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APPRAISAL REPORT

OF

2.01 ACRES OF VACANT LAND
LOCATED AT
THE SOUTHWEST CORNER OF
VAN BUREN ROAD AND 59TH AVENUE
SECTION 7 (PORTION OF)
TOWNSHIP 1N, RANGE 2E, G&SRB&M,
PHOENIX, MARICOPA COUNTY, ARIZONA

PREPARED FOR:
TIMOTHY F. O'CONNELL, JR.
RIGHT OF WAY GROUP
APPRAISAL SECTION SUPERVISOR

OWNER: ARIZONA DEPARTMENT OF TRANSPORTATION
EXCESS LAND: L-C-048
HIGHWAY: SOUTH MOUNTAIN FREEWAY
SECTION: I-10 PAPAGO SEGMENT

BY:

DAVID A. EVERY, MAI, AI-GRS
ARIZONA CERTIFIED GENERAL APPRAISER NO. 31343

EFFECTIVE DATE OF THE APPRAISAL: JULY 10, 2021
DATE OF THE REPORT: AUGUST 17, 2021
OUR JOB NO. 7831-2101



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August 17, 2021

Our File No. 7831-2101

Timothy F. O'Connell, Jr.
Arizona Department of Transportation
Right of Way Group, Appraisal Section Supervisor
205 S. 17th Avenue, Room 306
Mail Drop 612E Phoenix, AZ 85007

RE: Appraisal of 2.01 acres of vacant land located at the southwest corner of Van Buren Road and 59th Avenue, within a portion of Section 7, T1N, R2E, G&SRB&M, Phoenix, Maricopa County, Arizona 85043.

Project Identification: South Mountain Freeway; M697201X; L-C-048

Dear Mr. O'Connell:

In accordance with your request, I have inspected and appraised the above referenced property. The ownership, legal description, and identification of this property are set forth in the following report. This document is written in conformance with the ADOT Right of Way Procedures Manual, Project Management Section, Chapters Three and Four; The Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24; the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP); and the scope of work and additional information as provided by the client.

The *effective date of the appraisal* is July 10, 2021, the most recent date of inspection of the subject property. The *purpose* of this appraisal is to develop an opinion of the market value of the fee simple estate of the subject property. The *intended use* of the appraisal report is assist the client in decisions regarding the disposition of the subject property.

The Arizona Department of Transportation is the *client*, and is the *intended user* of this report. Besides the intended users and appropriate regulatory agencies, parties other than those specified above may not use or rely upon this report. Every Appraisal Service and the appraisers signing this report assume no responsibility to any party, other than the client and the stated *intended users*, who uses or relies on any information in this report.

This Appraisal Report details those pertinent physical and non-physical factors and conditions relevant to the subject property. Information about the region in which the subject property is located, the neighborhood, site description, highest and best use analysis, and valuation techniques are discussed in detail in this report. The *Scope of Work* for this report includes

completing an appraisal inspection of the subject, analyzing Maricopa County and the Phoenix area for trends that impact real estate values, and searching the local market for comparable data. Additional details regarding the scope of work can be found within the scope of work section of this report.

Based on the data and discussions within this report, my opinion of the current market value of the fee simple interest in the subject property, as of July 10, 2021, is as follows:


**OPINION OF THE MARKET VALUE
OF THE SUBJECT PROPERTY\$634,000**

The marketing and exposure times, as premised upon the prior value conclusions, are estimated to be less than 12 months. Your attention is invited to the data and discussions contained in this document.

The global outbreak of a “novel coronavirus” known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO). The reader is cautioned, and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of any unforeseen event, subsequent to the effective date of the appraisal.

I hereby certify that I have inspected the subject; that my fee was not contingent upon the value opinion contained herein; and that I have no interest, present or prospective, in the property appraised. Furthermore, I certify that, to the best of my knowledge and belief, all statements, and opinions contained in this report are correct, subject to the assumptions, conditions, special limiting conditions, and certification that are made as part of this report.

Respectfully submitted,



DAVID A. EVERY, MAI, AI-GRS

Owner - Every Appraisal Service
State of Arizona Certified General
Real Estate Appraiser #31343

SECTION I - INTRODUCTION

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SECTION I - INTRODUCTION

PURPOSE OF THE APPRAISAL

Purpose and Intended Use

The *purpose* of this appraisal is to develop an opinion of the market value of the fee simple estate of the subject property. The *intended use* of the appraisal report is assist the client in decisions regarding the disposition of the subject property.

Interest Appraised

The fee simple interest is appraised. No consideration is given to existing leases, easements, or rights of way that already encumber all or portions of the subject properties. The interest in fee simple includes the various rights that usually consider the present worth of the future benefits resulting from the ownership of the property. This interest includes those rights generally associated with ownership of the property but subject to the limitations of eminent domain, escheat, police power, and taxation.

Fee simple estate. 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.

Definition Of Market Value

Market value, as utilized in this appraisal, is as defined by Arizona Revised Statute. Pursuant to Arizona Revised Statute 28-7091:

”...Market Value’ means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements that 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 of the uses and purposes to which it was adapted and for which it was capable.”

Client And Intended Users

The Arizona Department of Transportation is the *client*, and is the *intended user* of this report. Besides the intended users and appropriate regulatory agencies, parties other than those specified above may not use or rely upon this report. Every Appraisal Service and the appraisers signing this report assume no responsibility to any party, other than the client and the stated *intended user*, who uses or relies on any information in this report.

Assignment Conditions

No atypical assignment conditions are noted. Notably, this appraisal is subject to the assumptions and limiting conditions contained in the “Certificate of Appraiser”.

SECTION I - INTRODUCTION

Extraordinary Assumptions and/or Hypothetical Conditions

None.

SECTION I - INTRODUCTION

SCOPE OF THE APPRAISAL

Scope of Work is an integral part of the appraisal process and identifies the type and extent of research and analyses for an appraisal assignment. According to *USPAP*, for each appraisal 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; and,
3. disclose the scope of work in the report.

This document is written in conformance with the Uniform Standards of Professional Appraisal Practice as issued by the Appraisal Foundation (USPAP), Rule 2-2a, specifically pertaining to Appraisal Reports; as well as the ADOT Right of Way Procedures Manual, Project Management Section, Chapters Three and Four; The Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24. As such, it presents discussions of the data, reasoning, and analyses that were utilized by the appraiser to develop an opinion of value.

Geographic Area And Market Data

As previously mentioned, David A. Every, MAI, AI-GRS inspected the subject property, as well as the immediate neighborhood, on July 10, 2021. Comparable data has been researched, verified, and analyzed from reliable sources, with the appraiser's analyses, opinions, and conclusions reported in this Appraisal report.

In order to evaluate the subject property, relevant general and property specific data has been gathered and analyzed. General data includes information on social, economic, governmental, and environmental trends and conditions affecting the subject property. Each of these items has an impact on property value and the study of these forces enables the appraiser to identify the underlying causes of change in property values and what future market expectations might be. The geographic extent of our search for general market information included Maricopa County and the metropolitan Phoenix area. Sources of general market information included government publications, census data, local newspapers, and other public and private organizations. Real estate oriented market information was abstracted from econometrics publications specific to the Maricopa County market, including CoStar and MLS.

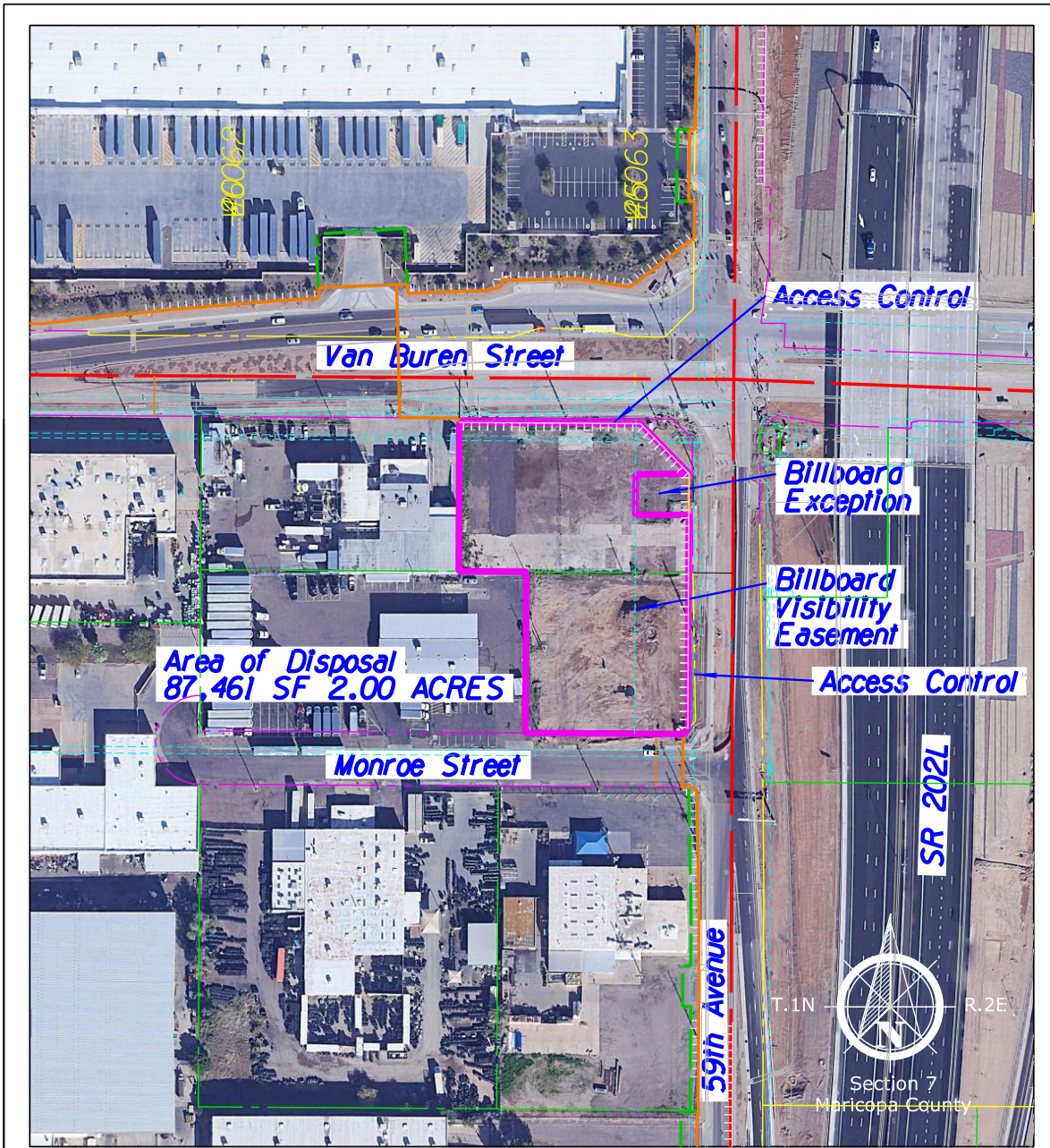
Property specific information includes data about the subject site, development plan, tax information, and zoning classifications. Information was obtained from the Maricopa County Assessor's office, the City of Phoenix online records and GIS systems, and from the client. A typical inspection of the property was also performed by the appraiser. Market information was obtained through conversations with brokers, appraisers, property managers, purchasers and owners active locally, the local multiple listing service, as well as commercial data providers. Recent sales data was confirmed with a party familiar with the transaction, as well as public records.

