

**AN APPRAISAL REPORT OF THE COMMERCIAL ZONED LAND LOCATED AT 5528
NORTHWEST GRAND AVENUE IN GLENDALE, MARICOPA COUNTY, ARIZONA.**

PREPARED FOR

**ARIZONA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY OPERATIONS SECTION
205 SOUTH 17TH AVENUE, ROOM 331, MAIL DROP 612E
PHOENIX, ARIZONA 85007**

ATTENTION

**TIMOTHY O'CONNELL
R/W PROJECT MANAGEMENT SECTION**

**CONTRACT: 2016-018.07
APPRAISAL ASSIGNMENT NO: TO-19-030
PROJECT: M697201X
HIGHWAY: WICKENBURG – PHOENIX HWY US 60
SECTION: 43RD AVENUE – 71ST AVENUE
PARCEL: L-C-034**

A.T. I. FILE NO.: VEE543690

DATE OF REPORT

MAY 7, 2019

EFFECTIVE DATE OF VALUATION

MAY 1, 2019

PREPARED BY

**ZACH SINAY, MAI, R/W-AC
CERTIFIED GENERAL REAL ESTATE APPRAISER CERTIFICATE NO. 31199**

May 7, 2019

A.T.I. File No.: VEE543690

TO: ARIZONA DEPARTMENT OF TRANSPORTATION
Right of Way Operations Section
205 South 17th Avenue, Room 331, Mail Drop 612E
Phoenix, Arizona 85007

RE: PROJECT: M697201X
HIGHWAY: Wickenburg – Phoenix HWY US 60
SECTION: 43rd Avenue – 71st Avenue
PARCEL: L-C-034
CONTRACT: 2016-018.07

ATTN: Timothy O'Connell
R/W Project Management Section

RE: An Appraisal Report of the property located at 5528 Northwest Grand Avenue in Glendale, Maricopa County, Arizona.

Dear Mr. O'Connell:

As you requested, I have appraised the Market Value of the underlying commercially zoned land of the aforementioned property. The purpose of the appraisal is to estimate the market value of the subject land as of the effective date of value.

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

The intended users of this report are Arizona Department of Transportation and the Federal Highway Administration. The intended use of the appraisal report is for disposal decisions to be made by the client. This report is not intended for any other use or any other users.

The subject is improved with a vacant auto repair shop that is at the end of its economic life and according to the client, will be razed prior to the sale of the site. Thus, the improvements, nor the cost to demolish the improvements will be considered as this cost will be incurred by ADOT prior to sale. The client has requested a value of the land only. According to information supplied by the client, the subject site totals 23,840.57 square foot in size and zoned site zoned C-2, General Commercial.

Only the land value is considered within this report with no long term lease encumbrance, thus, Fee Simple Estate is considered.

This report was prepared under the Appraisal Report option of Standards Rule 2-2(a) of the 2018-2019 edition of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, I adhere to the Appraisal Technology internal standards for an Appraisal Report- Standard Format. This type of report has a moderate level of detail. It summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinion, and conclusions. It meets or exceeds the former Summary Appraisal Report requirements that were contained in the 2012-2013 edition of USPAP. For additional information, please refer to Addendum USPAP Reporting Options.

An environmental study has been provided indicating that based on a previous Phase I study completed in 2011/2012, there were no soil contaminants exceeding regulatory thresholds found on the site.

This appraisal assignment was drafted to adhere to the standards and practices of the Appraisal Institute, plus the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) by the Appraisal Foundation.

Based on the information found in my investigation, I am of the opinion that the Market Value of the subject land, as of May 1, 2019, is:

ONE HUNDRED FIVE THOUSAND DOLLARS
(\$105,000.00)

Respectfully submitted,



Zach Sinay, MAI, R/W-AC
Certified General Real Estate Appraiser No. 31199

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FACTS AND CONCLUSIONS

TYPE OF PROPERTY:	Commercially zoned land
LOCATION:	The subject is located at 5528 Northwest Grand Avenue in Glendale, Maricopa County, Arizona.
REPORT PURPOSE:	The purpose of this appraisal is to estimate the Market Value of the underlying commercial land.
TAX PARCEL NUMBER (S):	146-04-006A, 007B and 009B
SITE AREA:	According to information provided by the client, the subject site totals 23,840.57 square feet or 0.55 acres.
ZONING:	C-2, General Commercial; City of Glendale
FLOOD ZONE:	The location is within an area denoted as being in an "X" Flood Hazard Area, as found on Federal Emergency Management Agency Flood Insurance Rate Map number 04013C1720L based on the October 16, 2013 flood data.
IMPROVEMENTS:	The subject is improved with an auto repair shop that has been abandoned for several years and is considered to have no contributory value to the site and will be razed by ADOT prior to the sale of the site. Thus only the value of the land is considered.
HIGHEST & BEST USE:	Commercial/Industrial Development
DATE OF VALUATION	May 1, 2019
“AS IS” MARKET VALUE	\$105,000

SCOPE OF WORK

The practice of appraisal can be considered to be less of a science dictated by strict rules and more of an art, in which rules guide the appraiser towards a trustworthy, responsible and credible valuation. The Uniform Standards of Professional Appraisal Practice (USPAP) provides guidelines for this process to be undertaken through the Scope of Work Rule, to which all appraisal professionals must adhere.

The USPAP 2018-2019 **SCOPE OF WORK RULE** states:

For each appraisal and appraisal review assignment, an appraiser must:

- 1. identify the problem to be solved;*
- 2. determine and perform the scope of work necessary to develop credible assignment results;*
- 3. and disclose the scope of work in the report.*

An appraiser must properly identify the problem to be solved in order to determine the appropriate scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to produce credible assignment results. (The Appraisal Foundation, USPAP 2018-2019 edition, Pg. 12)

Comment: Scope of work includes, but is not limited to:

- the extent to which the property is identified;
- the extent to which tangible property is inspected;
- the type and extent of data researched; and
- the type and extent of analyses applied to arrive at opinions or conclusions.

Appraisers have broad flexibility and significant responsibility in determining the appropriate scope of work for an appraisal, appraisal review, and appraisal consulting assignment.

Credible assignment results require support by relevant evidence and logic. The credibility of assignment results is always measured in the context of the intended use.

For this individual assignment, the appraiser shall address the three aspects of the Scope of Work Rule; Problem Identification, Scope of Work Acceptability and Disclosure Obligations.

PROBLEM IDENTIFICATION (PURPOSE):

An appraiser must gather and analyze information about those assignment elements that are necessary to properly identify the appraisal or appraisal review problem to be solved. (The Appraisal Foundation, USPAP 2018-2019 edition, Pg. 12)

The purpose of the appraisal is to estimate the Market Value of the subject property as of May 1, 2019 (Date of Inspection).

INTENDED USE/USERS:

The use of this appraisal report is for disposal decisions to be made by the client. The intended users of this report are Arizona Department of Transportation and The Federal Highway Administration. This report is not intended for any other use or any other users.

The value reported is based upon cash or its equivalent. This appraisal assignment was drafted to adhere to the Code of Professional Ethics, Bylaws, Regulations and Standards of Professional Appraisal Practice of the Appraisal Institute, plus the Uniform Standards of Professional Appraisal Practice promulgated by the Appraisal Standards Board of the Appraisal Foundation.

EFFECTIVE DATE OF VALUE:

May 1, 2019

DATE OF INSPECTION:

May 1, 2019

INTEREST VALUED:

The subject property is considered to be vacant land with no known lease encumbrances and thus, the Fee Simple Estate is considered. The Fee Simple Estate is defined as follows:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

In the estimate of value, typically four interdependent factors must be considered as follows:

- Utility - the ability of a product to satisfy a human want, need or desire.
- Scarcity - the present or anticipated supply of an item relative to the demand for it.
- Desire - a purchaser's wish for an item to satisfy human needs (e.g., shelter, clothing, food, companionship) or individual wants beyond the essentials to support life.
- Effective Purchasing Power - the ability of an individual or group to participate in a market, i.e., to acquire goods and services with cash or its equivalent.

MARKET VALUE DEFINITION:

Market value as utilized in this report is defined as "the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all the uses and purposes to which it was adapted and for which it was capable. (Arizona Revised Statute 28-7091).

VALUE “AS IS” DEFINITION:

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

EXTRAORDINARY ASSUMPTION: an assignment-specific assumption, as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

(The Appraisal Foundation, *USPAP 2018-2019 edition*. Page 4)

- It is noted that the use of an Extraordinary Assumption might have affected the assignment results.

There were no Extraordinary Assumptions used in this report.

HYPOTHETICAL CONDITION: a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (The Appraisal Foundation, *USPAP 2018-2019 edition*. Pg. 4)

- It is noted that the use of a Hypothetical Condition might have affected the assignment results.

The subject site is currently improved with an auto repair shop that has been abandoned for several years and is considered to have no contributory value to the site and will be razed by ADOT prior to the sale of the site. It is a Hypothetical Condition that the current improvements do not exist and the subject site is considered vacant land.

The subject property currently has two access points, one along Grand Avenue and one along 55th Avenue. Conversations with ADOT indicated that the subjects’ Grand Avenue access will be restricted upon sale of the property and the potential buyer or new owner of the site will be required to remove this access point/curb cut at their cost and the subject site is not considered as having access from Grand Avenue.

SCOPE OF WORK ACCEPTABILITY:

The scope of work must include the research and analyses that are necessary to develop credible assignment results.

An appraiser must not allow assignment conditions to limit the scope of work to such a degree that the assignment results are not credible in the context of the intended use.

An appraiser must not allow the intended use of an assignment or a client's objectives to cause the assignment results to be biased. (The Appraisal Foundation, *USPAP 2018-2019 edition*. Pg. 12)

The client has requested that the appraiser estimate the Market Value of the underlying commercially zoned land. In order to credibly perform this task, the appraiser has followed these general guidelines:

- determination of problem and applicable Hypothetical Conditions or Extraordinary Assumptions
- research on the subject property, including but not limited to: ownership history, applicable liens and easements, physical characteristics (i.e. size, topography), relevant subject data (i.e. leases and financial statements for income producing properties)
- selection of, research on and collection of market data for the subject neighborhood
- site inspection
- analysis and synthesis of Highest and Best Use of the subject property
- selection of valuation methodology, subsequent research as is applicable, including market participant and market expert research (i.e. Sales Comparison Approach, Cost Approach, Income Approach, sales or rent comparable properties)
- analysis and conclusion of valuation methodology(ies)
- reconciliation of valuation methodology results
- conclusion of probable estimated market value

DISCLOSURE OBLIGATIONS:

The report must contain sufficient information to allow intended users to understand the scope of work performed. (The Appraisal Foundation, *USPAP 2018-2019 edition*. Pg. 13)

AREA ANALYSIS DATA SOURCES:

As part of this appraisal assignment, the appraiser made a number of independent investigations and analyses. Data retained in office files, which are updated regularly, was relied on. Affidavits of Property Value were checked to verify information. Maps, aerials and zoning obtained from Maricopa County and the City of Glendale were checked and also information provided by the client.

The Arizona State and Phoenix Metro area data was taken from many sources including without limitation Arizona State University, Arizona State Department of Economic Security and the U.S. Census Bureau.

All market data was confirmed from one or more of the following sources as indicated on the individual sales: Maricopa County Assessor's Office (www.maricopacountyaz.gov), Affidavit of Property Value, Real Quest (www.realquest.com), CoStar Realty Information (www.costar.com), FLEXMLS Data Systems (www.flexmls.com), owners or their representatives, and/or Real Estate Brokers and/or Agents.

NEIGHBORHOOD AND ANALYSIS:

The neighborhood was observed and the contents of this report express my opinion of what was found and observed.

SITE DESCRIPTION AND ANALYSIS:

The site description and analysis was based on my personal physical inspection, information obtained from the client, and from information obtained from the City of Glendale and Maricopa County Engineering, Planning and Zoning Departments.

DATA SOURCES:

Site Data

Size Client

Other

Flood Zone FEMA

Zoning City of Glendale

LEGAL DESCRIPTION:

A copy of the legal description can be found within the Title Report located in the addenda of this report.

OWNERSHIP:

The owner of record as provided by Maricopa County is:

Owner Name: ARIZONA STATE OF DEPARTMENT OF TRANSPORTATION
Mailing Address: 205 S 17TH AVE #612E, PHOENIX AZ 85007-3212 C016

HISTORY:

The subject property was acquired by the current ownership in June of 2004 via Warranty Deed as shown in Docket #2004-708588.

According to the environmental report, the subject property was originally developed in 1947 and has included various businesses since this time including vehicle service and repair shop, an equipment company, a carpet company, and a feed supply company. It was most recently occupied by Fiesta Motors/Complete Auto Repair.

The property was acquired in 2004 by the current ownership, ADOT, for improvements to US 60/Grand Avenue.

The appraiser is unaware of any other transactions over the previous three years and the property has not been reported as being listed for sale previously.

SCOPE OF VALUATION METHODOLOGY:

The valuation process is an orderly program in which data used to estimate value of the subject property is acquired, classified, analyzed, and presented. The first step in the process is to define the appraisal problem, i.e., identify the real estate, the effective date of the value estimate, the property rights being appraised, and the type of value sought. Once this has been accomplished, the appraiser collects and analyzes the factors that affect the fair market value of the subject property. These factors are addressed in the area and neighborhood analysis, the site and improvement analysis, and the highest and best use analysis. They are then applied to the subject property in the discussion of the three approaches to value.

The Cost Approach, Sales Comparison, and Income Capitalization Approaches are widely accepted methods of estimating value of an income producing property. Each approach is described briefly here and discussed in detail in the analysis of each.

To apply the Cost Approach, the depreciated replacement cost of the improvements is added to the value of the land as though vacant, derived through sales comparison, to arrive at a value estimate for the subject property. This approach is most reliable when the improvements are new or nearly new and represent the highest and best use of the site. The subject is vacant land with no improvements, thus the Cost Approach will not be utilized.

The Sales Comparison Approach is an approach through which an appraiser derives a value indication by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison and making adjustments, based on the elements of comparison, to the sale prices of the comparable sales. The Sales Comparison Approach will be utilized in valuation of the subject property.

The Income Capitalization Approach can be analyzed by one of two methods: 1) Direct Capitalization or 2) Discounted Cash Flow.

The subject property is not encumbered by a lease, is considered to have no vertical improvements, and does not produce any income. Therefore, the Income Capitalization Approach will not be utilized.

Due to the fact that the subject is considered to be vacant land the Sales Comparison Approach is the only approach utilized in this report.

MARKETING TIME:

1. The time it takes an interest in real property to sell on the market sub-sequent to the date of an appraisal.
2. An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of

The Appraisal Foundation and Statement on Appraisal Standards No. 6, “Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions” address the determination of reasonable exposure and marketing time.) *Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago Appraisal Institute, 2015).*

Based on market evidence, if the subject is placed on the market for sale at the appraised market value, with an intensive marketing program, the property should be sold and closed within six to twelve months. If a property is priced considerably above market it will stay on the market for a considerably longer period of time than if it is priced at market levels. This can be shown within the market by examining the comparable sales’ time on the market given their respective sale prices.

EXPOSURE TIME:

Estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

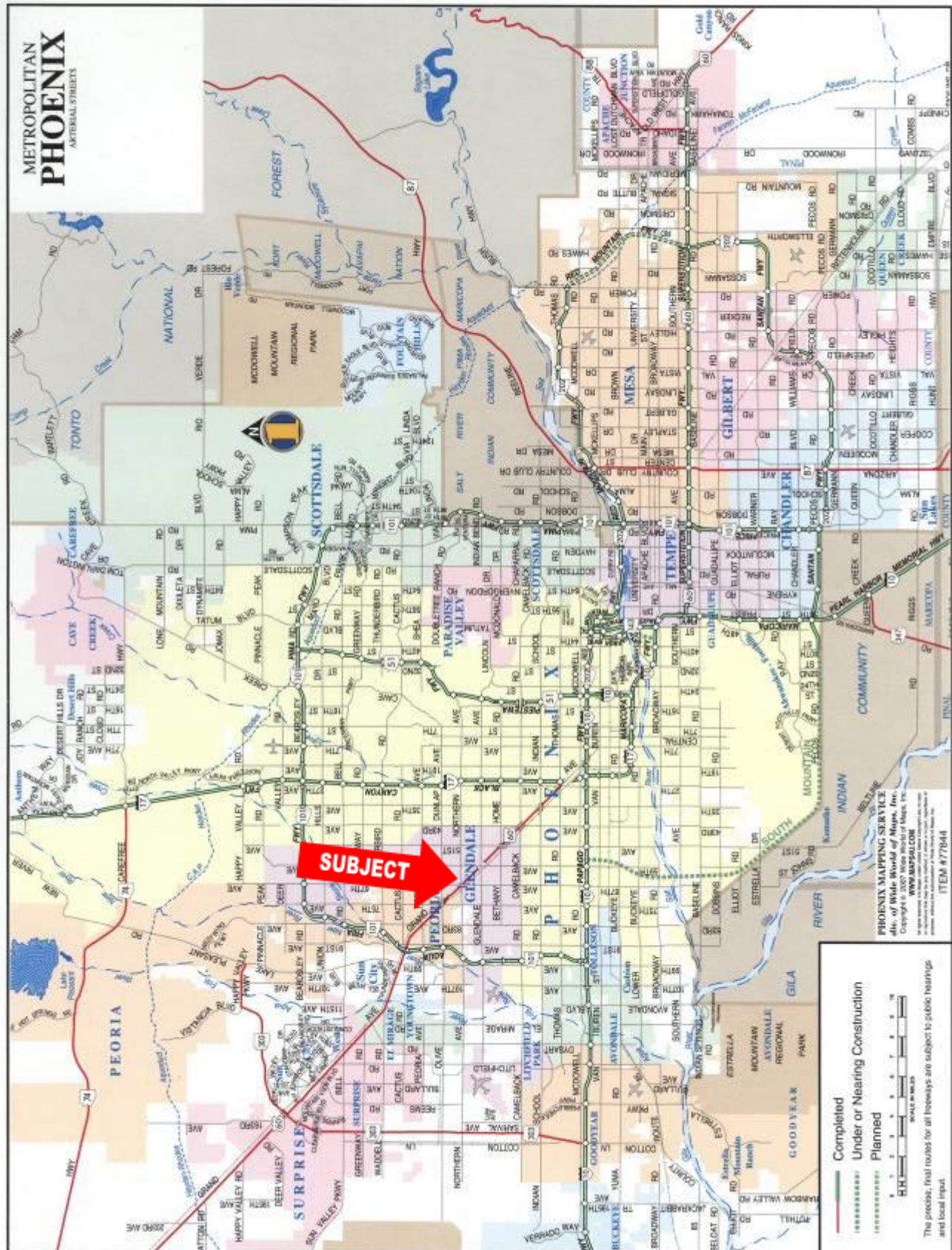
Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. Source: USPAP 2018-2019 Edition, Pg. 4

The appraiser researched the subject’s market area for similar type properties that were exposed with an intense marketing program and considered to be marketed within a reasonable exposure time. Based on market evidence, properties similar to that of the subject and within the subject’s neighborhood sold and closed within six to twelve months.

HAZARDOUS WASTES:

An environmental study has been provided indicating that based on a previous Phase I study completed in 2011/2012, there were no soil contaminants exceeding regulatory thresholds found on the site. No nuisances or hazards were recognized during my on-site inspection of the subject property.

AREA MAP



REGIONAL AND CITY DATA

LOCATION:

The State of Arizona is located within the southwestern region of the United States. The July 2017 population estimate puts the population of Arizona at 6,965,897. Maricopa County is located in the south central part of the State of Arizona. Maricopa County consists of numerous cities, towns and communities that are inter-connected through transportation corridors, economic affiliations, and physical/location characteristics.

The cities, towns, and communities that make up the Phoenix Metropolitan area include: Apache Junction, Avondale, Buckeye, Carefree, Chandler, El Mirage, Fountain Hills, Gila Bend, Gilbert, Glendale, Goodyear, Guadalupe, Litchfield Park, Mesa, New River, Paradise Valley, Peoria, Phoenix, Scottsdale, Sun City/Sun City West, Surprise, Tempe, Tolleson, Wickenburg, and Youngtown.

The subject property is located in the northwestern portion of the Metropolitan Phoenix area, Maricopa County, Arizona. The subject property is considered part of the greater Metropolitan Phoenix area and will be examined within the following regional data analysis.

The appraisers have identified basic regional factors that may have an impact on the value of the subject property which includes: location, population, employment, income characteristics, cost of living, education, quality of life, and real estate trends. This section will focus and analyze these recognized basic regional factors as they influence or affect real estate value.

SOCIAL FORCES:

Social forces primarily have to do with population and demographic trends. The demographics of the population indicate the potential basic demand for real estate services. Arizona has experienced rapid population growth continuously for the last seven years, largely due to the extended period of strong economic growth. The state added 100,000 residents last year which translated into a rate of growth of 1.7%. Continued job and population growth have contributed to personal income gains of 5.5 % in 2018.

Arizona	2017	2018	2019	2020	2021	2022
Personal Income (\$ mil)	296,649	312,931	332,916	353,751	374,020	394,916
% Chg from Year Ago	5.6%	5.5%	6.4%	6.3%	5.7%	5.6%
Retail Sales (\$mil)	100,138	106,617	112,093	117,303	122,271	127,170
% Chg from Year Ago	5.4%	6.5%	5.1%	4.6%	4.2%	4.0%
Total Nonfarm Employment (000s)	2,778.9	2,858.4	2,934.8	3,000.7	3,053.0	3,101.7
% Chg from Year Ago	2.6%	2.9%	2.7%	2.2%	1.7%	1.6%
Population (000s), July 1st estimates	6,965.9	7,082.3	7,197.5	7,314.6	7,428.7	7,543.4
% Chg from Year Ago	1.9%	1.7%	1.6%	1.6%	1.6%	1.5%
Residential Building Permits (units)	39,472	42,204	43,781	43,812	43,496	43,745
% Chg from Year Ago	10.9%	6.9%	3.7%	0.1%	-0.7%	0.6%

	1-Jul-18	1-Jul-17	1-Jul-2010	Number	Percent
	Population Est.	Population Est.	Population est.	Change	Change
Apache Junction	40,611	39,719	35,840	4,771	13.31%
Avondale	82,605	81,621	76,238	6,367	8.35%
Buckeye	76,145	69,947	50,876	25,269	49.67%
Carefree	3,722	3,669	3,363	359	10.67%
Cave Creek	5,760	5,676	5,015	745	14.86%
Chandler	262,322	257,948	236,123	26,199	11.10%
El Mirage	34,292	34,174	31,797	2,495	7.85%
Fountain Hills	24,029	23,862	22,489	1,540	6.85%
Gila Bend	2,014	2,010	1,922	92	4.79%
Gilbert	253,036	246,423	208,453	44,583	21.39%
Glendale	241,844	239,858	226,721	15,123	6.67%
Goodyear	84,659	81,447	65,275	19,384	29.70%
Guadalupe	6,342	6,332	5,523	819	14.83%
Litchfield Park	6,689	6,452	5,476	1,213	22.15%
Mesa	488,925	481,275	439,041	49,884	11.36%
Paradise Valley	14,011	13,913	12,820	1,191	9.29%
Peoria	176,118	171,580	154,058	22,060	14.32%
Phoenix	1,597,738	1,579,253	1,449,242	148,496	10.25%
Queen Creek	49,261	39,714	25,998	23,263	89.48%
Scottsdale	245,417	242,540	217,365	28,052	12.91%
Surprise	132,852	130,129	117,688	15,164	12.88%
Tempe	185,301	179,794	161,974	23,327	14.40%
Tolleson	7,017	6,992	6,573	444	6.75%
Wickenburg	7,506	6,903	6,353	1,153	18.15%
Youngtown	6,590	6,575	6,154	436	7.08%
Unincorporated	306,580	303,286	284,016	22,564	7.94%
METRO PHOENIX	4,341,386	4,261,092	3,856,393	484,993	12.58%

Arizona Office of Economic Opportunity

ECONOMIC FORCES:

The Metropolitan Phoenix Area (Maricopa County) represents 69% of the Arizona Labor Market. The Phoenix-Mesa-Glendale MSA had a civilian labor force of 2,413.3 at the end of October 2018. The current unemployment rate in Arizona is 3.8% (October 2018).

Phoenix-Mesa-Glendale MSA - Monthly Data	Jun 2018	Jul 2018	Aug 2018	Sep 2018	Oct 2018
<i>Persons (000s), Local Area Unemployment Statistics, BLS</i>					
Civilian Labor Force (000s), BLS	2,347.9	2,354.9	2,347.7	2,399.6	2,413.3
Unemployment Rate	4.2	4.3	4.5	4.2	3.9
<i>Employees on Nonagricultural Payrolls (000s), Current Employment Statistics, BLS*</i>					

The economic base of Phoenix is diversified and includes manufacturing as well as professional and industrial employment. Phoenix also has professional employment opportunities as well as a great many industrial parks which house heavy, medium and light industrial activities. Tourism is also an important income producing industry. Transportation to and from other portions within the state and the nation is good. Transportation plays an important role in the Metropolitan area.

Shown next is a chart of the top 10 Phoenix Metropolitan major employers.

Top Ten Employers of Arizona	
State of Arizona	37,655
Banner Health	36,213
Wal-Mart Stores, Inc.	33,814
Wells Fargo & Co	15,062
City of Phoenix	13,894
Arizona State University	13,480
Raytheon Missile Systems	12,000
HonorHealth	11,308
Dignity Health	11,206
University of Arizona	10,659

Phoenix Business Journal Book of Lists 2018-19

GOVERNMENTAL FORCES:

The State of Arizona has placed emphasis on economic development within the State through the Commerce Department. The regional government, through joint efforts of the communities within Maricopa County, has also taken a strong favorable stance toward continued economic development.

City governments are progressive in its thinking, showing a commitment to strong neighborhood design concepts by improving the educational system, creating more parks and recreational facilities, building new freeway systems and developing major shopping areas for the individual neighborhoods that make up the Metro area. The entire government structure is described as well-run and dynamic.

TRANSPORTATION:

The State, as well as Phoenix, has an excellent transportation system because of Metropolitan Phoenix's primary ideal central location, the area is a natural regional transportation axis for the rest of the southwest. Linkages within the Metropolitan area are also considered good. Accessibility to other locations in this area is very important as people have the option of living in one city and working in another. The Arizona Department of Transportation has several major freeways in place and/or planned for the Metropolitan Phoenix area. (The following information is provided by the Arizona Department of Transportation).

The *Pima Freeway* system traverses east and west along the Beardsley Road alignment from I-17 (Black Canyon Freeway) to the Pima Road in North Scottsdale.

The *Agua Fria Freeway* (extension) runs east and west from the Black Canyon Freeway (I-17) westward to 83rd Avenue and north and south from Beardsley Road to the Papago Freeway (I-10).

The *Piestewa Parkway* (extension) runs southward from the Pima Freeway at 32nd Street and feeds traffic from the northern portion of the Valley to Central Phoenix.

The *Superstition Freeway* is a major freeway that serves the East Valley, especially the cities of Mesa, Tempe, Chandler, Gilbert and Apache Junction. This freeway system runs east and west from the Hohokam Expressway through the entire length of the eastern portion of Metro Phoenix area.

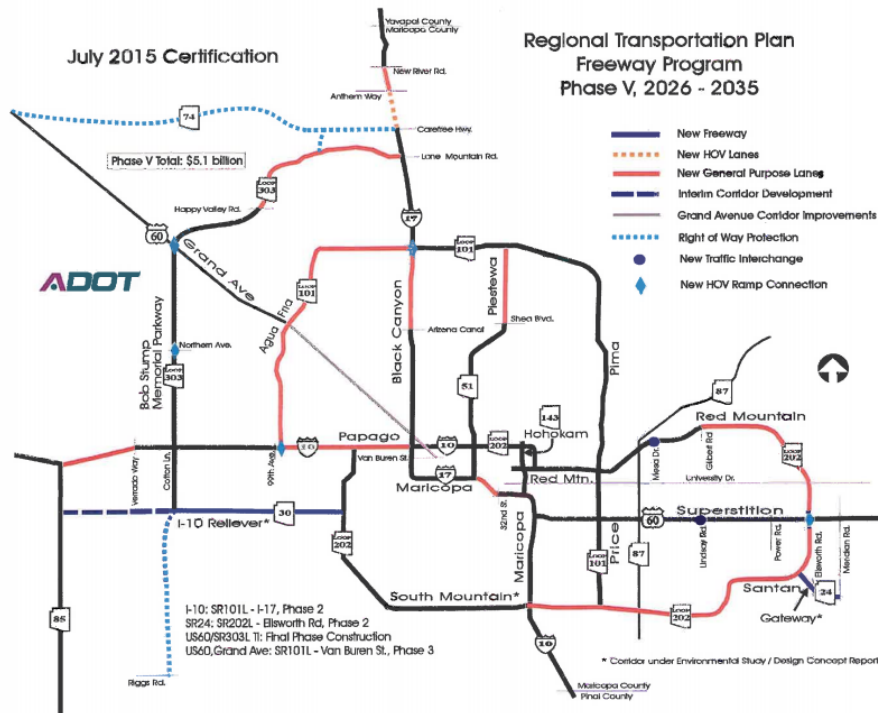
The *Arizona Loop 202* is a partial beltway looping around the eastern areas of the Phoenix metropolitan area in central Arizona. It connects the eastern end of the city of Phoenix, in addition to the towns of Tempe, Mesa, Chandler and Gilbert, and is a vital route in the metropolitan area freeway system. Loop 202 currently has two designated sections along its route; the Red *Mountain Freeway* and the *Santan Freeway*. A third section is currently under construction, The *South Mountain Freeway*, will run from the eastern Interstate 10 (I-10) to the western portion of Interstate 10.

