MOST PROBABLE PURCHASE PRICE OF $\$ 270,000$

## Capital Budget

Purchase price
Minimum remodeling budget (Scenario \#4)
Total capital investment
Working capital and contingencies
Total investment
\$270,000
$\frac{263,000}{\$ 533,000}$
$\frac{40,000}{\$ 573,000}$
$\frac{429,750}{\$ 143,250}$

Operating Budget
Annual debt service on $\$ 429,750$ mortgage $\$ 45,954$ (. 106932 mortgage constant for 25 years $93 / 4 \%$, monthly payments

Multiplied by debt cover ratio 1.3

Total net operating income required
\$ 59,740

Plus:

Real estate taxes $\quad 14,580$
(27.3549 mills on $\$ 533,000)$

Special assessment $\quad 1,973$
(annual 10-year payment)
Operating expenses
Retail: 7068 sq. ft. @ $\$ .63$ 4,453
Office: 2d floor, 6,740 sq. ft. @ \$2.31 15,569
Basement: 4,570 sq. ft. @ \$. 63

2,879
\$ 39,454
Vacancy allowance $\quad 5,879$
Reserve for contingencies $\quad \underline{5,000}$

- Total minimum gross rents required
$\frac{\$ 10,879}{\$ 110,073}$
Minus gross rents expected in Scenario \#4
\$107, 868
Equals deficit out of equity dividend
\$2,205
Default point with gross rents required $=77.6 \%$
Default point with gross rents expected $=79 \%$

APPRECIATION REQUIRED AT MOST PROBABLE PURCHASE PRICE TO PROVIDE 20\% RETURN TO EQUITY OVER FIVE YEARS

$$
\mathrm{V}=\frac{\mathrm{NOI}}{\mathrm{Y}-\mathrm{MC}+\mathrm{Dep} / \mathrm{App}}\left[\frac{1}{\mathrm{Sn}\rceil}\right]
$$

where:

| V | $=$ purchase price + remodeling costs, |
| ---: | :--- |
| NOI | $=$ net operating income, |
| Y | $=$ equity yield before income tax, |
| M | $=$ mortgage loan-to-value ratio, |
| C | $=$ mortgage coefficient, |
| Dep/App | $=$depreciation or appreciation during the <br> holding period, and |
| $\frac{1}{\mathrm{~S}} \mathrm{n} \boldsymbol{T}$ | $=$ the sinking factor. |

Example: Most probable purchase price of $\$ 270,000$

$$
\begin{aligned}
& \mathrm{V}=\$ 270,000+\$ 263,000+\$ 40,000=\$ 573,000 \\
& \text { NOI }=\$ 57,500 \\
& \mathrm{Y}=.20 \\
& \mathrm{M}=.75 \\
& C=.101178 \\
& \begin{array}{ll}
1 & .134379
\end{array} \\
& \$ 573,000=\frac{\$ 57,500}{.20-.75(.101178)-\operatorname{App}(.134379)} \\
& \frac{\$ 573,000}{\$ 57,500}=\frac{1}{.214117-\operatorname{App}(.134379)} \\
& .100349-.124117=-\operatorname{App}(.134379) \\
& -.023768=-\operatorname{App}(.134379) \\
& \% \text { App }=.17687 \text { for five years or } 3.5 \% \\
& \text { per year compounded }
\end{aligned}
$$

gram that assumes there is only one depreciable asset, determined to be in this case, $65 \%$ of total investment of $\$ 573,000$. The balance of value is attributable to land; the average useful life of the improvements is about 30 years. Net operating income is assumed to increase $5 \%$ per annum from a $\$ 57,500$ base in the first year of normal operations. The resale price of $\$ 627,211$ is the investment value of $\$ 573,000$ appreciated at $17.7 \%$ for 5 years less $7 \%$ for sales commission. The detail provided in Exhibit 40 reproduces the computer input and output components.

The significant conclusion is that the after-tax yield under these assumptions would approach $16 \%$ a year, an acceptable yield when it is considered that higher quality tax-exempt bonds would provide at least a $6.5 \%$ yield. Indeed many real estate equity investments trusts are providing annual cash dividends of $8 \%$ or $9 \%$ per year, partially sheltered and seldom dependent on the need for significant asset appreciation in a five-year span on a location of uncertain merit. The equity dividend yield of $8 \%$ is within the lower range acceptable to investors. The most probable price of $\$ 270,000$ does pass the minimum tests of a risk investment for capital gains in a five-year holding period. Even if the anticipated $3.5 \%$ per year appreciation does not occur, internal rate of return after taxes is 7.75\% (Exhibit 40).

EXHIBIT 40
BFCF COMPUTER INPUT AND OUTPUT


```
USED .96 UNITS
huld EfCr
BFCF 16:01CST 11/2%/77
UFR 10/18/77
```



```
LATEST CHANCES & ADDITIJNS:
1) 197& Laf BF RECAFTURE JF EXCESS LEPaECIATIJN.
2) DEET SERVICE RATIJ & NTG bal EAC!4 Y:i-m,DE N.
3) SHoht FJBM vijTPIIT (EXCLUDES DATA SuNMAGY) MJDE PF
1. ENTER PGJJHCT NAME? ANALYSIS LY JEAN B DAVIS
2. PRUNFCTI JN PUSIJD:? 5
```



```
3. EnTEER N.J.1.:
?57500,60375,6,3394,06563,69850
4. valu%:? 573000
```



```
?.75,.0%75,25,12
```






```
y. nESmLE PRICE:? b己゙もCl1
```



fUEKACE LEHT SLGVICE MATIJ IS 1.38273
MJHE: N .