SECTION I - INTRODUCTION

Scope of the Project

The firm of Every Appraisal Service has been asked by Mr. Timothy F. O'Connell, Jr., Appraisal Section Supervisor of the Arizona Department of Transportation's Right of Way Group, to form and express an opinion of the market value of the fee simple estate of the subject property. The intended use of the appraisal report is assist the client in decisions regarding the disposition of the subject property, which reflects surplus land owned by ADOT after the completion of the Loop 202 project. The following exhibit was provided by the client that illustrates the subject property.

SECTION I - INTRODUCTION



<p>ADOT Right Of Way <i>THIS SKETCH PLAN IS FOR ADOT INTERNAL USE ONLY</i></p>	DISPOSAL #	L-C-048	HIGHWAY NAME: SOUTH MOUNTAIN FREEWAY	
	EXHIBIT #	Exh-20-028	PROJECT NO. 202 MA 000 H5439 202 MA 056 H8827	
ROUTE NO.: SR 202L	DATE	04/27/21	FEDERAL AID NO.:	202D(200)S
LOCATION: SALT RIVER - I-10			SHEET NO.	1 OF 1

\\z9340\PROJECTS\MARICOPA (7)\202L MA 000 H5439 - South Mountain Freeway\Exhibit\L-C-048\Exhibit\L-C-048.dgn

SECTION I - INTRODUCTION

Valuation Methodology

In order to evaluate the subject property, relevant data has been gathered and analyzed. Data gathered for appraisals are of two types: general and property specific. General data include information on social, economic, governmental, and environmental trends and conditions affecting the subject property. Each of these items has an impact on property value and the study of these forces enables the appraiser to identify the underlying causes of change in property values and what future market expectations might be. Property specific information includes data about the subject site, tax information, and zoning classifications.

The general and specific data form the basis for the conclusions with respect to the highest and best use of the subject property. As concluded in the following analysis, the subject property is considered to have a highest and best use for light industrial development.

All three of the traditional approaches to value were considered to develop an opinion of the market value of the subject property. As the subject is comprised of vacant land, only the sales comparison approach was considered a relevant methodology.

Sales Comparison Approach: The Sales Comparison Approach is an application of the principle of substitution that affirms that when a property can be replaced, its value tends to be set by the cost of acquisition of an equally desirable property that can be acquired without undue delay or cost. The Sales Comparison Approach implies that the most probable selling price of the subject property is indicated by the selling prices of similar properties.

The Sales Comparison Approach utilizes sales of similar properties to indicate a probable value for the subject property. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to determine a total value. Economic units of comparison are not generally adjusted, but rather analyzed as to relevant differences with the final estimate derived based on the general comparisons. The reliability of this approach is dependent upon (a) the availability of comparable sales data; (b) the verification of the sales data; (c) the degree of comparability and; (d) the absence of atypical conditions affecting the sales price.

Due to the variables in each of the properties, the comparables vary in several factors. Since multiple differences typically exist between the subject property and the comparables, the Sales Comparison Approach is used to provide a bracket, or range, in which the value of the subject should fall. The bracketing technique allows for the appraiser to analyze the comparables in relation to the subject and conclude whether the indicated sale price per unit requires either upward or downward adjustment.

This methodology is sufficient to develop credible assignment results.

SECTION I - INTRODUCTION

LEGAL DESCRIPTION

The legal description of the subject property is found in “Schedule A-1” of the right of way title report, and is lengthy and located in the addenda.

FIVE YEAR CHAIN OF TITLE

According to the title report provided by the client, the subject property is currently vested in the name of the Arizona Department of Transportation. The subject was acquired from Denio’s Roseville Farmers Market and Auction, Inc., recorded on September 30, 2015 in document # 2015702581.

OWNER CONTACT & SITE INSPECTION

In accordance with Federal and State regulations, the subject property owner, or the owners designated representative, were offered the opportunity to accompany the appraiser during the field inspection of the property.

The property was inspected by David A. Every, MAI, AI-GRS on July 10, 2021, at roughly 2 p.m., with no others present.

Effective Date of the Appraisal

The *effective date of the appraisal* is July 10, 2021, the most recent date of inspection of the subject property. On this date, the physical characteristics of the subject property were documented and photographed.

SECTION II - FACTUAL DATA

AREA DATA

The purpose of this section of the report is to identify and analyze the social, economic, governmental, and environmental forces that can influence property values in the vicinity of the subject. The primary area of influence is the neighborhood, defined as a group of complimentary land uses; a residential neighborhood may contain residential uses along with ancillary commercial uses that provide services for the residents. A district, on the other hand, has one predominate land use such as apartments, commercial, industrial, or agricultural.

ARIZONA

Arizona is in the southwestern area of the United States within the Sunbelt Region and ranks sixth in the nation in terms of size with 113,417 square miles. The state can be divided into three geographical areas, each with its own distinct topography and climate. The northeastern portion of the state is a high plateau, which tends to be cool and dry. Most of this area is within the boundaries of the Navajo Nation, the largest Native American reservation in the United States. The mountainous region, extending diagonally across the state from northwest to southeast, offers cool summertime temperatures and winter sports opportunities, attracting visitors to this area year round. The remaining half of the state, south and west of the mountainous region, consists of desert valleys divided by low desert mountain ranges and is home to most of the state's population; about 80 percent of the state population resides in the Tucson and Phoenix metropolitan areas.

Between 1980 and 1990, Arizona was the third fastest growing state, with a population increase of almost 35 percent. According to the 2000 census, approximately 5,130,000 people resided in the State, up from 3,665,000 in 1990, reflecting an increase of about 40 percent, or a 4.0 percent annual rate. The latest 2010 census information shows the Arizona population at about 6,392,017, an increase of about 24.6% over the 2000 number or an average of 2.5% per annum. Arizona's projected growth is about 200,000 per year through 2030.

The state also ranked third in job growth for the same period with a gain of 47 percent, twice the national average. Employment is fairly diversified with professional and business services accounting for 14 percent of total non-farm employment, followed by government with 13 percent, retail with 12 percent, health care with 10 percent, construction with 8 percent, and manufacturing with 6 percent. During 2008, job growth in the State and in Tucson was greatly reduced, with a rise in unemployment throughout much of 2008 that persisted throughout 2009 and into 2010. However, by September 2020, Arizona's unemployment rate had declined to 6.7% per the Bureau of Labor and Statistics. Arizona's unemployment has lagged the US unemployment rate by approximately 0.5% for the years 2000 through 2010.

COVID-19 Impact Conclusion

As previously stated, due to the effects of the current global pandemic of COVID-19, the reader is cautioned and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The effective date of this appraisal is July 10, 2021. As of this date, there was little direct market evidence indicating that the unfolding pandemic has impacted

SECTION II - FACTUAL DATA

commercial real estate values in Arizona. In the absence of objective evidence, anecdotal evidence has been considered, which includes discussions with local market participants.

Additional consideration was also given to a May 2021 article written by George W. Hammond, Ph.D., Director and Research Professor, Economic and Business Research Center at the Eller College of Management at the University of Arizona. Below is an excerpt from this article.

“The Arizona economy continues to recover from the pandemic, but progress has been uneven. The travel and tourism sector is improving, but still has a long way to go. Transportation and warehousing continues to add jobs at a rapid pace, thanks to accelerated online shopping and demand for delivery services. Fiscal stimulus has driven strong income growth, which boosted consumer spending, but that will end later this year. House prices continue to surge, driving down affordability. Arizona’s population rose at a faster pace than most states during the past decade, but growth was slow relative to the past.

The outlook for the state remains positive, but the pandemic will still influence the pace of recovery. The baseline forecast assumes that vaccine distribution continues to go well and that no vaccine-resistant variants emerge. The baseline projections call for state jobs to regain their pre-pandemic peak in the first quarter of 2022 and to increase by 643,000 over the next decade. The pessimistic scenario calls for that to happen in the third quarter of 2022 and for the state to add 577,000 jobs by 2030. The optimistic scenario calls for Arizona jobs to regain their pre-pandemic high in the fourth quarter of 2021 and to rise by 778,000 during the next decade.

Arizona Recent Developments

Arizona added 759,485 residents from 2010 to 2020 according to the latest decennial count from the U.S. Census Bureau. That translated into growth of 11.9% during the decade, which outpaced the U.S. at 7.4% and ranked the state 10th in the nation (including DC). Utah ranked first with 18.4% growth, while West Virginia ranked last with a decline of 3.2%.

While Arizona’s population growth was faster than most states and the nation, it was very slow compared to our own past history. Population growth of 11.9% was the slowest pace recorded since (at least) 1900. It was the second slowest pace for the nation. Note that it is possible that the slow growth may be due in part to a Census undercount driven by the disruptions caused by the pandemic. Stay tuned for more analysis on that.

Let’s turn from demographics to the labor market. After a loss of 331,500 jobs from February to April 2020, Arizona has generated 236,700 new jobs through April 2021, for a replacement rate of 71.4%. That was better than the U.S. replacement rate of 63.3%, but still left state employment 94,800 jobs shy of our pre-pandemic peak. In other words, Arizona jobs were 3.2% below our pre-pandemic peak in April 2021.

Leisure and hospitality jobs remain hardest hit (Exhibit 1), with employment down 45,900 from February 2020, followed by government (down 24,100), professional and business services (down 17,000), and education and health services (down 8,300). Only trade, transportation, and

SECTION II - FACTUAL DATA

utilities jobs were up from February of last year (by 16,400), with all of that growth concentrated in transportation and warehousing.

Exhibit 1: Arizona Leisure and Hospitality Jobs Remain Hardest Hit

Arizona Net Job Change from February 2020 to April 2021, Thousands of Seasonally-Adjusted Jobs

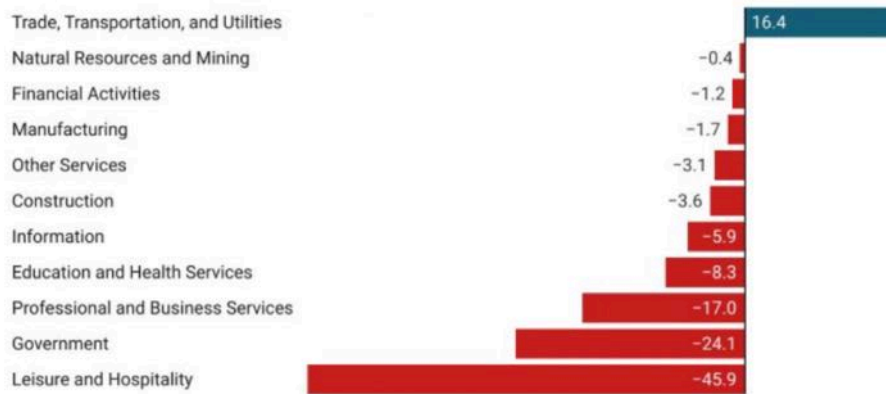


Chart: UA Economic and Business Research Center • Source: U.S. BLS • Created with Datawrapper

As of April 2021, Arizona's rate was 6.7%, seasonally adjusted. That was slightly above the U.S. rate of 6.1%. The difference was not statistically significant. Arizona's rate in April was far below its pandemic high in April of 14.2% but above its February 2020 level of 4.9%.