The *Gateway Freeway* (SR 24) was completed and opened in May of 2014. The initial phase is an one-mile stretch beginning at Loop 202 (Santan Freeway) near the Phoenix-Mesa Gateway Airport and ending at Ellsworth Road. Additional phases of this project, east of Ellsworth Road, are suspended until the North-South Corridor Study in Pinal County advances.

The *Price Freeway* (Loop 101) is currently completed from the Superstition Freeway north to Pima Freeway (Loop 101). In addition, recently completed is the portion which transverses from the Superstition Freeway southward to the Santan Freeway (Loop 202).

The Grand Avenue (US 60) freeway construction opened several new intersections from 43rd Avenue to the Loop 101.

Interstates 10 and 17, U.S. Highways 60, 70, 80 and 89 together with State Highways 51, 87 and 93, go through and connect in the City of Phoenix to all areas in the west and mid-western United States. In addition, construction of 249 miles of freeway has been planned for Metro Phoenix. This will further enhance transportation in the communities within the Valley area.

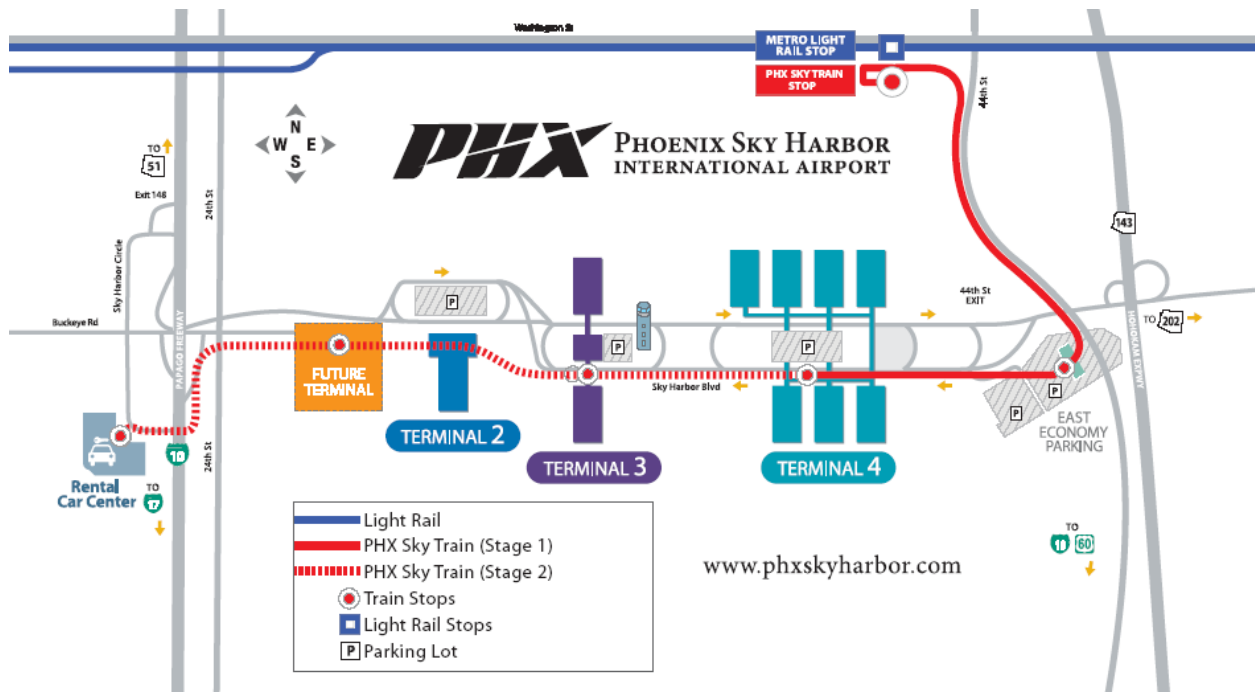


OTHER FORMS OF TRANSPORTATION:

Phoenix Sky Harbor International airport serves more than 100,000 passengers with more than 1,200 flights per day. Sky Harbor is one of the most convenient airports in the United States. It ranked No. 11 among U.S. airports in passenger boarding in 2016. It's served by 17 competitively priced carriers. The airport is located in the middle of Greater Phoenix, less than 10 minutes from downtown, and within 20 miles of almost all of our towns and cities.

Phoenix-Mesa Gateway Airport is located about 30 miles Southeast of Phoenix Sky Harbor. Gateway airport offers commercial flights to more than 35 destinations.

Convenient transportation to Sky Harbor airport comes by way of the PHX Sky Train. This driverless train transports Valley Metro Light Rail passengers to the airport from the 44th Street/Washington Street Station. The PHX Sky Train will travel between Terminal 4, east economy parking and 44th Street/Washington St., where it connects passengers to the Metro Light Rail System.



www.phxskyharbor.com

Light Rail

The Valley's light rail system offers riders a speedy 26-mile ride linking Phoenix to the neighboring communities of Tempe and Mesa, and includes stops at attractions such as Phoenix Art Museum, the Heard Museum, Chase Fields, Talking Stick Resort Arena and Tempe's Mill Avenue District. There are 28 stations along the line and they are adorned with 6.2 million worth of public art. The art work at each station reflects the character of the community where it is located. Station platforms can accommodate the boarding of 600 passengers onto a three-car train within 30 seconds between the cities of Phoenix, Tempe, Mesa and Glendale and is an integral part of a comprehensive Valley-wide transit system.



LIGHT RAIL LINE



METRO opened for passenger operation in December 2008.

Freight rail transportation from transcontinental origins from and to the Metro area is provided by the Union Pacific Railway (Southern Arizona), Arizona Eastern (Claypool-Globe), Arizona & California (Parker, Arizona –westward), and the BNSF Railway Company (Northern Arizona). Greyhound and seven other charter bus services serve the city as well. Public transportation is provided by the Phoenix Transit System, and Dial-A-Ride. Other transportation is provided by interstate and intrastate truck lines, household good carriers, United Parcel Service, Purolator Courier Service and Air Couriers International.

In recent years the communities within the Metropolitan area have become more aware of the environment as has the nation as a whole. Enactment of environmental legislation with respect to new development is seriously being taken into consideration by creating new environmental zoning codes to protect the outlying mountainous areas of the Valley.

RESIDENTIAL MARKET:

	Active Listings			Year to Date		
	This Month			Year to Date		
	2018	2017	% Chg	2018	2017	% Chg
0-29,999	31	59	-47.5	262	234	12.0
30,000-39,999	19	34	-44.1	132	186	-29.0
40,000-49,999	23	58	-60.3	210	317	-33.8
50,000-59,999	36	86	-58.1	298	511	-41.7
60,000-69,999	60	90	-33.3	431	666	-35.3
70,000-79,999	51	107	-52.3	565	788	-28.3
80,000-89,999	74	145	-49.0	696	961	-27.6
90,000-99,999	86	141	-39.0	743	1106	-32.8
100,000-119,999	162	264	-38.6	1720	2518	-31.7
120,000-139,999	318	458	-30.6	3221	4554	-29.3
140,000-159,999	416	556	-25.2	4116	6071	-32.2
160,000-179,999	580	884	-34.4	6386	9969	-35.9
180,000-199,999	948	1095	-13.4	9245	11363	-18.6
200,000-249,999	2991	2848	5.0	26227	25392	3.3
250,000-299,999	2869	2442	17.5	21344	19499	9.5
300,000-399,999	3767	3291	14.5	25140	22505	11.7
400,000-499,999	2125	2039	4.2	12667	11482	10.3
500,000-549,999	657	575	14.3	3447	3100	11.2
550,000-749,999	1636	1607	1.8	8147	7499	8.6
750,000-999,999	1097	1060	3.5	4331	4238	2.2
1,000,000-1,249,999	389	431	-9.7	1471	1358	8.3
1,250,000-1,499,999	377	389	-3.1	1296	1242	4.3
1,500,000-1,999,999	460	462	-0.4	1400	1287	8.8
2,000,000-2,999,999	339	371	-8.6	1005	1012	-0.7
3,000,000+	356	305	16.7	798	710	12.4
Totals	19867	19797	0.4	135298	138568	-2.4

The following housing statistics are provided by ARMLS as of December 2018.

Local Multiple Listing Service (ARMLS) had 135,298 active listings as of December 31, 2018 across the Greater Phoenix area including listings under contract and seeking backup offers. This represents a decrease of 2.4% since the previous year.

Active single family home listings under \$199,999 was down 18.6% compared to the previous year due to the poor supply. The mid-range home sales from \$250,000 to \$500,000 increased from 3.3% to 11.7% benefitting from plenty of both supply and demand.

	Sold Listings			Year to Date		
	This Month			Year to Date		
	2018	2017	% Chg	2018	2017	% Chg
0-29,999	14	8	75.0	163	113	44.2
30,000-39,999	7	9	-22.2	96	134	-28.4
40,000-49,999	11	9	22.2	162	213	-23.9
50,000-59,999	11	23	-52.2	247	381	-35.2
60,000-69,999	16	21	-23.8	313	498	-37.1
70,000-79,999	19	35	-45.7	427	536	-20.3
80,000-89,999	31	38	-18.4	513	705	-27.2
90,000-99,999	32	48	-33.3	522	748	-30.2
100,000-119,999	91	149	-38.9	1423	2128	-33.1
120,000-139,999	138	243	-43.2	2534	3648	-30.5
140,000-159,999	182	312	-41.7	3381	5183	-34.8
160,000-179,999	312	566	-44.9	5454	8280	-34.1
180,000-199,999	491	677	-27.5	7538	8903	-15.3
200,000-249,999	1538	1549	-0.7	21224	19851	6.9
250,000-299,999	1118	1110	0.7	15907	14220	11.9
300,000-399,999	1188	1153	3.0	17457	14903	17.1
400,000-499,999	546	553	-1.3	8063	6883	17.1
500,000-549,999	154	128	20.3	2162	1775	21.8
550,000-749,999	296	288	2.8	4274	3531	21.0
750,000-999,999	132	134	-1.5	1952	1641	19.0
1,000,000-1,249,999	62	58	6.9	697	554	25.8
1,250,000-1,499,999	38	26	46.2	452	319	41.7
1,500,000-1,999,999	29	35	-17.1	422	336	25.6
2,000,000-2,999,999	10	19	-47.4	277	226	22.6
3,000,000+	8	6	33.3	139	116	19.8
Totals	6474	7197	-10.0	95799	95825	0.0

Local Multiple Listing Service (ARMLS) had 95,799, sold listings as of December 31, 2018 across the Greater Phoenix area. The market has been stable for the past year.

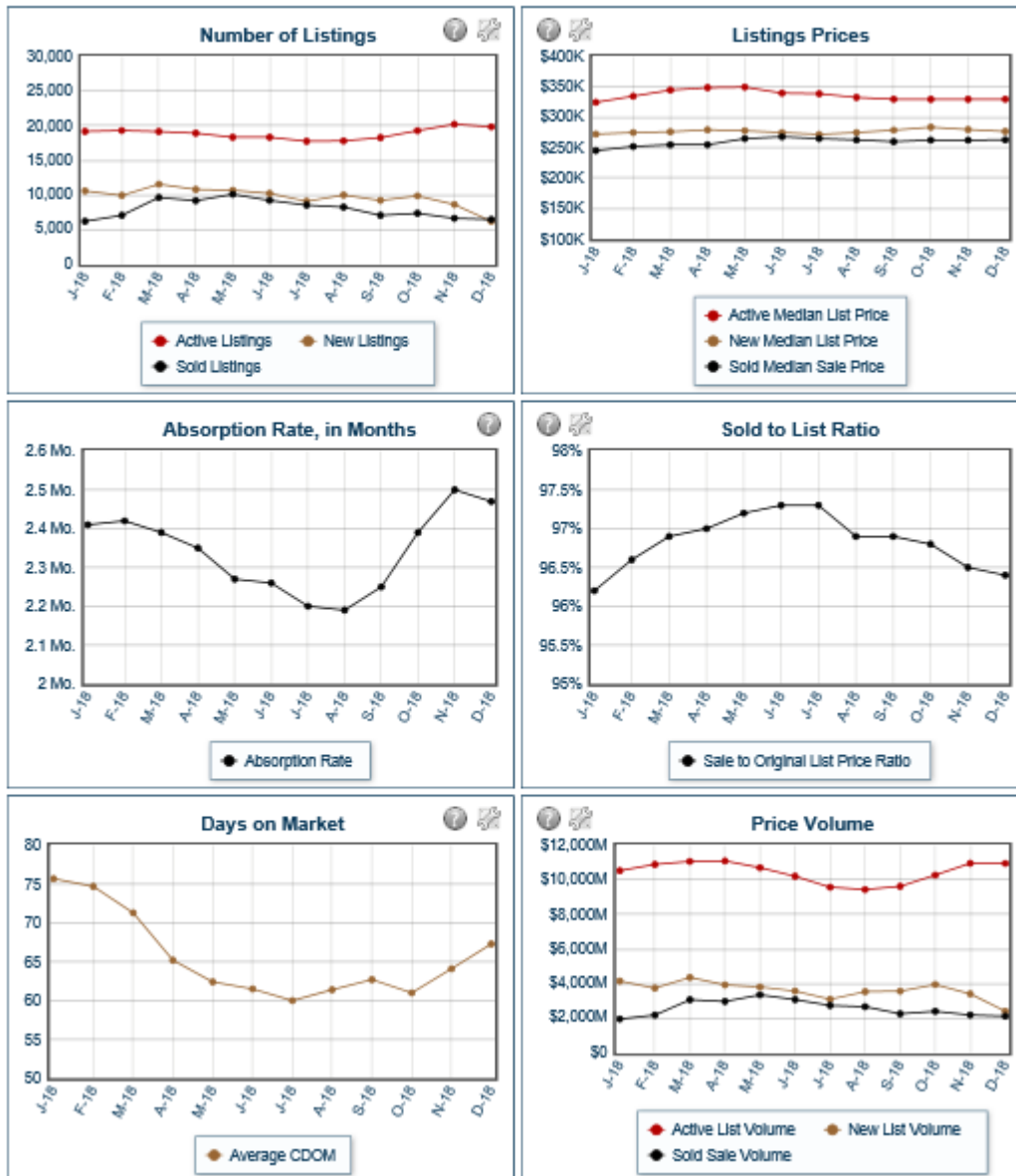
Sold single family home listings under \$199,999 was down 15.3% compared to the previous year due to the poor supply. The mid-range home sales from \$200,000 to \$500,000 increased from 6.9% to 17.1% benefitting from plenty of both supply and demand.

The average single family home list price for the Phoenix Metropolitan Area was \$396,632 as of December 2018, up 6.42% compared to this time last year. The average sale price was \$323,581, an increase of 8.8% compared to the previous year. The average days on market decreased slightly to 67 days compared to the previous year at 68 days.

Following are the summary statistics for single family residential sales activity within Maricopa County.

Summary Statistics						
	Dec-18	Dec-17	% Chg	2018 YTD	2017 YTD	% Chg
Absorption Rate	2.47	2.48	-0.40	2.34	2.68	-12.69
Average List Price	\$551,375	\$534,243	3.21	\$396,632	\$372,689	6.42
Median List Price	\$330,000	\$319,700	3.22	\$280,000	\$260,000	7.69
Average Sale Price	\$327,892	\$309,044	6.10	\$323,581	\$297,187	8.88
Median Sale Price	\$263,000	\$246,000	6.91	\$260,000	\$240,000	8.33
Average CDOM	67	68	-1.47	N/A	65	N/A
Median CDOM	45	44	2.27	40	43	-6.98

Following are multiple charts relating to single family residential activity in the Phoenix Metropolitan Area.



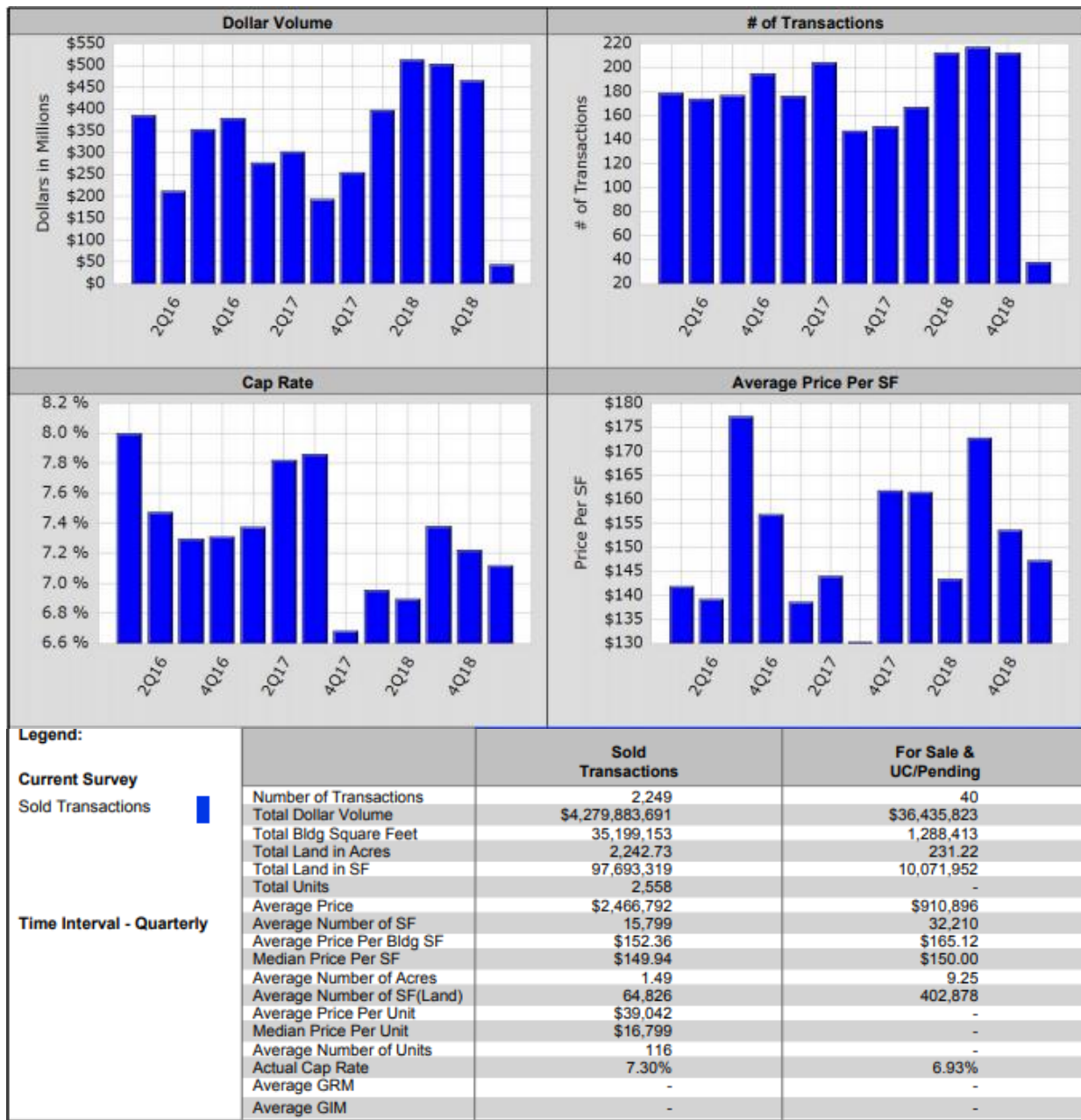
OFFICE MARKET:

The existing inventory for Metropolitan Phoenix consists of just under 182 million square feet. The East Valley market area encompasses the largest submarket, consisting of just over 37 million square feet. The Metropolitan Phoenix Office Market showed a vacancy rate in the 4th Quarter 2018 of 11.8%. The Metropolitan Phoenix Office Market had a year to date (YTD) absorption of 3,674,775 square feet. The average rental rate ranged from \$22.76 per square foot (Paradise Valley) to \$27.20 per square foot (Central Corridor). The overall average rental rate was \$24.59 per square foot on a full service basis.

Shown next is a chart of the Office Market as of the 4th Quarter 2018 as compiled by CoStar Realty Information, Inc.

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# of Bldgs	Total RBA	Direct SF	Total SF	Vac %				
Airport Area	242	12,495,077	1,902,677	2,128,181	17.0%	853,707	236,131	346,743	\$24.05
South Tempe/Ahwatukee	300	7,792,305	1,035,561	1,132,706	14.5%	245,100	117,176	220,000	\$22.93
Airport Area	542	20,287,382	2,938,238	3,260,887	14.5%	1,098,807	353,307	566,743	\$23.49
Midtown	388	12,982,294	2,502,910	2,543,023	19.6%	149,467	0	0	\$23.05
Downtown	181	10,624,354	1,190,441	1,283,265	12.1%	124,423	26,134	228,402	\$31.35
Central Corridor	569	23,606,648	3,693,351	3,826,288	15.6%	273,890	26,134	228,402	\$27.20
44th Street Corridor	143	4,070,529	443,429	447,715	11.0%	89,406	0	0	\$26.49
Camelback Corridor	222	9,599,789	1,531,008	1,665,331	17.3%	(183,466)	118,500	0	\$31.14
Midtown/Central Phoenix	505	6,192,396	483,954	489,715	7.9%	167,095	0	0	\$20.66
East Phoenix	870	19,862,714	2,458,391	2,602,761	12.4%	73,035	118,500	0	\$26.10
Chandler	508	11,011,978	1,376,779	1,390,756	12.6%	634,608	410,802	1,042,500	\$26.53
Mesa Downtown	207	1,479,333	52,378	52,378	3.5%	29,731	0	0	\$15.07
Mesa East	433	3,563,482	235,576	235,576	6.6%	63,819	0	0	\$18.15
Superstition Corridor	416	6,165,208	575,310	605,511	9.8%	38,844	0	0	\$20.85
Tempe	398	12,501,251	743,648	761,845	6.1%	591,609	150,000	920,795	\$32.51
Gateway Airport/Loop 202	283	2,659,089	165,175	213,949	8.0%	60,887	4,366	185,600	\$26.08
East Valley	2,245	37,380,341	3,148,866	3,260,015	8.4%	1,419,498	565,168	2,148,895	\$23.20
Arrowhead	380	4,376,538	476,461	484,447	11.1%	119,244	18,230	52,851	\$25.72
North I-17	58	768,670	136,330	136,330	17.7%	(2,797)	0	23,000	\$24.23
Deer Valley/Airport	287	11,896,393	1,225,333	1,236,187	10.4%	487,715	0	0	\$24.36
Northwest Phoenix	845	10,826,330	2,004,188	2,037,739	1838.0%	(21,619)	0	0	\$19.15
Northwest Phoenix	1570	27,867,931	3,842,312	3,894,703	13.8%	582,543	18,230	75,851	\$23.37
N Phoenix/Cave Creek	18	136,413	2,400	2,400	1.8%	7,236	0	0	\$21.00
Paradise Valley	263	4,681,984	539,569	599,710	12.8%	26,028	3,064	0	\$25.38
Piestewa Peak Corridor	204	3,659,572	546,979	593,326	16.2%	(22,237)	0	0	\$21.91
Paradise Valley	485	8,477,969	1,088,948	1,195,436	12.8%	11,027	3,064	0	\$22.76
Central Scottsdale	392	8,863,290	942,061	1,029,312	11.6%	(48,531)	6,732	30,057	\$25.50
N Scottsdale/Carefree	196	1,906,856	253,270	253,667	13.3%	(11,766)	0	0	\$21.08
Scottsdale Airpark	392	13,347,364	1,270,973	1,698,047	12.7%	(265,826)	48,729	47,000	\$28.45
Scottsdale South	506	7,120,800	792,119	821,025	11.5%	58,107	0	274,338	\$29.70
Scottsdale	1,486	31,238,310	3,258,423	3,802,051	10.4%	(268,016)	55,461	351,395	\$26.18
Glendale	195	3,429,115	337,049	340,087	9.9%	140,840	84,747	125,000	\$24.30
Loop 303/Surprise	152	2,477,396	216,071	228,033	9.2%	62,668	0	0	\$23.73
Southwest Phoenix	201	4,808,751	283,029	283,029	5.9%	239,279	0	0	\$25.21
West I-10	156	2,553,249	254,032	263,405	10.3%	41,204	0	0	\$24.53
West Phoenix	704	13,268,511	1,090,181	1,114,554	8.2%	483,991	84,747	125,000	\$24.44
Totals	8,471	181,989,806	21,518,710	22,956,695	11.8%	3,674,775	1,224,611	3,496,286	\$24.59

Shown next is a historical sales activity of office buildings from 2Q 2016 through 4Q 2018 in the Metro Phoenix area.



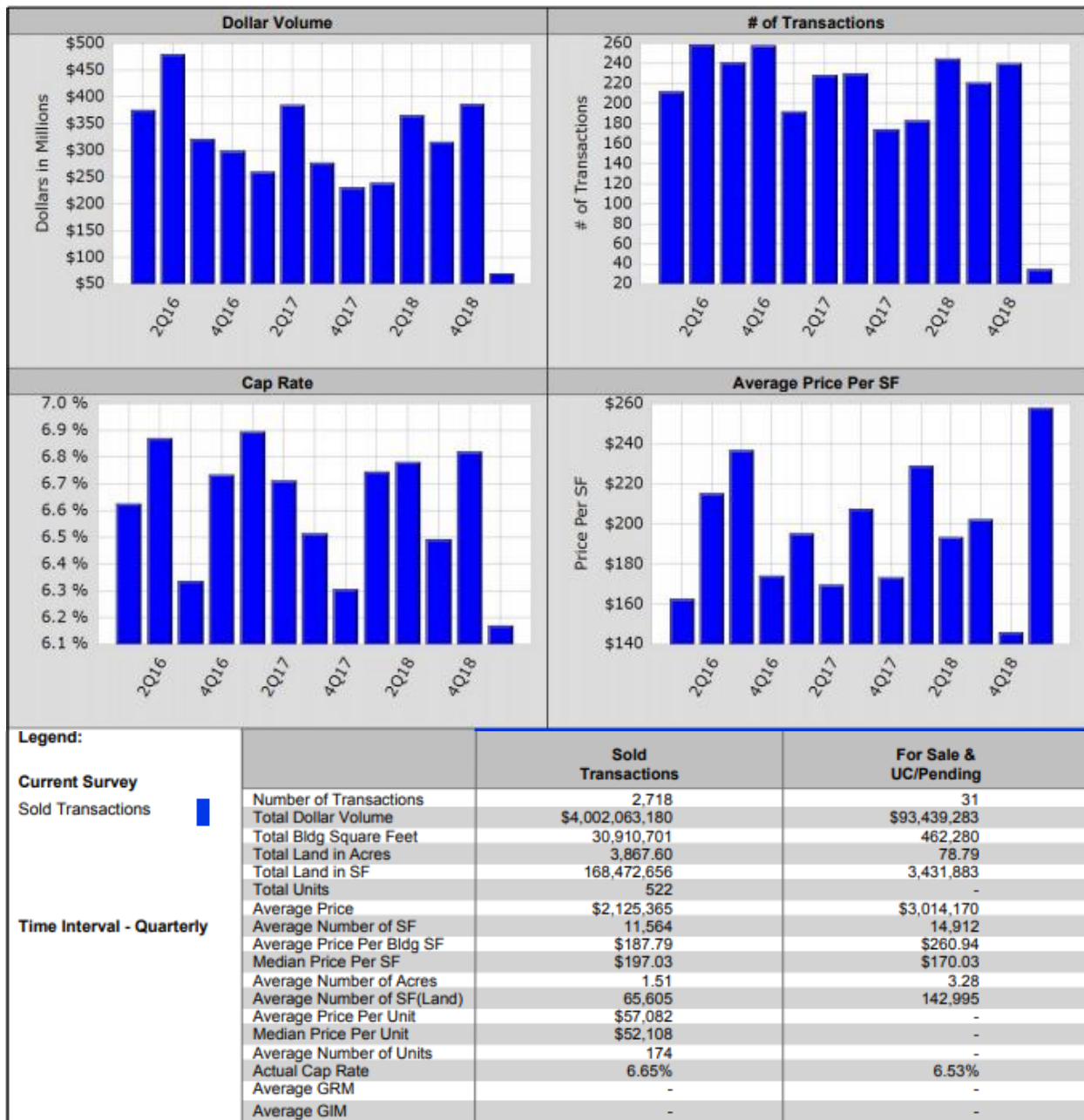
RETAIL MARKET:

The existing inventory for Metropolitan Phoenix consists of over 230 million square feet. The East Valley market area encompasses the largest submarket, consisting of just over 76 million square feet. The Metropolitan Phoenix Retail Market showed a vacancy rate in the 4th Quarter 2018 of 6.8%. In the 4th quarter 2018, the Metropolitan Phoenix Retail Market had a year to date (YTD) absorption of 2,560,548 square feet. The average rental rate ranged from \$12.05 per square foot (Pinal) to \$33.98 per square foot (Maricopa County Retail). The overall average rental rate was \$17.90 per square foot. All rents are based on a triple net lease basis.