HiJulChle nivalysis
Aivatysis by ueriv b Ladis

| YLALS | N．J．1． | Degs Stinv | $\begin{gathered} \text { DEIT SEEV } \\ \text { hATIJ } \end{gathered}$ | NTC EAL |
| :---: | :---: | :---: | :---: | :---: |
| 1 | $\leq 5 \%, 500$ | $\pm 45,950$ | 1.25 | ¢42ら， 0 Ot |
| 2 | $60 \cdot 3 \% 5$ |  | 1.31 | $420 \cdot 333$ |
| 3 | $6.3,394$ |  | 1.38 | 413 ， 41 |
| 4 | 6r，bris |  | 1．45 | 413，0．J4 |
| 5 | ヘッッジソて |  | 1－3？ | $40.3,748$ |
| nive． | $\leq 6,3,544$ |  | $1 \cdot 38$ |  |

$11 / 2717$

Dhita SUndininy

| VfiLUE： | $\pm 573000$ | NTG．ANT ： | \＄ 42.750 |
| :---: | :---: | :---: | :---: |
| NJI IST YE： | $\pm 57500$ | NTC．INT．： | ソ．75 |
| WiC．EOUITY： | ¢ 143250 | NTG．TEFE： | 25 YルS |
| LMP•UALUE： | ¢ 372450 | NTG．CUNST－ | 0．10ヶッ36 |
| INC．InX RATE： | 30． 2 | IVir．LIrE： | 30 ris |
| SALE YAS FATE： | $35 . \%$ | UいNEか： | INDIUI！UAFL |



IASIS 510,925
CAPITAL CAINS
Cat Chins lax 116,286

FxCrSS hor TAX 20，350

MOKTC incE MALAこCE
$403,74 k$

Argeh tax Ha heU
5203,113





## v. APPRAISAL CONCLUSIONS AND LIMITING CONDITIONS

## A. Value Conclusion

An appropriate reference point for the listing and negotiation of the subject property can be derived from Ratcliff's "most probable selling price" definition of value:

The most probable selling price is that selling price which is most likely to emerge from a transaction involving the subject property if it were exposed for sale in the current market for a reasonable time at terms of sale which are currently predominant for properties of the subject type.

In order to comply with this definition, we have determined that the market transactions in the area of the Capitol Concourse occurring during 1976 and 1977 have had a mixture of sales terms (Exhibit 32). Land contracts predominated in 1976, but in 1977 there were several cash sales with highly variable terms; interest ranged from $8 \frac{1}{2} \%$ to $93 / 4 \%$ with a five-year balloon mortgage to a 25 -year amortized mortgage. The land contracts ranged from $10 \%$ to $20 \%$ down, $8 \%-8 \frac{1}{2} \%$ interest with a 10 -year even payments to 10 -year balloon.

On this basis, the conclusion is that the most probable selling price is $\$ 270,000$ as a cash sale, with terms of $25 \%$ down, 25 years at $93 / 4 \%$ interest. A buyer with a unique, viable marketing plan and sufficiently attractive financing terms might pay as much as $\$ 290,000$. This upper limit, though lower than that established for the transaction range, is determined by the market. The only other comparable property currently on the market facing the Square has an asking price of $\$ 290,000$. In the present situation the owner wants cash but negotiates from a strong financial position.

The value conclusion is that THE MOST PROBABLE PRICE OF A CASH SALE IS $\$ 270,000$ WITH AN UPPER RANGE OF $\$ 290,000$ AND A LOWER RANGE OF $\$ 240,000$, DEPENDING UPON THE ATTRACTIVENESS OF THE FINANCING TERMS THAT
A BUYER CAN OBTAIN.

## B. Statement of Limiting Conditions

This appraisal has been made subject to certain conditions, caveats, and stipulations, either expressed or implied in the prose as well as the following:

1. Contributions of Other Professionals

- Because the budget did not provide for a consulting engineer, builder, or architect, the appraiser applied limited structural analysis to the problem, and cost estimates must be considered nonprofessional. The appraiser advises that a professional estimate be made of needed roof repairs.
- The appraiser did not conduct any engineering analysis of the structural soundness of existing buildings or of their mechanical systems.
- A definitive interpretation of Wisconsin Administrative Code 52.04 regarding barrier-free environments can be made only when remodeling plans are submitted to the Department of Industry and Human Relations. Specific codes requirements under certain conditions could significantly affect the estimates of the remodeling costs.
- Any sketches in this report are included to assist the reader in visualizing the property. These drawings are for illustrative purposes only and do not represent an actual survey of the property.
. Because no legal advice was available, the appraiser assumes no responsibility for legal matters nor has any opinion of title been submitted.

2. Facts and Forecasting Under Conditions of Uncertainty

- Information furnished by others in this report, while believed to be reliable, is in no sense guaranteed by this appraiser. Although before-tax arithmetic of BFCF model has been handchecked for accuracy, no guarantee of program infallibility can be made by EDUCARE Network, Inc., or by the appraiser.
- All information furnished regarding property for sale, rental, financing, or projections of income and expense is from sources deemed reliable. No warranty or representation is made regarding the accuracy thereof, and it is submitted subject to errors, omissions, change of price, rental or other conditions, prior sale, lease, financing, or withdrawal without notice.
- The comparable sales data relied upon in this appraisal is believed to be from reliable sources. Though all the comparables were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.
- Forecasts of effective demand of retail and office space are based on the best available data concerning the downtown Madison market but are projected under conditions of economic uncertainty; the Concourse is nearing completion with no firm data yet as to its impact upon the retail sales and demand for office space.

