

**MAXIMUM SECURITY
CORRECTIONAL FACILITY**

**Specialty Appraisal Experience
Expertise Required**

OBJECTIVE

State and federally operated facilities feature unique designs and characteristics, presenting a challenge for appraisers. The appraiser must understand highest and best use, capacity, and demand as integral steps in the specialty real estate appraisal process. The Argianas team understood this when they were called upon to provide market value appraisal services for a modern midwestern correctional facility. The prison grounds included administrative and service buildings, a library, classrooms, a gymnasium, healthcare facilities and visiting areas in support of the cellblocks. The scope of this assignment required consideration of only the real estate.



“Subtle physical/architectural differences should be considered in establishing the “real estate only” value for correctional facilities.”

—Chuck Argianas

APPRAISAL STRATEGY

The team recognized this project required sensitivity and the subject’s specialty features were compared against current construction costs employing the Cost Approach. Physical and functional obsolescence considerations were carefully weighed, while strong social needs throughout the United States reflected a demand for quality incarceration facilities for the foreseeable future. The team’s analysis revealed that service agreements involving correctional centers should not be mistaken for “leased real estate” due to the entanglement of business and real estate related issues. Additionally, the team discovered nuances in reporting physical real estate differences involving sale data and financing mechanisms associated with date.

UNIQUE APPRAISAL FEATURES

The subject property consisted of a large underlying land tract upon which had been constructed the multi-building maximum security prison with pre-cast reinforced concrete walls. The structure was built to house aggressive and violent inmates, all adult males. The cellblock included more than 1,500 beds in multiple cell pods, with the capacity to double-bunk up to several thousand maximum security inmates. Modern structures and improvements included administration, program, and support buildings; a gatehouse, a warehouse, guard towers and extensive specialty security features.

ARGIANAS DIFFERENCE

Specialty real estate assignments require that the appraiser understands the industry. Argianas earned high marks for careful research and detail-oriented analysis. The team took steps to understand correctional industry operational nuances, evaluating the real estate as a component of the “bigger picture” going concern analysis.

The team did their research to understand physical, functional and external obsolescence and sensitivity issues. They took the time to understand correctional center sales encompassing both private and publically operated facilities, correctional facility management and operating agreements, and differences between general obligation and revenue bonds in order to provide a clear and complete valuation.



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