Shown next is a chart of the Retail Market as of the 4th Quarter 2018 as compiled by CoStar Realty Information, Inc.

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# of Bldgs	Total RBA	Direct SF	Total SF	Vac %				
Airport Area Retail	426	3,875,991	194,391	194,391	5.0%	18,385	0	0	\$16.89
South Phoenix Retail	300	1,670,864	68,171	68,171	4.1%	(13,622)	2,225	30,545	\$14.92
Airport Area Ret	726	5,546,855	262,562	262,562	4.7%	4,763	2,225	30,545	\$15.91
Downtown Phoenix Retail	910	7,477,774	502,153	502,153	6.7%	161,622	63,998	21,000	\$18.50
Downtown Phoenix Retail	910	7,477,774	502,153	502,153	6.7%	161,622	63,998	21,000	\$18.50
Chandler Retail	823	17,235,194	896,101	919,820	5.3%	374,677	105,788	32,196	\$16.06
Gilbert Retail	870	16,003,201	987,283	1,022,371	6.4%	332,681	392,841	159,232	\$18.04
Queen Creek Retail	100	1,722,062	57,111	57,111	3.3%	40,025	52,605	15,000	\$15.93
Red Mountain/Mesa Retail	1,907	30,432,149	2,825,744	2,856,288	9.4%	337,485	54,088	106,611	\$14.37
Tempe Retail	537	8,203,997	505,901	517,141	6.3%	9,027	47,704	55,664	\$19.09
Gateway Airport Retail	144	2,971,473	145,104	145,104	4.9%	117,929	77,134	0	\$16.98
East Valley Retail	4,381	76,568,076	5,417,244	5,517,835	7.1%	1,211,824	730,160	368,703	\$16.75
W Outlying Maricopa Retail	126	805,431	18,863	18,863	2.3%	14,961	0	0	\$33.98
Maricopa County Retail	126	805,431	18,863	18,863	2.3%	14,961	0	0	\$33.98
East Phoenix Retail	773	8,863,212	754,677	758,727	8.6%	117,200	6,000	0	\$17.12
Glendale Retail	850	11,497,678	804,671	819,684	7.1%	222,866	21,836	8,000	\$11.79
N Phoenix/I-17 Corridor Retail	900	16,486,179	2,035,999	2,044,681	12.4%	96,644	1,758	7,700	\$12.33
Sun City Retail	245	3,708,351	354,804	354,804	9.6%	69,219	6,687	2,398	\$11.49
North Phoenix Retail	2768	40,555,420	3,950,151	3,977,896	9.7%	505,929	36,281	18,098	\$13.18
Carefree Retail	149	1,826,758	187,705	190,497	10.4%	(9,279)	0	0	\$17.05
Fountain Hills Retail	92	768,497	81,927	81,927	10.7%	(2,663)	2,005	0	\$15.14
N Scottsdale Retail	607	15,026,208	871,082	871,082	5.8%	141,598	43,861	43,370	\$22.71
North Scottsdale Retail	848	17,621,463	1,140,714	1,143,506	6.5%	129,656	45,866	43,370	\$18.30
Anthem Retail	130	2,675,866	80,397	80,397	3.0%	85,539	32,932	3,520	\$16.05
Central Peoria/Arrowhead Retail	451	10,363,838	426,381	431,695	4.2%	49,213	7,575	10,000	\$17.32
Deer Valley Retail	143	2,088,459	99,973	105,373	5.0%	9,787	5,457	3,865	\$20.81
Surprise/N Peoria Retail	315	5,453,525	327,754	330,899	6.1%	104,206	43,904	16,481	\$12.89
Northwest Phoenix Retail	1039	20,581,688	934,505	948,364	4.5%	248,745	89,868	33,866	\$16.77
Central Scottsdale Retail	929	15,789,765	779,532	802,577	5.1%	61,949	24,969	52,088	\$24.88
S Scottsdale Retail	372	3,870,841	200,423	207,200	5.4%	37,686	0	0	\$15.93
Scottsdale Retail	1301	19,660,606	979,955	1,009,777	5.0%	99,635	24,969	52,088	\$20.41
Ahwatukee Foothills Retail	181	3,422,133	242,580	248,585	7.3%	44,236	0	0	\$17.80
Laveen Retail	81	1,394,757	64,563	64,563	4.6%	10,817	0	14,100	\$17.53
S Mountain Retail	102	1,753,342	92,712	92,712	5.3%	68,904	2,200	0	\$16.87
South Mountain Retail	364	6,570,232	399,855	405,860	6.1%	123,957	2,200	14,100	\$17.40
Goodyear Retail	238	3,530,244	249,631	249,631	7.1%	139,434	35,541	0	\$18.40
Loop101/I-10 Retail	162	3,011,647	148,911	148,911	4.9%	129,629	74,280	0	\$20.25
N Goodyear/Litchfield Retail	230	5,119,597	342,191	342,191	6.7%	(101,868)	3,600	3,000	\$14.84
N Buckeye Retail	7	63,968	0	0	0.0%	0	0	0	\$0.00
S Buckeye Retail	140	1,489,993	28,528	28,528	1.9%	(12,970)	4,296	10,000	\$16.54
Tolleson Retail	279	2,767,114	134,285	184,285	6.7%	16,912	0	0	\$13.16
West Phoenix/Maryvale Retail	535	8,386,294	309,717	309,717	3.7%	62,562	39,783	0	\$12.16
West Phoenix Retail	1591	24,368,857	1,213,263	1,263,263	5.0%	233,699	157,500	13,000	\$13.62
Apache Junction Retail	166	2,048,520	176,317	191,568	9.3%	4,661	93,644	2,400	\$11.92
Outlying Pinal County Retail	852	8,332,274	707,459	725,143	8.7%	(178,904)	8,407	109,517	\$12.17
Pinal County Retail	1018	10,380,794	883,776	916,711	8.5%	(174,243)	102,051	111,917	\$12.05
Totals	15,072	230,137,196	15,703,041	15,966,790	6.8%	2,560,548	1,255,118	706,687	\$17.90

Shown next is a historical sales activity of retail buildings from 2Q 2016 through 4Q 2018 in the Metro Phoenix area.



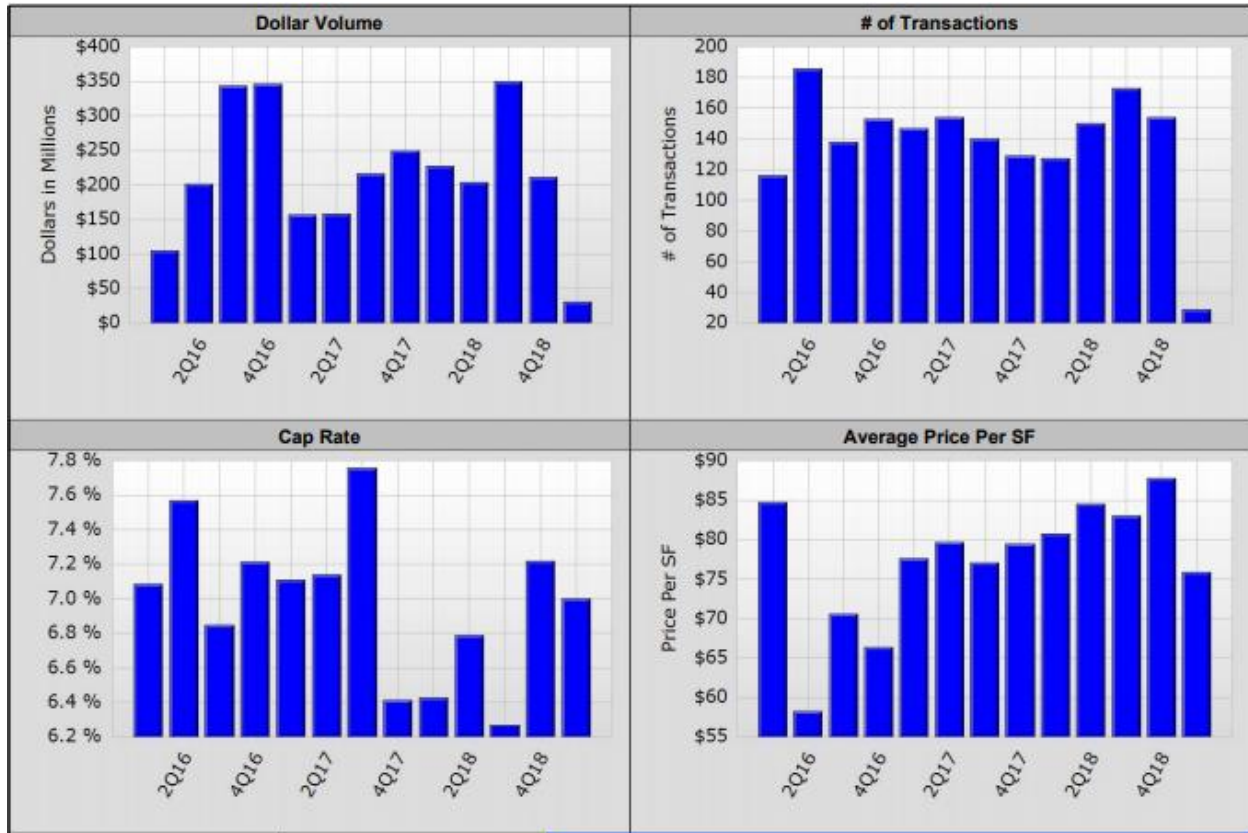
INDUSTRIAL MARKET:

The existing inventory for Metropolitan Phoenix consists of 10,443 projects totaling over 333 million square feet. The Southeast Market encompasses the largest Market, with 3,325 buildings and a total of over 97 million square feet. The overall vacancy rate for Metro Phoenix is 7.1%. The Metropolitan Phoenix Industrial Market, as of the 4th Quarter 2018 had a year to date (YTD) absorption of 7,695,501 square feet. The average rental rate ranged from \$5.51 per square foot (Southwest) to \$12.46 per square foot (Northeast Industrial). The overall average market rental rate was \$7.00 per square foot. All rents are typically Modified Gross.

Shown next is a chart of the Industrial Market as of the 4th Quarter 2018 as compiled by CoStar Realty Information, Inc.

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# of Bldgs	Total RBA	Direct SF	Total SF	Vac %				
North Airport	642	13,617,563	684,880	684,880	5.0%	399,663	47,500	0	\$9.03
S Airport N of Roeser	515	15,756,700	1,501,135	1,513,303	9.6%	407,148	0	115,354	\$9.23
S Airport S of Roeser	166	4,560,317	142,211	149,361	3.3%	129,260	0	0	\$7.28
SC N of Salt River	681	15,582,754	558,071	593,291	3.8%	261,575	2,400	558,712	\$7.70
SC S of Salt River	133	2,533,861	410,592	410,592	16.2%	82	0	0	\$5.54
Airport Area	2,137	52,051,195	3,296,889	3,351,427	6.3%	1,197,728	49,900	674,066	\$7.76
Central Phoenix	354	4,444,818	159,496	159,496	3.6%	91,409	61,992	59,400	\$11.00
Scottsdale Airpark	369	6,845,416	422,147	431,628	6.3%	222,022	0	0	\$12.92
Scottsdale/Salt River	169	5,387,523	159,485	159,485	3.0%	140,375	0	0	\$13.45
Northeast Industrial	892	16,677,757	741,128	750,609	4.4%	453,806	61,992	59,400	\$12.46
Deer Valley/Pinnacle Peak	694	17,387,047	1,367,626	1,393,948	8.0%	563,102	696,487	241,627	\$8.91
Glendale	130	10,171,485	496,115	496,115	4.9%	1,496,020	1,244,019	194,170	\$6.09
Grand Avenue	627	13,398,970	351,602	351,602	2.6%	232,746	0	0	\$5.98
N. Glendale/Sun City	151	3,680,327	41,222	41,222	1.1%	160,104	0	250,000	\$7.90
North Black Canyon	253	4,507,489	377,710	380,058	8.4%	(55,367)	0	0	\$8.76
W Phx N of Thomas Rd	466	8,291,573	236,582	241,082	2.9%	(89,583)	0	0	\$6.16
W Phx S of Thomas Rd	320	6,996,505	90,132	90,132	1.3%	52,738	0	0	\$5.83
Northwest Phoenix	2,641	64,433,396	2,960,989	2,994,159	4.6%	2,359,760	1,940,506	685,797	\$7.09
Chandler/Airport	96	3,651,211	739,781	741,085	20.3%	126,435	144,794	0	\$10.23
Chandler Ind	375	21,472,368	1,207,114	1,336,796	6.2%	(19,833)	64,240	1,097,166	\$9.90
Chandler/N Gilbert	787	20,211,725	866,533	930,533	4.6%	681,983	388,819	1,098,970	\$8.23
Falcon Fld/Apache Jct	250	5,106,733	382,555	428,167	8.4%	99,771	193,435	211,513	\$8.78
Mesa	475	7,695,350	298,446	303,810	3.9%	101,445	0	0	\$7.65
Tempe East	378	6,706,688	279,733	285,853	4.3%	109,165	7,744	0	\$11.44
Tempe Northwest	345	10,961,041	638,126	655,803	6.0%	142,556	0	307,000	\$9.30
Tempe Southwest	619	21,598,301	2,140,709	2,233,044	10.3%	(111,428)	0	0	\$8.03
Southeast Industrial	3,325	97,403,417	6,552,997	6,915,091	6.7%	1,130,094	799,032	2,714,649	\$9.20
Goodyear	173	13,221,538	1,713,650	1,713,650	13.0%	1,538,686	1,713,018	0	\$4.68
SW N of Buckeye Rd	726	33,463,908	2,313,395	2,360,240	7.1%	(15,122)	568,340	650,645	\$5.07
SW S of Buckeye Rd	308	17,916,063	997,693	1,028,490	5.7%	578,059	0	0	\$7.37
Tolleson	241	38,109,264	4,974,280	5,026,278	13.2%	452,490	2,369,584	857,636	\$4.91
Southwest Industrial	1,448	102,710,773	9,999,018	10,128,658	9.7%	2,554,113	4,650,942	1,508,281	\$5.51
Totals	10,443	333,276,538	23,551,021	24,139,944	7.1%	7,695,501	7,502,372	5,642,193	\$7.00

Shown next is a historical sales activity of industrial buildings from 2Q 2016 through 4Q 2018 in the Metro Phoenix area.



Legend:		Sold Transactions	For Sale & UC/Pending
Current Survey			
Sold Transactions	■		
Time Interval - Quarterly			
	Number of Transactions	1,796	24
	Total Dollar Volume	\$2,798,396,441	\$48,353,205
	Total Bldg Square Feet	47,598,004	655,207
	Total Land in Acres	3,961.92	81.45
	Total Land in SF	172,581,235	3,547,984
	Total Units	179	-
	Average Price	\$2,118,392	\$2,014,717
	Average Number of SF	26,651	27,300
	Average Price Per Bldg SF	\$75.68	\$83.60
	Median Price Per SF	\$89.35	\$109.42
	Average Number of Acres	2.55	4.07
	Average Number of SF(Land)	110,913	177,399
	Average Price Per Unit	\$64,804	-
	Median Price Per Unit	\$64,804	-
	Average Number of Units	179	-
	Actual Cap Rate	7.05%	6.77%
	Average GRM	-	-
	Average GIM	-	-

SUMMARY AND CONCLUSION:

The Arizona economy is generating solid economic growth, with job gains above the national rate but well below the long-run state average. The housing market is improving, with total housing sales in the Phoenix area totaling 135,298 (MLS) as of December 2018. Overall, the state is on pace to generate job, income, population and retail sales gains in 2019, with faster growth expected during the next two years. The long-run outlook calls for the state to outpace national growth for many indicators. However, it also calls for slower growth during the next 30 years as compared to the robust growth of the past 30 years. That reflects in large part the aging of the baby boom generation, which slows labor force growth and ultimately gains in potential output. Nonetheless, the economy is expected to expand during the next 30 year period due to continued innovation and capital investment. (Arizona Economic and Business Research Center)

The Phoenix Market is continuing to show signs of growth. As shown, single family detached and attached homes have started to increase. Building permits and sales activity continue to increase and values are on the rise. It is expected that the second half of 2019 will continue in a similar fashion.

The office market for the 4th Quarter 2018 has decreased at 11.8 % compared to the 3rd Quarter 2018 of 12.1%. Quoted rental rates increased slightly to \$24.59 per square foot in the 4th Quarter 2018 as compared to the previous quarter at \$24.06 per square foot.

The retail market vacancy for the 4th Quarter 2018 remained stable compared to the 3rd Quarter of 2018. Rental rates have slightly decreased to \$17.90 per square foot in the 4th Quarter 2018 from \$17.91 per square foot in the 3rd Quarter 2018.

In the 4th Quarter 2018 the industrial market vacancy has seen a slight decrease in vacancy to 7.1% compared to 7.0% in the 3rd Quarter 2018. Quoted rental rates has increased to \$7.00 per square foot in the 4th Quarter 2018 as compared to the previous quarter at \$6.83 per square foot.

The State of Arizona and regional governmental agencies have a forward looking, progressive attitude toward more mutual and joint efforts at economic development in the Metropolitan area. However, even in the midst of such economic turnaround the cost of living in Phoenix can still be viewed as a bright spot. Though Phoenix residents have seen an increase in the price of day-to-day expenses, the area remains one of the more affordable places to live and work in comparison to the rest of the United States. It is in part because of our cost of living that we continue to see individuals and businesses choose Phoenix as a relocation destination.

NEIGHBORHOOD MAP



NEIGHBORHOOD DATA ANALYSIS

This section involves an analysis of the environmental, economic, social and governmental forces within the subject neighborhood.

An area of influence is commonly called a "neighborhood", is defined as a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises or can be a developed residential super pad within a master planned community usually having a distinguishing name and entrance. (Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

The neighborhood analysis is the objective analysis of observable and/or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

Neighborhood boundaries identify the physical limits of a neighborhood, which may be delineated by natural, man-made, or geopolitical features. Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

The neighborhood which is described as that area beyond which a change in land use would not affect the subject property site, is an area bounded on the North by Northern Avenue, on the South by Camelback Road, on the West by 67th Avenue and on the East by 43rd Avenue in Glendale, Maricopa County, Arizona. The major arterials for the area include Grand Avenue to the south and west, 59th Avenue to the west and Bethany Home Road to the south.

Refer to the Neighborhood Map on the preceding page illustrating the subject in relation to the boundaries of the neighborhood.

Overall, the subject is located in an area that consists mainly of residential uses along the secondary streets and commercial uses along the major roadways.

Single Family Residential

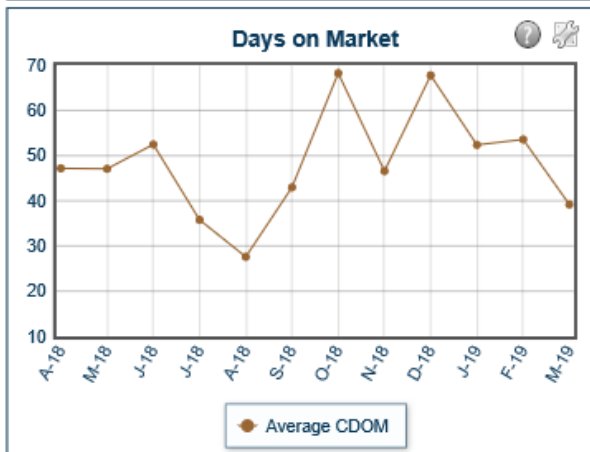
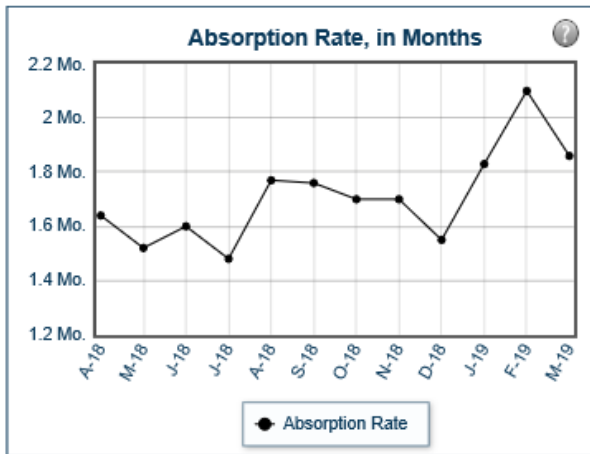
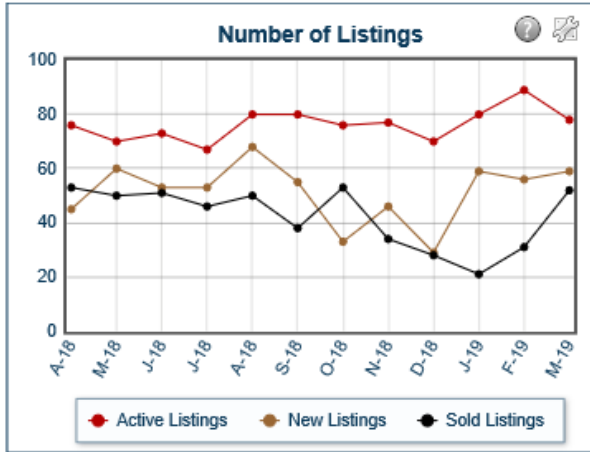
The appraiser researched the subject zip code (85301) to determine single family residential supply and demand factors. According to Arizona Multi List Service the current single family median sales price is up by 20.81% compared to the same time period last year. The median list price for homes in the subject's zip code was up 24.06% from the previous year's median list price. Absorption rates for single family homes are up 8.77%.

Following are the summary statistics for single family residential sales activity within the subject's zip code.

Summary Statistics			
	Mar-19	Mar-18	% Chg
Absorption Rate	1.86	1.71	8.77
Average List Price	\$201,398	\$162,334	24.06
Median List Price	\$205,450	\$165,000	24.52
Average Sale Price	\$177,810	\$153,086	16.15
Median Sale Price	\$180,000	\$149,000	20.81
Average CDOM	39	55	-29.09
Median CDOM	28	34	-17.65

Following are multiple charts relating to single family residential activity in the subject's zip code including:

- Number of listings
- Listing Prices
- Absorption Rate, in Months
- Sold to List Ratio
- Days on Market
- Price Volume

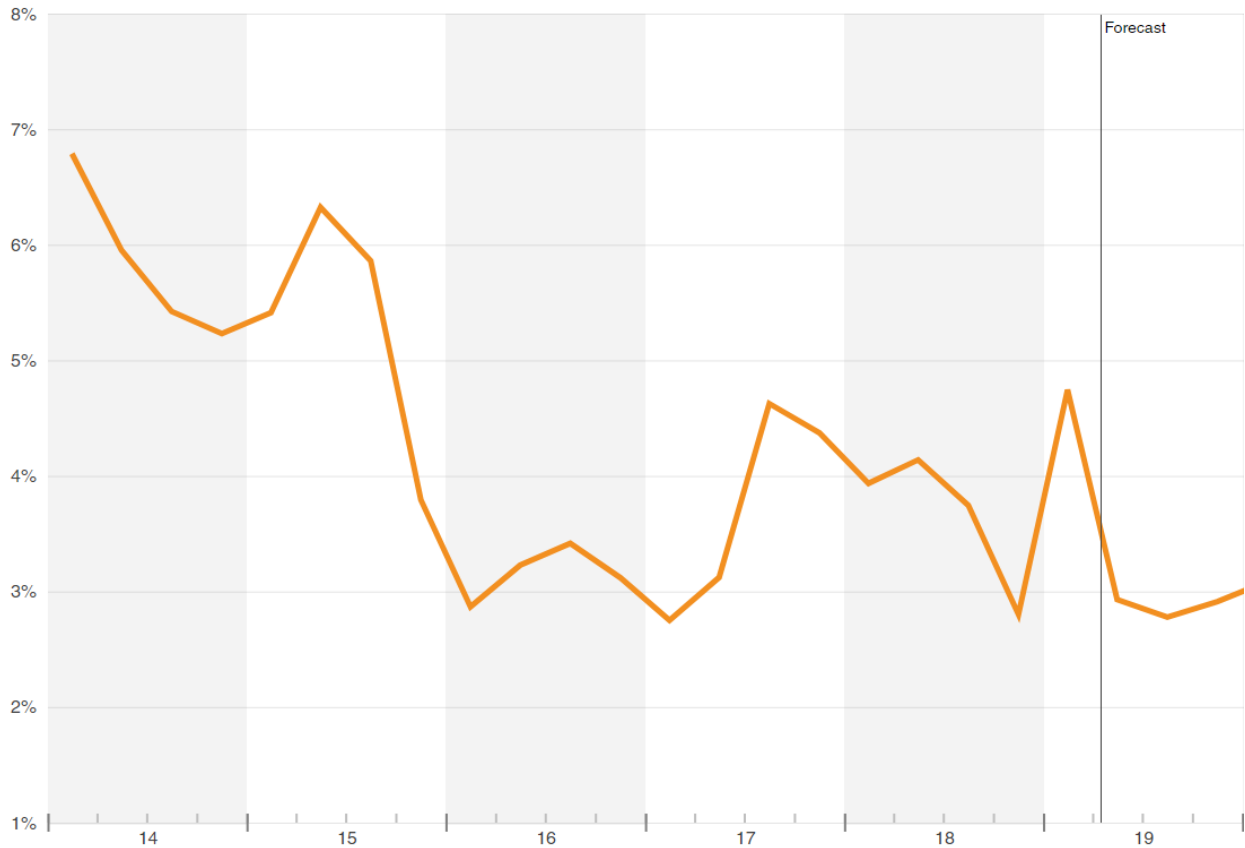


Industrial

The following historical data from CoStar represents the industrial market including rental rates and vacancy rates.

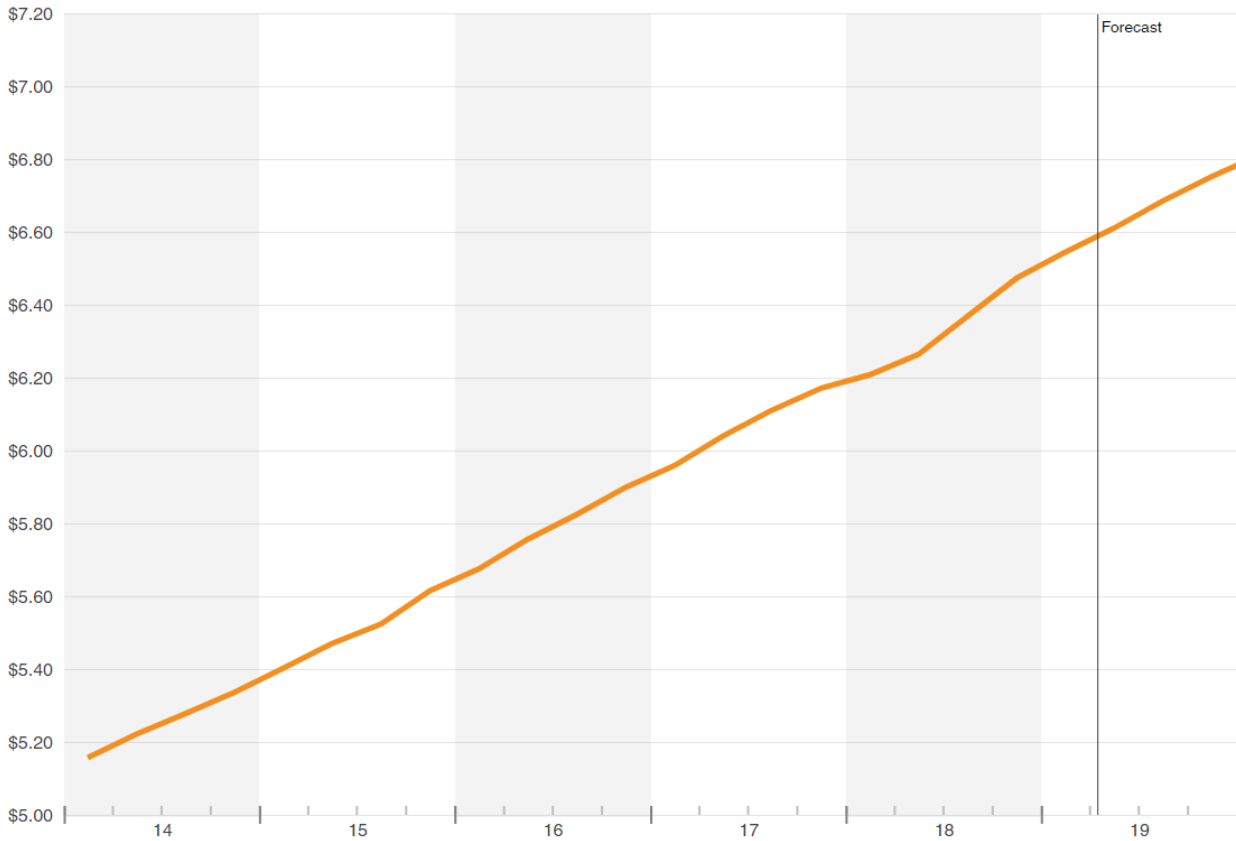
The 3.0 mile radius surrounding the subject property had an industrial inventory of approximately 11.50 million square feet. Of this area approximately 563,000 square feet was vacant equating to a vacancy rate of 4.9%. Over the past five years, vacancy rates ranged from 2.8% to 6.8%. Over the past year, vacancy rates have been trending downward.