3. Controls on Use of Appraisal
. Values for various components of the subject parcel and improvements as contained within the report are valid only when making a summation and are not to be used independently for any purpose and must be considered invalid if so used.

- Possession of this report of any copy thereof does not carry with it the right of publication nor may the same be used for any other purpose by anyone without the previous written consent of the appraiser of the applicant and, in any event, only in its entirety.
- Neither all nor any part of the contents of this report shall be conveyerd to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly regarding the valuation conclusions, and the identity of the appraiser, or of the firm with which he is connected or any of his associates.


## VI. CERTIFICATION OF INDEPENDENT APPRAISAL JUDGMENT

I hereby certify that $I$ have no interest, present or contemplated, in the property and that neither the employment to make the appraisal nor the compensation is contingent on the value of the property. I certify that I have personally inspected the property and that according to my knowledge and belief, all statements and information in this report are true and correct, subject to the underlying assumptions and limiting conditions.

Based upon the information contained in this report and upon my general experience as an appraiser, my opinion is that the most probable price, as defined herein, of the subject property is

TWO HUNDRED SEVENTY THOUSAND DOLLARS $(\$ 270,000)$
assuming that the buyer can obtain financing with terms as favorable as $25 \%$ down, 25 years, and $93 / 4 \%$ interest. Less favorable financing could lead to price as low as $\$ 240,000$ and more liberal financing could lead to a selling price as high as $\$ 290,000$.

Jean B. Davis

Date

A P PENDIXA

C-4 ZONING CODE AND
AMENDMENTS
3. Cartage establishments, but not including motor freight torminals.
(e) Lot Area Requirements. In the C 3 district, the lot area requirements of the C1 district sinall apply.
(f) Floor Area Ratio. In tha C3 district, the floor area ratio shall not
(g) Yard Requirements. In the C3 district, the yard requirements of
(h) the C2 district shall apply.
open space requiraments the C1 district shall
(i) Signs. In the C3 district, the regulations shall apply.
district shall apply.
(5) C4 Central Commercial District.
(a) $\frac{\text { Statement Gi Purcose }}{\text { ished to accommactita }}$ C4 central commercial district is established to accommodate those uses which are of City-wide, regional or state significance. Within this district, which is locatad in relative proximity to the State Capitol Building, and which is readily accessible by private conveyance or public transportation from all parts of the City, are permitted the retail, service and office uses characteristic of a central business district. Within this district are found prims retailing and specialized retailing activities, cultural, recreational and educational activities of City-wide significance, administrative offices of private organizations, administrative offices and political seat of City, County and State government, and offices of professional and nonprofessional persons offering a variety of specialized services. Within this district of limited extent, development is most intensive and activities are concentrated. No accessory off-street parking is required in this district, and any off-street parking which is provided is controlled as to the location, type and extent of suctiocility Lecause of the goal to reduce congestion on streets within this district or on streets leading to this district. All new construction and any major alteration of an exterior building face must be approved because of the community's objective to develop and maintain this district as a community and statewide center for business, service and government, where uses are located in compatible arrangements, and where the (b) beauty and other aesthetic qualities are preserved and enhanced. General Regulations. Uses permitted in the C 4 district are subject to the following conditions:

1. All business, servicing or processing, except for off-strest parking, off-strest loading, automobile service statton operation, drive-in banks and outdoor eating areas of restaurants approved as a conditional use by the Plan Commission, shall be conducted within completely enclosad buildings. (Am. by Ord. 4304, 8-29-73)
2. Establishmints of the drive-in tyoe are not permitted, except 3. automobile servics stations and drive-in banks.

Any major alteration of the exterior face of a building shall conform to the remodeling and new construction guidelines for State Street and tie Capitol Square adopted as administrative guidelines by the City Plan Commission on September 23, 1563 and as modified on December 7, 1970 and shall be permitted only after the written approval of the City Planning Department. provided that any nction by the department may be appealod (c) Permitted the City Plan Commission by the applicant.
(d) Conditional Uses. The following conditional uses may be allowed in the C4 district suiject to the provisions of Section 28.12(10):

