



Kirkland Appraisals, LLC

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February 21, 2023

Mr. Pete Turner
1507 E Franklin St, LLC
109 Butterfield Court
Chapel Hill, NC 27516

Mr. Turner

I have considered the likely impact of the proposed Dunkin Donuts addition to include a Drive Thru at 1509 E Franklin Street, Chapel Hill, North Carolina.

The scope of this assignment is to address the likely impact this may have on adjoining property values. To this end I have reviewed the site plan and considered other drive thru sites where I have completed appraisal assignments. I have not been asked to assign any value to any specific property.

This letter is a real property appraisal consulting assignment. My client is 1507 E Franklin St, LLC represented to me by Mr. Pete Turner. The intended use is to assist in the SUP development plan approval. The effective date of this consultation is February 21, 2023.

Existing Use Description

The property is currently improved with two buildings: Sherwin Williams built in 1971 with 8,426 s.f. (based on the tax card) and Dunkin Donuts built in 2018 with 2,334 s.f. (based on the tax card). Only the Dunkin Donuts is proposed to be modified to include a drive thru window.

Proposed Use Description

The property is proposed to be added to with a drive thru window and associated drive thru lane and improvements. No new buildings are constructed.

The pattern of traffic in the parking lot will remain the same with minimal modification. A 3D rendering of the property with the turn lane included is shown on the following page.

Mr. Pete Turner
February 21, 2023



The following aerial shows the surrounding area with heavy commercial uses located across E. Franklin Street including a quick oil change facility, a Pep Boys and an office. The property adjoining to the south (past the Sherwin Williams retail building is the Siena Hotel. The property adjoining to the north and also located behind the subject property is The Retreats Condominiums.

The distance from the Dunkin Donuts to these adjoining uses is not changing and the parking lot is also not getting closer to any of these uses. The drive thru primarily impacts the parking lot for the Dunkin Donuts.

Mr. Pete Turner
February 21, 2023



Specific Factors on Harmony of Use

I have completed a number of Impact Studies and I have found that the most common areas for impact on adjoining values typically follow the following hierarchy with descending levels of potential impact. I will discuss each of these categories and how they relate to the subject property.

1. Hazardous material
2. Odor
3. Noise
4. Traffic
5. Stigma
6. Appearance

1. Hazardous material

The proposed change to the Dunkin Donuts presents no potential hazardous waste byproduct as part of normal operation. I consider this to be a non-factor for the impact analysis.

2. Odor

The project as presented has no specific concerns related to odor and is therefore a non-factor in this impact analysis.

3. Noise

The subject property is located adjoining a commercial shopping center near a high traffic corridor. The noise associated with this project is expected to be consistent with this area and consistent with current use of the property and presents no additional impact on adjoining properties, especially given the commercial nature of this corridor.

4. Traffic

A 2022 study by QSR Magazine indicated that the service time at Dunkin' Donuts was measured at 238.16 seconds for orders consisting of one main item, one side item, and one beverage along with a minor special request. This is less than 4 minutes per car and the second fastest national chain considered. The same study showed that 90% of the time observed Dunkin' Donuts have 3 cars or less in line and 99% of the time they have 7 cars or less. These are national rates and not specific to NC or Chapel Hill.

I have also considered the Ramey Emp & Associates Drive Through Vehicle Stacking Assessment prepared on April 5, 2019 for this site. The conclusion of that assessment indicates that the spacing is adequate for the site and unlikely to exceed 6 vehicles during peak periods.

I therefore conclude that the traffic generated by this site will have no negative impact on adjoining property values.

5. Stigma

There is no stigma associated with the proposed use.

6. Appearance

Mr. Pete Turner
February 21, 2023

The project will be in harmony with the surrounding area in terms of appearance and is consistent with the adjoining uses and very similar to the current appearance.

7. Conclusion

On the basis of the factors described above, it is my professional opinion that the proposed project will be in harmony with the area in which it is to be developed and have no negative impact on adjoining property values. This is a simple inclusion of a drive thru.

Discussion

The primary method for determining the impact of one use on an adjoining use that appraiser's employ is paired sales analysis. This type of analysis would be applied in this case through a comparison of commercial property sales adjoining a similar donut shop and comparing those to similar commercial property sales near a donut shop with a drive thru. The difficulty in applying this type of analysis to a commercial use is that commercial properties do not typically sell with enough frequency for this type of analysis to provide any meaningful results. Furthermore, commercial properties are sold primarily based on the traffic that the site has access to and may or may not be heavily influenced by long term leases.