Vacancy Rate ▾



The current quarter showed average asking rental rates of \$6.54 per square foot. Over the past five years, average asking rental rates ranged between \$5.16 per square foot to the current rate of \$6.54 per square foot. Average asking rental rates have been trending upward over the past year.

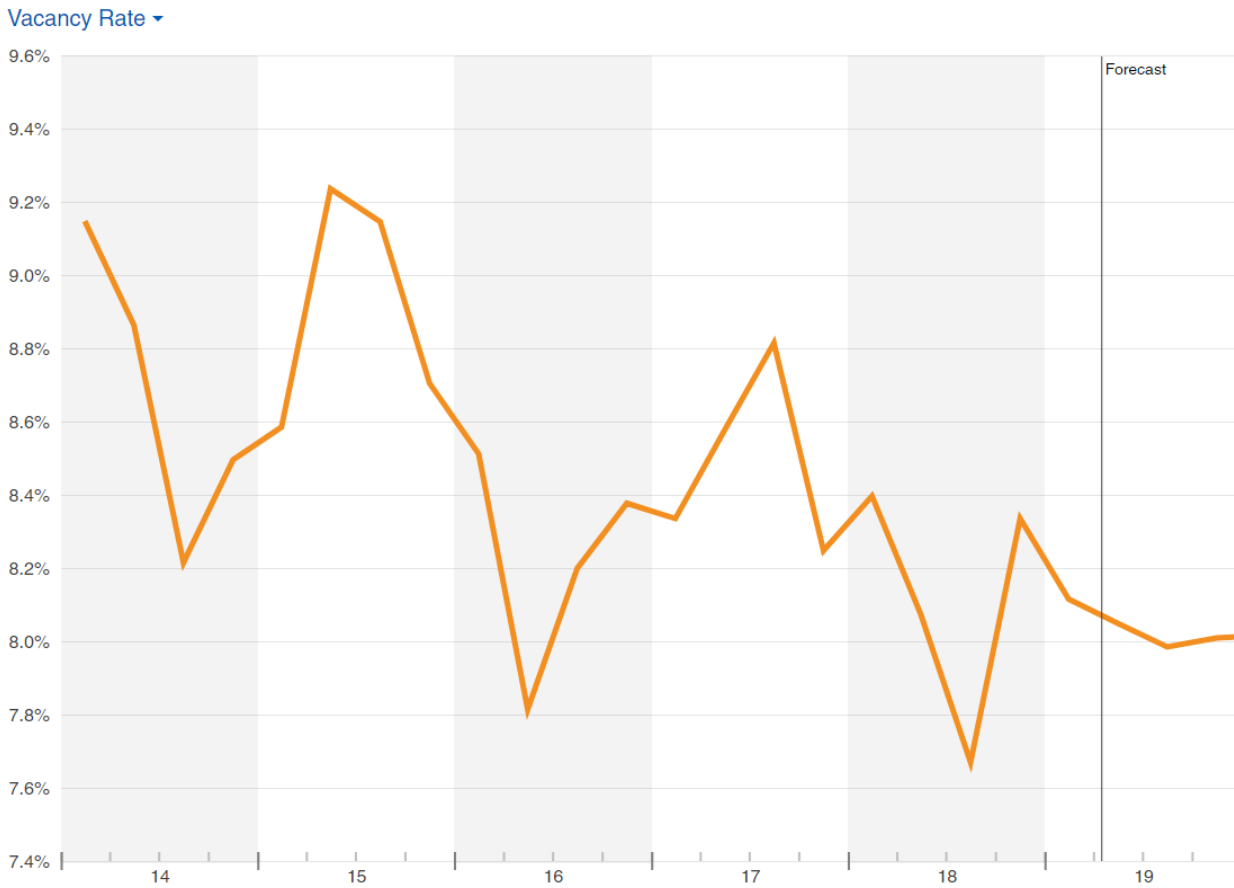
Market Rent Per SF ▾



Retail

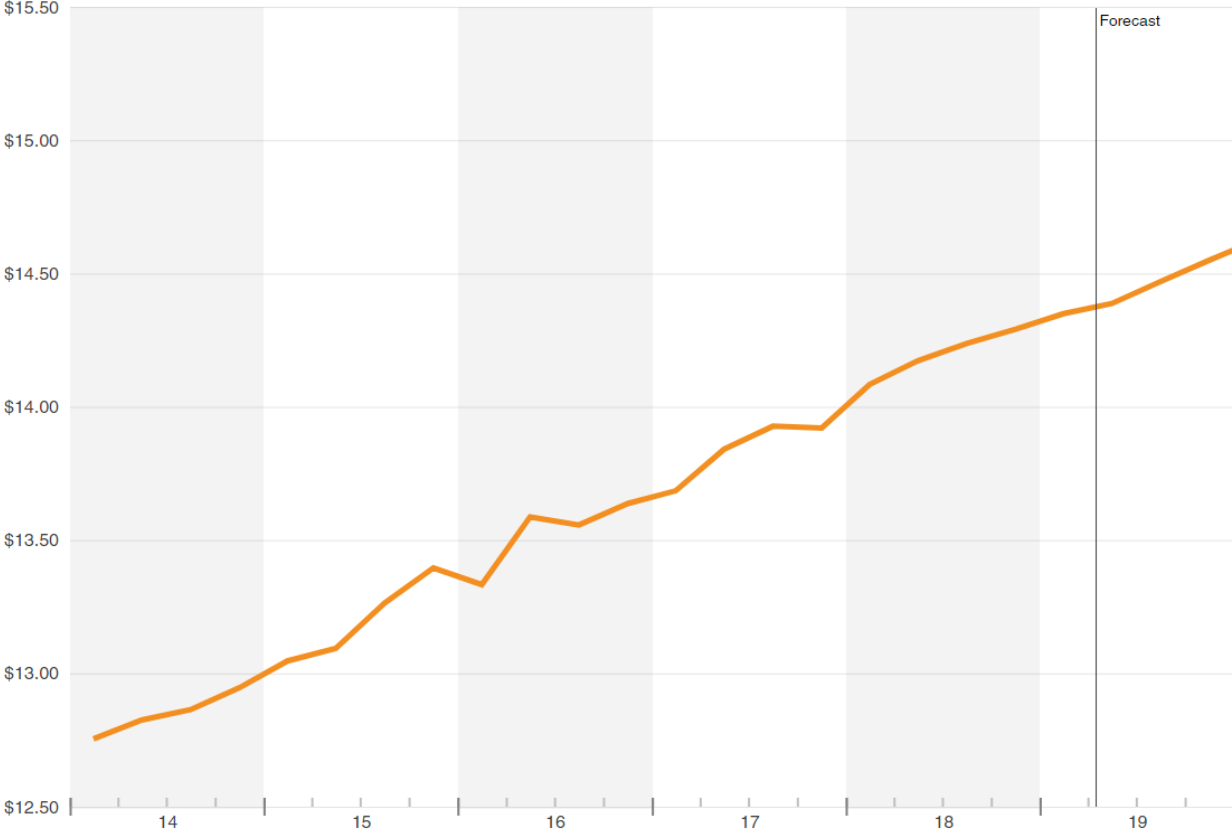
The following historical data from CoStar represents the retail market including rental rates and vacancy rates.

The 3.0 mile radius surrounding the subject property had a retail inventory of approximately 7.60 million square feet. Of this area approximately 621,000 square feet was vacant equating to a vacancy rate of 8.2%. Over the past five years, vacancy rates ranged from 7.7% to 9.1%. Over the past year, vacancy rates have been trending downward.



The current quarter showed average asking rental rates of \$14.35 per square foot. Over the past five years, average asking rental rates ranged between \$12.75 per square foot to the current rate of \$14.35 per square foot. Average asking rental rates have been trending upward over the past year.

Market Rent Per SF ▾

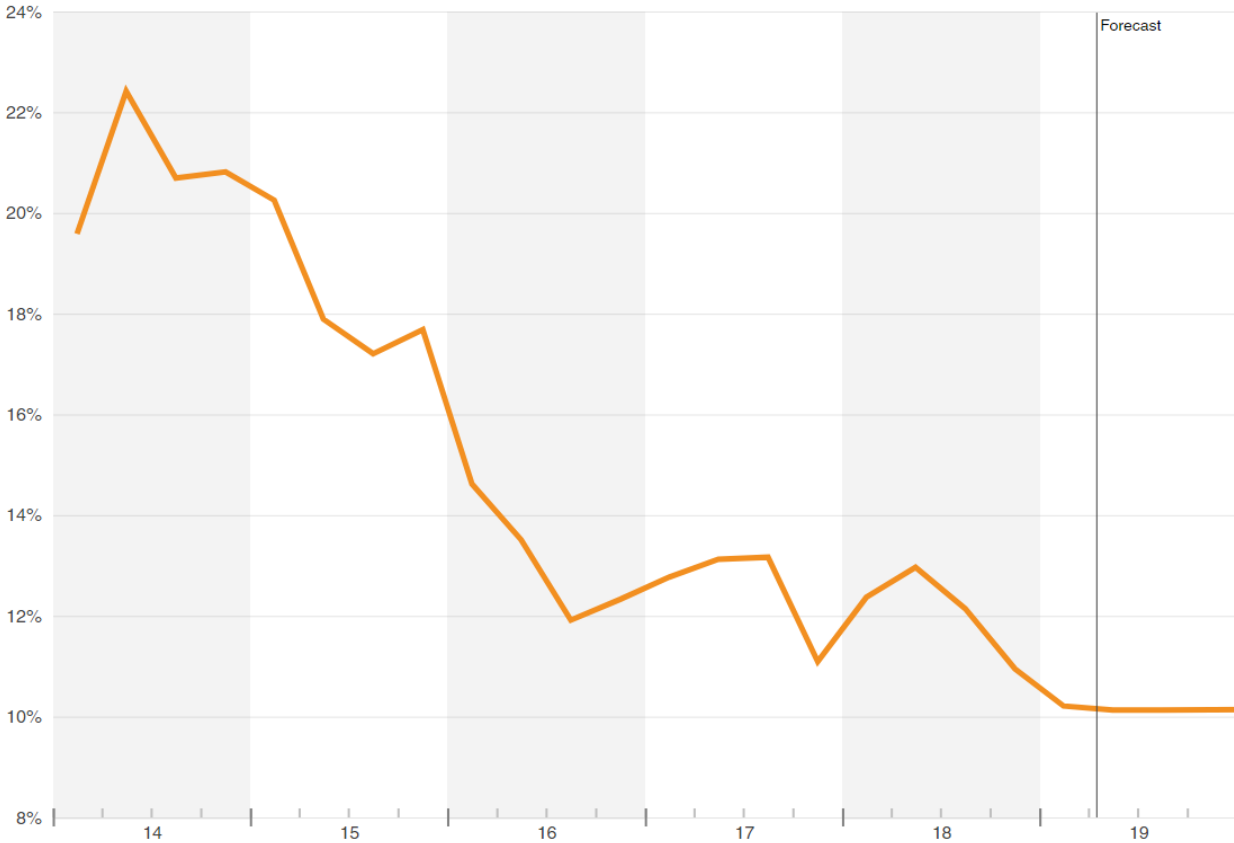


Office

The following historical data from CoStar represents the office market including rental rates and vacancy rates.

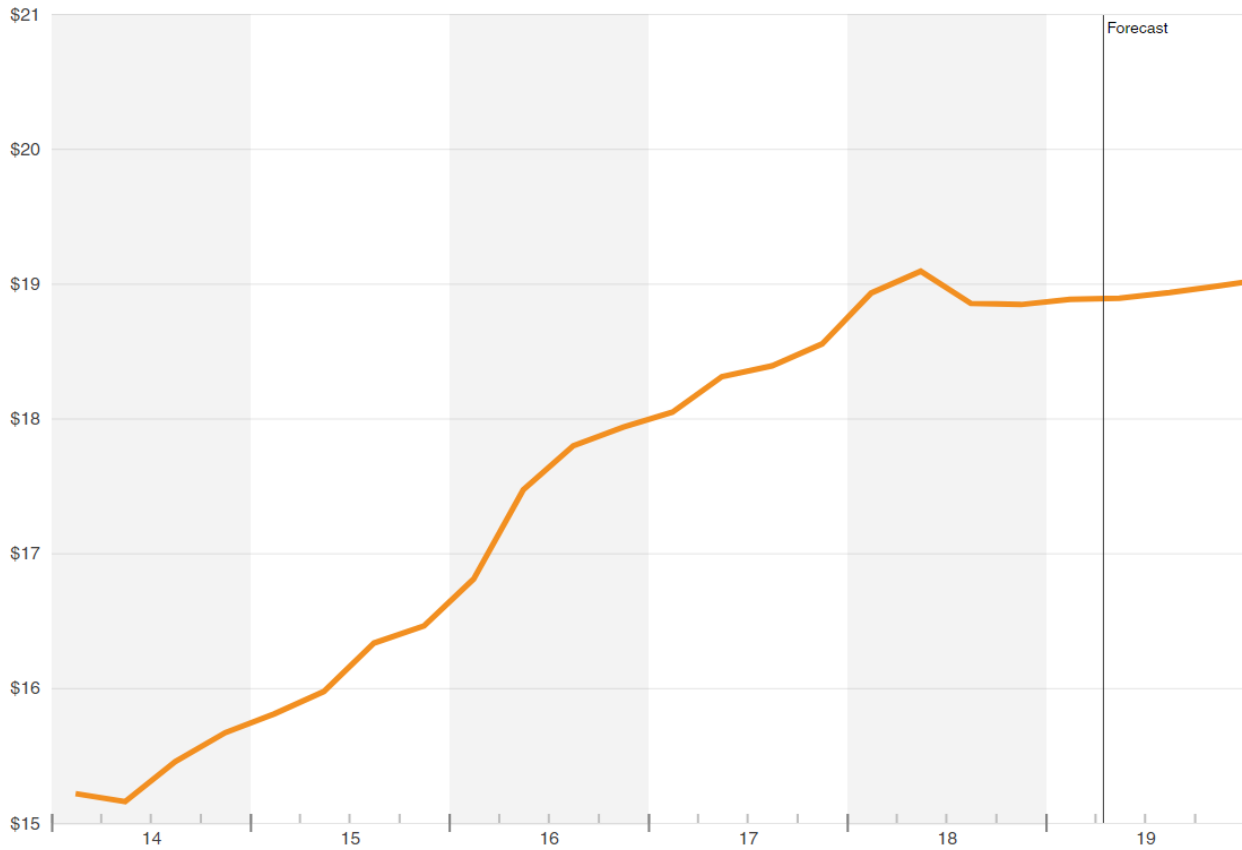
The 3.0 mile radius surrounding the subject property had an office inventory of approximately 1.60 million square feet. Of this area approximately 170,000 square feet was vacant equating to a vacancy rate of 10.4%. Over the past five years, vacancy rates ranged from the current rate of 10.4% to 22.4%. Over the past year, vacancy rates have been trending downward.

Vacancy Rate ▾



The current quarter showed gross asking rental rates of \$18.88 per square foot. Over the past five years, gross asking rental rates ranged between \$15.16 per square foot to \$19.09 per square foot. Gross asking rental rates have been trending upward over the past year.

Market Rent Per SF ▾



DEMOGRAPHICS:

Population	1 Mile	3 Mile	5 Mile
2019 Total Population:	24,601	199,207	553,097
2024 Population:	27,283	214,164	594,960
Pop Growth 2019-2024:	10.90%	7.51%	7.57%
Average Age:	32.70	33.70	33.40
Households			
2019 Total Households:	7,560	62,398	171,331
HH Growth 2019-2024:	10.40%	7.39%	7.46%
Median Household Inc:	\$29,394	\$36,716	\$39,388
Avg Household Size:	3.20	3.20	3.20
2019 Avg HH Vehicles:	1.00	1.00	2.00
Housing			
Median Home Value:	\$87,925	\$135,607	\$142,026
Median Year Built:	1978	1975	1977

Source: CoStar

DIRECTION AND DISTANCE TO EMPLOYMENT CENTERS:

Employment centers and other community support services, such as medical facilities, churches, schools and parks are available within the neighborhood or in the neighboring cities which surround the subject neighborhood.

COMMUNITY SERVICES AND FACILITIES:

Within the community there are adequate grade schools, middle schools and high schools, colleges/universities and trade schools that can provide public school education for the neighborhood. Additionally, there are adequate medical facilities nearby.

UTILITIES:

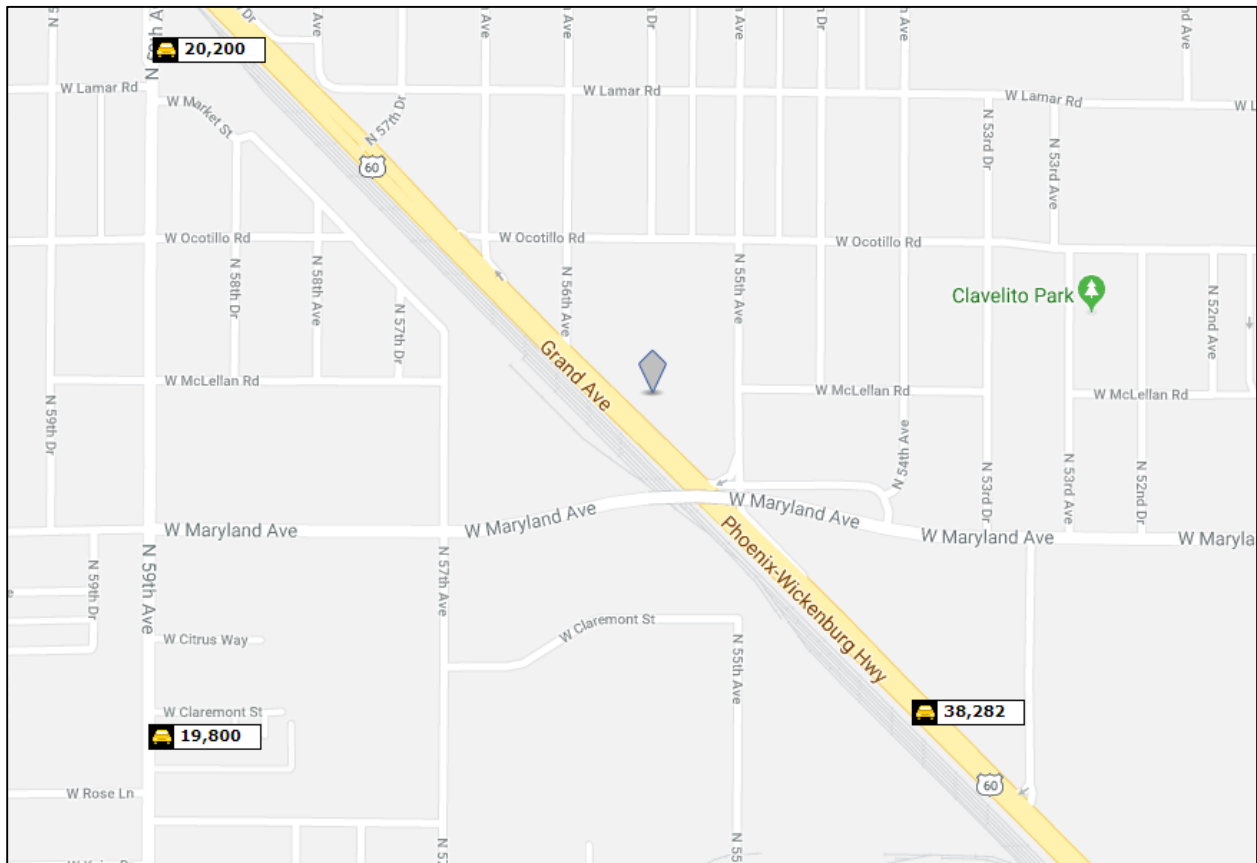
The subject neighborhood is located within the city limits of Glendale. Water and sewer is provided by the City of Glendale; Electricity is provided by Salt River Project (SRP); Natural gas is provided by Southwest Gas; Telephone service is provided by CenturyLink. These services are adequate and are available at reasonable rates. The cost of obtaining these services is similar to competing neighborhoods in the Phoenix metropolitan area.

GOVERNMENTAL FORCES:

The governmental forces maintaining accord in the neighborhood and influencing development in the area have been Glendale zoning regulations. Police and fire protection is provided by the City of Glendale.

TRANSPORTION

The major roadways for the area are Grand Avenue to the south and west, Bethany Home Road to the south and 59th Avenue to the west.



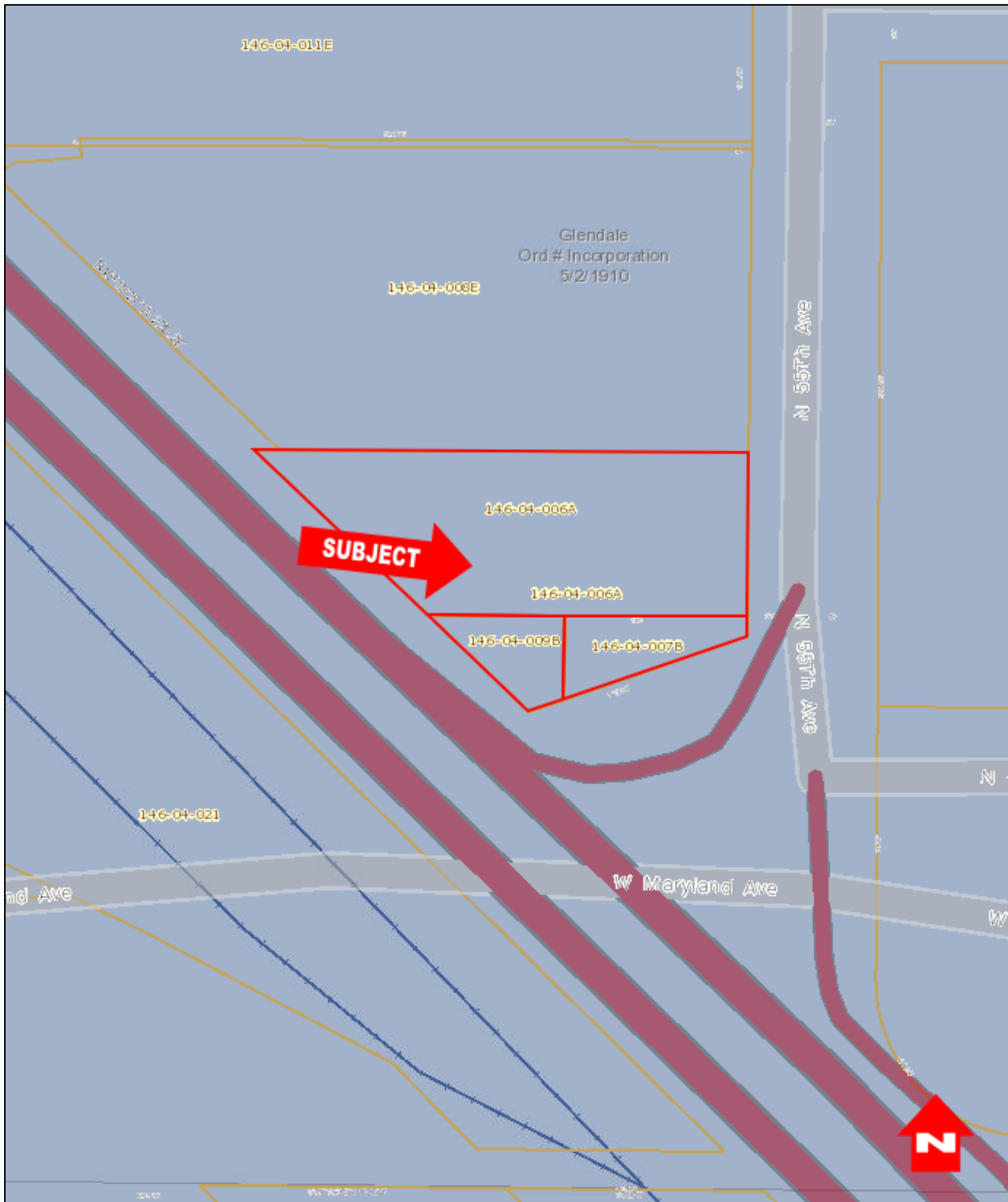
CONCLUSION:

The subject neighborhood is in a stable stage of development. The subject neighborhood is located within an area of Glendale that is comprised of residential development to the north and east and generally industrial development, contractor storage yards, and other types of heavy commercial development including owners user office/warehouse development to the south and west. There are an adequate amount of retail centers, schools, medical facilities, and other goods and services that promote the marketability of the subject neighborhood.

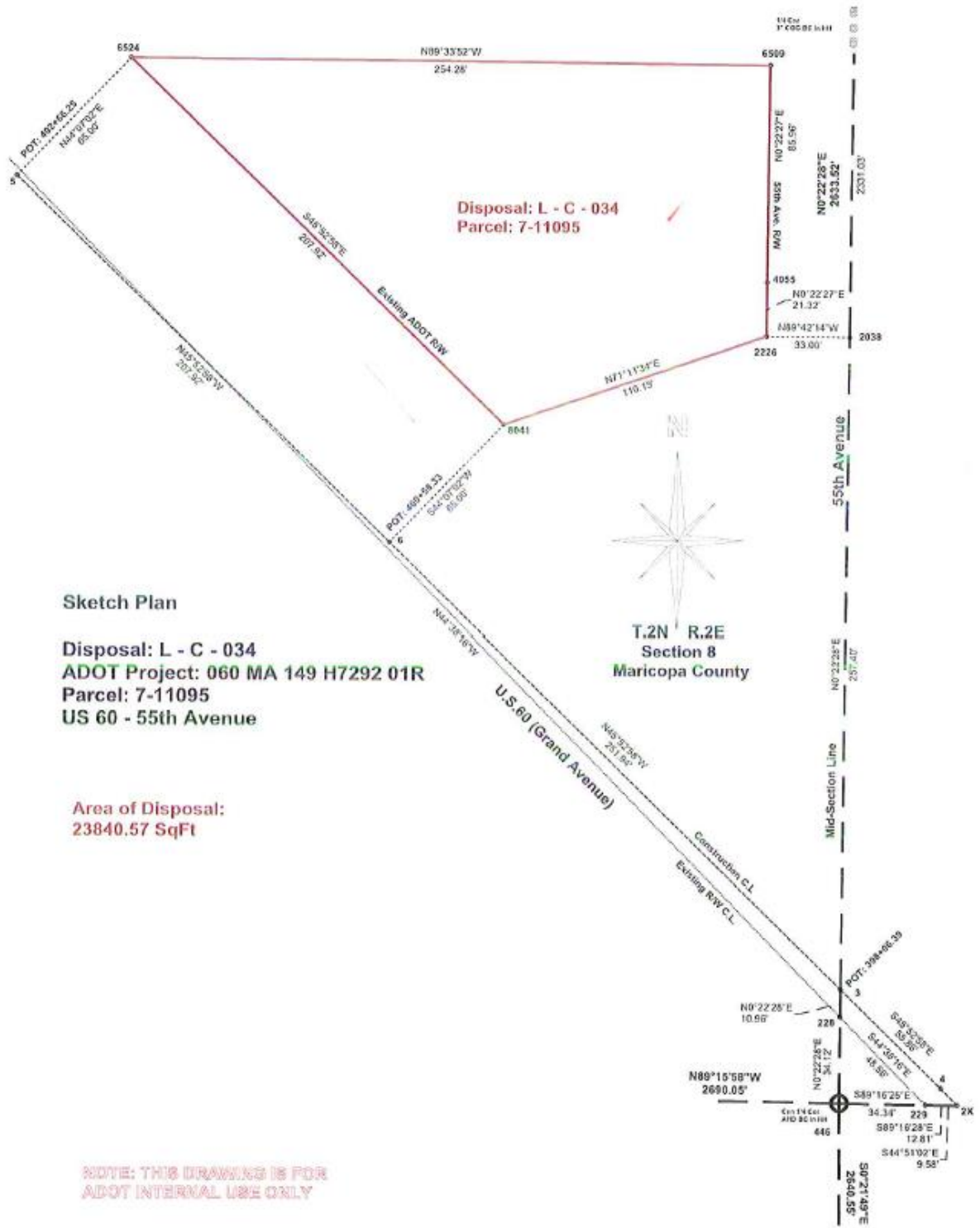
AERIAL VIEW SUBJECT



PLAT MAP



SUBJECT SITE SKETCH



SITE DATA ANALYSIS

LOCATION:

The subject property is located at 5528 Northwest Grand Avenue in Glendale, Arizona.