1. Any new construction of a building or addition to an existing builaing.
2. Any production, processing, cleaning, servicing, testing or repair of materials, gcods or products, limited to the following uses or products:
a. Jewelry.
b. Medical, dentai and optical supplies.
c. Products from the iollowing previously prepared materials: bone, canvas, cellophane, cloth, cork, feathers, felt, fiber, fur, glass, hair, horn, leather, paper, plastic, precious or semiprecious siones, rubber, shell and yarn.
d. Scientific and precision instruments.
3. Outdoor eating areas of restaurants. (Am. by Ord. 5198, 10-31-75)
4. Dwelling units and lodging rooms located on the ground floor.
5. Parking facilities, accessory and located within the central area, where the number of parking spaces in such facilities exceeds the requirement set forth in Section 28.11(3) (b) for similar uses.
6. Parking lots, garages and structures, nonaccessory and publicly owned and cperated, for the storage of private passenger automobiles only, subject to the applicable provisions of Section 28.11.
7. Public service signs.
8. Public utility and public service uses as follows:
a. Bus termirials and bus turnaround areas.
b. Electric substations.
c. Gas regulator stations, mixing stations and gate stations.
d. Police stations.
e. Radio and television towers.
f. Railroad passenger stations.
g. Railroad rights-of-way, but not including railroad yards and shops, freight and service buildings, or rights-of-way for switch, lead, spur or team tracks.
h. Telephone exchanges, microwave relay towers and telephone transmission equipment buildings.
9. Signs projecting above curb level to a greater height than that permitted by the regulations of this district.
10. Wholesaling establishments.
(Sec. 28.09 (5) (d) Renumbered by Ord. 4303, 8-29-73)
(e) Lot Area Requirements. In the C4 district, the lot area requirements of the C1 district shall apply.
(f) Floor Area Ratio. In the C 4 district, the floor area ratio shall not exceed 10.0 .
(g) Yard Requirements. In the C4 district, the yard requirements shall be as follows:
11. A minimum rear yard of ten (10) feet shall be provided for the purpose of loadinc and unloading from future alleyway systems. However,

- this rear yard requirement may be waived by the Zoning Board of Appeals only upon its findings that such rear yard is not necessary as a part of an alleyway system, provided such findings shall be made only after receipt of recommendations from the Zoning Administrator, Traffic Engineer and Planning Director regarding the relative merits

2. Whaid rear yard as part of an alleyway system.

Where dwelling units, lodging units or hotel or motel sleeping rooms have windows facing any interior lot lines, yards as required in the
to the public, establishments of the drive-in type and outdoor eating areas of restaurants approvad as a conditional use by the Plan Commission shall be conducted within completely enclosed buildings. (Am. by Ord. 4302, 8-29-73)
3. Parking of trucks as an accessory use, when used in the conduct of a permitted business listed hereinafter, shall be limited to vehicles of not over one and one-half ( $1 \frac{1}{2}$ ) tons capacity when located within one hundred fifty (150) feet of a residence district boundary line.
2. Any use permitted in the C1 district.
3. Amusement establishments, including archery ranges, bowling alleys, dance halls, golf driving ranges, gymnasiums, pool halls, swimming pools, skating rinks and other similar indoor amusement facilities.
4. Antique shops.
5. Art galleries and museums.
6. Auction rooms.
7. Automobile accessory stores.
8. Banks and financial institutions.
9. Blueprinting and photostating establishments.
10. Business machine sales and service establishments.
11. Camera and photographic supply stores.
12. Carpet and rug stores.
13. Catering establishments.
14. China and glassware stores.
15. Clothing and costume rental stores.
16. Coin and philatelic stores.
17. Convalescent homes and nursing homes, provided that the zoning lot shall be not less than one-half $\left(\frac{1}{2}\right)$ acre and further provided that the side and rear yards as established in the H 5 district are provided. Provided also that the intended use abuts on one side either:
a. A residential zoning district; or
b. A substantially permanent residential building in the commercial district.
18. Department stores.
19. Dry goods stores.
20. Employment agencies.
21. Exterminating shops.
22. Floor covering stores (linoleum and tle).
23. Florist shops and conservatories with no limitation on number of employees.
24. Fraternal, philanthropic and eleemosynary uses.
25. Furniture stores.
26. Furrier shops, including the incidental storage and conditioning of furs.
27. Hospitals and sanitariums.
28. Hotels and motels.
29. Household appliance stores, including radio and television sales and service.
30. Interior decorating shops, including upholstering and making of draperies, slipcovers and other similar articles when conducted as part of the retail operation and secondary to the principal use.
31. Jewelry stores, including watch repair.
32. Laboratories--research, development and tosting.
33. Leather goods and luggage stores.
34. Loan offices.
35. Locksmith shops.
36. Meat markets, including sale of meat and meat products to restaurants, hotels, clubs and other similar establishments when such sale is conducted as part of the retail business on the premises.
37. Musical instrument sales and repair.
33. Offices, business and professional.
39. Office supply stores.
40. Optical sales.
41. Orthopedic and medical appliance and supply stores.
42. Paint and wallpaper stores.
43. Phonograph, record and sheet music stores.
44. Physical culture and health services, reducing salons, masseurs and public baths.
45. Picture framing.
46. Printing, publishing and bookbinding establishments.
47. Radio and television studios and stations.
48. Recording studios.
49. Schools--music, dance, business or trade.
50. Secondhand stores and rummage shops.
51. Sewing machine sales and service, household appliances only.
52. Sporting goods stores.
53. Tailor shops.
54. Taverns.
55. Taxidermists.
56. Telegraph offices.
57. Theaters, indoor.
58. Ticket agencies, amusement.
59. Tobacco shops.
60. Travel bureaus and transportation ticket offices.
61. Typewriter and adding machine sales and service establishments.
62. Undertaking establishments and funeral parlors.
63. Upholstery shops.
64. Water softener sales and service.
(d) Conditional Uses. The following conditional uses may be allowed in the

C2 district subject to the provisions of Section $28.12(10)$.