An alternative measure of labor market tightness is the employment-to-population ratio. Arizona's seasonally-adjusted ratio was 56.3% in April 2021. That was above its April 2020 low of 52.1% but was still below its February 2020 level of 58.6%.

Overall, there appears to be significant slack in the state labor market. If that is true, why all the discussion of labor shortages? There are likely many factors at work here. One factor is that the aggregate data hides imbalances across industries. In other words, there are likely industry-specific shortages, particularly in sectors hardest hit by the pandemic. Further, many of these sectors pay low wages that are not competitive in the current environment, which features greatly increased generosity of unemployment insurance (primarily through federal programs), limited child-care options, continued fears about contracting the coronavirus, and accelerated retirement of older workers due to the pandemic. Some of these factors are temporary and will dissipate soon. Others will create a longer-lasting drag on job growth.

Construction job growth has been weak during the past year. However, housing permit activity has been robust. Even so, house prices continued to rise at a rapid rate in the first quarter of 2021. The Phoenix MSA median house price rose by 25.4% over the year in April. The Tucson MSA median house price rose even faster, at 22.4%. House price increases of this magnitude will adversely impact affordability going forward.

For the year, Arizona personal income rose 8.4% in 2020, according to these preliminary estimates. That outpaced the national rate of 6.1%. Arizona net earnings from work rose by

SECTION II - FACTUAL DATA

3.5%, while transfer receipts increase by 32.4%. Income from dividends, interest, and rent fell by 0.9% over the year. Personal income less transfers rose by 2.4% in 2020.

The federal CARES Act had a huge impact on state personal income in 2020. Overall, current BEA estimates suggest that Arizona transfer receipts via the major CARES Act provisions totaled \$18.5 billion in 2020. Expanded unemployment insurance coverage totaled \$8.1 billion, Paycheck Protection Program grants totaled \$4.1 billion, Economic Impact Payments (stimulus checks) totaled \$6.0 billion, and other smaller programs totaled \$360 million.

Arizona taxable retail sales (plus remote sales) remained strong through February 2021, up 16.7% from January 2020. Taxable sales on services like restaurants and bars, hotels and motels, and amusements remained far below pre-pandemic levels. Taxable sales at restaurants and bars in February was down 6.8%, while hotel and motel sales were down 43.1% and sales in the amusements category were down 27.1%.

Arizona Outlook

Arizona's economic performance depends in part on the U.S. and global economies. Likewise, the state forecast depends on a forecast for the U.S. economy from IHS Markit which was produced in April 2021.

The baseline forecast calls for U.S. real GDP to rise by 6.2% in 2021, 4.3% in 2022 and then decelerate to near-trend growth just over 2.0% in 2023-2024.

Nonfarm payroll jobs nationally dropped by 5.7% in 2020, but rebound in 2021 with growth of 3.1% in 2021 and 2022.

The unemployment rate peaked at 8.1% for the year in 2020, then declines to 5.2% in 2021 and 3.8% in 2022.

Inflation gathers modest momentum during the near term, with average price increases of 2.4% in 2021 and 1.5% in 2022.

Housing starts surged in 2020 to 1.40 million units. Activity rises to 1.55 million in 2021, before softening to 1.27 million by 2023.

The outlook for Arizona calls for accelerating growth through 2022, as Exhibit 2 shows. State jobs are forecast to rise by 2.5% this year, 4.2% in 2022, and 3.2% in 2023. Jobs regain their first quarter 2020 peak in the first quarter of 2022.

During the next two years, leisure and hospitality; trade, transportation, and utilities; professional and business services; and education and health services add the most jobs. Together these four sectors account for just over three-quarters of total job gains. Through 2030, these four sectors are forecast to account for 79.4% of job gains.

SECTION II - FACTUAL DATA

Construction jobs are forecast to increase by 12,000 from 2020 to 2022, reflecting increased residential activity. Housing permits are projected to rise by 2,300 in 2021 and 3,200 in 2022, before they decelerate to a pace consistent with net population change.

The forecast calls for the Arizona labor market to rapidly tighten as the pandemic ends. The state unemployment rate is projected to fall from 7.9% last year to 5.8% in 2021, to 4.3% in 2022, and to 4.0% in 2023.

Exhibit 2: Arizona Outlook Summary

	(actual) 2020	(forecast) 2021	2022	2023
Growth Rate				
Nonfarm Jobs	-3.2	2.5	4.2	3.2
Personal Income	8.4	6.8	2.1	5.2
Retail Plus Remote Sales	13.7	6.3	1.5	4.5
Population	1.3	1.5	1.6	1.5
Level				
Unempl. Rate	7.9	5.8	4.3	4.0
Housing Permits	57,174	59,501	62,654	55,796

Table: George Hammond, Ph.D. • Source: Economic and Business Research Center, The University of Arizona • [Get the data](#)

Arizona personal income growth decelerates modestly in 2021, after very strong gains in 2020. Even so, income growth is strong in 2021, reflecting the major injection of federal fiscal stimulus. Without fiscal stimulus in 2022, income growth decelerates significantly and returns to normal by 2023.

Retail sales (including remote sales) decelerates in 2021 and 2022, reflecting both slowing income gains and the diversion of some spending from goods into travel and tourism activities.

Overall during the next decade, Arizona is forecast to add 643,000 new jobs. The Phoenix MSA is expected to continue to drive state economic gains during the forecast and adds 576,000 jobs. The Tucson MSA contributes as well, but at a slower pace, adding 53,000 jobs.

SECTION II - FACTUAL DATA

Risks to the Outlook

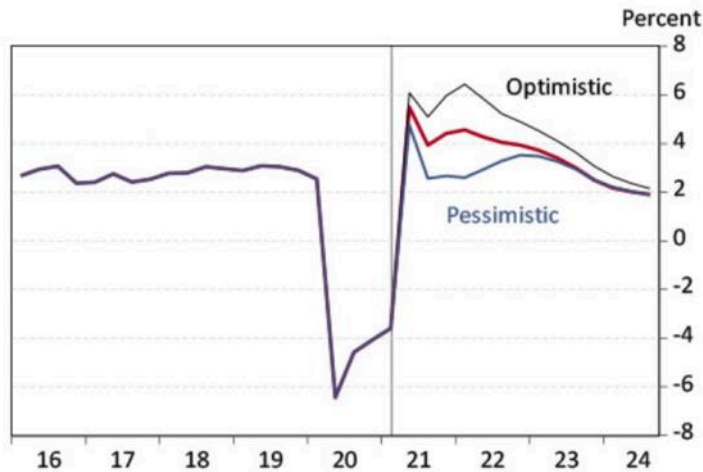
While the trajectory of the economy is likely to trend upward in the near term, assuming the outbreak continues dissipate, there are risks to the outlook. Exhibit 3 shows Arizona job growth under three scenarios. The baseline projections are assigned a 50% probability. The upside and downside risks are equally weighted, at 25% each.

The pessimistic scenario assumes a resurgence of the outbreak driven by a new variant. Containment measures are reintroduced, slowing consumer spending and delaying recovery. Under these assumptions, Arizona jobs return to their pre-pandemic peak in the third quarter of 2022 and adds 577,000 new jobs during the next decade.

The optimistic scenario assumes a more robust response to fiscal stimulus (more funds spent sooner) and a more rapid end to the pandemic driven by rapid vaccine uptake and adherence to mask wearing. Under these assumptions, Arizona jobs return to their pre-pandemic peak in the fourth quarter of 2021 and adds 778,000 new jobs during the next decade.

Exhibit 3: The Odds Favor Continued Rapid Recovery of the Arizona Economy

Arizona Over-the-Year Job Growth Under Alternative Scenarios



Overall, considering the use of the subject, it is unlikely that the subject will be significantly impacted by the current crisis. External forces are anticipated to short term in nature, and unlikely to have a significant impact on the subject.

SECTION II - FACTUAL DATA

METRO PHOENIX



With a metropolitan area of over 500 square miles, Phoenix is the largest city in Arizona. In addition to being the state capital, Phoenix is the economic center of central portion of the state. Phoenix is also home to Arizona State University, with a school year 2014-2015 enrollment of over 83,000 students. Additionally, Phoenix is the home of Major League Baseball team the Arizona Diamondbacks as well as the National Football League's Arizona Cardinals, the National Basketball Association's Phoenix Suns and the National Hockey League's Phoenix Coyotes. The Phoenix metropolitan area includes the cities of Phoenix, Mesa, Tempe, Chandler, Gilbert, Glendale, Peoria and Scottsdale, as well as other communities. The overall economy of the metropolitan area was strong throughout much of 2006 and 2007, with continued inventory growth in virtually all sectors. Following the residential market decline, the commercial market also slowed substantially, with increasing vacancies and declining lease rates and property values across all sectors. In the past several years, the overall economy has shown an indication of recovery, with decreasing vacancy and increasing rental rates in most sectors.

Metropolitan Phoenix is provided with numerous highways and freeways providing good access to all parts of incorporated and unincorporated areas. Interstates 10 and 17 run through the region, as does US Highway 60, State Routes 51, 74, 85, 87, 143, 801, 802 and Loop 101, 202 and 303. Although Metropolitan Phoenix's development is spread out and the majority of commuters commute via automobile, the cities of Phoenix, Mesa and Tempe have constructed

SECTION II - FACTUAL DATA

the Metro Light Rail. The light rail is 20-miles long and began construction in February 2005 and was open for operation in December 2008. The light rail runs north to Montebello Avenue and 19th Street in Central Phoenix and east to Main Street and Sycamore in Mesa, Arizona. The light rail crosses through by Sky Harbor International Airport, Tempe and the Arizona State University campus. Sky Harbor is one of the ten busiest airports in the nation, with more than 125,000 passengers per day, as well as more than 1,000 tons of cargo and 1,200 arrivals and departures. The latest statistics from Sky Harbor indicate a total passenger count of 21,928,708 passengers in 2020. This number is significantly down due to the worldwide pandemic in 2020, but is expected to normalize to roughly double this passenger count in the near future.

The population of Maricopa County, which approximates the metropolitan area, increased over 45% in the decade spanning 1990 through 2000, from 2,238,480 in 1990 to 3,251,876 in 2000. Population grew again in the subsequent decade, with an additional 28.9% increase from the year 2000 to 4,192,887 in the 2010 census. According to the U.S. Census Bureau, Maricopa County had a population estimate for 2019 of 4,485,414. The population counts of the metropolitan Phoenix area earn it the rank as the 5th largest in the United States.

Prior to 2008, employment in the Phoenix metro area had been relatively strong. However, due to deteriorating local, regional and national economic conditions, unemployment increased sharply in 2009 and stabilized in the latter part of 2010. The following table summarizes the historic and recent unemployment rates for the metro Phoenix area, the state and the nation as a whole. The recent effects of the Covid-19 pandemic are evident, in comparing years 2019 to 2020, as seen on the below exhibit.