SITE DIMENSIONS AND SHAPE:

The subject site is irregular in shape considered to be functionally adequate for most types of development. As per information supplied for this assignment by the client the subject is 23,840.57 square feet or 0.55 acres in size. The subject site has approximately 215 feet of frontage along Grand Avenue and approximately 100 feet of frontage along 55th Avenue. The depth at the northern end of the site is approximately 205 feet with the southern end of the site having a depth of approximately 130 feet.

IMPROVEMENTS:

The subject is improved with a vacant auto repair shop that is at the end of its economic life and according to the client, will be razed prior to the sale of the site. Thus the improvements, nor the cost to demolish the improvements, will be considered as this cost will be incurred by ADOT prior to sale. The client has requested a value of the land only.

NUISANCES OR HAZARDS:

An environmental study has been provided indicating that based on a previous Phase I study completed in 2011/2012, there were no soil contaminants exceeding regulatory thresholds found on the site.

TRANSPORTATION IMPROVEMENTS:

The subject property has frontage along two roadways, Grand Avenue and 55th Avenue. There is currently a curb cut along Grand Avenue where the subject has an existing access point along Grand Avenue. However, conversations with ADOT indicated that the subjects' Grand Avenue access will be restricted upon sale of the property and the potential buyer or new owner of the site will be required to remove this access point/curb cut at their cost and the subject site is not considered as having access from Grand Avenue.

The site does have access from 55th Avenue, which is considered to be its only access point.

Roadway improvements adjacent to the subject site are as follows:

Street: Grand Avenue (Frontage and visibility, but no access)
Road Surface: Paved
Lanes: Six lanes and a center turn lane
Curbs/Gutters: Yes
Sidewalks: Yes
Street Lights: Yes
Speed Limit: 45 mph
Traffic Count: 38,300 vpd

Street: 56th Street (Frontage, visibility, and access)
Road Surface: Paved
Lanes: Two lanes
Curbs/Gutters: Yes
Sidewalks: Yes
Street Lights: Yes
Speed Limit: 35 mph
Traffic Count: N/Av

TOPOGRAPHY, DRAINAGE AND SOIL CONDITIONS:

Elevations are level and at grade with adjoining property. A soils study has not been provided. The load bearing capacity of the top soil and sub-soils is unknown, but is assumed to be sufficient to support existing improvements.

FLOOD ZONE:

The location is within an area denoted as being in an "X" Flood Hazard Area, as found on Federal Emergency Management Agency Flood Insurance Rate Map number 04013C2215L based on the October 16, 2013 flood data. The "X" designation indicates:

Areas of 500-year flood; areas of 100-year flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas projected by levees from 100-year flood.

UTILITIES:

All utilities including electrical, water and telephone services are available to the site.

Sewer - City of Glendale
Water - City of Glendale
Electric - Salt River Project (SRP)
Gas - Southwest Gas
Telephone - CenturyLink

EASEMENTS:

The title report can be found within the addenda of this report. Based upon a review of the available property information, there do not appear to be any easements, encroachments, or restrictions other than those that are typical for the property type.

ZONING:

The purpose of zoning is to provide for orderly growth and harmonious development. Zoning is intended to provide a common ground of understanding and a sound and equitable working relationship between public and private interests to the end that both independent and mutual objectives can be achieved.

The subject site is zoned C-2; General Commercial according the Glendale Planning and Zoning Department.

The intent of this district is to accommodate either integrated or freestanding commercial uses and services. Uses serve both neighborhood scale as well as community level needs. The district is characterized by a wide range of retail uses operated within an enclosed building. Orientation is to major streets with individual access points, signage, and parking areas.

I am not an expert in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance is required. A more detailed description of the subject zoning is located within the Addenda.

TAX AND ASSESSMENT DATA:

Presently, the subject property is identified as assessor's tax parcel number: portion of 146-04-006A, 007B & 009B. The subject is currently owned by the State of Arizona and is exempt from paying taxes. The appraiser is unaware of any known special assessments which would affect the value of the property.

CONCLUSION:

In conclusion, the physical and functional characteristics of the site are considered to have adequate street visibility along Grand Avenue and 55th Avenue with access only available from 55th Avenue. The site is located in an area predominantly made up of commercial and industrial with residential development located east and north of the subject site. The property has adequate access to the goods and services of Metropolitan Phoenix. The site is at grade with the adjoining properties with no evidence of drainage problems or soil contamination. All city utilities/services and electricity are available to the site.

FLOOD ZONE MAP

National Flood Hazard Layer FIRMette



Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS	Without Base Flood Elevation (BFE) Zone A, V, AE, AR
	Without Base Flood Elevation (BFE) Zone A, V, AE, AR
	With BFE or Depth Zone AE, AO, AH, VE, AR
	Regulatory Floodway

OTHER AREAS OF FLOOD HAZARD	0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
	0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X
	Future Conditions 1% Annual Chance Flood Hazard Zone X
	Area with Reduced Flood Risk due to Levee. See Notes. Zone X
	Area with Flood Risk due to Levee Zone D

OTHER AREAS	Area of Minimal Flood Hazard Zone X
	Area of Minimal Flood Hazard Zone X
	Effective LOMRs
	Area of Undetermined Flood Hazard Zone D

GENERAL STRUCTURES	Channel, Culvert, or Storm Sewer
	Channel, Culvert, or Storm Sewer
	Levee, Dike, or Floodwall

Cross Sections with 1% Annual Chance	Water Surface Elevation
	20.2
	17.5
	Coastal Transsect
	Base Flood Elevation Line (BFE)
	Limit of Study
	Jurisdiction Boundary
	Coastal Transsect Baseline
	Profile Baseline
	Hydrographic Feature

OTHER FEATURES	Digital Data Available
	Digital Data Available
	No Digital Data Available
	Unmapped

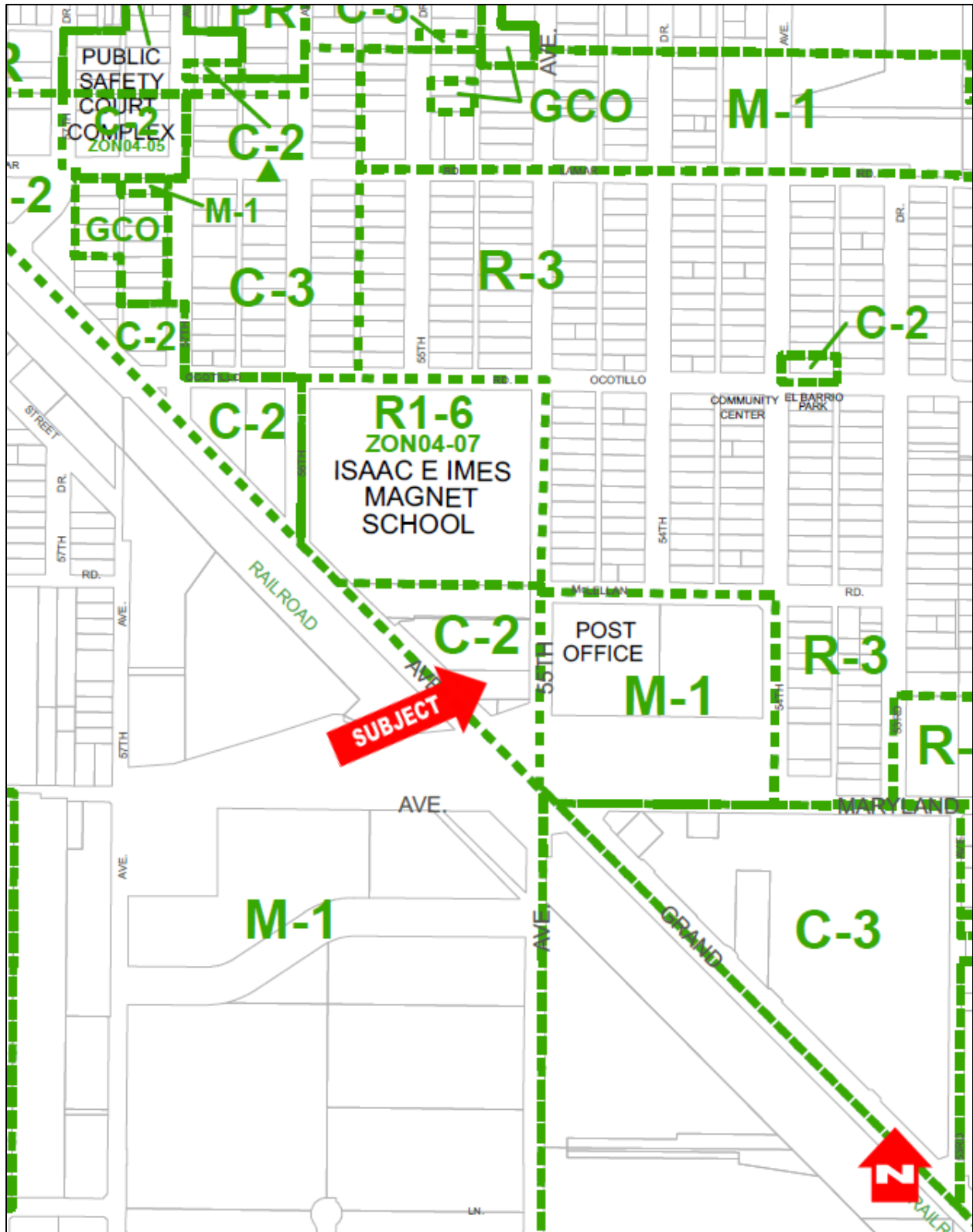
The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 4/16/2019 at 4:24:02 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

ZONING MAP



SUBJECT PHOTOGRAPHS



Looking at the subject from 55th Avenue



Looking west across the subject site



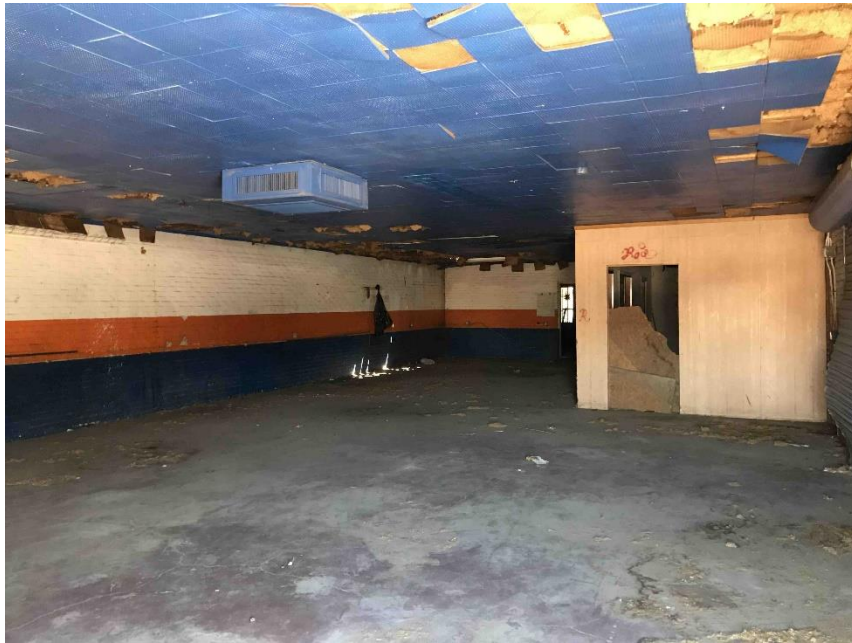
Looking northeast across the subject site



Looking at the subject from Grand Avenue



Looking at the subject from Grand Avenue



Interior of the subject improvements



Looking at the subject from Grand Avenue



Looking east across the subject site



Looking east across the subject site



Looking west across the subject site from 55th Avenue



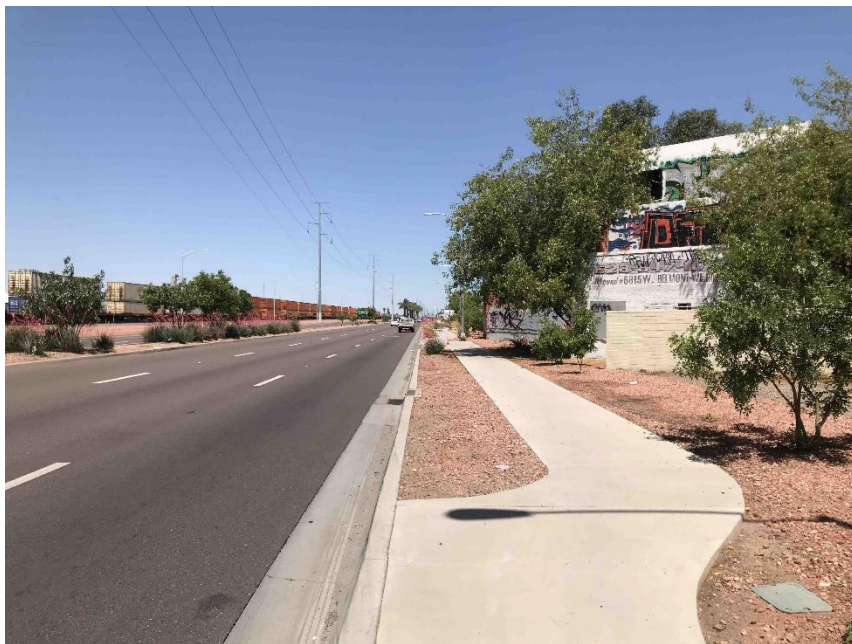
Looking north across the subject site



Looking north along 55th Avenue, subject on the left



Looking south along 55th Avenue, subject on the right



Looking northwest along Grand Avenue, subject on the right



Looking southeast along Grand Avenue, subject on the left

HIGHEST AND BEST USE

Highest and best use is a market driven concept that focuses on market forces as each relates to the subject site identifying the most profitable and competitive use to which the property can be put.

Following is the definition of highest and best use as used in this report:

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)
3. The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) *Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).*

Highest and Best Use as a Vacant Site

Highest and best use of a site as vacant assumes that a parcel of land is vacant or can be vacated by demolishing existing improvements, as of the date valuation.

The purpose of determining the use of the site as vacant is to identify its potential. The goal of the analysis is to ascertain the optimum use of the land as vacant, and what variety or type of improvement, if any, is warranted given present market conditions.

In growth areas and neighborhoods in transition or where a change in the near term is expected, an interim use could be utilized. An interim use may be the existing use, a proposed development, an assemblage or to hold as a speculative investment.

Highest and best use implies contribution of that specific use (ideal improvements) to the community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied, is that the determination of highest and best use results from the appraisers' judgment and analytical skill, i.e., the use determined from analysis represents an opinion, not fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

The highest and best use conclusion may be identical to the one permitted by either zoning ordinances or private restrictions. In some instances land has a more valuable use than that permitted by law. When there is a strong possibility that a change in the legal use would be permitted, then it could properly be considered as a factor affecting value. Conversely, zoning could legally permit a use more intense than the site could reasonably be expected to perform. In such cases, if zoning will not

permit a less intense use, then it is necessary to determine whether or not the zoning could be changed and the effect of this factor upon the ultimate utilization of the property.

Although homogenetic use and compatibility are general considerations for developers, city and county planners and the basis of more intense land use studies, they do not usually indicate the Highest and Best Use of a property.

The Highest and Best Use is considered after analyzing current market conditions relating to the positive and negative attributes of the subject site, significant limitations to the future use and current relationship to other uses in the immediate neighborhood. Specifically, the use must be reasonable within the following areas:

- ***Legally Permissible:*** The use must be a legal use of the land, meeting all regulatory approvals from national to local levels.
- ***Physically Possible:*** The use must be physically feasible and appropriate for the site.
- ***Financially Feasible:*** This area incorporates tests for both financial feasibility and maximum profitability. There must be a proven market demand for any use. Further, the present worth of the economic benefits provided by the demand must be in excess of development costs. The use which returns the greatest profit to the land is considered the highest and best use.
- ***Maximally Productive:*** The most reasonable use which returns the greatest profit to the land is considered the highest and best use.

Each of these areas will be discussed in more detail in the following section of my analysis of Highest and Best Use.

To test highest and best use for the land as vacant, an appraiser analyzes all logical, feasible alternatives with legal permissibility and physical possibilities considered first.

LEGALLY PERMISSIBLE

Legal permissibility is indicated by land use regulations and current zoning code of the controlling governmental agency.

The purpose of zoning is to provide for the orderly growth and harmonious development. Zoning is intended to provide a common ground of understanding and a sound and equitable working relationship between public and private interests to the end that both independent and mutual objectives can be achieved.

The subject site is zoned C-2; General Commercial according the Glendale Planning and Zoning Department.

The intent of this district is to accommodate either integrated or freestanding commercial uses and services. Uses serve both neighborhood scale as well as community level needs. The district is characterized by a wide range of retail uses operated within an enclosed building. Orientation is to major streets with individual access points, signage, and parking areas.

In conclusion, the subject site has a legally permissible use for most commercial uses including but not limited to storage of durable and non-durable goods, hardware sales, auto repair service, engine repair, cocktail lounge, self-storage, hotel and motel, heavy equipment sales, and RV storage.

PHYSICALLY POSSIBLE

Physical possibility is shown by indicating the capabilities and adaptability of the site for the proposed improvement (project) together with the availability of utilities and community services, modifications that may be required and limitations caused by physical characteristics of the site.

The subject site is irregular in shape considered to be functionally adequate for most types of development. As per information supplied for this assignment the subject is 23,840.57 square feet or 0.55 acres in size. The subject site has approximately 215 feet of frontage along Grand Avenue and approximately 100 feet of frontage along 55th Avenue. The depth at the northern end of the site is approximately 205 feet with the southern end of the site having a depth of approximately 130 feet.

The subject property has frontage along two roadways, Grand Avenue and 55th Avenue. There is currently a curb cut along Grand Avenue where the subject has an existing access point along Grand Avenue. However, conversations with ADOT indicated that the subjects' Grand Avenue access will be restricted upon sale of the property and the potential buyer or new owner of the site will be required to remove this access point/curb cut at their cost and the subject site is not considered as having access from Grand Avenue.

The appraiser relied on Maricopa County Assessor information for the appraisal and on the physical inspection of the subject property.

Based upon a review of the available property information, including a Title Report, there do not appear to be any easements, encroachments, or restrictions other than those that are typical for the property type.

Although the subject has frontage along a major roadway, the lack of access from Grand Avenue limits its desirability for multiple commercial uses and it is likely that the site would be more suited to a quasi-industrial/commercial use, such as auto repair, storage, or another destination type commercial use. These types of commercial uses are considered legally permissible and physically possible on the subject site.

FINANCIAL FEASIBILITY

At this point of the Highest and Best Use analysis, the appraiser can conclude that the subject, from legal, physical and appropriate considerations, could be developed with a heavy commercial use. This conclusion statement considers the type of uses that are deemed to be the most reasonable

and prudent uses for the subject, as of the date of valuation. Now at this point, one must divert the analysis with regards to the economic feasibility that may affect the subject site.

To do this task, a market study was conducted. For the purposes of this appraisal report, Market Study is defined as follows: Market Study, a macroeconomic analysis that examines the general market conditions of supply, demand, and pricing or the demographics of demand for a specific area or property type. A market study may also include analyses of construction and absorption trends. Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

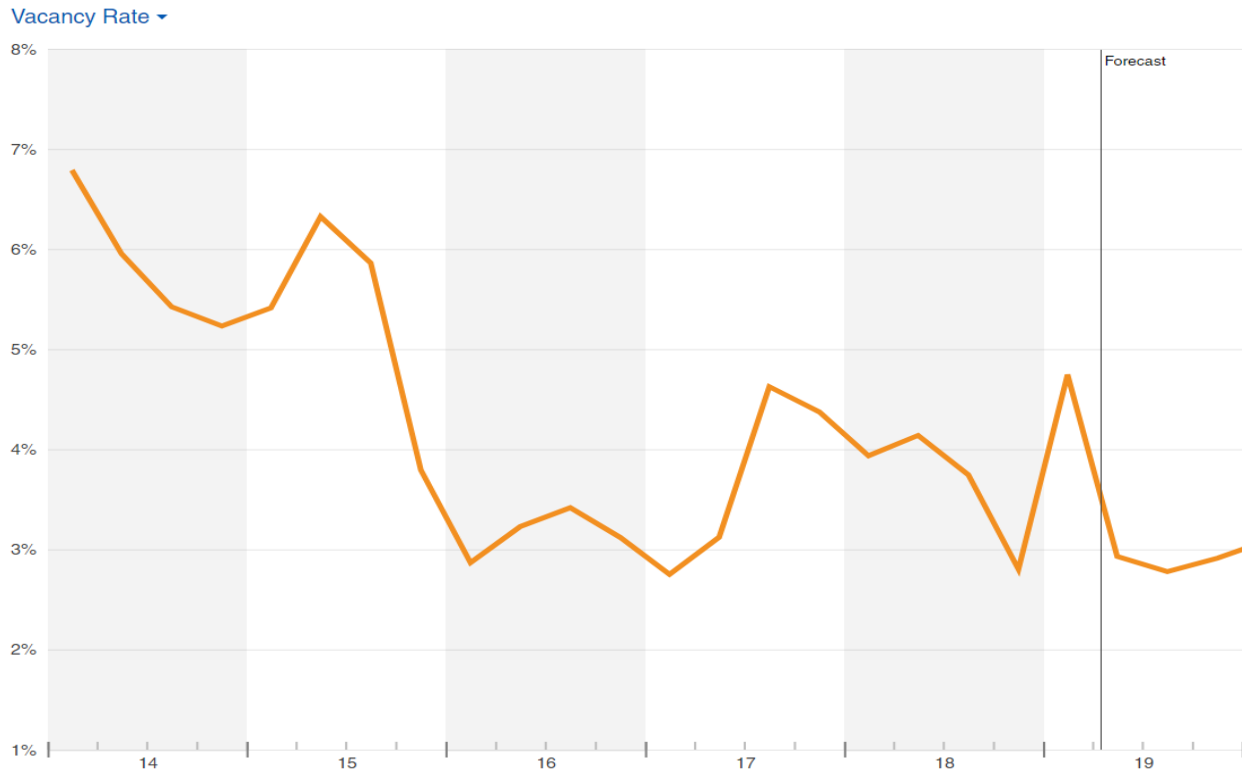
As indicated, the subject is currently zoned for commercial development. Therefore, the appraiser has searched the market to determine if what similar uses are currently feasible in the marketplace.

The following data is based off a survey from CoStar Realty Information for a three mile radius surrounding the subject property.

Industrial

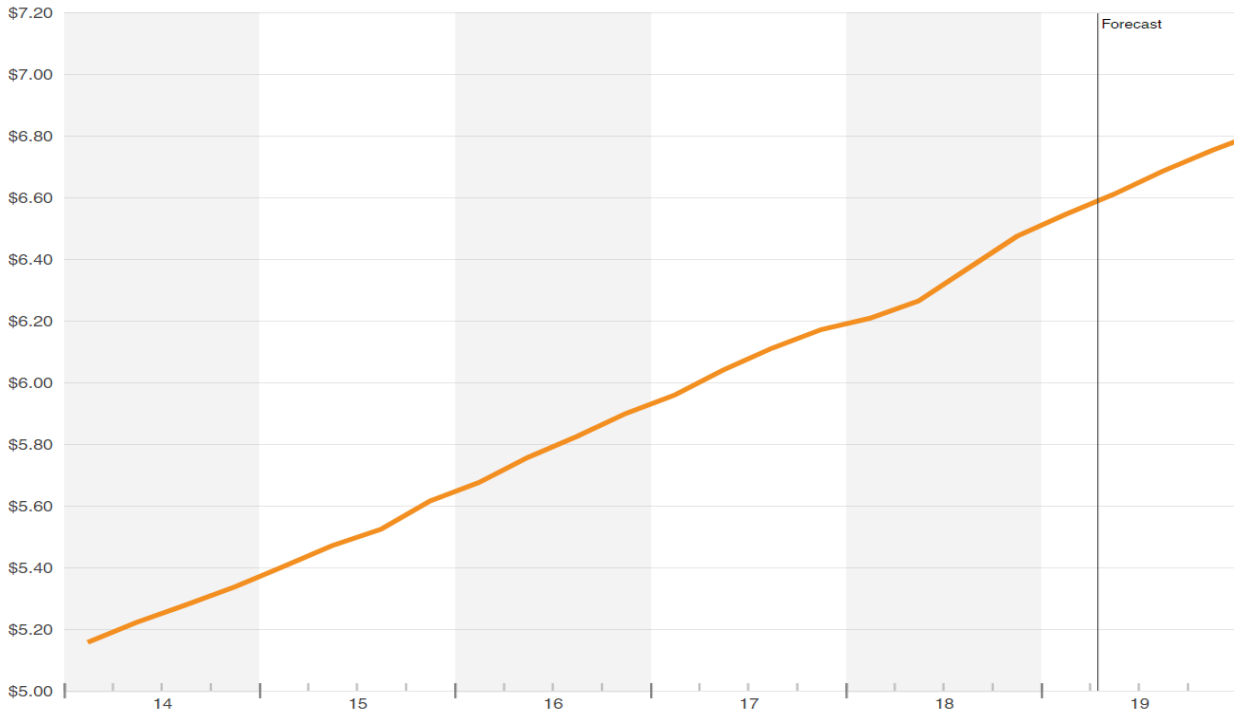
The following historical data from CoStar represents the industrial market including rental rates and vacancy rates.

The 3.0 mile radius surrounding the subject property had an industrial inventory of approximately 11.50 million square feet. Of this area approximately 563,000 square feet was vacant equating to a vacancy rate of 4.9%. Over the past five years, vacancy rates ranged from 2.8% to 6.8%. Over the past year, vacancy rates have been trending downward.



The current quarter showed average asking rental rates of \$6.54 per square foot. Over the past five years, average asking rental rates ranged between \$5.16 per square foot to the current rate of \$6.54 per square foot. Average asking rental rates have been trending upward over the past year.

Market Rent Per SF ▾

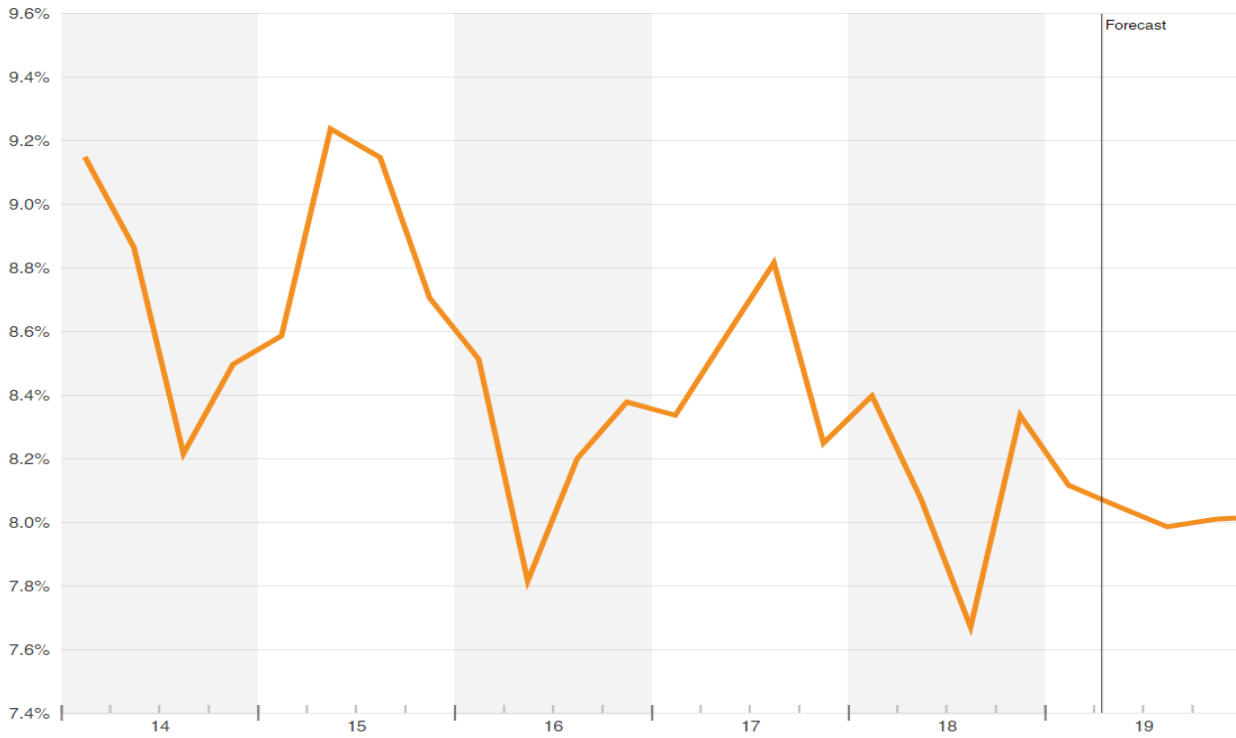


Retail

The following historical data from CoStar represents the retail market including rental rates and vacancy rates.