The adjoining properties to the subject property include automotive repair, offices, a hotel and condominiums. The condominiums are already impacted by adjacency to commercial uses on a commercial corridor and the drive thru would make no change to the condominium experience so long as the queuing is kept on the subject property site. As noted earlier, this report assumes that all suggestions by the traffic engineer will be followed to ensure this is not an issue.

Given the difficulty in applying a paired sales analysis, I have opted to illustrate how common fast food uses with a drive thru is within the Chapel Hill Market to show market acceptance of this use.

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February 21, 2023

Comparable Situations in Chapel Hill

I have considered the following similar drive thrus as shown on the following pages. This shows an acceptance of this use in commercial locations similar to the subject property.

1. 450 S Elliot Rd, Chapel Hill – Cook Out (Former Burger King)



This location is at the intersection of S. Elliot Road and Fordham Boulevard.

2. 1305 E Franklin Street, Chapel Hill – Sunrise Biscuit Kitchen



This location was originally built in 1964 and has a drive thru that appears to have an ordering window very close to the road. The aerial imagery above shows a queue on Franklin Street. There are at least 11 cars shown in this image. I do not know what the typical order time is at this location or the number of trips per day they get that results in this, but this would not be typical for Dunkin' Donuts as noted earlier 99% of the time, a Dunkin' Donuts would have 7 cars or fewer.

Furthermore, there is a substantial difference in the design of this location versus the design of the proposed Dunkin Donuts drive thru. The Sunrise location has space for a 4-car stack versus the Dunkin Donuts that has a 10-car stack. The Sunrise location does not meet the current code, which helps to explain the image shown above. For this reason, I do not consider this to be a comparable example, but more of an example of why the current code is much stricter than what is shown at Sunrise.

Mr. Pete Turner
February 21, 2023

3. 409 W Franklin Street, Chapel Hill – McDonalds



Mr. Pete Turner
February 21, 2023

Conclusion

The proposed use is a typical use for this type of location and is a simple expansion of the existing use.

Dunkin' Donuts has consistently performed well for drive thru times in QSR Magazine surveys of drive thru activity. Given that and the typical number of cars identified for drive thru queues for Dunkin' Donuts is low, I conclude there is low potential for impacts on traffic due to the drive thru. For these reasons I see no basis for an impact on adjoining property values.

I conclude that the proposed use is in harmony and will maintain or enhance adjoining property values.

If you have any further questions please call me any time.

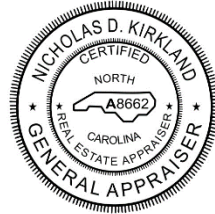
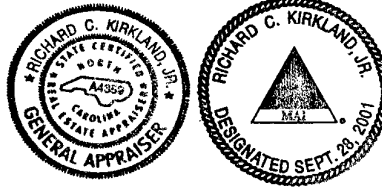
Sincerely,



Richard C. Kirkland, Jr., MAI
State Certified General Appraiser



Nicholas D. Kirkland
State Certified General Appraiser



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PROFESSIONAL EXPERIENCE

| | |
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| Kirkland Appraisals, LLC , Raleigh, N.C. Present Commercial appraiser | 2003 – |
| Hester & Company , Raleigh, N.C. Commercial appraiser | 1996 – 2003 |

PROFESSIONAL AFFILIATIONS

| | |
|---|------|
| MAI (Member, Appraisal Institute) designation #11796 | 2001 |
| NC State Certified General Appraiser # A4359 | 1999 |
| VA State Certified General Appraiser # 4001017291 | |
| SC State Certified General Appraiser # 6209 | |
| FL State Certified General Appraiser # RZ3950 | |
| GA State Certified General Appraiser # 321885 | |
| MI State Certified General Appraiser # 1201076620 | |
| PA State Certified General Appraiser # GA004598 | |
| OH State Certified General Appraiser # 2021008689 | |
| IN State Certified General Appraiser # CG42100052 | |