1. Any use allowed as a conditional use in the C1 district unless permitted in (c) above.
2. Signs projecting above curb level to a greater height than that permitted by the regulations of this district.
3. Automobile laundries, provided that the Plan Commission shall first obtain a report and recommendations from the Traffic Engineer on traffic matters.
4. Boat showrooms, including accessory sales, and repeirs of boats, motors, parts and equipment, provided that the Plan Commission shall find:

City of Madison, Wisconsin

## ORDINAMCE

amending Sections 28.09(1)(g), 28.09(5) (a), (e), (f), and (h) and creating Section 28.09 (5) (b) 4. of the Madison General Ordinances regarding bulk requirements in the C4 Central Commercial District.

Fi.alled: James M. Voss, Assistant City Attorney<br>Fi:x a] wole: No expenditure necessary<br>SH:cOR(S): Common Council (Request of Plan Director)

|  |  |
| :---: | :---: |
|  |  |
| Rercferred |  |
| Reported 3ack N()V 151977 |  |
| Adopted $\qquad$ POF $\qquad$ <br> Rules Susp. $\qquad$ Tabled $\qquad$ <br> rublic llyg. Nov. $2 \sim 15,1977$ |  |
|  |  |
|  |  |
| Mayor Approvor |  |
| Published |  |
| ORDIMASCE NO. (i) (is?, |  |
| file Number | $50.3 i 1-1562$ |

The Common Council of the City of Madison do ordain as follows:

1. Subdivision (g) of Subsection (1) of Scction 28.09 of the Madison Gencral Ordinances entitled "Commercial Districts - Usable Open Space Requirements" is hereby amended to read as follows:
"(g) Usable Open Space Requirements. Usable open space shall be provided on each lot, devoted in whole or in part to any residential use, as set forth in each zoning district. Such usable open space provided on the ground level shall be in a compact area of no less than two hundred (200) square feet and having no dimension less than ten (10) feet and having no slope grade greater than ten percent (10\%). In calculating the usable open space requirements in the C1, C2 and C3 districts, there may be credited, up to a maximum of fifty percent ( $50 \%$ ) of the required open space area, the area of any balconies having a minimum dimension of four feet six inches ( $4^{\prime} 6^{\prime \prime}$ ), and on the roof, any open space area having a minimum dimension of fifteen (15) feet and being free of any obstructions and improved and available for safe and convenient use to all occupants of the building, and in the C4 district, there may be credited to the required open space area, the area of up to one hundred percent ( $100^{\circ} \%$ ) of the required open space area in any of the abovementioned balconies and open space on the roof. Also

- in the Ca district, interior activity spaces such as swimming pools, fithess rooms, ele. Which mav be msed by all residents of the bulding, may be credited to the required oden space."

2. Subdivisions (a). (e), (f) and (h) of Subsection (5) of Section 28.09 of the Madison General Ordinances entitled "C4 Central Commercial District" are hercby amended to read as follows:

> "(a) Statement of Purpose. The CA Central Commercial District is established to accommodate those uses which are of City-wide, regional or State significance. Within this district, which is located in dehkyt close
proximity to the State Capitol Building and State Street, and which is readily accessible by fandohedompenticebt public transportation from all parts of the City, are permitted the retail, service and office uses characteristic of a central business district. In addition to commercial activities. residential use above the ground loor 1 sinemited and encourased. Whthintinis dentrikt







 is required in this district, and any off-street parking which is provided is controlied as to the location, type and bitent size of such facility docicisto bf /tioé gota so as to reduce congestion on streets within thetalatititat or Gi/stredets leading to this district. All new condstindidor buildings and any major alteration of an exterior building face must be approved by the Plan Commission because of the community's objective



 Rentraded of the district."

 lot area requirements."
 frottexefed 10.06 Height Requlations. In the C 4 district, building heights shall be limited by Section $28.04(14)$ oi this code and by the following reguiations:

1. Buildings on zoning lots having street froritage on State Street shall be not less tian two (2) stories nor more than iour (4) stories in heicht.
2. Buildings on zoning lots having street frontarge on the Canitol Square or on the kast hashingun, liest Washington, Bisconsin or Monona Aventes and buidings on zoning lets Trunting on the Southeast shde ol Rast and Viust Wilson Streets simul be not less than tiree (3) stories nor more than ten (10) stories in heisht.
3. Buildings on zoning lots in this district mothamemontage on mav of the morementioned streets shalliave a max mimm heroht of einht (8) sturics."

 be provided a usable open space of not less than one hundred (100) square leet 10 each divelinis umit."
4. Paragraph 4 of Subdivision (b) of Subsection (5) of Section 28.09 of the Madison General Ordmances entitled "C. Central Commercial District - General Regulations" is hereby created to read as follows:
"4. To insure a variety of housing types in the central area, the following. point values are established.