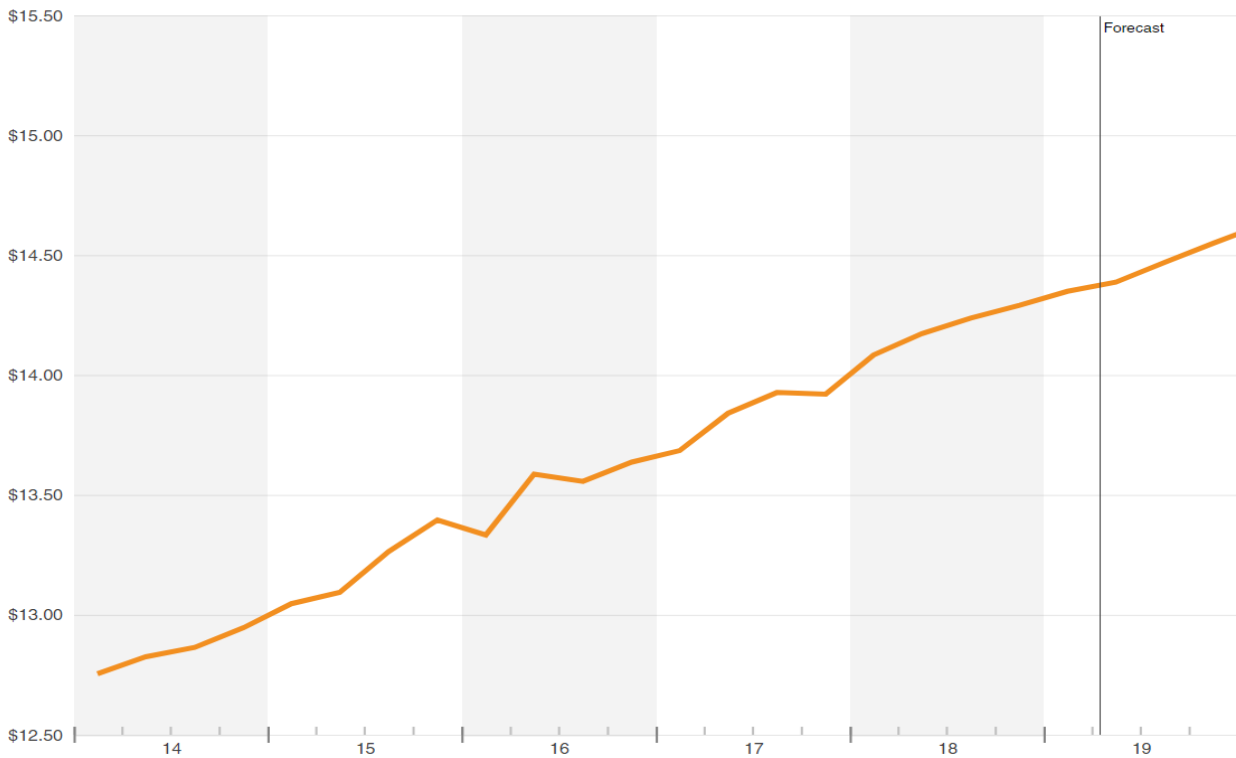
The 3.0 mile radius surrounding the subject property had a retail inventory of approximately 7.60 million square feet. Of this area approximately 621,000 square feet was vacant equating to a vacancy rate of 8.2%. Over the past five years, vacancy rates ranged from 7.7% to 9.1%. Over the past year, vacancy rates have been trending downward.

Vacancy Rate ▾



The current quarter showed average asking rental rates of \$14.35 per square foot. Over the past five years, average asking rental rates ranged between \$12.75 per square foot to the current rate of \$14.35 per square foot. Average asking rental rates have been trending upward over the past year.

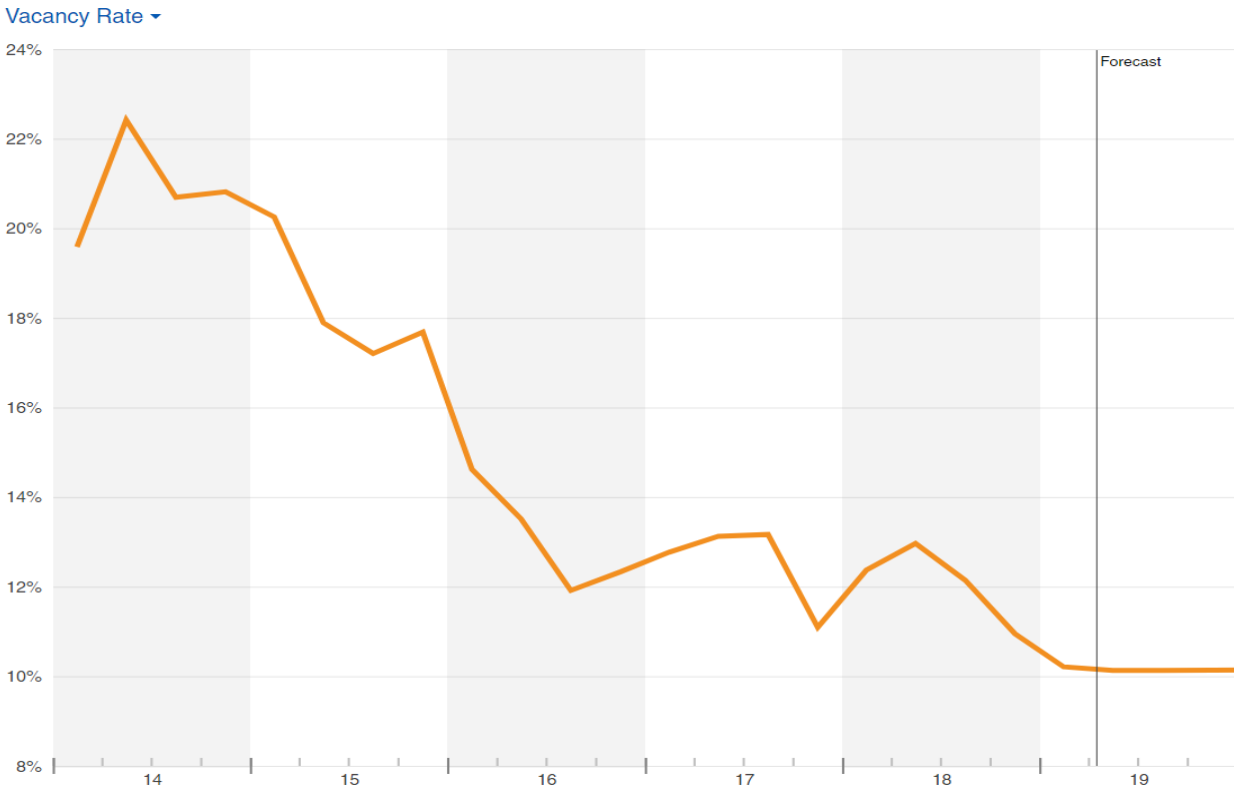
Market Rent Per SF ▾



Office

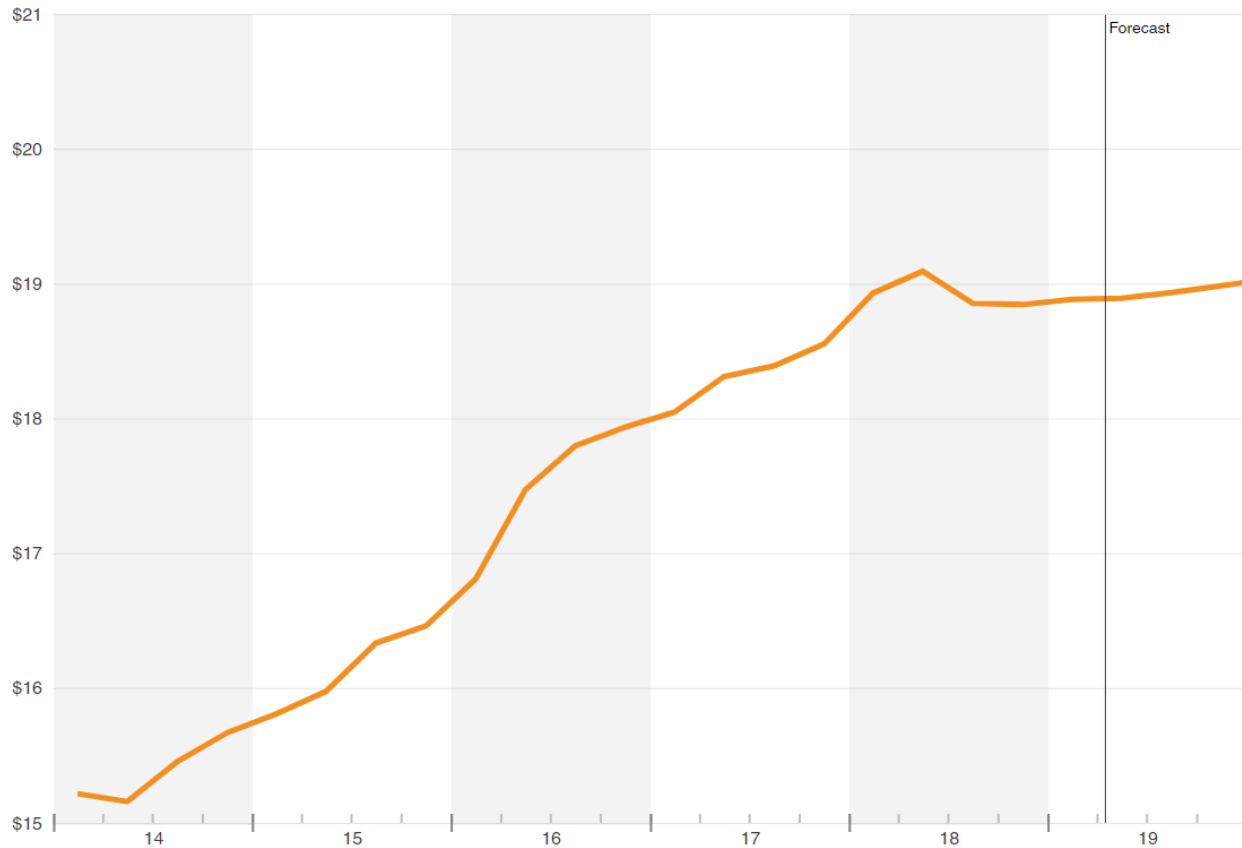
The following historical data from CoStar represents the office market including rental rates and vacancy rates.

The 3.0 mile radius surrounding the subject property had an office inventory of approximately 1.60 million square feet. Of this area approximately 170,000 square feet was vacant equating to a vacancy rate of 10.4%. Over the past five years, vacancy rates ranged from the current rate of 10.4% to 22.4%. Over the past year, vacancy rates have been trending downward.



The current quarter showed gross asking rental rates of \$18.88 per square foot. Over the past five years, gross asking rental rates ranged between \$15.16 per square foot to \$19.09 per square foot. Gross asking rental rates have been trending upward over the past year.

Market Rent Per SF ▾



Although all market segments appear to be in demand at the current time, the industrial market, with its considerably lower vacancy rate shows that demand is outpacing supply. Rental rates have increased year over year. Although the retail market is also doing well, the subject's lack of access from Grand Avenue would lend it to be developed with more of an industrial use that would benefit from having the quality marketing window from Grand Avenue traffic.

Based on the preceding analysis, the appraiser believes that a more industrial type use, as allowed under the C-2 zoning, is considered financially feasible as rental rates have been increasing and vacancy rates have been decreasing.

From the preceding analysis, it is evident the commercial/industrial use that is physically possible and legally permissible is currently financially feasible.

MAXIMALLY PRODUCTIVE:

Of the uses that pass the test of financial feasibility, the use that yields the highest return, usually over the long term and consistent with the risk involved, is considered the highest and best use of

the property. The ideal type and size improvement that would attain the highest possible rental income would be considered the most maximally productive use of the property.

From the preceding analysis, it is evident the commercial/industrial use that is physically possible and legally permissible is currently financially feasible and maximally productive at this time.

CONCLUSION:

Based on an evaluation of the four criteria in determining a property's Highest and Best Use, it has been concluded that the Highest and Best Use of the subject would be for commercial/industrial development.

VALUATION PROCESS

The principles and concepts of real estate appraisal are basic to the valuation process. The principles of real estate are based on anticipation, change, supply and demand, competition, substitution, opportunity cost, balance, contribution, conformity and externalities.

The valuation process is:

A systematic set of procedures an appraiser follows to provide answers to a client's questions about real property value. Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)

The first step in the procedure is to define the appraisal problem: i.e., identify the real estate, the effective date of the value estimate, the property rights being appraised, and definition of value sought. The next step is an overview of the character and scope of the assignment. Once accomplished, factors that affect market value are collected and analyzed. These factors are addressed in the regional, city and neighborhood analysis, the site and improvement analysis, the highest and best use analysis, and in the application of the three approaches to value (the Sales Comparison, the Cost, and Income Capitalization Approaches) which follows.

SALES COMPARISON APPROACH - *The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate unites of comparison, and making adjustments to the sale prices (or unite prices, as appropriated) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as through vacant when an adequate supply of comparable sales is available. Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)*

A Comparative analysis is the process by which a value indication is derived in the sales comparison approach. Comparative analysis may employ quantitative or qualitative techniques, either separately or in combination. The process by which a rental value indication is derived in a rental comparison analysis. Comparative analysis may employ quantitative or qualitative techniques, either separately or in combination. *Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)*

COST APPROACH - *A set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciations from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised. Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)*

One of the approaches to value commonly applied in Market Value estimates and many other valuation situations. A comparative approach to the value of property or another asset that considers, as a substitute for the purchase of a given property, the possibility of constructing

another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. The Valuer's estimate is based on the reproduction or replacement cost of the subject property or asset, less total (accrued) depreciation. The Cost Approach establishes the value of a real property by estimating the cost of acquiring land and building a new property with equal utility or adapting an old property to the same use with no undue cost due to delay. An estimate of entrepreneurial incentive or developer's profit/loss is commonly added to land and construction costs. For older properties, the Cost Approach develops an estimate of depreciation including items of physical deterioration and functional obsolescence. Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

INCOME CAPITALIZATION APPROACH – *A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.*

A comparative approach to value that considers income and expense data relating to the property being valued and estimates value through a capitalization process. Capitalization relates income (usually net income) and a defined value type by converting an income amount into a value estimate. This process may consider direct relationships (whereby an overall capitalization rate or all risks yield is applied to a single year's income), yield or discount rates (reflecting measures of return on investment) applied to a series of incomes over a projected period, or both. The Income Approach reflects the principles of substitution and anticipation.

As the subject is considered to be vacant land and does not produce income and has no improvements, only the Sales Comparison Approach is considered in this report in order to determine a value of the subject site.

SALES COMPARISON APPROACH

In the Sales Comparison Approach, market value is estimated by comparing the subject property to similar properties that have been sold recently or for which offers to purchase have been made. A major premise of the Sales Comparison Approach is that the market value of a property is directly related to the prices of comparable, competitive properties.

There are five basic steps in the Sales Comparison Approach:

1. Research the market to locate sales of properties similar to the subject.
2. Confirm and verify the sales price, terms of sale, physical characteristics, income characteristics and that the sale represents an arms-length transaction.
3. Identify relevant elements of comparison and analyze each sale for each unit.
4. Compare the subject property to the comparable sales and adjust each for relevant differences to establish comparability.
5. Reconcile the various indications of value into a market value estimate for the subject property.

Public records of Maricopa County, Arizona have been searched for recent sales of comparable properties in the market. Additionally, market participants have been consulted regarding market sales and how participants analyze property for purchase. Sales have been confirmed with the seller, buyer, real estate broker or other persons knowledgeable about each transaction and verified by Affidavit of Property Value which is a sworn statement as to the validity of the transaction.

The appraiser has searched the market place for similar sized sites with similar utility and zoning as the subject. The sales utilized are considered the best comparable data available.

COMPARABLE LAND SALE NO. 1



LOCATION	3710 Northwest Grand Avenue, Phoenix, AZ
GRANTOR	David H. Wolf
GRANTEE	Raymundo A. Montoya
RECORDING DATE	April 8, 2019
DAYS ON MARKET	595
PARCEL NO.	107-09-009A
DOCUMENT NO.	19-0174082
SALE PRICE	\$165,000
SALE PRICE/SF	\$4.53
TERMS	Cash Equivalent
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction REO Sale
CONFIRMED BY	Scott Hall, Seller Broker 602.843.5200
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and CoStar.
SALES HISTORY	No prior sales in the previous three years.

SITE DATA

Land Size/SF	36,436
Land Size/Acre	0.84
Frontage	Major
Location	Corner
Surroundings	Average
Traffic Count (vpd)	41,550
Topography	Level
Utilities	Yes
Off-sites	Yes
Flood Zone	X
Zoning	C-3
Present Use	Vacant Land
Highest and Best Use	Commercial development

COMMENTS

The site is irregular in shape with frontage and access from both Grand Avenue and 37th Avenue. The buyers plans for the site are unknown.

AERIAL VIEW



COMPARABLE LAND SALE NO. 2



LOCATION	4386 West Bethany Home Road, Glendale, AZ
GRANTOR	Prayer Assembly of God in Christ, Inc.
GRANTEE	The Leona Group Arizona, LLC
RECORDING DATE	April 9, 2018
DAYS ON MARKET	N/Av
PARCEL NO.	146-29-003B & 003C
DOCUMENT NO.	18-0265243
SALE PRICE	\$775,000
SALE PRICE/SF	\$4.16
TERMS	Cash Equivalent
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction Typical
CONFIRMED BY	Justin Himelstein, Broker (602) 468-8587
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and CoStar.
SALES HISTORY	No prior sales in the previous three years.

SITE DATA

Land Size/SF	186,437
Land Size/Acre	4.28
Frontage	Major
Location	Interior
Surroundings	Average
Traffic Count (vpd)	19,300
Topography	Level
Utilities	Yes
Off-sites	Yes
Flood Zone	X
Zoning	C-O
Present Use	Vacant Land
Highest and Best Use	Commercial development

COMMENTS

The property was purchased as an investment and included two parcels. The site is rectangular in shape with frontage along Bethany Home Road.

AERIAL VIEW



COMPARABLE LAND SALE NO. 3



LOCATION	5233 West Luke Avenue, Glendale, AZ
GRANTOR	Edward Melton
GRANTEE	Ezekiel Bahar
RECORDING DATE	March 2, 2018
DAYS ON MARKET	1,880
PARCEL NO.	144-76-008 & 009
DOCUMENT NO.	18-0160746
SALE PRICE	\$260,000
SALE PRICE/SF	\$4.66
TERMS	Cash Equivalent
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction Typical
CONFIRMED BY	Sanuel Sorensen, Broker (602) 369-4059
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and CoStar.
SALES HISTORY	None in previous three years

SITE DATA

Land Size/SF	55,757
Land Size/Acre	1.28
Frontage	Minor
Location	Interior
Surroundings	Average
Traffic Count (vpd)	Light
Topography	Level
Utilities	Yes
Off-sites	Yes
Flood Zone	X
Zoning	M-2
Present Use	Vacant Land
Highest and Best Use	Industrial Development

COMMENTS

The property was purchased as an investment and included two parcels. The site is rectangular in shape with frontage along Luke Avenue.

AERIAL VIEW



COMPARABLE LAND SALE NO. 4



LOCATION	4107 West Camelback Road, Phoenix, AZ
GRANTOR	Feldman Robert B Trustee
GRANTEE	Pishi & Hapoo, LLC
RECORDING DATE	July 14, 2017
DAYS ON MARKET	N/Av
PARCEL NO.	107-01-003A & 004
DOCUMENT NO.	17-0151468
SALE PRICE	\$100,000
SALE PRICE/SF	\$3.76
TERMS	Cash Equivalent
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction Typical
CONFIRMED BY	Rosemary Landauer, Seller Broker 602.242.0629
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and CoStar.

SALES HISTORY

None in previous three years

SITE DATA

Land Size/SF	26,572
Land Size/Acre	0.61
Frontage	Major
Location	Corner
Surroundings	Average
Traffic Count (vpd)	36,874
Topography	Level
Utilities	Yes
Off-sites	Yes
Flood Zone	X
Zoning	C-1
Present Use	Vacant Land
Highest and Best Use	Commercial development

COMMENTS

The sale included two parcels that were rectangular in shape. The site is located on a corner with frontage along Camelback Road and 41st Drive.

AERIAL VIEW



COMPARABLE LAND SALE NO. 5



LOCATION	6845 West Frier Drive, Glendale, AZ
GRANTOR	Five Top Investments, LLC
GRANTEE	Down 2 Earth Communications, LLC
RECORDING DATE	March 17, 2017
DAYS ON MARKET	29
PARCEL NO.	143-24-039
DOCUMENT NO.	17-0191825
SALE PRICE	\$88,000
SALE PRICE/SF	\$4.05
TERMS	Cash Equivalent
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction Typical
CONFIRMED BY	Repeated attempts to contact the buyer, seller, and/or broker were unsuccessful; the vital sales data was confirmed through a signed affidavit of property value and CoStar.
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and CoStar.
SALES HISTORY	None in previous three years

SITE DATA

Land Size/SF	21,750
Land Size/Acre	0.50
Frontage	Minor
Location	Interior
Surroundings	Average
Traffic Count (vpd)	Light
Topography	Level
Utilities	Yes
Off-sites	Yes
Flood Zone	X
Zoning	M-1
Present Use	Vacant Land
Highest and Best Use	Industrial development

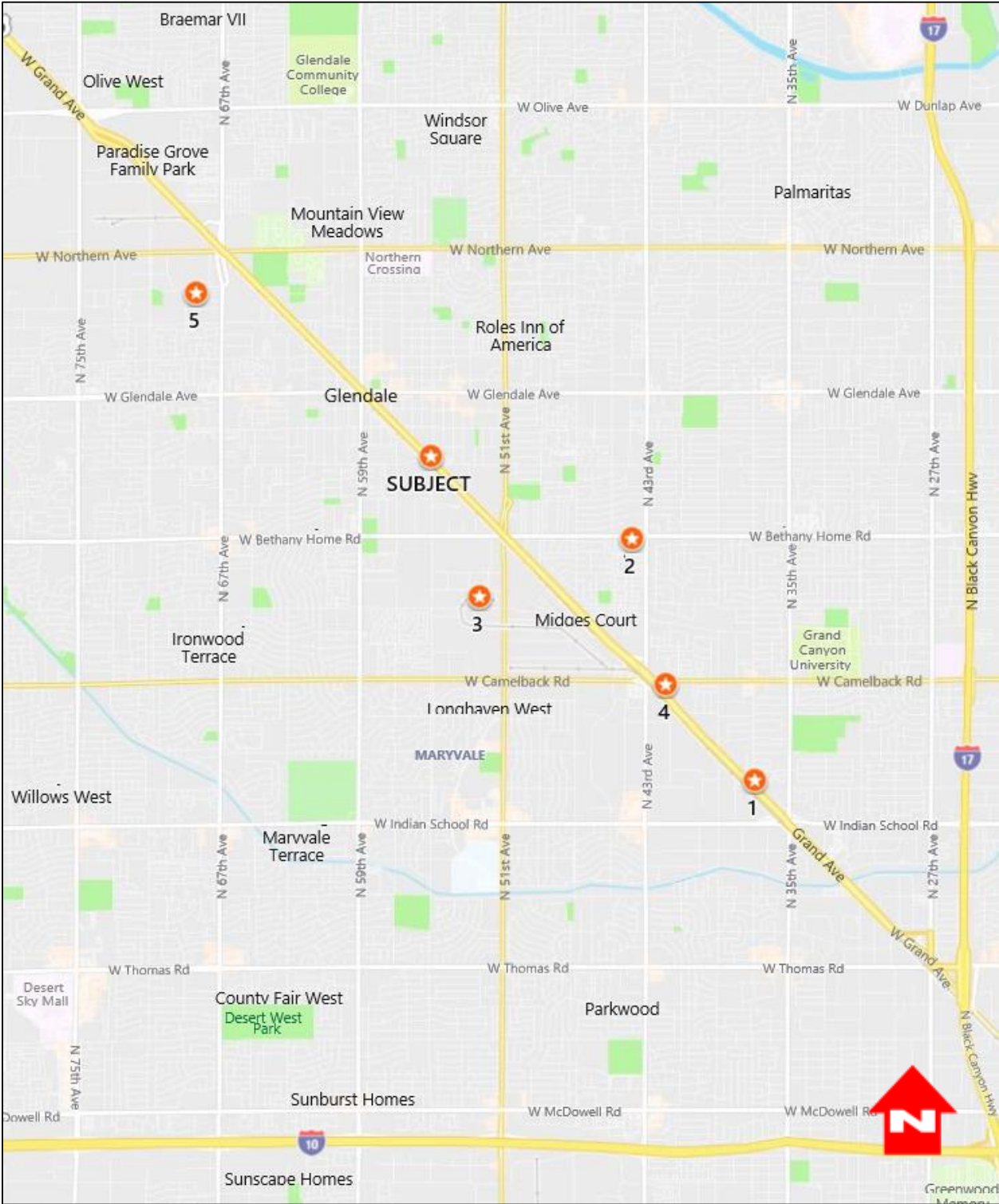
COMMENTS

The property was purchased as an investment. The site is rectangular in shape with frontage along Frier Drive and utilized for vehicle storage.

AERIAL VIEW



LAND SALES MAP



LAND SALES SUMMARY CHART

Sale Data	Subject Property	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4	Sale No. 5
Sales Price		\$165,000	\$775,000	\$260,000	\$100,000	\$88,000
Price/SF		\$4.53	\$4.16	\$4.66	\$3.76	\$4.05
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing	Cash	Cash Equivalent	Cash Equivalent	Cash Equivalent	Cash Equivalent	Cash Equivalent
Sale Condition	Typical	REO Sale	Typical	Typical	Typical	Typical
Market Conditions	Current	4/19	4/18	3/18	7/17	3/17
Land/SF	23,841	36,436	186,437	55,757	26,572	21,750
Land/Acre	0.55	0.84	4.28	1.28	0.61	0.50
Arterial Frontage	Major	Major	Major	Minor	Major	Minor
Location/Access	Corner*	Corner	Interior	Interior	Corner	Interior
Traffic Count	38,300	41,550	19,300	N/Av	36,874	N/Av
Surroundings	Average	Average	Average	Average	Average	Average
Topography	Level	Level	Level	Level	Level	Level
Utilities	Yes	Yes	Yes	Yes	Yes	Yes
Off-Sites	Yes	Yes	Yes	Yes	Yes	Yes
Flood Zone	X	X	X	X	X	X
Zoning	C-2	C-3	C-O	M-2	C-1	M-1

*Access only available from one (minor) roadway

SALES DATA:

A search was made to obtain comparable market data. Because no two properties are ever exactly the same, adjustments are considered to reflect the differences so that a valid estimate of value can be made. The unit of measure considered in this report is price per square foot. This unit of measure is commonly used in the market for vacant land property and is accepted as a method of assisting in the determination value.

The appraiser is of the opinion that the accumulated sales data accurately reflects the present market and its interrelated economic forces. Unfortunately, there is disparity within the data in relation to the most likely common denominator, (price per square foot). This disparity can be attributed to:

- (1) Varying locations of the respective sale properties.
- (2) Inconsistencies relative to the overall plot size of the sale properties in relation to the subject.
- (3) Physical characteristics and fill requirements.
- (4) Real Estate reflects an imperfect market.

The comparative sales analysis focuses on the legal, physical, location and economic characteristics of similar properties as compared to the subject property. Other considerations are real property rights conveyed, financing terms, conditions of sale, date of sale, physical and income characteristics, all of which can account for variations in price.

Adjustments to a property may be made either in terms of a percentage or dollars per acre. There is no “proper” method of adjustment to strictly adhere to since adjustments depend on how the relationship between the two properties is perceived by the market. A market value estimate is not determined by a set of precise calculations. Appraisal has an art aspect in that an appraiser uses their judgment to analyze and interpret quantitative data.