EDUCATION

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|--|------|
| Bachelor of Arts in English , University of North Carolina, Chapel Hill | 1993 |
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CONTINUING EDUCATION

| | |
|---|------|
| Uniform Standards of Professional Appraisal Practice Update | 2022 |
| Sexual Harassment Prevention Training | 2021 |
| Appraisal of Land Subject to Ground Leases | 2021 |
| Michigan Appraisal Law | 2020 |
| Uniform Standards of Professional Appraisal Practice Update | 2020 |
| Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book) | 2019 |
| The Cost Approach | 2019 |
| Income Approach Case Studies for Commercial Appraisers | 2018 |
| Introduction to Expert Witness Testimony for Appraisers | 2018 |
| Appraising Small Apartment Properties | 2018 |
| Florida Appraisal Laws and Regulations | 2018 |
| Uniform Standards of Professional Appraisal Practice Update | 2018 |
| Appraisal of REO and Foreclosure Properties | 2017 |
| Appraisal of Self Storage Facilities | 2017 |
| Land and Site Valuation | 2017 |
| NCDOT Appraisal Principles and Procedures | 2017 |
| Uniform Standards of Professional Appraisal Practice Update | 2016 |

Mr. Pete Turner
February 21, 2023

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|---|------|
| Forecasting Revenue | 2015 |
| Wind Turbine Effect on Value | 2015 |
| Supervisor/Trainee Class | 2015 |
| Business Practices and Ethics | 2014 |
| Subdivision Valuation | 2014 |
| Uniform Standards of Professional Appraisal Practice Update | 2014 |
| Introduction to Vineyard and Winery Valuation | 2013 |
| Appraising Rural Residential Properties | 2012 |
| Uniform Standards of Professional Appraisal Practice Update | 2012 |
| Supervisors/Trainees | 2011 |
| Rates and Ratios: Making sense of GIMs, OARs, and DCFs | 2011 |
| Advanced Internet Search Strategies | 2011 |
| Analyzing Distressed Real Estate | 2011 |
| Uniform Standards of Professional Appraisal Practice Update | 2011 |
| Business Practices and Ethics | 2011 |
| Appraisal Curriculum Overview (2 Days – General) | 2009 |
| Appraisal Review - General | 2009 |
| Uniform Standards of Professional Appraisal Practice Update | 2008 |
| Subdivision Valuation: A Comprehensive Guide | 2008 |
| Office Building Valuation: A Contemporary Perspective | 2008 |
| Valuation of Detrimental Conditions in Real Estate | 2007 |
| The Appraisal of Small Subdivisions | 2007 |
| Uniform Standards of Professional Appraisal Practice Update | 2006 |
| Evaluating Commercial Construction | 2005 |
| Conservation Easements | 2005 |
| Uniform Standards of Professional Appraisal Practice Update | 2004 |
| Condemnation Appraising | 2004 |
| Land Valuation Adjustment Procedures | 2004 |
| Supporting Capitalization Rates | 2004 |
| Uniform Standards of Professional Appraisal Practice, C | 2002 |
| Wells and Septic Systems and Wastewater Irrigation Systems | 2002 |
| Appraisals 2002 | 2002 |
| Analyzing Commercial Lease Clauses | 2002 |
| Conservation Easements | 2000 |
| Preparation for Litigation | 2000 |
| Appraisal of Nonconforming Uses | 2000 |
| Advanced Applications | 2000 |
| Highest and Best Use and Market Analysis | 1999 |
| Advanced Sales Comparison and Cost Approaches | 1999 |
| Advanced Income Capitalization | 1998 |
| Valuation of Detrimental Conditions in Real Estate | 1999 |
| Report Writing and Valuation Analysis | 1999 |
| Property Tax Values and Appeals | 1997 |
| Uniform Standards of Professional Appraisal Practice, A & B | 1997 |
| Basic Income Capitalization | 1996 |

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PROFESSIONAL EXPERIENCE

Kirkland Appraisals, LLC, Raleigh, N.C. 2015 – Present

PROFESSIONAL AFFILIATIONS

NC State Certified General Appraiser # A8662 2021
NC State Licensed Appraiser # A8509 2020
NC State Trainee Appraiser # T5825 2015

EDUCATION

Bachelor of Arts in Communication, North Carolina State University, Raleigh 2018

CONTINUING EDUCATION

Uniform Standards of Professional Appraisal Practice Update 2020
The Basics of Expert Witness for Commercial Appraisers 2019
Introduction to Expert Witness Testimony for Appraisals 2019
Uniform Standards of Professional Appraisal Practice Update 2018
Fundamental Concepts of Analysis 2017
The Cost Approach 2017
Uniform Standards of Professional Appraisal Practice Update 2016
Uniform Standards of Professional Appraisal Practice 2015
Residential Market Analysis & Highest & Best Use 2015
Basic Appraisal Procedures 2015
Basic Appraisal Principles 2015