Type of Dwelling Unit
or Lodesing Room
Point Value
Lodging Room 0
Efficiency Unit
0
One Bedroom Unit
1
Two Bedroon Unit 2
Threc or More Bedroom Unit 3
In any building, the average point value for all dwelling units and lodging rooms shall be not less than 1.5."

$$
A P P E N D I X \quad B
$$

TRAFFIC AND PEDESTRIAN COUNTS
TRAFFIC PATTERNS AND PUBLIC PARKING




```
APPENDIX C
BUILDING FLOOR PLANS
```




 prindme sintion-stall
$\because^{\circ}-1 "$

```
A P PEND I X D
SCENARIOS 1 - 6
COST SCHEDULES
```

BASIC MODEL FOR RANKING ALTERNATE PROGRAM
SCENARIOS BY JUSTIFIED PURCHASE BUDGET


## SCENARIO 1

demolition of building for parking lot

1. PROGRAM

Demolition of entire building
Leased parking provided for nearby businesses
2. REVENUE UNITS:

20 self-service stalls
3. CAPITAL OUTLAYS:

Demolition: 350,000 cu. ft. ${ }^{\text {a }}$ @ $\$ .15 \mathrm{cu} . \mathrm{ft}$. Fill: $1,500 \mathrm{cu} . \mathrm{yd}$. @ $\$ 2.00 \mathrm{cu} . \mathrm{yd}$.

$$
\begin{gathered}
\$ 52,500^{\mathrm{b}} \\
3,030 \\
8,712 \\
3,960 \\
\hline
\end{gathered}
$$

Surfacing and striping: 8,712 sq. ft. @ \$1/sq. ft.
Screening wall and plantings
4. POTENTIAL ANNUAL INCOME:

20 stalls @ $\$ 30 / \mathrm{mo}$.
Vacancy losses: \$270 (based on 9 rental units for 1 mo.)
5. PROJECTED ANNUAL EXPENSES:

Real estate tax (based on $80 \%$ of present assessment of land value)
\$ 5,000
Mall assessment (based on amortization over 10 years @ 6\%)

1,973
Operating expenses @ $\$ 5 / \mathrm{mo}$./stall
1,200
$\$ 8,173$
6. TERMS OF FINANCING:

25 yr., $93 / 4 \%$ mortgage constant $=.106932$

[^3]SCENARIO 1
DEMOLITION OF BUILDING FOR PARKING LOT


## SCENARIO 2

NEW CONSTRUCTION

1. PROGRAM:

Construction of a 3 -story commercial building with surface parking space (no basement)
2. REVENUE UNITS:

1st floor ( $66^{\prime} \times 72^{\prime}$ ): 3 retail stores ( $20^{\prime} \times 72^{\prime}$ )
2nd and 3rd floors: 10 offices $(9,500 \mathrm{sq}$. ft. GLA)
10 parking stalls
3. CAPITAL OUTLAYS:

4. POTENTIAL ANNUAL INCOME:

Retail stores ( $4,320 \mathrm{sq}$. ft. @ $\$ 6.00 \mathrm{sq} . \mathrm{ft}$. )
$\$ 25,920^{a}$
Office spaces ( $4,752 \mathrm{sq}$. ft. x 2 floors x .85 )
usable space 8,070 GLA @ \$7)
10 parking sta11s @ \$240/yr.
$56,490^{\text {b }}$

$$
\frac{2,400}{\$ 84,810}
$$

Vacancy losses:
1 store for $3 \mathrm{mo}:. 1,440 \mathrm{sq}$. ft. @ $\$ 6 \mathrm{x} .25=\$ 2,160$
1 office for $6 \mathrm{mo}:. 807 \mathrm{sq}$. ft. @ $\$ 7 \mathrm{x} .5=\frac{\$ 2,825}{\$ 4,985}$
5. PROJECTED ANNUAL EXPENSES:

Real estate tax: ( $18 \%$ of gross rent)
\$15,266
Operating expenses: retail ( $15 \%$ of gross) 3,888
office ( $28 \%$ of gross) $\quad 15,817$
parking $\$ 5 / \mathrm{mo} / \mathrm{stall}$
, 600

- Special assessment
$\frac{1,973}{\$ 37,544}$

6. TERMS OF FINANCING

$$
\begin{aligned}
& 25 \text { yr., } 93 / 4 \% \text { interest, mo. payment loan, within } \\
& \text { default point of } 80 \% \text {, mortgage constant }=.106932
\end{aligned}
$$

$\mathrm{a}_{\text {Tenant }}$ provides utilities and interior maintenance.
bTenant provides own utilities; owner maintains common area.

SCENARIO 2
NEW CONSTRUCTION


## SCENARIO 3

MINIMUM RENOVATION

1. PROGRAM:

Minimum renovation for occupancy permit
2. REVENUE UNITS:

3 retail units; 17,400 sq. ft. GLA
3. CAPITAL OUTLAYS:

Roof refinishing
$\$ 4,000$
New rear exit door
400
Exit lighting
400
Miscellaneous
$\frac{1,100}{\$ 5,900}$
4. POTENTIAL ANNUAL INCOME:
$17,400 \mathrm{GLA}$ @ $\$ 3.00 / \mathrm{sq}$. ft.
\$52,200
Vacancy losses:
1 store vacant 3 mos.
7,788 sq. ft. $\times 3 \times .25=\$ 5,841$
5. PROJECTED ANNUAL EXPENSES:

Real estate taxes ( $18 \%$ of gross rent)
9,396
Special assessments
1,973
Operating expenses ( $15 \%$ of gross rent)
$\frac{7,830^{a}}{\$ 19,199}$
6. TERMS OF FINANCING
$20 \mathrm{yr} ., 93 / 4 \%$ interest, mortgage constant $=.11382$

- $a_{\text {Tenant }}$ pays utilities and maintenance

SCENARIO 3
MINIMUM RENOVATION


## SCENARIO 4

## MODERATE REMODELING

1. PROGRAM:

Subdivision of 1 st floor into 3 retail spaces and remodel
2. REVENUE UNITS:

3 retail stores; 7,068 sq. ft. GLA
1 retail store; $4,570 \mathrm{sq}$. ft. GLA
3. CAPITAL OUTLAYS