Unemployment Rates			
Phoenix-Metropolitan Area			
Year	Phoenix	Arizona	US
2000	3.3%	4.0%	4.0%
2005	4.1%	4.7%	5.0%
2006	3.6%	4.1%	4.5%
2007	3.2%	3.7%	4.6%
2008	5.3%	6.0%	5.8%
2009	9.3%	9.9%	9.3%
2010	9.8%	10.5%	9.6%
2011	8.6%	9.5%	9.8%
2012	6.7%	7.9%	7.8%
2013	6.5%	7.6%	6.7%
2014	5.5%	6.6%	5.6%
2015	4.4%	5.8%	5.0%
2016	4.1%	5.0%	4.7%
2017	4.0%	4.5%	4.1%
2018	4.5%	4.8%	3.9%
2019	3.9%	4.7%	3.7%
2020	6.1%	6.8%	3.9%

Source: US Bureau of Labor Statistics

Metropolitan Phoenix has been one of the fastest growing metropolitan areas in the United States. The continued construction and expansion of the now impressive regional freeway system has spurred development in locations proximate to the transportation corridors at the

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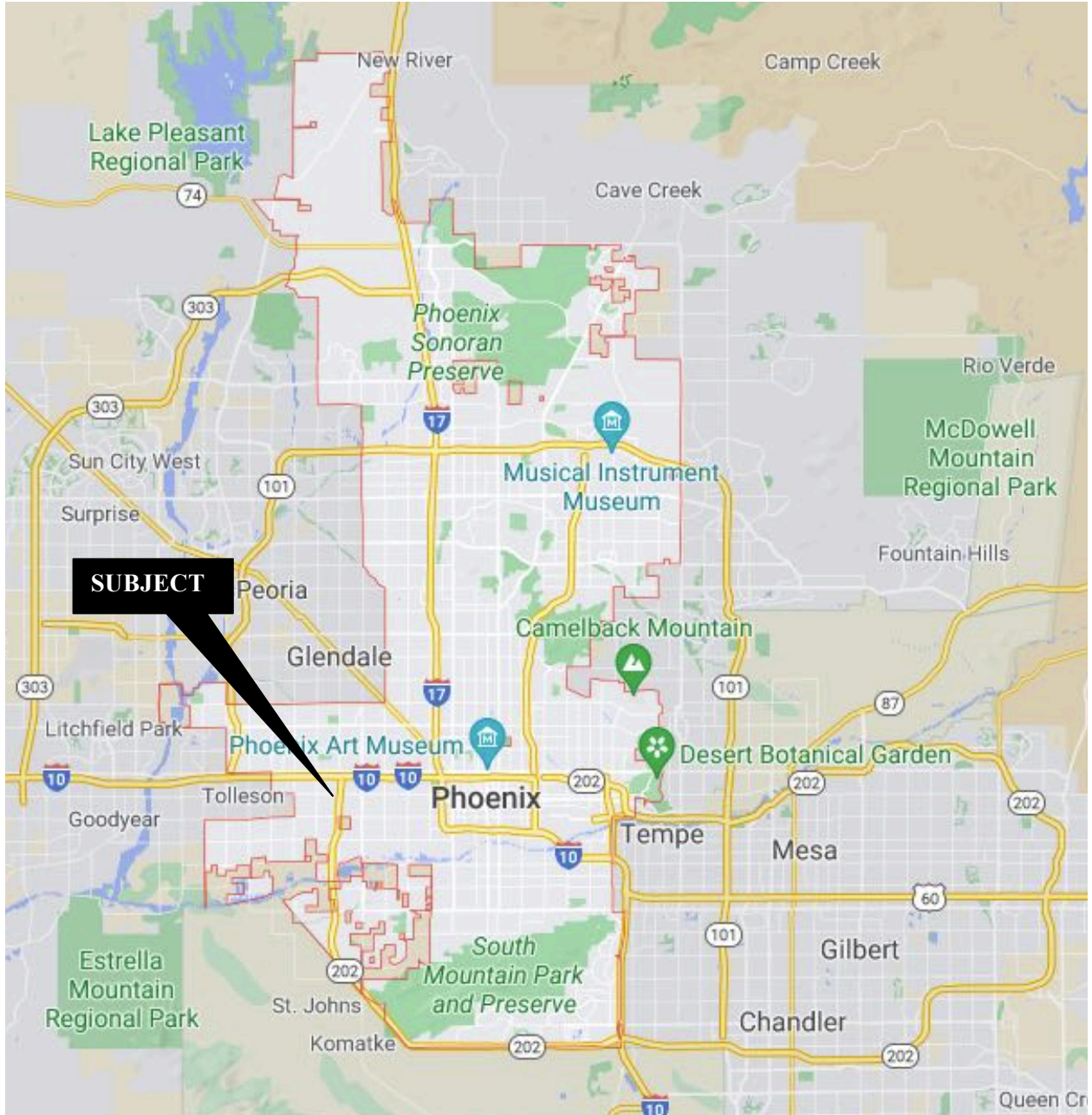
periphery of the metro area, fueling a decade-long expansion of housing and commercial development.

Most segments of the residential and commercial property markets had remained overbuilt through 2012, given national economic conditions and the impact of the financial market turmoil that had occurred. More recently, the residential market has shown strong signs of recovery, and vacancy conditions have improved for retail and industrial properties, although office market conditions remain soft. Over the longer term, however, the area's quality of life will attract new employers and residents, along with millions of visitors each year. The area has experienced overall employment and population growth over several decades and is expected to continue to do so into the future. Overall, the market will recover over time and the long-term market trends in the area should have a positive impact upon the subject.

NEIGHBORHOOD DATA

The neighborhood lies in the southwest portion of metropolitan Phoenix within municipal boundaries of the City of Phoenix. The following discussion summarizes those factors that influence values within the neighborhood.

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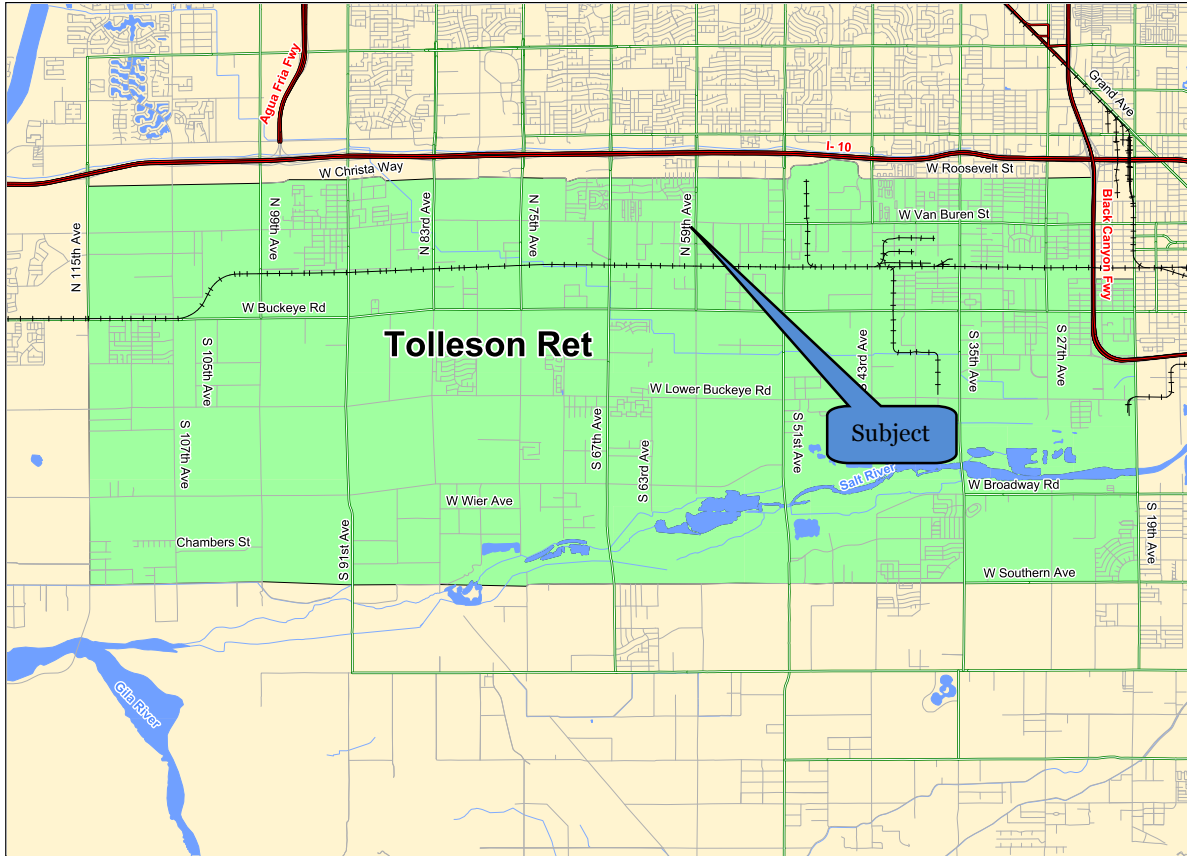


*Mapdata @2021 Google

Retail

Retail development in the neighborhood is adequate, with the subject sub-market having about 2.8 million square feet of retail space amongst 288 properties, and representing 1.2% of the total inventory in metropolitan Phoenix. The subject property is within *CoStar's Tolleson Retail Submarket* as depicted on the below exhibit. This is considered to be a reasonable representation of properties surrounding the subject and is utilized in this analysis.