Adjustments to the sales are made as follows:

PROPERTY RIGHTS CONVEYED:

All of the comparable sales are believed to be unencumbered and the ownership rights transferred were Fee Simple Estate.

FINANCING:

All of the comparable sales were all cash to the seller or equivalent and no adjustment is necessary for financing.

CONDITIONS OF SALE:

All of the comparable sales were reported to be arms-length transactions and no adjustments were made.

MARKET CONDITIONS:

The comparable sales were transacted between March 2017 and April 2019 and are considered to generally reflect current market conditions. It is noted that sale prices have been moving upwards slightly over the last several years and it is concluded that comparables four and five transacting in 2017 occurred in a slightly inferior market and will be adjusted upward.

LOCATION:

An adjustment for location is necessary when the location characteristics of a comparable property are different from those of the subject property. Factors analyzed include overall frontage/visibility, surrounding development and access.

The subject is located with good frontage and visibility along Grand Avenue and 55th Avenue in Phoenix. Although the subject has Grand Avenue frontage, it does not have access from this roadway and access will be restricted from Grand Avenue. The property has good frontage and access to the Metropolitan Phoenix transportation network with Grand Avenue being a heavily traveled roadway.

Arterial Frontage:

The subject is located along one major arterial and one minor roadway with an average daily traffic count of 38,300 vehicles per day. Comparable sales one, two, and four were located along major roadways, similar to the subject. Comparable two had a slightly inferior traffic count as compared to the subject and will be adjusted. While comparables three and five were located along minor roadways and with minimal traffic and each will be adjusted upward for this inferior attribute.

Access:

The subject is located on a corner with good visibility to multiple roadways, however access was only available via one roadway (55th Avenue). Comparables one and four were located at the corner of two arterials and have two points of access, considered a superior attribute and each of these will be adjusted downward. Comparables two, three, and five are each similar to the subject with one point of access and no adjustment is made.

Surroundings:

Comparable sale two was located within an area of slightly superior surrounding development due to its location within more retail oriented neighborhood near a section line corner. This comparable will be adjusted downward accordingly. Comparables one, three, four, and five was located within areas considered similar to the subject and no adjustment was made.

Locational Characteristics Chart:

Location Factors	Subject Property	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Arterial Frontage	Major	Similar	Inferior	Inferior	Similar	Inferior
Adjustment		0%	+5%	+5%	0%	+5%
Access	Corner	Superior	Similar	Similar	Superior	Similar
Adjustment		-3%	0%	0%	-3%	0%
Surroundings	Average	Similar	Superior	Similar	Similar	Similar
Adjustment		0%	-5%	0%	0%	0%
Quantitative Adjustment		-3%	0%	+5%	-3%	+5%

PHYSICAL CHARACTERISTICS:

Physical characteristics include the following; size of parcel, shape of parcel, topography, improvements, and availability of utilities.

As previously reported in the Site Data section of this report, the subject site is 23,841 square feet or 0.55 acres in size with a level topography. The subject has all utilities to the site. The subject is being valued as if it were vacant land with no improvements. The site is located outside of a flood plain and considered to have average development potential for the area.

Size:

The subject is 23,841 square feet in size and the comparable sales ranged in size from 21,750 square feet to 186,437 square feet in size. Typically, larger sites sell for a higher price due to the developmental capabilities to build more units as compared to smaller sites. Comparable sales two and three were considered larger than the subject and each will be adjusted upward. Sales one, four, and five were generally similar and no adjustment was made.

Shape:

The subject is irregular in shape and is generally considered adequate for development. All of the comparable sales had adequate shape and no adjustment was made.

Topography:

All of the comparable sales had similar topography compared to the subject and will not be adjusted.

Easements:

There were no abnormal easements noted within the Title Report for the subject property. None of the comparable sales appeared to have any development limitations and no adjustment was made.

Utilities:

All of the comparable sales had utilities available to their sites similar to the subject and will not be adjusted.

Off-Sites:

All of the comparable sales had off-sites similar to the subject and will not be adjusted.

Flood Zone:

The subject is located within an X flood hazard area. Each of the comparables were located outside of flood hazard areas and are considered similar to the subject.

Physical Characteristics Chart:

Physical Attributes	Subject Property	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Size/SF	23,841	Similar	Larger	Larger	Similar	Similar
Adjustment		0%	+10%	+5%	0%	0%
Shape	Irregular	Similar	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%	0%
Topography	Level	Similar	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%	0%
Easement	No	Similar	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%	0%
Utilities	Yes	Similar	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%	0%
Off-Sites	Yes	Similar	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%	0%
Flood Zone	No	Similar	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%	0%
Quantitative Adjustment		0%	+10%	+5%	0%	0%

ZONING:

The subject is zoned C-2, General Commercial in the City of Glendale. This use allows for multiple commercial uses, of which it was determined that due to the lack of direct access from Grand Avenue, it's likely the subject would have a more industrial type use allowed within this commercial zoning such as auto repair or storage. The comparables utilized were either commercially zoned or industrially zoned sales within the area considered similar to the subject. Comparable one had a similar zoning to the subject and no adjustment was made. Comparables two and four were zoned C-O and C-1 respectively, and are commercial office and limited commercial zonings as these are meant for development near residential communities and are considered slightly less desirable due to their limitations. Each was adjusted upward. Comparables three and five were zoned M-2 and M-1 for heavy and light industrial development respectively. Comparable three zoned for Heavy industrial uses is considered a desirable attribute due to the lack of land allowing this use and this comparable will be adjusted downward slightly. Comparable five zoned M-1, light industrial is considered similar to the subject and its highest and best use and no adjustment is made.

In conclusion, the values indicated in the Summary of Sales show a range from \$3.76 per square foot to \$4.66 per square foot before adjustments. It is believed the indicated value range is reflective of the utility, wants, and needs of buyers in the current marketplace.

SALES ADJUSTMENT CHART

Elements of Comparison	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Price/SF	\$4.53	\$4.16	\$4.66	\$3.76	\$4.05
Property Rights	0.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Price	\$4.53	\$4.16	\$4.66	\$3.76	\$4.05
Financing	0.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Price	\$4.53	\$4.16	\$4.66	\$3.76	\$4.05
Condition of Sale	0.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Price	\$4.53	\$4.16	\$4.66	\$3.76	\$4.05
Market Conditions	0.00%	0.00%	0.00%	6.00%	6.00%
Adjusted Price	\$4.53	\$4.16	\$4.66	\$3.99	\$4.29
Locational Factors	-3%	0%	+5%	-3%	+5%
Physical Attributes	0%	+10%	+5%	0%	0%
Zoning	0%	+5%	-5%	+5%	0%
Overall Adjustment	-3%	+15%	+5%	+2%	+5%
Final Indicated Value	\$4.39	\$4.78	\$4.89	\$4.07	\$4.50

CONCLUSION OF SITE VALUE:

After adjustments have been made to the cumulative adjustment factors a value range results from \$4.07 per square foot to \$4.89 per square foot with an indicated mean of \$4.53 per square foot. All of the comparable sales are considered to be located within the same general market as the subject site and are good indicators of land value in the area.

Based on this information, after due consideration is given to the subject's small size and Grand Avenue frontage, it is conclude that the site would have a value near the middle of the range or \$4.50 per square foot.

This would equate to a Market Value of the subject site, as if vacant, of:

$$23,841 \text{ SF} \times \$4.50/\text{SF} = \$107,285$$

The value estimated above does not include the cost to remove the access point along Grand Avenue which, according to the client, would be a cost incurred by a the buyer of the site. Based on concrete costs and construction bids of similar improvements from other projects the appraiser has been associated with, it is estimated that removal of the existing access point and replacing it with a solid curb would cost approximately \$3,000, which will be deducted from the value concluded to above.

$$\$107,285 - \$3,000 = \$104,285$$

Rounded to: \$105,000

RECONCILIATION

The Final Reconciliation is the process of coordinating and integrating related facts to form a unified conclusion. Final Reconciliation is defined as: *The last phase in the development of a value opinion in which two or more value indications derived from market data are resolved into a final value opinion, which may be either a range of value, in relation to a benchmark, or a single point estimate.* Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

The orderly connection of interdependent elements is a prerequisite of proper reconciliation. This requires a re-examination of specific data, procedures, and techniques within the framework of approaches used to derive preliminary estimates. The approach utilized to conclude to a value estimate considered appraisal techniques which encompassed: (1) reviewed to make sure that the data is authentic and reflects pertinent market activity and (2) the analytical techniques used and the logic followed are valid, realistic, and consistent. In addition, all mathematical calculations have been checked by someone other than the appraiser in an attempt to eliminate errors.

One approach to value have been employed in the analysis. The data together with the line of reasoning followed for each approach is clearly set forth.

Sales Comparison Approach \$105,000

The reconciliation considers and evaluates alternate value indication to arrive at a final value estimate. Each value indication is weighted according to relative significance, applicability, and defensibility and relies most heavily on the approach that is most appropriate to the purpose of the appraisal.

In an appraisal report, the final value estimate may be stated as a single figure or as a range of values. Or an appraiser may choose to show the range and then cite the final value as a single figure within the range. Traditionally, a **point estimate** is typically regarded as the most probable number, not the only possible number, and is often required for revenue and compensation purposes and for lending purposes. Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015). A **point estimate** concept is utilized in this reconciliation.

The Sales Comparison Approach was based upon sales of similar properties considered comparable to the subject. These sales, after adjustments for the various elements of comparison, were analyzed from which an indication of value was derived. Sales were selected that were considered the most representative properties that could be located in the market. This approach is considered a good indication of value and a reflection of the motivations of market participants and was utilized.

Based on the information found in my investigation, I am of the opinion that the Market Value of the subject, as if vacant, as of May 1, 2019, is:

ONE HUNDRED FIVE THOUSAND DOLLARS
(\$105,000.00)

**RIGHT OF WAY SECTION
APPRAISAL SERVICES
CERTIFICATE OF APPRAISER**

Project No.: M697201X
Parcel No.: L-C-040

I hereby certify:

That I personally inspected the property herein appraised, and that I have afforded the property owner the opportunity to accompany me at the time of inspection. I also made a personal field inspection of each comparable sale relied upon in making said appraisal. The subject and the comparable sales relied upon in making the appraisal were as represented by the photographs contained in the appraisal.

That I have given consideration to the value of the property the damages and benefits to the remainder, if any; and accept no liability for matters of title or survey. That, to the best of my knowledge and belief, the statements contained in said appraisal are true and the opinions, as expressed therein, are based upon correct information; subject to the limiting conditions therein set forth.

That no hidden or unapparent conditions of the property, subsoil, or structures were found or assumed to exist which would render the subject property more or less valuable; and I assume no responsibility for such conditions, or for engineering which might be required to discover such factors. That, unless otherwise stated in this report, the existence of hazardous material, which may or may not be present in the property, was not observed by myself or acknowledged by the owner. The appraiser, however, is not qualified to detect such substances, the presence of which may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

That my analysis, opinions, and conclusions were developed, and this report has been prepared in conformity with the ADOT ROW Procedures Manual, Chapter 4, Appraisal Standards and Specifications (2016); the Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24; and the Uniform Standards of Professional Appraisal Practice (USPAP 2018-2019) guidelines.

That this appraisal has further been made in conformity with the appropriate State and Federal laws, regulations, and policies and procedures applicable to appraisal of right-of-way for such purposes; and that, to the best of my knowledge, no portion of the value assigned to such property consists of items which are non-compensable under the established laws of said State.

That I understand this appraisal may be used in connection with the acquisition of right-of-way for a highway to be constructed by the State of Arizona with the assistance of Federal aid highway funds or other Federal funds.

That neither my employment nor my compensation for making the appraisal and report are in any way contingent upon the values reported herein.

That I have no direct or indirect present or contemplated future personal interest in the property that is the subject of this report, or any benefit from the acquisition of the property appraised herein.

That I have not revealed the findings and results of such appraisal to anyone other than the proper officials of the Arizona Department of Transportation or officials of the Federal Highway Administration, and I will not do so unless so authorized by proper State officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

That my opinion of the Market Value of the property to be acquired and its effects, as of May 1, 2019 is \$105,000 for the entire project based on my independent appraisal and the exercise of my professional judgment.

May 7, 2019



Zach Sinay, MAI, R/W-AC
Certified General Real Estate Appraiser No. 31199

CERTIFICATION

I certify that, to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting pre-determined results. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

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

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report. As of the date of this report, I, Zach Sinay, have completed the standards and ethics education requirements for Candidates of the Appraisal Institute.

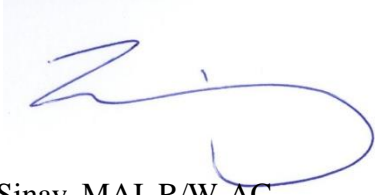
Zach Sinay has made a personal inspection of the property that is the subject of this report. It should be noted that no other person provided significant real property appraisal assistance to the person signing this certification.

Zach Sinay possess the knowledge and experience to thoroughly complete this appraisal assignment. Please refer to the Qualifications of the Appraiser(s) included in the following pages for additional information regarding professional education and pertinent experience of the aforementioned appraiser.

Under federal mandate, state licensing and/or certification of appraisers are required on or before August 15, 1991. Permission is hereby granted by the client for the appraiser to furnish the appropriate governmental authority or their authorized designated representative(s) any and all materials requested for oversight review.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*, the Code of Professional Ethics, Bylaws, Regulations and Standards of Professional Appraisal Practice of the Appraisal Institute.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Zach Sinay', is written over a light blue rectangular background.

Zach Sinay, MAI, R/W-AC
Certified General Real Estate Appraiser No. 31199

QUALIFICATIONS OF ERIC ZACHARY SINAY
Certified General Real Estate Appraiser No. 31199

FORMAL EDUCATION:

Graduated from Arizona State University, May 1998, Bachelor of Science.

PROFESSIONAL EDUCATION:

Arizona School of Real Estate, Real Estate Valuation 101, Scottsdale, AZ, 1999
Arizona School of Real Estate, Real Estate Valuation 102, Scottsdale, AZ, 1999
Arizona School of Real Estate, Real Estate Valuation 103, Scottsdale, AZ, 2001
Arizona School of Real Estate, Real Estate Valuation 104, Part B, Scottsdale, AZ, 2001
Arizona School of Real Estate, Real Estate Valuation 104, Part A, Scottsdale, AZ, 2002
International Right of Way Association, Environmental Issues C-600, Tempe AZ, 2004
International Right of Way Association, The Appraisal of Partial Acquisitions C-401, San Diego, CA, 2004
International Right of Way Association, The Principles of Real Estate Law C-800, Las Vegas, NV, 2004
International Right of Way Association, The Principles of Real Estate Engineering C-900, Las Vegas, NV, 2004
McKissock, Construction Details & Trends, Continuing Online Education Course, 2008
McKissock, Cost Approach, Continuing Online Education Course, 2008
McKissock, Income Approach, Continuing Online Education Course, 2008
International Right of Way Association, Introduction to the Income Capitalization Approach, C-402, 2009
International Right of Way Association, Ethics and the Right of Way Profession C-103, 2009
McKissock, How to Analyze and Value Income Properties, 2009
McKissock, Land and Site Valuation, 2009
McKissock, Introduction to Expert Witness Testimony, 2009
International Right of Way Association, Easement Valuation C-403, 2009
McKissock, Evolution of Finance & The Mortgage Market, 2011
McKissock, Nuts and Bolts of Green Building, 2011
McKissock, Foundations in Sustainability: Greening the Real Estate and Appraisal Industry, 2011
Appraisal Institute, Business Practices and Ethics, 2013
Appraisal Institute, Advanced Income Capitalization, 2013
Appraisal Institute, General Appraiser Report Writing and Case Studies, 2013
Appraisal Institute, Quantitative Analysis, 2013
Appraisal Institute, Advanced Market Analysis and Highest and Best Use, 2013
Appraisal Institute, Advanced Concepts & Case Studies, 2014
McKissock, Appraisal of Self Storage Facilities 2018
McKissock, Appraisal of Land Subject to Ground Lease, 2018
7-Hour Uniform Standards of Professional Appraisal Practice (USPAP) – Current

PROFESSIONAL AFFILIATIONS:

Appraisal Institute - MAI designated member. "The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAIs and SRAs who meet the minimum standards of this program are awarded periodic educational certification. I am certified under this program."

International Right of Way Association, "The Right of Way (R/W) Certification is granted to IRWA members who have achieved professional status through experience, education and examination in a single right of way discipline." I have been awarded the Right of Way Appraisal Certification (R/W-AC).

EXPERIENCE:

Independent Contract Appraiser, Appraisal Technology, Inc., April 1999-Present

SCOPE OF WORK:

Assignments have included the valuation of:

- Residential:** Single and multiple family properties.
- Commercial:** Retail shopping centers, offices, restaurants and hotels.
- Industrial:** Warehouse, manufacturing, distribution, automotive and self-storage.
- Vacant Land:** All types. Right-of-Way: Total & partial acquisition

Department of Financial Institutions

State of Arizona

CGA - 31199

This document is evidence that:
ERIC ZACHARY SINAY
has complied with the provisions of
Arizona Revised Statutes, relating to the establishment and operation of a:

Certified General Real Estate Appraiser

and that the Superintendent of Financial Institutions of the State of Arizona has granted this license to transact the business of a:
Certified General Real Estate Appraiser

ERIC ZACHARY SINAY

This license is subject to the laws of Arizona and will remain in full force and effect until surrendered, revoked or suspended as provided by law.

Expiration Date : January 31, 2020

Signed in the Superintendent's office at 2910 North 44th Street, Suite 310,
in the City of Phoenix, State of Arizona, this 22nd day of January, 2018.



Robert D. Charlton
Superintendent

ADDENDA

EXHIBIT 1

Engagement Letter

**ARIZONA DEPARTMENT OF TRANSPORTATION
ENGINEERING CONSULTANTS SECTION**

CONTRACT MODIFICATION

Contract Number:	<u>2016-018.01</u>	Modification Number:	<u>12</u>
Consultant:	<u>Appraisal Technology, LLC - Zach Sinay</u>		
Project Name:	<u>Right Of Way Group Statewide Appraisal On-Call Services</u>		
Project Number:	<u>Various</u>	FA	Non-FA <u>X</u>

Bilateral Supplemental Agreement: XX

FOR VALUABLE CONSIDERATION, it is mutually agreed that Section 2.01, "Scope of Work", is amended to include the work detailed in the Project's Manager's request dated March 26, 2019, which is attached hereto and made a part hereof, shall be performed and payment made as shown therein, all in accordance with the terms of the contract. It is understood that the State is unable to perform this work at the present time and the Consultant's fee has been reviewed relevant to the Scope of Work and is considered satisfactory. All other terms and conditions of the contract remain unchanged, and shall govern in the event of a conflict with any statement in the aforementioned letter.

TIME EXTENSION: As detailed in the attached correspondence from the N/A an extension of contract time is hereby requested for N/A calendar days. It is hereby specified that the work is to be completed within 1095 calendar days from date of authorization to proceed, or by August 19, 2019, the adjusted contract completion date

Unilateral Change Order: _____

THE FOLLOWING CHANGE(S), as detailed in the State's directive dated N/A, which is attached hereto and made a part hereof, shall be performed in strict accordance with the terms and conditions of the contract. All other terms and conditions of the contract remain unchanged.

ADOT Project Number: M697201X
 Federal Project Number: N/A
 Task Order Number: 7

TOTAL DIFFERENCE

	PLUS	MINUS
Additional Funds		
43rd Avenue-71st Avenue Parcel L-C-034		-0-

Approved for the Consultant
Appraisal Technology, LLC

By [Signature]
 Signature _____
 Name ZACH SINAY
 Type or Print Name _____

Title _____

Date 4/12/19

Approved for the State
Arizona Department of Transportation

By [Signature]
 Signature _____
 Name Greg Wristen
 Title ECS MANAGER

Date 4/15/19

"By signing this document, the Consultant declares that the contract modification was reviewed and to the best of the consultant's knowledge and belief, it is true, correct, and approved. Both parties agree that manually or electronically signing and submitting the contract modification via a PDF document by email is acceptable and constitutes a binding agreement."

/2-0

EXHIBIT 2

Zoning Designation

Section 5.750 - C-2—General Commercial.

5.751 - Purpose.

The intent of this district is to accommodate either integrated or freestanding commercial uses and services. Uses serve both neighborhood scale as well as community level needs. The district is characterized by a wide range of retail uses operated within an enclosed building. Orientation is to major streets with individual access points, signage, and parking areas.

(Ord. No. 1772, 7-23-93)

5.752 - Permitted Uses.

- A. Restaurants.
- B. Retail stores:
 - 1. General merchandising, including variety and specialty stores.
 - 2. Food.
 - 3. Apparel and accessories.
 - 4. Home and office furnishings.
 - 5. Hardware stores.
- C. Professional, administrative, and business offices.
- D. Services:
 - 1. Personal Services.
 - a. Barbershops and beauty salons.
 - b. Small appliance repair shops.
 - c. Laundry, cleaning, and dry-cleaning establishments, limited as follows:
 - 1) Maximum of one thousand (1,000) square feet of floor area to be occupied by or devoted to machinery to be used for laundry, cleaning, dyeing, and finishing work.
 - 2) Retail service to individual customers only and no wholesaling of any commodity or service shall be permitted.
 - d. Mortuaries.
 - 2. Automotive Services.
 - a. Commercial parking lots. Overnight parking is not permitted, unless a use permit is secured and the lot is completely enclosed, locked, and limited to passenger vehicles only.

- E. Indoor recreational facilities.
- F. Veterinary clinics, all activities within an enclosed building.
- G. Appliance, furniture, and household equipment rentals.
- H. Child care center.
- I. Medical or dental clinics.
- J. Churches.
- K. Business Schools.
- L. Financial Institutions.
- M. Bar or cocktail lounge.

(Ord. No. 1772, 7-23-93; Ord. No. 2029, § 1, 10-13-98; Ord. No. 2030, § 1, 10-13-98)

5.753 - Uses Subject to Conditions.

- A. Live entertainment facilities which include music by more than one (1) musician, or dancing. Such facilities can be approved through administrative review, if the entrances and exits to the building are located more than three hundred (300) feet from any residential use. The dance floor may not exceed one-eighth (1/8) of the total floor area. No adult entertainment uses permitted. The closing time of the dance floor shall be simultaneous with the closing of the bar or cocktail lounge.
- B. Seasonal sales and special events subject to standards in Sections 7.501 and 7.503
- C. Wireless communication facilities, subject to Sections 7.506 and 7.600
 - 1. Building mounted antennas and rooftop mounted antennas.
 - 2. Alternative tower structure mounted antennas which utilize existing light pole or electric utility pole. The related equipment shelter must be located on property developed for non-residential use or in public right-of-way subject to approval of City Engineer.

(Ord. No. 1772, 7-23-93; Ord. No. 2002, § 3, 4-28-98)

5.754 - Uses Subject to Conditional Use Permit.

- A. Shelter-care facilities.
- B. New or used automobile, motorcycle, boat, truck, and recreational vehicle sales and repair services.
- C. Live entertainment facilities including nightclubs which include: music performed by more than one musician, or dancing. Exits and entrances to the structure are less than three hundred (300) feet from any existing or planned residential use. The closing time of the

dance floor shall be simultaneous with the closing of the bar or cocktail lounge. No adult entertainment uses permitted.

D. Outdoor recreation facilities not to exceed three (3) acres in size.

E. Automotive truck/trailer or RV leasing and rental facilities where vehicles are stored on-site.

F. Self-storage warehouses. All storage shall be within an enclosed building, except that boats, trailers and motor vehicles may be placed in outdoor storage areas which are separate from the buildings and screened from the view of adjacent streets by walls and landscaping. Outside storage shall not exceed ten (10) percent of the gross site area and shall not count towards meeting parking requirements. All service storage warehouse facilities are to be used for storage purposes only.

G. Thrift stores, subject to the following conditions:

1. A storage area must be provided for all discarded items. All storage areas for individual items, including collection receptacles, shall be entirely enclosed or screened and not visible from the public right-of-way or from adjacent residential areas.

2. All collection receptacles shall be secure from public access during nonbusiness hours.

3. No material, goods, or merchandise may be stored outside of an approved collection receptacle unless it is within an approved screened area.

H. Hotels and motels.

I. Pawn shops.

J. Convenience uses. See Section 2.300

K. Lodges or fraternal associations.

L. Recreational vehicle storage facility.

M. Private recreational clubs, YMCA, YWCA.

N. Plant nurseries, limited to retail sales only.

O. Commercial parking lots which include overnight parking.

P. Emergency medical care facility twenty-four (24) hour operations.

Q. Auto body repair.

R. Nursing homes.

S. Wireless communication facilities—new monopole or changes to existing tower subject to development standards in Table 3-A.

T. Wireless communication facilities—alternative design tower.

U. Wireless communication facilities—alternative tower structure, otherwise not permitted under Section 7.506

V. Minor auto repair including lubrication, tires, engine tune-up, washing and polishing, brakes, muffler and maintenance of other similar accessories. This use does not include major engine repair, radiator repair, automotive painting and body repair, or transmission repair. All repair areas must be within an enclosed building. Service bays shall not be visible from a public street.

W. Any single retail use that is greater than seventy-five thousand (75,000) square feet of gross floor area developed after the effective date of this ordinance.

X. Any single retail use greater than seventy-five thousand (75,000) square feet of gross floor area existing prior to the effective date of this ordinance that increases its gross floor area five (5) percent or more.

Y. Children's residential care facility.

(Ord. No. 1772, 7-23-93; Ord. No. 1902, 9-24-96; Ord. No. 2002, § 3, 4-28-98; Ord. No. 2029, § 1, 10-13-98; Ord. No. 2089, § 2, 7-27-99; Ord. No. 2176, § 2, 12-19-00; Ord. No. 2206, § 2, 7-24-01)

5.755 - Reserved.

5.756 - Accessory Uses.

Uses which are customary and incidental to the principal use of the property.

- A. Amateur radio tower.
- B. Satellite earth station.

(Ord. No. 1772, 7-23-93)

5.757 - Development Standards.

See Table 3.

(Ord. No. 1772, 7-23-93)

5.758 - Performance Standards.

The following restrictions shall apply to all properties within this district:

- A. Outdoor sales and display are prohibited, except where one (1) or more of the following conditions are present:
 - 1. Products and services displayed outdoors are customary, accessory, and incidental to those sold and displayed in a primary business being conducted in a permanent building on the property.

2. Outdoor sales and displays do not interfere with pedestrian access ways, fire lanes, required parking spaces, driveways, landscape areas, or traffic visibility at driveway entries and street intersections.

B. All retail and service activities must be within an enclosed building except automotive service stations, parking lots, drive-ins or drive-thru facilities, amusement and recreational uses, and plant material nurseries.

C. There shall be no manufacturing, compounding, processing or treatment of products other than that which is clearly incidental to a retail store or business, and where all such completed products are sold at retail on the premises.

(Ord. No. 1772, 7-23-93)

5.759 - Design Review.

A. Design Review is required as outlined in Section 3.600

B. Refer to Commercial Design Expectations.

C. All wireless communication facilities are subject to Design Review and must be consistent with wireless communication facilities design guidelines.

(Ord. No. 1772, 7-23-93; Ord. No. 2002, § 3, 4-28-98)

5.760 - Landscaping and Screening.

Screen wall and landscape buffer requirements adjacent to any residential district. See Section 7.200.

(Ord. No. 1772, 7-23-93)

5.761 - Signs.

See Section 7.100.

(Ord. No. 1772, 7-23-93)

5.762 - Parking.

See Section 7.400.

(Ord. No. 1772, 7-23-93)

EXHIBIT 3

Title Report

ARIZONA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY GROUP
RIGHT OF WAY DISPOSAL REPORT

The undersigned has examined the title to the property described in SCHEDULE A-1 herein, and the fee owner is:

The State of Arizona, by and through its Department of Transportation

Address: 205 South 17th Avenue, Mail Drop 612E, Phoenix, Arizona 85007-3212

By virtue of that certain: See Right of Way / Vesting Section.

Upon compliance with REQUIREMENTS herein, satisfactory title will vest in the proposed buyers.

LEGAL DESCRIPTION

SEE SCHEDULE A-1 ATTACHED

REMARKS: The Schedule B Items shown, if any, reflect only those matters that have occurred subsequent to the acquisition of the subject property.