Same as in Scenario \#3
\$ 5,900
Retail space: 7,068 sq. ft. @ $\$ 8.00$ sq. ft.
(includes barrier-free bathrooms in each store and store front remodeling)
$\frac{56,544}{\$ 62,444}$
4. POTENTIAL ANNUAL INCOME

Retail units: 7,068 sq. ft. @ $\$ 6.50 \mathrm{sq} . \mathrm{ft}$.
\$45,942
Basement: $\quad 2,904 \mathrm{sq} . \mathrm{ft}$. @ $\$ 3.00 \mathrm{sq}$. ft.
$\frac{8,712}{\$ 54,654}$
Vacancy losses:

> 1 store vacant 3 mos. $\quad 2,356$ sq. ft. * $6 \times .25=\$ 3,534$
> Basement vacant 3 mos. 2,904 sq. ft. * $3 \times .25=\frac{\$ 2,178}{\$ 5,712}$
5. PROJECTED ANNUAL EXPENSES

Operating expenses:

|  |  |
| :--- | ---: |
| Retail space ( $15 \%$ of gross rents) | $\$ 7,668^{\mathrm{a}}$ |
| Real estate taxes ( $18 \%$ of gross rents) | $9,202^{\mathrm{a}}$ |
| Special assessment | 1,973 |
|  | $\$ 18,843$ |

6. TERMS OF FINANCING

- $20 \mathrm{yr} ., 93 / 4 \%$ interest, mortgage constant $=.11382$

[^4]SCENARIO 4
MODERATE REMODELING


## SCENARTO 5

## TOTAL REMODELING

1. PROGRAM:

Subdivision of 1 st floor into 3 retail spaces and remodel Remodeling of 2 nd floor and convert to office space Renovation of basement at 17 East Main Street
2. REVENUE UNITS:

3 retail stores: (2,320 sq. ft. $+2,560$ sq. ft. $+2,560$ sq. ft.) $.95=7,068$ sq. ft. GLA
2 office areas: 7,928 sq. ft. $x .85=6,740 \mathrm{sq}$. ft. GLA 5,376 sq. ft. $x .85=4,570$ sq. ft. GLA
3. CAPITAL OUTLAYS:

New roof: 8, 184 sq. ft. * $\$ 125 / 100 \mathrm{ft}$.
Repairs required in Scenario 3
\$10, 230
Stairway to second floor
1,900
2 hr . fire enclosure for furnaces on 2d floor $1,088 \mathrm{sq}$. ft. @ $\$ 2.50 \mathrm{sq}$. ft.

3,200

2 hr . fire door for enclosure
2,720
Full-service elevator for 3 floors
Office space: 2d floor, 6,740@ \$15 sq. ft.
basement, 4,570 @ $\$ 8$ sq. ft.
400
50,000
101,100
Retail space: 7,068 @ $\$ 8$ sq. ft.
36,560
(includes bathrooms in each store and foyer remodeling)
4. POTENTIAL ANNUAL INCOME:

Retail units: 7,068 sq. ft. @ $\$ 6.00$ sq. ft.
\$42,408
Office: 2d floor $6,740 \mathrm{sq}$. ft. @ $\$ 7.00 \mathrm{sq}$. ft.
47,180 basement, $4,570 \mathrm{sq} . \mathrm{ft}$. @ $\$ 4.00 \mathrm{sq} . \mathrm{ft}$.

18,280
$\$ 107,868$
Vacancy losses:
1 store vacant 3 mos.
2,356 sq. ft. $\$ 6.00$ sq. ft. $\times .25 \quad \$ 3,534$
1 office suite vacant 6 mos.
670 sq. ft. $x \$ 7.00 \mathrm{sq}$. ft. $x .5 \frac{\$ 2,345}{\$ 5,879}$
5. PROJECTED ANNUAL EXPENSES:

Operating expenses:
Retail space ( $15 \%$ of gross rents)
$\begin{array}{r}\$ 6,361^{\mathrm{a}} \\ 13,210^{\mathrm{b}} \\ 2,742^{\mathrm{a}} \\ \hline\end{array}$
Office 2 d ( $28 \%$ of gross rent)

Total Operating expenses:
\$ 22,313
Real estate taxes ( $15 \%$ of gross rent) Special assessment
\$ 19,828
1,973
$\$ 44,114$
6. TERMS OF FINANCING:
$25 \mathrm{yr} ., 9$ 3/4\% interest, mortgage constant $=.106932$
${ }^{\text {a }}$ Tenant pays utilities and maintenance
$b_{\text {Full }}$ service

SCENARIO 5
TOTAL RENOVATION


## SCENARIO 6

TOTAL REMODELING

1. PROGRAM:

Subdivision of 1 st floor into 3 retail spaces and remodel
Remodeling of 2 d floor for apartments
Renovation of basement at 17 East Main Street
2. REVENUE UNITS:

Retail: 1st floor 3 stores 7,068 sq. ft.
basement 5,376 sq. ft. $x .90=4,838 \mathrm{sq}$. ft.
Apartments: 2d floor 2 1-bedroom units
3. CAPITAL OUTLAYS