SECTION II - FACTUAL DATA



Tolleson Retail Submarket

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SECTION II - FACTUAL DATA

SUBMARKET VACANCY & NET ABSORPTION

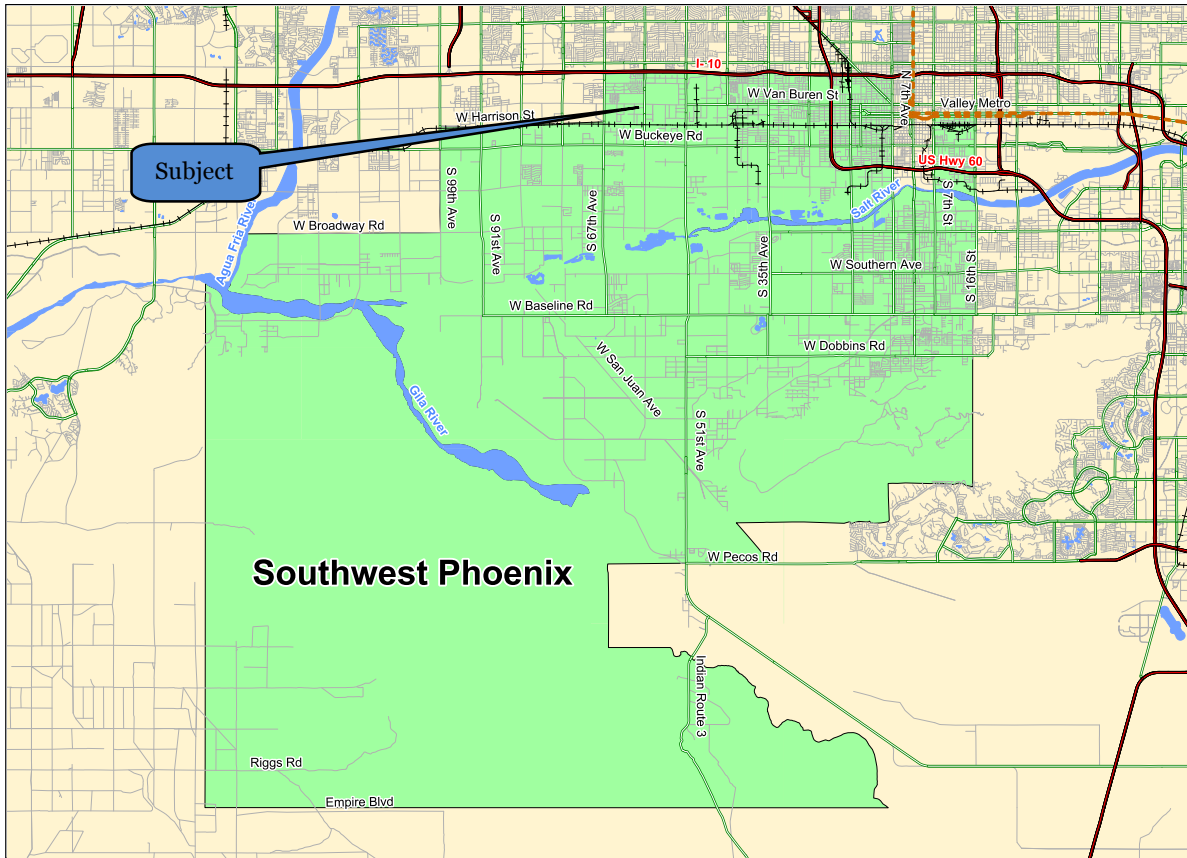
No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Ahwatukee Foothills	228,337	7.1%	24	91,576	2.8%	10	0
2	Airport Area	204,093	5.2%	14	(18,677)	-0.5%	30	-
3	Anthem	125,420	4.7%	11	(11,077)	-0.4%	28	-
4	Apache Junction	138,825	6.4%	19	78,395	3.6%	11	0.7
5	Carefree	141,639	7.7%	27	22,502	1.2%	17	-
6	Central Scottsdale	753,979	4.6%	10	178,084	1.1%	4	0.3
7	Chandler	1,252,363	7.3%	25	(42,124)	-0.2%	32	-
8	Ctrl Peoria/Arrowhead	679,050	6.5%	21	212,792	2.0%	2	1.1
9	Deer Valley	55,277	2.5%	2	19,350	0.9%	18	0.1
10	Downtown Phoenix	531,530	6.5%	22	107,036	1.3%	9	0
11	East Phoenix	681,107	7.6%	26	(25,711)	-0.3%	31	-
12	Fountain Hills	46,108	5.9%	18	37,242	4.8%	14	-
13	Gateway Airport	122,319	4.2%	7	124,442	4.3%	7	0.3
14	Gila River Outlying	-	-	-	0	0%	-	-
15	Gilbert	679,637	4.0%	4	653,027	3.9%	1	0.5
16	Glendale	902,165	7.9%	28	(104,154)	-0.9%	34	-
17	Goodyear	184,166	4.5%	9	112,424	2.8%	8	0.3
18	Laveen	71,553	4.4%	8	(2,141)	-0.1%	24	-
19	Loop 101/I-10	89,762	2.9%	3	39,060	1.3%	13	0.2
20	N Goodyear/Litchfield	220,716	4.1%	6	76,373	1.4%	12	0.1
21	N Phoenix/I-17 Corr	2,671,957	16.4%	34	(699,334)	-4.3%	36	-
22	NE Outlying Maricopa	-	-	-	0	0%	-	-
23	North Buckeye	-	-	-	125,791	61.1%	6	1.0
24	North Scottsdale	1,600,667	10.4%	31	(740,648)	-4.8%	37	-
25	Outlying Pinal County	806,326	9.1%	30	200,649	2.3%	3	0.1
26	Queen Creek	112,551	5.5%	16	(6,925)	-0.3%	26	-
27	Red Mountain/Mesa	3,256,096	10.5%	32	164,930	0.5%	5	0.2
28	South Buckeye	65,892	4.1%	5	10,923	0.7%	20	0.8
29	South Mountain	212,547	13.2%	33	(131,352)	-8.2%	35	-
30	South Phoenix	91,838	5.0%	13	(4,634)	-0.3%	25	-
31	South Scottsdale	215,058	6.4%	20	(59,696)	-1.8%	33	-
32	Sun City	340,235	8.8%	29	8,906	0.2%	21	1.7
33	Surprise/North Peoria	276,678	4.8%	12	(17,722)	-0.3%	29	-
34	Tempe	547,750	6.6%	23	24,716	0.3%	16	0.1
35	Tolleson	154,074	5.5%	15	14,014	0.5%	19	-
36	W Outlying Maricopa	16,329	2.0%	1	(7,425)	-0.9%	27	-
37	West Phoenix/Maryvale	465,990	5.7%	17	27,362	0.3%	15	-

Office

This *Southwest Phoenix Office Submarket* represents 2.5% of the total inventory in the metro Phoenix area, with 204 office buildings and more than 4.9 million square feet of space. Vacancy metro-wide was 14.0%, with the subject submarket lower, at 4.2%.



SECTION II - FACTUAL DATA



Southwest Phoenix Office Submarket

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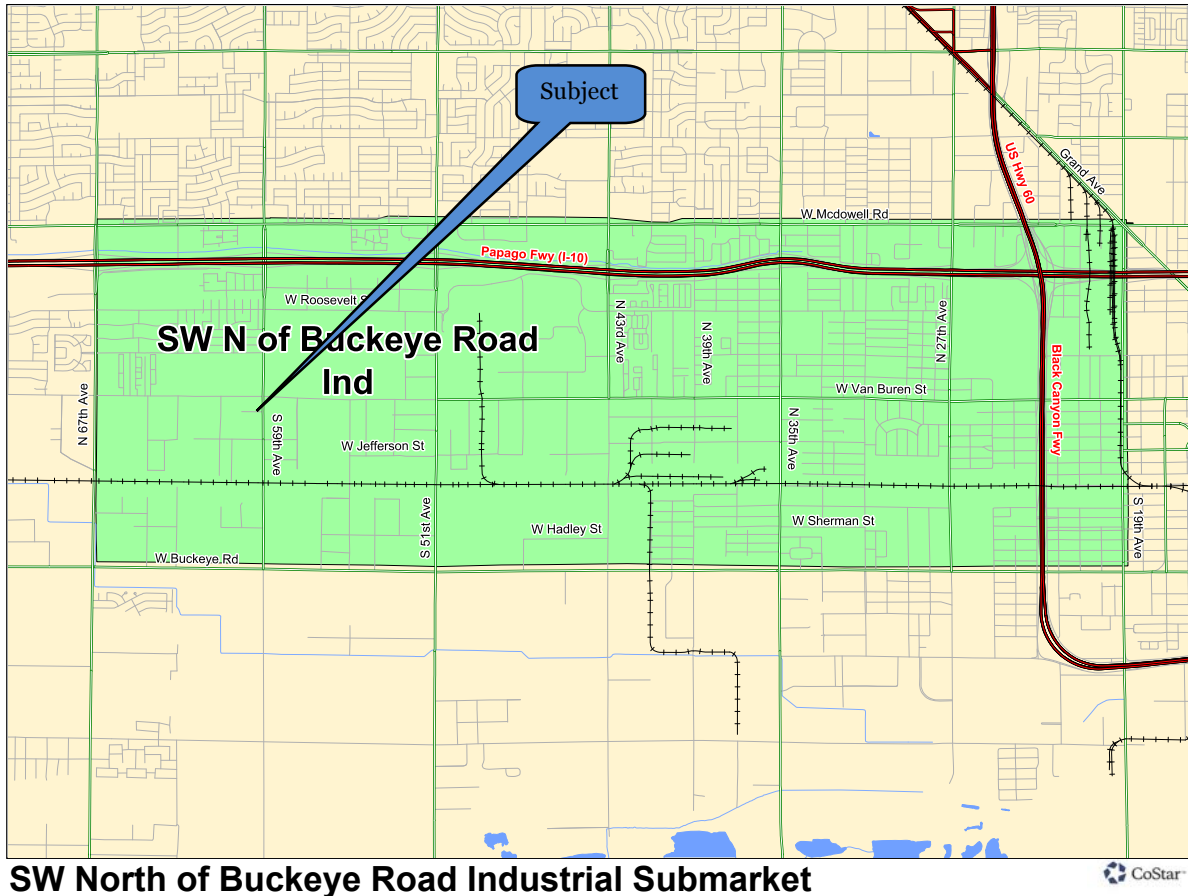
SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	44th Street Corridor	567,674	13.6%	18	(91,702)	-2.2%	21	-
2	Airport Area	1,156,375	17.3%	26	(273,063)	-4.1%	28	-
3	Arrowhead	480,014	10.5%	10	157,474	3.4%	1	0.9
4	Camelback Corridor	1,824,112	19.2%	27	(419,367)	-4.4%	31	-
5	Central Scottsdale	1,388,569	15.4%	23	(383,224)	-4.3%	30	-
6	Chandler	1,677,588	12.9%	16	(49,413)	-0.4%	20	-
7	Deer Valley/Airport	2,196,317	15.3%	21	334	0%	12	430.9
8	Downtown	1,732,405	14.9%	20	(136,300)	-1.2%	24	-
9	Gateway Airport/Loop 202	228,408	7.6%	6	148,739	5.0%	2	0.6
10	Glendale	468,789	13.1%	17	57,884	1.6%	5	0.3
11	Loop 303/Surprise	209,757	8.0%	7	73,811	2.8%	4	0.1
12	Mesa Downtown	107,479	7.0%	5	12,714	0.8%	8	-
13	Mesa East	336,528	7.0%	4	140,581	2.9%	3	1.7
14	Midtown	2,577,184	19.5%	28	(284,068)	-2.1%	29	-
15	Midtown/Central Phoenix	396,359	6.5%	3	(9,258)	-0.2%	16	-
16	N Phoenix/Cave Creek	5,660	3.7%	1	(2,660)	-1.7%	14	-
17	N Scottsdale/Carefree	235,395	12.5%	14	7,621	0.4%	9	-
18	North I-17	128,611	16.8%	24	6,874	0.9%	10	-
19	Northwest Outlying	-	-	-	2,236	2.2%	11	-
20	Northwest Phoenix	2,166,571	19.5%	29	(113,218)	-1.0%	23	-
21	Paradise Valley	539,558	10.8%	11	(10,462)	-0.2%	17	-
22	Piestewa Peak Corridor	434,564	12.5%	12	27,487	0.8%	7	-
23	Pinal County	159,475	9.5%	9	(16,528)	-1.0%	18	-
24	Scottsdale Airpark	2,392,087	17.1%	25	(5,124)	0%	15	-
25	Scottsdale South	1,094,248	14.0%	19	(270,600)	-3.5%	27	-
26	South Tempe/Ahwatukee	1,238,581	15.4%	22	(242,119)	-3.0%	26	-
27	Southwest Outlying	-	-	-	0	0%	-	-
28	Southwest Phoenix	205,891	4.2%	2	(21,205)	-0.4%	19	-
29	Superstition Corridor	843,019	12.5%	13	(97,489)	-1.4%	22	-
30	Tempe	2,546,825	12.8%	15	(157,998)	-0.8%	25	-
31	West I-10	219,145	8.5%	8	50,162	1.9%	6	0.3

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Industrial

As defined by CoStar, the property falls within the “*Southwest North of Buckeye Road Industrial Submarket*”.