Date of Search: December 6, 2018	Examiner: Jim Gregg	Reviewer: Chuck Mullany
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:

County: MARICOPA	Tax Arb: 146-04-006A, 007B, 009B	Disposal: N/A
Tracs No.: 060MA149H7292	Highway: WICKENBURG-PHOENIX	Excess Land: L-C-034
Fed. No.: N/A	Section: 71 st Ave. - 43 rd Ave.	Parcel No.: 07-11095

**SCHEDULE A-1
LEGAL DESCRIPTION**

PARCEL NO. 1:
(APN 146-04-007B)

That part of Lot 6, Block 2, of THE WOODFORD ADDITION TO GLENDALE ARIZONA, according to Book 2 of Maps, page 54, records of Maricopa County, Arizona, described as follows:

BEGINNING at a point 110 feet North of a point on Grand Avenue which is 33 feet West of the East line of said Lot 6;

Thence North 100 feet parallel to the East line of said Lot 6;

Thence West 100 feet at right angles to said East line of said Lot 6;

Thence South 100 feet;

Thence East 100 feet to the PLACE OF BEGINNING;

EXCEPT that portion as described in Final Order of Condemnation recorded June 20, 2005 as Document No. 2005-0832731, lying South of the following described line:

Commencing at a City of Glendale (C.O.G.) brass cap in a handhole marking the North quarter corner of said Section 8 from which a brass cap in a handhole marking the Center of said Section 8 bears South 00°22'24" West 2633.57 feet;

Thence along the North-South midsection line South 00°22'24" West 2331.08 feet;

Thence North 89°37'36" West 33.00 feet to the East line of the above described Parcel No.1 and the POINT OF BEGINNING for this line description;

Thence South 71°11 '30" West 127.80 feet to the POINT OF ENDING on the existing Northeasterly right of way line of Grand Avenue.

PARCEL NO.2:

(APN 146-04-009B)

That part of Lot 6, Block 2, of THE WOODFORD ADDITION TO GLENDALE ARIZONA, according to Book 2 of Maps, page 54, records of Maricopa County, Arizona, described as follows:

BEGINNING at a point 210 feet North of a point on Grand Avenue which is 33 feet West of the East line of Lot 6;

Thence West 100 feet to the POINT OF BEGINNING;

Thence West to a point on the Northeasterly line of Grand Avenue;

Thence Southeasterly along the Northeasterly line of Grand Avenue to a point due west of a point 110 feet North of a point on Grand Avenue which is 33 feet West of the East line of Lot 6;

Thence East to a point 100 feet West of the point last above mentioned;

Thence North 100 feet to the POINT OF BEGINNING;

EXCEPT that portion as described in Final Order of Condemnation recorded February 8, 1968 in Docket 6959, page 427, lying within the following:

BEGINNING at the center of Section 8, Township 2 North, Range 2 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

Thence North 0 degrees 16 minutes 25 seconds East, along the North-South mid-section line, 223.95 feet to the Easterly extension of the Southerly line of the Crabtree Property, as described in Deed recorded in Docket 3099, page 481, records of Maricopa County, Arizona;

Thence North 89 degrees 43 minutes 35 seconds West, along said extended line and continuing along the Crabtree property Southerly line, as aforesaid, a distance of 115.60 feet to the TRUE POINT OF BEGINNING;

Thence North 45 degrees 55 minutes 31 seconds west, along the new Northeasterly right of way line of said highway, 144.47 feet to the Northerly line of the Crabtree property;

Thence North 89 degrees 43 minutes 35 seconds West, along said Northerly property line, 22.85 feet to the existing right of way line of said highway;

Thence South 44 degrees 41 minutes 15 seconds East, along said existing right of way line, 141.32 feet to the Southerly line of the Crabtree property;

Thence South 89 degrees 43 minutes 35 seconds East, along said Southerly line, 27.26 feet to the TRUE POINT OF BEGINNING.

and

EXCEPT that portion as described in Final Order of Condemnation recorded June 20, 2005 as Document No. 2005-0832731, lying South of the following described line:

Commencing at a City of Glendale (C.O.G.) brass cap in a handhole marking the North quarter corner of said Section 8 from which a brass cap in a handhole marking the Center of said Section 8 bears South 00°2'24" West 2633.57 feet;

Thence along the North-South midsection line South 00°2'24" West 2331.08 feet;

Thence North 89°37'36" West 33.00 feet to the East line of the above described Parcel No.1 and the POINT OF BEGINNING for this line description;

Thence South 71°11 '30" West 127.80 feet to the POINT OF ENDING on the existing Northeasterly right of way line of Grand Avenue.

PARCEL NO. 3:
(APN 146-04-006A)

The South half acre of the following:

That part of Lot 6, Block 2, of THE WOODFORD ADDITION TO GLENDALE ARIZONA, according to Book 2 of Maps, page 54, records of Maricopa County, Arizona, described as follows:

BEGINNING at a point on the West line of South Seventh Avenue (55th Ave) from which the Northerly City Monument at the intersection of South Seventh Avenue (55th Ave) and East "B" Street (Ocotillo) of the City of Glendale bears East 33 feet and North 0 degrees 04 minutes West, 661.90 feet;

Thence West 569.56 feet to an intersection with the Easterly line of Grand Avenue;

Thence South 45 degrees 05 minutes East, along the Easterly line of Grand Avenue, 507.92 feet;

Thence East 210.37 feet to a point of intersection with the West line of South Seventh Avenue (55th Ave) said point being North 0 degrees.04 minutes West, 210.00 feet distant from the intersection of the Easterly line of Grand Avenue and the West line of South Seventh Avenue (55th Ave);

Thence North 0 degrees 04 minutes West, along the West line of South Seventh Avenue 358.52 feet to the POINT OF BEGINNING;

EXCEPT that portion as described in Final Order of Condemnation recorded February 8, 1968 as Docket 6959, page 424 lying within the following:

BEGINNING at a point on the existing centerline of 55th Avenue which point is coincident with the center of Section 8, Township 2 North, Range 2 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

Thence North 0 degrees 12 minutes 55 seconds East along said existing centerline of 55th Avenue, a distance of 34.21 feet, to the existing centerline of U.S. Highway 60-70 (Grand Avenue);

Thence North 44 degrees 41 minutes 15 seconds West along said U.S. Highway 60-70 (Grand Avenue) centerline, a distance of 138.42 feet, to a bearing equation point, at which point North 44 degrees 41 minutes 15 seconds West = North 44 degrees 48 minutes 00 seconds West;

Thence North 44 degrees 48 minutes 00 seconds West, continuing along said existing centerline a distance of 238.28 feet to a point opposite the Southwest corner of defendant's property;

Thence North 45 degrees 12 minutes 00 seconds East a distance of 33 feet to a point on the existing Northeasterly right of way line of Grand Avenue and the TRUE POINT OF BEGINNING;

Thence South 87 degrees 47 minutes 05 seconds East along the Southerly line of said property a distance of 22.96 feet;

Thence North 46 degrees 02 minutes 16 seconds West a distance of 124.43 feet to the Northerly line of said property;

Thence North 89 degrees 47 minutes 05 seconds West 19.16 feet to the Northwest corner of said property;

Thence South 44 degrees 48 minutes 00 seconds East along the Southwesterly line of said property coincident with the Northeasterly right of way line of the U.S. Highway 60-70 (Grand Avenue) a distance of 121.71 feet to the TRUE POINT OF BEGINNING.

[Project 060 MA 149 H7292 01R / ADOT Parcel 07-11095]

NOTE: The legal description of the area to be disposed will be produced by the ADOT Right of Way Delineation Unit.

END OF SCHEDULE A-1

RIGHT OF WAY / VESTING

- 1.) Warranty Deed from DLLR Properties, LLC, a limited liability company, to the State of Arizona, by and through its Department of Transportation, dated June 7, 2012, recorded June 20, 2012, in Document No. 2012-0538694.
[Project 060 MA 149 H7292 01R / ADOT Parcel 07-11095]

END OF RIGHT OF WAY / VESTING

REQUIREMENTS

1. Record Deed from the State of Arizona, by and through its Department of Transportation to the proposed buyer(s).

NOTE: Repurchase rights do apply due to the Grantor of Special Warranty Deed, dated June 7, 2012, recorded June 20, 2012, in Document No. 2012-0538694, requests proper notification by the Arizona Department of Transportation should excess land become available.

END OF REQUIREMENTS

SCHEDULE B

1. None.

END OF SCHEDULE B

EXHIBIT 4

Environmental Report

TRANSMITTAL

Date: 27 Oct 17

Environmental Planning

Arizona Department of Transportation Mail Drop EM02 1611 W. Jackson Phoenix AZ 85007	Phone: (602)712-7767 Fax: (602)712-3066
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Excess Number: L-C-034
Disposal Name: ADOT Parcel 7-11095

Deliver To	Sent From
Donna Bentley Property Management 612E	Paul O'Brien, P.E. Environmental Planning

Attached Under Separate Cover

Action:

<input type="checkbox"/> For your approval	<input checked="" type="checkbox"/> For your use
<input type="checkbox"/> For your information	<input type="checkbox"/> For your response
<input type="checkbox"/> As you requested	<input type="checkbox"/> For review and comment

Description:

Attached is the environmental clearance package for this disposal.

Remarks:

Distribution:

Reading File Project File

Signed: Paul O'Brien, P.E.
for Title: Environmental Planning Manager

**Arizona Department of Transportation
Environmental Planning
Excess Land Disposal Checklist**

Excess Number: L-C-034

Name: ADOT parcel 7-11095

Location/Address: The disposal property is located at on US 60 (Grand Avenue), milepost 155.5, at the northeast corner of the intersection of Grand Avenue and West 55th Avenue (5528 North Grand Avenue), Glendale, Maricopa County, Arizona.

Clearance

Prepared By: Ed Green Date: 27 Oct 17
Ed Green
Hazardous Materials Coordinator

Approved By: Paul O'Brien Date: 10/30/17
Paul O'Brien, P.E.
Manager

PO:eg

I. PROJECT DESCRIPTION

- A. The Arizona Department of Transportation (ADOT) proposes to dispose of excess property L-C-034. The disposal consists of ADOT parcel 7-11095.
- B. Location: The disposal property is located on US 60 (Grand Avenue), milepost 155.5, at the northeast corner of the intersection of Grand Avenue and West 55th Avenue (5528 North Grand Avenue), Glendale, Maricopa County, Arizona. The property consists of Maricopa County Assessor parcel numbers (APN) 146-04-006A, 146-04-007B, and 146-04-009B.
- C. Purpose: The property will be sold in accordance with State law.

II. IMPACT EVALUATION

A. Natural Environment

This disposal property consists of approximately 0.57 acres of land that has been developed since approximately 1947 with various businesses including vehicle service and repair stations, an equipment company, a carpet company, and a feed supply company. It was most recently occupied by Fiesta Motors / Complete Auto Repair. The property is developed with buildings and asphalt-paved areas. The property was acquired for improvements to US 60.

Land Use Characteristics

	Current Condition	Former Use	Surrounding Area
Vacant	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Residential	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Commercial	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Industrial	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Agricultural	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Natural	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Landscaped	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Endangered Species Act Listed Species

	Yes	No	If Yes, List Species.	Comments.
Critical Habitat	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
Suitable Habitat	<input type="checkbox"/>	<input checked="" type="checkbox"/>		

The disposal property is located in an area designated Zone X (area determined to be outside the 500-year floodplain) according to the Federal Emergency Management Agency Flood Insurance Rate Map Number 04013C1720L.

B. Physical/Construction

This type of action does not require any construction-related activities. No construction-related impacts will result from this disposal activity.

A hazardous materials site assessment was performed by ADOT Environmental Planning. A limited Phase I Environmental Site Assessment (Phase I ESA) was completed September 16, 2011. Based on the findings of the limited Phase I ESA, further investigation of the property was completed in 2012 including a geophysical survey, removal of two sumps, removal of four

underground storage tanks, and sampling of soil for contaminants. No soil samples exceeded regulatory thresholds. The results of the investigations and remedial action were documented in several reports prepared by SCS Engineers. Copies of the reports are available through ADOT Environmental Planning. No further hazardous materials investigation is recommended.

Due to the lack of construction-related activities and impacts, this project is exempt from air quality conformity regulations.

The ADOT Noise Abatement Policy was written to conform to the federal policy and guidelines as stated in Title 23 of the Code of Federal Regulations Part 772. No analysis of traffic noise impacts is required for this project as it does not significantly alter the horizontal or vertical alignment of the existing highway nor does it increase capacity of transportation facilities.

C. Socioeconomic

Title VI of the Civil Rights Act of 1964 and related statutes assure that individuals are not excluded from participation in, denied the benefit of, or subject to discrimination on the basis of race, color, national origin, age, sex, and disability. Executive Order 12898 on Environmental Justice directs that programs, policies and activities not have a disproportionately high and adverse human health and environmental effect on minority and low-income populations. This disposal project will not result in new impacts on the surrounding area. Sale of this property will not result in any residential or business relocation. This disposal will not have a disproportionately high or adverse impact on minority or low-income communities.

D. Cultural Resources

This disposal project will have no adverse effect on historic properties. The disposal property has been covered in several cultural resource surveys since 1986, and most recently in 2015. ADOT recommended that the Porter-Harrison Service Station (Fiesta Motors) property retains sufficient integrity to convey its historical significance, and is eligible for listing in the Arizona National Register of Historic Places (NRHP) under Criterion C. It also is recommended that the property is eligible for Register listing under Criterion A for its association with increased highway travel in Arizona following World War II. ADOT initiated consultation with the State Historic Preservation Office (SHPO) on a finding of "no adverse effect" on October 28, 2015. Concurrence was received from SHPO on November 2, 2015. ADOT sent continuing consultation to SHPO regarding the adequacy of the Porter-Harrison Service Station (Fiesta Motors) documentation for submission to the Arizona State Library, Archives and Public Records on October 13, 2016. Concurrence was received from SHPO on October 19, 2016. Due to the scope and nature of the project, Tribal consultation is not required. At this time ADOT has determined that the project may proceed with a finding of "no adverse effect".

III. PUBLIC INVOLVEMENT

This disposal action does not require a public involvement plan.

IV. ACTION REQUIRED

Federal-Aid Projects	
Categorical Exclusion Group 2	<input type="checkbox"/>
Programmatic	<input type="checkbox"/>
Non-Programmatic	<input type="checkbox"/>
State-Funded Projects	
Environmental Clearance	<input checked="" type="checkbox"/>

EXHIBIT 5

USPAP Reporting Options

USPAP Reporting Options

The 2018-2019 edition of USPAP requires that all written appraisal reports be prepared under one of the following options: Appraisal Report or Restricted Appraisal Report.

An Appraisal Report summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions. The requirements for an Appraisal Report are set forth in Standards Rule 2-2 (a) of US PAP.

A Restricted Appraisal Report states the appraisal methods employed and the conclusions reached but is not required to include the data and reasoning that supports the analyses, opinions, and conclusions. Because the supporting information may not be included, the use of the report is restricted to the client, and further, the appraiser must maintain a work file that contains sufficient information for the appraiser to produce an Appraisal Report if required. The requirements for a Restricted Appraisal Report are set forth in Standards Rule 2-2 (b).

ATI Reporting Formats under the Appraisal Report Option

USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal. Accordingly, Appraisal Technology, Inc. has established internal standards for three alternative reporting formats that differ in depth and detail yet comply with the USPAP requirements for an Appraisal Report. The three ATI formats are:

- Appraisal Report - Comprehensive Format
- Appraisal Report- Standard Format
- Appraisal Report - Concise Summary Format

An Appraisal Report - Comprehensive Format has the greatest depth and detail of the three report types. It describes and explains the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions. This format meets or exceeds the former Self-Contained Appraisal Report requirements that were contained in the 2012-2013 edition of USPAP.

An Appraisal Report - Standard Format has a moderate level of detail. It summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions. This format meets or exceeds the former Summary Appraisal Report requirements that were contained in the 2012-2013 edition of USPAP.

An Appraisal Report - Concise Summary Format has less depth and detail than the Appraisal Report - Standard Format. It briefly summarizes the data, reasoning, and analyses used in the appraisal process while additional supporting documentation is retained in the work file. This format meets the minimum requirements of the former Summary Appraisal Report that were contained in the 2012-2013 edition of USPAP.

On occasion, clients will request, and ATI will agree to provide, a report that is labeled a Self-Contained Appraisal Report. Other than the label, there is no difference between a Self-Contained Appraisal Report and an Appraisal Report - Comprehensive Format. Both types of reports meet or

exceed the former Self-Contained Appraisal Report requirements set forth in the 2012-2013 edition of USPAP.

ATI Reporting Format under Restricted Appraisal Report Option

ATI provides a Restricted Appraisal Report format under the USPAP Restricted Appraisal Report option. This format meets the requirements of the former Restricted Use Appraisal Report that were contained in the 2012-2013 edition of USPAP.

EXHIBIT 6

Contingent and Limiting Conditions

CONTINGENT AND LIMITING CONDITIONS

1. LIMITS OF LIABILITY: The liability of Appraisal Technology, LLC, and/or Independent Contractor(s) is limited to the client only and to the fee actually received by them. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way to be responsible for any costs incurred to discover or correct **any** deficiencies of **any** type present in the property; physically, financially, and/or legally. In the case of limited partnerships or syndication offering or stock offerings in real estate, the client agrees that in case of lawsuit (brought by lender, partner or part-owner in any form of ownership, tenant, or any other party), any and all awards, settlements of any type in such suit, regardless of outcome, the client will hold the appraiser completely harmless in any such action.

2. COPIES, PUBLICATION, DISTRIBUTION, USE OF REPORT: Possession of this report or any copy thereof does not carry with it the right of publication. It is a privileged communication. It may not be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for the analytical services only.

All valuations in the report are applicable only under the stated program of Highest and Best Use and are not necessarily applicable under other programs of use. The valuation of a component part of the property is applicable only as a part of the whole property. The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

The Bylaws and Regulations of the Appraisal Institute requires each Member and Candidate to control the use and distribution of each appraisal report signed by such Member or Candidate; except as here-in-after provided, the client may distribute copies of this appraisal report in its entirety to such third parties as he may select; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of the report. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations, news, sales or other media for public communication without the prior written consent of the appraiser(s), particularly as to valuation conclusions, the identity of the appraiser(s), the firm, or any reference to the Appraisal Institute, the M.A.I., or SRA designations. (See last item in following list for client agreement/consent).

3. CONFIDENTIALITY AND TRADE SECRETS: This appraisal is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analysis as set forth in the report were prepared by the Appraiser(s) whose signature(s) appear on the appraisal report, unless indicated as "Review Appraiser". No change of any item in the report shall be made by anyone other than the appraiser. The appraiser and firm shall have no responsibility if any such unauthorized change is made. The appraiser may not divulge the material (evaluation) contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing except as may be required by the Appraisal Institute as they may request in confidence for ethics enforcement, or by a court of law or body with the power of subpoena.

This appraisal was prepared by the appraisers signing this report and/or related independent contractor(s) and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552 (b) (4). Notify the appraiser(s) signing this report, Appraisal Technology, LLC of any request to reproduce this appraisal in whole or in part.

4. INDEPENDENT CONTRACTORS: Be advised that the people associated with Appraisal Technology, LLC are independent contractors.

5. INFORMATION AND DATA: The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other source thought reliable; all are considered appropriate for inclusion to the best of our factual judgment and knowledge. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the client consider independent verification as a prerequisite to any transaction involving sale, lease, or other significant commitment of funds or property.

6. TESTIMONY, CONSULTATION, COMPLETION OF INVOICE FOR APPRAISAL SERVICES: **When the invoice for appraisal, consultation or analytical service is fulfilled, the total fee is payable upon completion.** The appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal (unless arrangements have previously been made). Any post appraisal consultation with the client or third parties will be at an additional fee. If testimony or deposition is required because of any subpoena, the client shall be responsible for any additional time, fees, and charges regardless of issuing party.

7. STATEMENT OF POLICY: The following statement represents official policy of Appraisal Institute with respect to neighborhood analysis and the appraisal of residential real estate:

- a. It is improper to base a conclusion or opinion of value upon the premise that the racial, ethnic or religious homogeneity of the inhabitants of an area or of a property is necessary for maximum value.
- b. Racial, religious and ethnic factors are deemed unreliable predictors of value trends or price variance.
- c. It is improper to base a conclusion or opinion of value, or a conclusion with respect to neighborhood trends, upon stereotyped or biased presumptions relating to race, color, religion, sex or national origin or upon unsupported presumptions relating to the effective age or remaining life of the property or the life expectancy of the neighborhood in which it is located.

8. MANAGEMENT OF THE PROPERTY: The appraisers have no control over management; however, the appraisers consider the management of this investment of prime importance. Reasonable and prudent (not exceptional) management practices and expertise is assumed (anticipated) in the appraisal.

Should the present/prospective owner be unable and/or unwilling to take those actions required by reasonable and prudent management practices (see appraiser's observations at time of inspection

following the purpose of appraisal) to meet financial goals and/or reasonable expectations, we recommend a careful reconsideration of the investment risk.

9. APPRAISAL IS NOT A LEGAL OPINION: No responsibility is assumed for matters of legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value estimated is given without regard to any questions of title, boundaries, encumbrances, or encroachments.

It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report. It is assumed that all applicable zoning and use of regulations and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered in the appraisal report.

It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

If the Appraiser has not been supplied with a termite inspection, survey or occupancy permit(s), no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranties are made concerning obtaining the above mentioned items.

It is assumed that adequate municipal services including disposal are available and will continue to be.

Virtually all land in Arizona is affected by pending or potential litigation by Indian Tribes claiming superior water rights for their reservations. The amounts claimed and the effects on other water users are largely undetermined; but the claims could result in some curtailment of water usage or ground water pumping on private land. The State's New Ground Water 99Management Act may also restrict future ground water pumping in various parts of Arizona. Given this uncertainty, neither the appraiser(s) nor any of his representatives can make warranties concerning rights to or adequacy of the water supply with respect to the property being appraised, although, the sale of premises include such water rights as are appurtenant thereto.

10. FEDERAL AND STATE REGULATIONS: Further, the value reported is based upon cash, or its equivalent, and was drafted to adhere to the standards and practices of the Appraisal Institute, plus the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) by the Appraisal Foundation and in accordance with appraisal standard required by Title XI of Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the Office of the Comptroller of the Currency (OCC).

Under federal mandate, state licensing and/or certification of appraiser is required on or before August 1, 1991. Permission is hereby granted by the client for the appraiser to furnish the appropriate governmental authority or their authorized designated representative(s) any and all materials requested for oversight review.

11. CHANGES, MODIFICATIONS, FEE: The appraiser(s) reserves the right to alter statements, analysis, conclusion or value estimate contained in the appraisal if a fact(s) pertinent to the appraisal process unknown prior to the completion of the appraisal is/are discovered.

The fee for this appraisal or study is for the service rendered and not for the time spent on the physical report or the physical report itself.

Compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

The writing of this report to meet the requirements of the Competitive Equality Banking Act of 1987 ("CEBA") and in adherence with the standards and practices of the Appraisal Institute, plus the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) by the Appraisal Foundation involves an interpretation of the phrase "totally self-contained".

Because no report regardless of length or the extent of documentation is "totally self-contained", the appraiser has tried to furnish sufficient documentation, analysis and detail to meet a "reasonableness criteria". Should the client reviewing this report require additional information, analysis, documentation, etc., it will be supplied in an expeditious manner at no charge to the client, following receipt of a written critique (within 2 months of the date of this letter), in the form of a new report.

12. APPRAISAL IS NOT A SURVEY: It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and that there is no encroachment or trespass unless noted with the report.

The legal description is assumed to be correct as used in this report as furnished by the client, his designee, or when not supplied, as derived by the appraiser. The appraiser(s) assume no responsibility for such a survey, or for encroachments or overlapping that might be revealed thereby.

The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Photos, if any, are included for the same purpose. Site plans are not surveys unless shown from a separate surveyor.

13. APPRAISAL IS NOT AN ENGINEERING REPORT: This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraiser is not construction, engineering, or legal experts, and any opinion given on these matters in this report should be considered preliminary in nature.

The observed condition of the foundation, roof, exterior walls, interior walls, floors, heating and/or cooling system, plumbing, insulation, electrical service, and all mechanical and construction is based on a casual inspection only and no detailed inspection was made. For instance, I am not experts on

heating and/or cooling systems and no attempt was made to inspect the interior of the heating and/or cooling equipment. The structures were not checked for building code violations and it is assumed that all buildings meet the building codes unless so stated in the report.

Items such as conditions behind walls, above ceiling, behind locked doors, or under the ground are not exposed to casual view and, therefore, were not inspected. The existence of insulation (if any is mentioned) was found by conversation with others and/or circumstantial evidence.

Since it is not exposed to view, the accuracy of any statements about insulation cannot be guaranteed.

It is assumed that there are no hidden or unapparent conditions of the property, sub-soil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or the engineering which may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Sub-surface rights (mineral and/or energy related) were not considered in making this appraisal.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any observed condition comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating system, air-conditioning system, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we strongly suggest that a construction expert be hired for a detailed investigation. Although a walk-through inspection has been performed, an appraiser is not an expert in the field of building inspection and/or engineering. An expert in the field of engineering/seismic hazards detection should be consulted if an analysis of seismic safety and seismic structural integrity is desired.

The appraisers are not seismologists. The appraisal should not be relied upon as to whether a seismic problem exists, or does not actually exist on the property. The appraisers assume no responsibility for the possible effect on the subject property of seismic activity and/or earthquakes.

14. PROPOSED IMPROVEMENT, CONDITIONED VALUE: Improvements proposed, if any, on or off-site, as well as any repairs required are considered, for purposes of this appraisal, to be completed in a good and workmanlike manner according to information submitted and/or considered by the appraiser(s). In cases of proposed construction, the appraisal is subject to change upon inspection of the property after construction is completed. This estimate of value is as of the date shown, as proposed, as if completed and operating at levels shown and projected unless otherwise set forth.

15. INSULATION AND TOXIC MATERIALS: The existence of potentially hazardous materials used in the construction or maintenance of the structure, such as urea formaldehyde foam insulation, and/or the existence of toxic waste on or in the ground, which may or may not be present has not been considered (unless otherwise set forth). The appraiser(s) is not qualified to detect such substances. The client should retain an expert in this field. If such is present, the value of the property may be adversely affected; therefore, if a toxic waste and/or contaminant is detected, the value indicated in this report is Null and Void. A re-appraisal at an additional cost may be necessary to estimate the effects of hazardous materials.

16. AUXILIARY AND RELATED STUDIES: No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made unless otherwise specified in an invoice for services or in the report.

17. APPRAISAL IS MADE UNDER CONDITIONS OF UNCERTAINTY: Information (including projections of income and expenses) provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, sellers, property owners, bookkeepers, accountants, attorneys, and others is assumed to be true, correct, and reliable. No responsibility for the accuracy of such information is assumed by the appraiser.

The comparable sales data relied upon in the appraisal is believed to be from reliable sources. Though all the comparable sales were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.

Engineering analyses of the subject property were neither provided or used nor made as a part of this appraisal contract. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on a rudimentary investigation by the appraiser and the value conclusions are subject to said limitations.

All values shown in the appraisal report are projections based on our analysis as of the date of the appraisal. These values may not be valid in other time periods or as conditions change. Since the projected mathematical models are based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.

This appraisal is an estimate of value based on an analysis of information known to us at the time the appraisal was made. The appraisers do not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance comes to light and/or becomes known, the value given in this report is subject to change without notice.

18. AMERICANS WITH DISABILITIES ACT: The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraiser(s) have not made an analysis of this property to determine whether or not it is in conformity with the ADA requirements. It is possible that a compliance survey of the property, together with a detailed analysis of the ADA requirements could reveal that the property is not in compliance for one or all requirements. If so, this fact could have a negative effect upon the value of the property. The appraiser(s) have no direct evidence relating to this issue and did not consider possible non-compliance with the requirement of the ADA in estimating the value of the property.

19. INSURABLE VALUE: At the Client's request (if applicable), the appraiser(s) have provided an insurable value estimate. The estimate is based on figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. The appraiser(s) make no warranties regarding the accuracy of this estimate. Insurable Value is directly related to the portion of the real estate that is covered under the asset's insurance policy. The appraiser(s) have based this opinion on the building's replacement

cost new (RCN) which has no direct correlation with its actual market value. The appraiser(s) developed an opinion of RCN using the Calculator Cost Method developed by Marshall & Swift. The RCN is the total construction cost of a new building with the same specifications and utility as the building being appraised, but built using modern technology, materials, standards and design. For insurance purposes, RCN includes all direct costs necessary to construct the building improvements. Items that are not considered include land value, individual site improvements or accrued depreciation. To develop an opinion of insurable value, exclusions for below-grade improvements, some site work/improvements, foundations and architectural fees must be deducted from RCN.

20. ACCEPTANCE OF, AND/OR USE OF, THIS APPRAISAL REPORT BY CLIENT OR ANY THIRD PARTY CONSTITUTES ACCEPTANCE OF THE FOREGOING CONDITIONS. APPRAISER(S) LIABILITY EXTENDS ONLY TO STATED CLIENT, NOT SUBSEQUENT PARTIES OR USERS AND IS LIMITED TO THE AMOUNT OF THE FEE RECEIVED BY THE APPRAISER(S).