New roof: $8,184 \mathrm{sq} . \mathrm{ft} . \mathrm{x} \$ 125 / 100 \mathrm{sq}$. ft.
2 rear exit doors
Exit lighting
Stairway to 2d floor
Retail space $11,906 \mathrm{ft}$. @ $\$ 8 \mathrm{sq}$. ft.
3,200
(includes bathroom in each retail area and partition of larger space)
Apartments $6,544 \mathrm{sq}$. ft. @ $\$ 30 \mathrm{sq}$. ft.
(includes reconstruction of five front windows, facade removal, relocation of furnaces to basement area with 2 hr . fire enclosures and roof repairs)
Stairwell to roof
1,600
Roof deck 100 sq . ft. for 2 units
1,000
200 sq . ft. @ $\$ 5 / \mathrm{sq}$. ft.
$\$ \overline{308,898}$
4. POTENTIAL ANNUAL INCOME:

Retail space:
1st floor 7,068 sq. ft. @ $\$ 6.00$
\$42,408
basement $4,838 \mathrm{sq}$. ft. @ $\$ 4.50$
21, 771

Apartments:
2 2-bedroom 3,270 sq. ft. $\$ 900 / \mathrm{mo}$.
21,600
$\$ 85,779$

Vacancy losses:
1 apartment 3 mos. $\$ 2,700$
1 retail area 6 mos. $\frac{\$ 2,345}{\$ 5,045}$
5. PROJECTED ANNUAL EXPENSES:

Operating expenses:

| Retail space (15\% of gross rent) | $\$ 9,627^{\mathrm{a}}$ |
| :--- | ---: |
| Apartments (15\% of gross rent) | $3,240^{\mathrm{b}}$ |
|  | $\$ 12,867$ |
|  |  |
|  |  |
| Real estate taxes (18\% of gross rent) | $\$ 15,440$ |
| Special assessment | 1,973 |
|  | $\$ 28,307$ |

6. TERMS OF FINANCING

25 yr. 9 3/4\% interest, mortgage constant $=.106932$
aTenant pays utilities and janitorial services.
${ }^{\mathrm{b}}$ Tenant pays utilities (separate electric meters--all electric units including heat).

SCENARIO 6
TOTAL RENOVATION


## APPENDIXE

MINITAB OUTPUT
REGRESSION ANALYSIS

MINITAB OUTPUT
REGRESSION ANALYSIS

- HISTOC2 $=X=$ weighted point score

| MIDDLE OF | NUMAFR OF |  |
| :---: | :---: | :---: |
| INTFRVAL | ORSERVATIONS |  |
| 1.8 | 1 | $\star$ |
| 2.0 | 1 | $\star$ |
| 2.2 | 0 |  |
| 2.4 | 0 |  |
| 2.6 | 1 | $\star$ |
| 2.8 | 1 | $\star$ |
| 3.0 | 2 | $\star \star$ |
| 3.2 | 1 | $\star$ |
| 3.4 | 0 |  |
| 3.6 | 0 |  |
| 3.8 | 0 | $\star \star$ |
| 4.0 | 2 | $\star \star$ |

THE REGRESSION EQUATION IS
$y=-12.22+19.22 \times 1$

|  |  | SOLUMN | COEFFICIENT | OFV. |
| :---: | :---: | :---: | :---: | :---: |
|  | OF COEF | TMRATIO | COFF/S.D. |  |
| $\times 1$ | $C 2$ | 12.82 | 7.82 | 1.64 |
|  | 19.22 | 2.61 | 7.35 |  |

```
THE ST. DEV. OF Y ABOUT REGRESSION IIME IS
S = 5.63
WITH ( 9a 2) = 7 DEGREES OF FREEDOM
```

R-SQUARED $=88.5$ PERCENT
R由SQUARED $=36.9$ PERCENT. ADJUSTED FOR D.F.
ANAIYSIS OF VARIANCE

|  |  | $S S$ | MS $=S S / D F$ |
| :--- | :---: | :---: | :---: |
| DUE TO | OF | 1710 | 1710.9 |
| RESRESSION | 1 | 1710.9 | 31.6 |
| TOYALAL | 7 | 221.5 |  |
|  | 8 | 1932.4 |  |




The random distribution of the residual errors about 0 indicate that the weighted point scores acted independently of each other in their effect upon the dependent variable, price per foot of the lst floor GLA.



[^0]:    a The greater part of the CBD is contained in Census Tract 17. See "1970 Census Tracts Map, Madison Area".
    ${ }^{\text {b }}$ Workers in Census Tract 17. Figures from 1974 Special Census, City of Madison.
    ${ }^{C}$ Figures from Glen Blahnik, Wisconsin Bureau of Personnel.
    $\mathrm{d}_{\text {Figures }}$ from City of Madison Personnel Department.
    $e_{\text {Figures }}$ from personnel office of involved institution.

[^1]:    ${ }^{1}$ As stated by Dan Murray, Building Inspector for DILHR, in a phone conversation with the appraiser, October, 1977 and reconfirmed by Morris Olson, Plan Examiner for DILHR in a phone conversation November, 1977.

[^2]:    ${ }^{1}$ BFCF is found in the library of programs provided by EDUCARE Computer Network，Inc．on GE Time Sharing Service．

[^3]:    - $\mathrm{a}_{\text {Rounded }}$ from $335,544 \mathrm{cu}$. ft.
    ${ }^{\mathrm{b}}$ Includes wrecking building to 5 ft . below grade and removal of debris.

[^4]:    ${ }^{\mathrm{a}}$ Tenant pays utilities and maintenance.