The *Southwest North of Buckeye Road Industrial Submarket* contains 733 buildings and over 34.3 million square feet of inventory. This accounts for 9.0% of the total inventory metro-wide. Vacancy in this submarket is 1.9%, which is lower than the metro-wide vacancy of 5.8%.

SECTION II - FACTUAL DATA

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Central Phoenix	203,872	4.4%	18	(26,112)	-0.6%	31	-
2	Chandler	1,265,494	5.6%	22	495,427	2.2%	11	-
3	Chandler Airport	415,243	8.0%	27	963,095	18.5%	8	0.5
4	Chandler N/Gilbert	1,880,236	7.8%	25	1,641,280	6.8%	4	0.5
5	Deer Vly/Pinnacle Pk	747,700	4.1%	16	622,730	3.4%	10	0.4
6	Falcon Fld/Apache Jct	178,049	3.1%	12	410,021	7.0%	13	0.3
7	Glendale	2,881,183	14.4%	28	5,529,133	27.7%	1	1.1
8	Goodyear	4,550,679	20.7%	29	4,011,751	18.2%	2	1.5
9	Grand Avenue	351,690	2.6%	8	74,808	0.6%	25	-
10	Mesa	225,834	2.9%	10	150,119	1.9%	19	-
11	North Airport	621,215	4.4%	19	470,931	3.4%	12	0.3
12	North Black Canyon	92,296	2.0%	4	170,216	3.7%	17	-
13	North Outlying	5,000	2.3%	5	0	0%	-	-
14	Northwest Outlying	-	-	-	0	0%	-	-
15	Pinal County	122,781	1.1%	2	1,002,122	8.9%	7	0.8
16	S Airport N of Roeser	564,735	3.7%	14	343,148	2.2%	14	-
17	S Airport S of Roeser	126,265	2.8%	9	85,496	1.9%	24	-
18	SC N of Salt River	1,012,547	6.3%	24	318,422	2.0%	15	-
19	SC S of Salt River	208,110	7.9%	26	36,476	1.4%	27	0.5
20	Scottsdale Airpark	302,119	4.5%	20	158,999	2.4%	18	-
21	Scottsdale/Salt River	23,074	0.4%	1	143,412	2.6%	20	-
22	Southwest Outlying	-	-	-	0	0%	-	-
23	Surprise	178,461	4.3%	17	111,123	2.6%	21	-
24	SW N of Buckeye Road	667,601	1.9%	3	1,384,949	4.0%	6	0.1
25	SW S of Buckeye Road	717,064	3.7%	15	1,452,213	7.5%	5	0.1
26	Tempe East	163,171	2.4%	6	175,641	2.6%	16	0.3
27	Tempe Northwest	334,923	3.0%	11	74,089	0.7%	26	-
28	Tempe Southwest	1,186,218	5.4%	21	653,652	3.0%	9	-
29	Tolleson	2,589,399	6.1%	23	3,024,708	7.1%	3	0.1
30	W Phx N of Thomas Rd	259,961	3.2%	13	92,571	1.1%	22	-
31	W Phx S of Thomas Rd	172,778	2.4%	7	91,394	1.3%	23	-

Lodging

The neighborhood is adequately served by hotels, with about 15 lodging facilities in the vicinity.

Government and Public Uses

The neighborhood lies partially within the City of Phoenix and is under the jurisdiction of the City of Phoenix, while other areas are located within unincorporated Maricopa County. The City of Phoenix provides all city services including police and fire protection and sanitary garbage removal within the incorporated areas. All utilities are available to the neighborhood, including water and sewer service, natural gas from Southwest Gas Corporation, electrical service by APS, and telephone service from Century Link.

There are several health care facilities in the area, the 2.2 million square foot St Joseph's regional medical center located in the downtown area, just east of the subject, Banner University Medical Center located between McDowell Road and Interstate 10 and the Phoenix Children's Hospital at

SECTION II - FACTUAL DATA

Thomas Road and Highway 51. Several other medical use facilities are in proximity to the hospitals, including several urgent care facilities.

Piestewa Peak Park is located northeast of the subject neighborhood and offers biking and hiking trails year round. The subject neighborhood has numerous city parks with recreation centers and dog parks.

Life Cycle

According to the *Appraisal of Real Estate*, 15th Edition, published by the Appraisal Institute, there are four stages in the life of a neighborhood: 1) Growth – a period when a neighborhood gains public favor and acceptance; 2) Stability – a period of equilibrium without marked gains or losses; 3) Decline – a period of diminishing demand; and 4) Revitalization – a period of renewal, redevelopment, modernization, and increasing demand.

The neighborhood is well established, both residentially and commercially, and is growing at a strong pace. The neighborhood is largely developed and in the stability stage of its life cycle.

Summary

The neighborhood is well established and projected to grow at a strong pace relative to the larger metropolitan area. The transportation network is well established and continues to modernize as development occurs. The neighborhood is provided with adequate public uses, such as parks, schools, and recreational facilities.

Overall, the subject neighborhood is considered to be in the growth stage of its life cycle. The subject area reflects a well-established neighborhood. Overall, the subject neighborhood is considered to have a positive long-term affect upon the subject property.

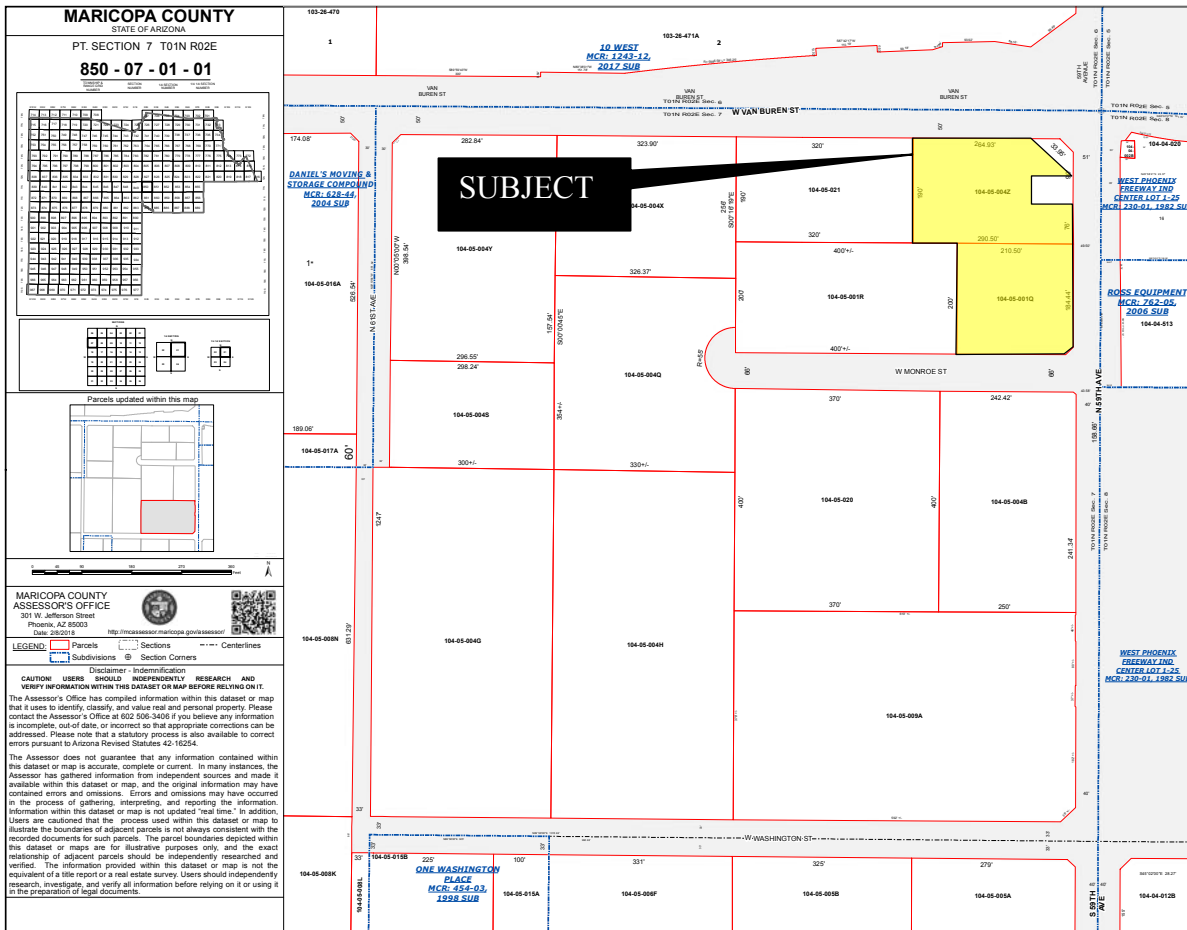
SECTION II - FACTUAL DATA

PROPERTY DATA

SITE DESCRIPTION

LOCATION:

The subject property is located within a portion of Section 7, Township 1 North, Range 2 East, Phoenix, Maricopa County, Arizona. The physical addresses of the subject property are 202 & 224 North 59th Avenue, Phoenix, Arizona 85043. The subject is located at the southeast corner of Van Buren Street and 59th Avenue, just west of the 202 (South Mountain Freeway). The subject property is further identified as a portion of Maricopa County Assessor parcel no.'s 104-05-001Q & 104-05-004Z. Please see below exhibit.



*Maricopa County GIS 2021 parcel viewer online map

EXISTING USE:

The subject site was previously utilized for industrial uses. All former improvements have been demolished. The site is currently vacant land, with some areas of concrete and asphalt remaining.

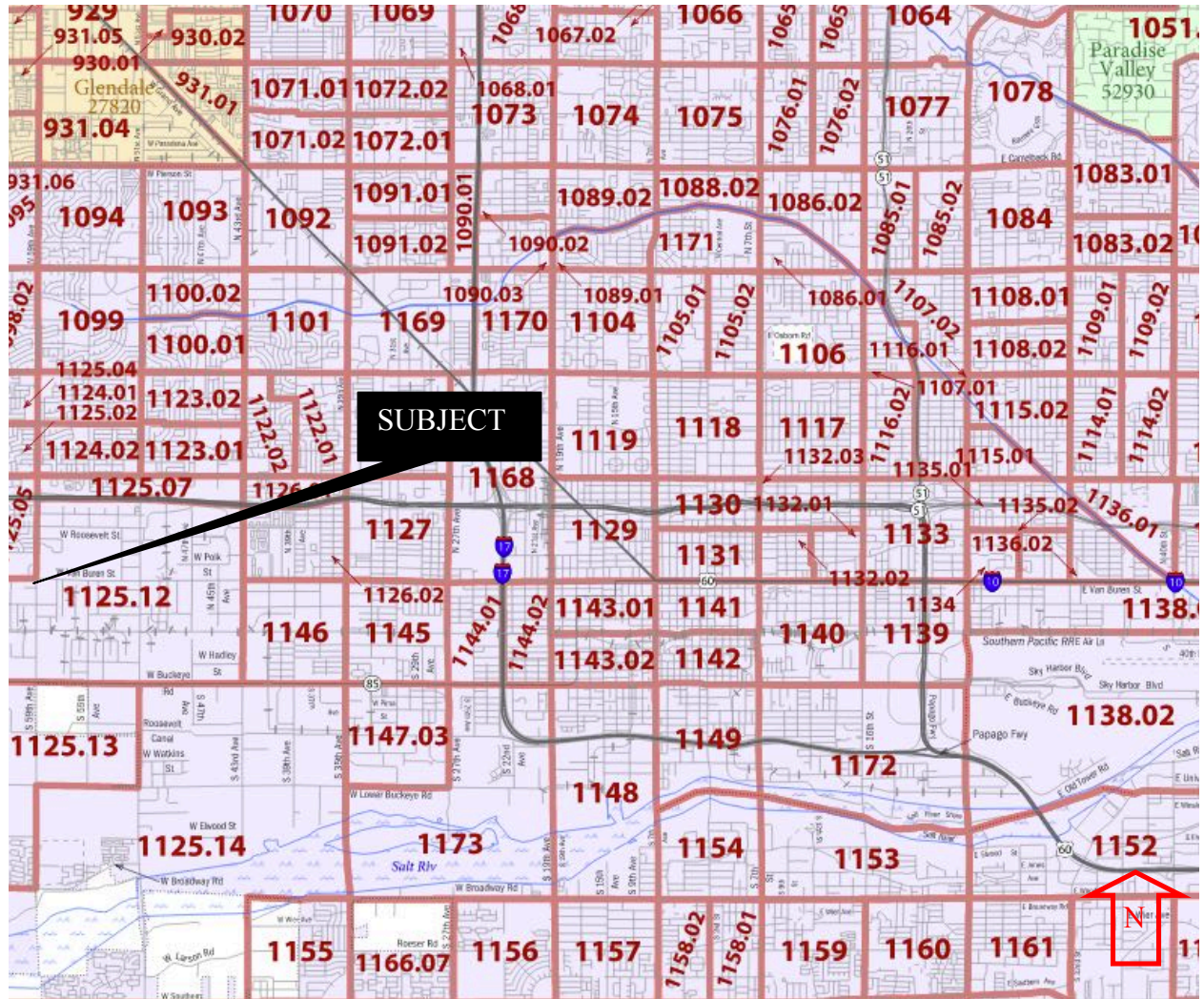


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- FRONTAGE/ACCESS:** The subject property has frontage along Van Buren Street, 59th Avenue and West Monroe Street. However, access would be strictly along Monroe Street due to a 1' no access easement along the northern and eastern boundaries of the subject site. Curb cuts along Van Buren Street or 59th Avenue would not be permitted. In this area, Monroe Street is a cul-de-sac with no connections to other roadways.
- TOPOGRAPHY:** The subject parcel has generally flat topography.
- SOIL CONDITIONS:** As of the date of inspection, there did not appear to be any positive or negative soil or subsoil conditions affecting the subject site.
- LAND AREA/SIZE:** According to the legal description provided by the client, the subject consists 87,461 square feet, or about 2.01 acres.
- LAND SHAPE:** The parcel is irregular in shape. As illustrated, a 50' x 70' notch is excluded from the eastern portion of the site for a future billboard site. See the discussion below regarding the Visibility Easement.
- UTILITIES:** All utilities are in place to the subject including: electricity provided by Arizona Public Service Company, water and sewer provided through the City of Phoenix, natural gas from Southwest Gas and telecommunications through CenturyLink, Cox and other area providers.
- NATURAL, CULTURAL, RECREATIONAL OR SCIENTIFIC VALUE:** The subject of this appraisal does not appear to have any natural, cultural, recreational or scientific value, which would impair its developability or immediate utility and is a typical property for this area of Phoenix.
- ENVIRONMENTAL:** No apparent signs of environmental concern were notable at the time of my inspection. Should this be an area of concern for the client, a Phase I Environmental Assessment should be obtained from qualified personnel.

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CENSUS TRACT: The subject site is located within Census Tract 1125.12.



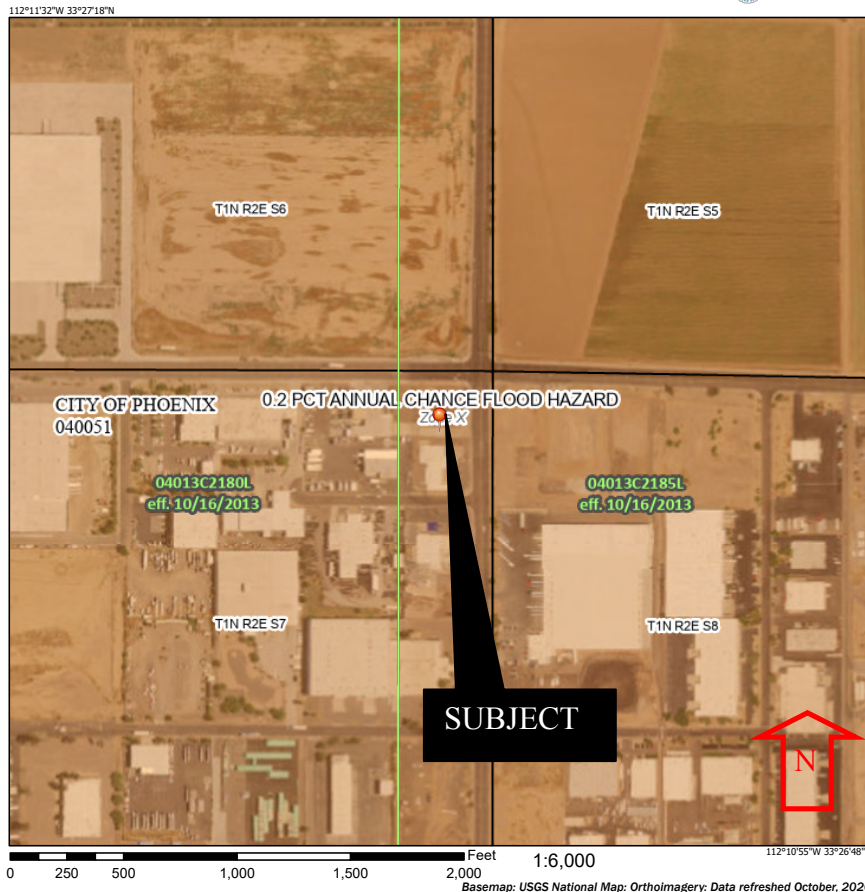
*U.S. Census Bureau 2010

SECTION II - FACTUAL DATA

FLOOD CONDITION:

According to the Federal Emergency Management Agency Flood Insurance Rate Map Panel Number 04021C2185L, dated October 16, 2013, the subject property is located in an area designated as Zone X (shaded): 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.

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, X, AE
- 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
- 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

- NO SCREEN Area of Minimal Flood Hazard Zone X
- Effective LOMRs
- Area of Undetermined Flood Hazard Zone D

GENERAL STRUCTURES

- Channel, Culvert, or Storm Sewer
- Levee, Dike, or Floodwall

OTHER FEATURES

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

MAP PANELS

- 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.

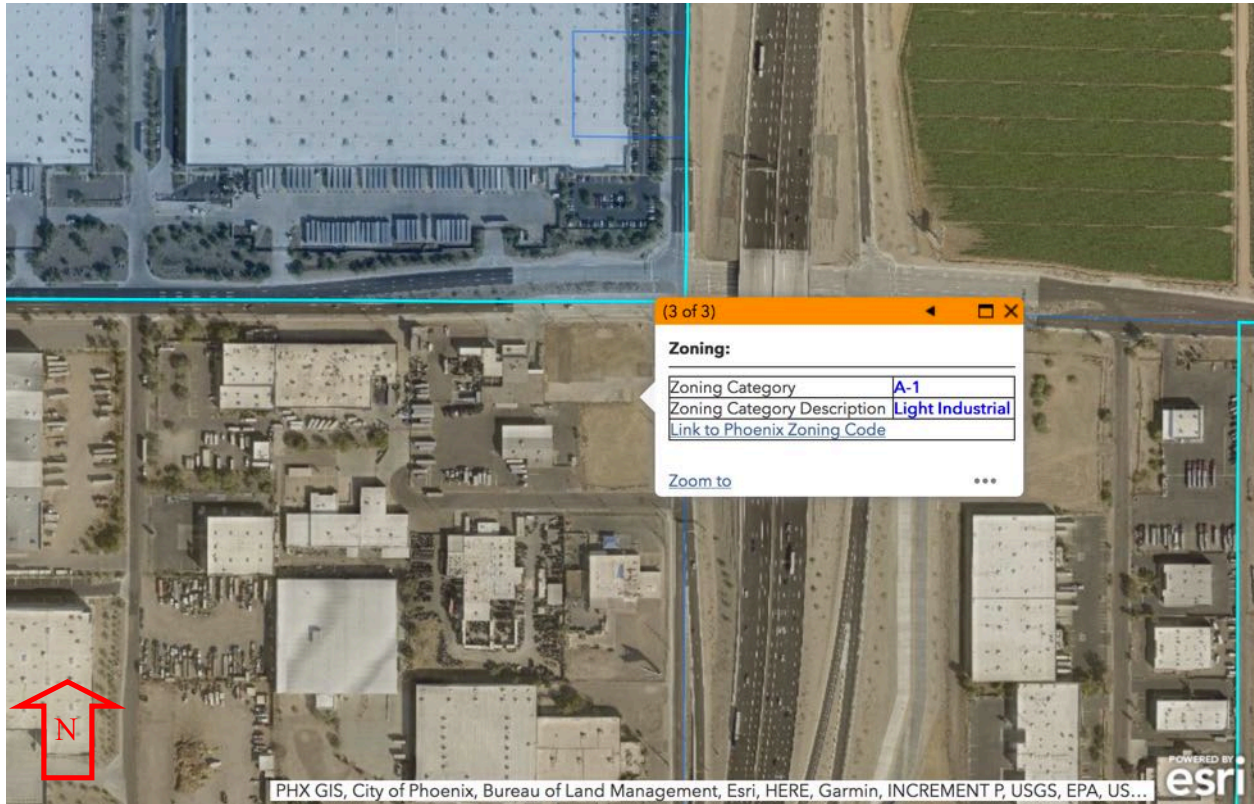
The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 7/13/2021 at 2:10 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by 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.

SECTION II - FACTUAL DATA

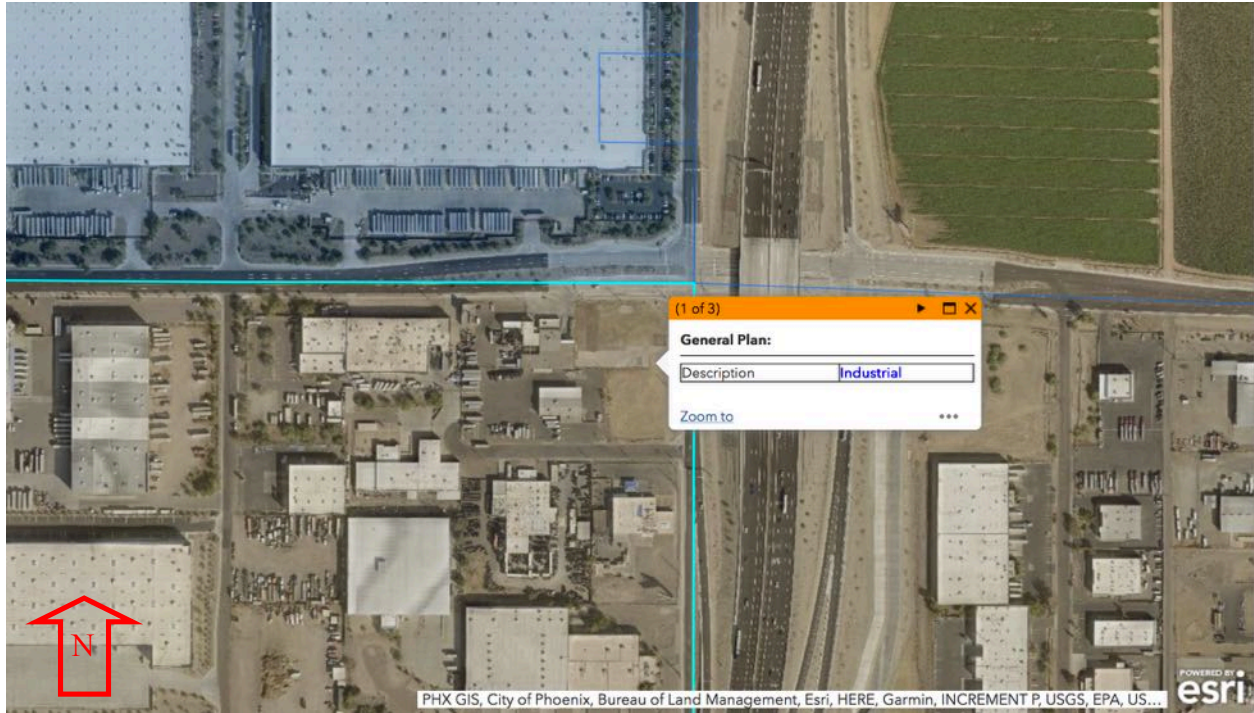
Zoning & Land Use Regulations

The subject site is zoned A-1 (Light Industrial Zone), City of Phoenix. According to the City of Phoenix Zoning Ordinance, “the A-1, Light Industrial District, is a district of industrial uses designed to serve the needs of the community for industrial activity not offensive to nearby commercial or residential uses.”



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According to the City of Phoenix General Plan, the subject property is designated as Industrial, as pictured on the below exhibit. “The Industrial Land Use Category allows warehousing, manufacturing and processing businesses. These categories are typically characterized as development that due to noise, smell, or some other special consideration are not appropriate for a commerce park.”



SECTION II - FACTUAL DATA

ENCUMBRANCES, RESTRICTIONS AND EASEMENTS:

I was provided a title report for the subject property. The following summarizes each of the exceptions and easements provided on Schedule B of the title report:

Explanations of Schedule B Exceptions:

- Item # 1: Contract and Grant of Easement by and between the United States of America and the State of Arizona, by and through its Department of Transportation, as Grantor, for irrigation purposes dated July 8, 2019, recorded December 12, 2019 in Document No. 2019-1004876. Re-recorded August 5, 2020 to replace and supercede the original document, in Document No. 20200708909.
- Item # 2: Easements for Billboard Site and Limits of Visibility disclosed on map titled "Exhibit L-C-048" dated December 6, 2019.
[Project 202L MA 000 H8827 01R / SOUTH MOUNTAIN FREEWAY / Parcel # L-C-048]

As noted above, the subject is encumbered with a Visibility Easement. The following is provided in the legal description of the subject:

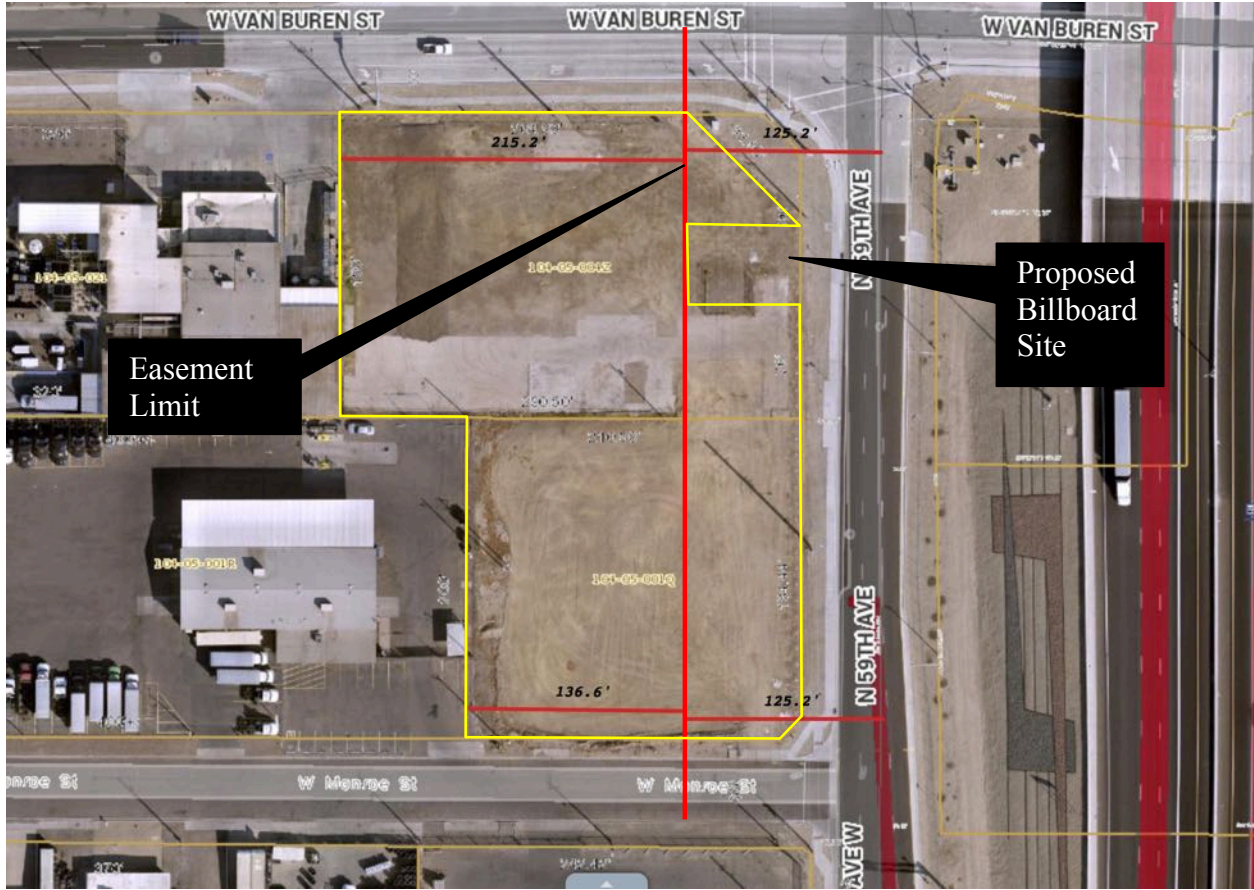
"ALSO RESERVING a Visibility Easement over a strip of land across the above described property, lying between the existing westerly right of way line of 59th Avenue and a line that is parallel with and 125.00 feet westerly of said East line of Section 7.

The Grantee, its successors and assigns, shall not construct or allow to be constructed any improvements, nor plant or allow to be planted any trees or vegetation within said Visibility Easement which will prevent or impair visibility from State Route 202L of the billboards that may be constructed on adjacent property.

ALSO RESERVING a Blanket Easement over the above described property to provide access to and utilities for the billboards that may be constructed upon the adjacent property."

My analysis of the impact of this easement suggests that it would have a minor impact on the development potential of the subject property. The following exhibit was prepared with use of the Maricopa County GIS.

SECTION II - FACTUAL DATA



As illustrated, once the 125' easement is taken into consideration, which encumbers about 70' of the easternmost portion of the subject site, there remains a reasonable depth of about 136 to 215 feet on which a building could be constructed. The 70' of frontage area that is encumbered with the easement could easily be utilized for parking and circulation. Therefore, the impact of the easement is considered to be relatively minor.

SECTION II - FACTUAL DATA

Tax/Assessments

PROPERTY TAXES: The subject property is owned by the Arizona Department of Transportation and therefore is not subject to property taxes.

TAX STATUS: According to the Maricopa County Treasurer's Office, the subject property is not taxable. Once the property is sold to a private party, it will once again be assessed taxes.

SECTION III - DATA ANALYSIS AND CONCLUSIONS

HIGHEST AND BEST USE

Highest and best use is the basic premise of value and, as such, reflects an appraiser's opinion based upon an analysis of prevailing market occurrences. Highest and Best Use, as applied in this appraisal, is defined as:

The reasonably probable and legal use of vacant land or an improved property, that is physically possible, appropriately supported, financially feasible, and that results in the highest value.¹

The purpose of estimating the highest and best use of the subject site is to identify the uses that cause the site to have value. The use of the subject site found to be physically possible, appropriately supported, financially feasible, and that results in the highest present land value is considered to be the highest and best use.

In estimating the highest and best use of land there are essentially four stages of analysis:

- 1) Legally permissible use - the uses of the subject that are permitted by zoning, existing leases and/or deed restrictions;
- 2) Physically possible use - the uses of the subject that are physically possible;
- 3) Financially feasible use - the uses of the subject which are possible and permissible which will produce a net return to the owner of the subject; and
- 4) Maximally productive use - the use of the subject site among the feasible uses that produces the highest net return to the subject. The use is essentially the highest and best use of the subject.

In this case, the subject is comprised of vacant land.

Highest and Best Use, As Presently Vacant

Legally Permissible

The subject site is zoned A-1 (Light Industrial Zone), City of Phoenix. According to the City of Phoenix Zoning Ordinance, "the A-1, Light Industrial District, is a district of industrial uses designed to serve the needs of the community for industrial activity not offensive to nearby commercial or residential uses." This is consistent with the City of Phoenix General Plan, which designates the subject property as Industrial. According to the General Plan, "The Industrial Land Use Category allows warehousing, manufacturing and processing businesses. These categories are typically characterized as development that due to noise, smell, or some other special consideration are not appropriate for a commerce park."

Overall, investment or development with industrial uses are considered to reflect the legally permissible uses of the property.

¹

The Appraisal of Real Estate; Fifteenth Edition, published by the Appraisal Institute

SECTION III - DATA ANALYSIS AND CONCLUSIONS

Physically Possible

According to the legal description provided by the client, the subject consists of 2.01 acres, or 87,461 square feet of land, which will be utilized herein. The parcel is irregular in shape. As previously illustrated, a 50' x 70' notch is excluded from the eastern portion of the site for a future billboard site. See the discussion below regarding the Visibility Easement. The subject property has frontage along Van Buren Street, 59th Avenue and West Monroe Street. However, access would be strictly along Monroe Street due to a 1' no access easement along the northern and eastern boundaries of the subject site. Curb cuts along Van Buren Street or 59th Avenue would not be permitted. In this area, Monroe Street is a cul-de-sac with no connections to other roadways.

The subject property has frontage along Van Buren Street, 59th Avenue and West Monroe Street. However, access would be strictly along Monroe Street due to a 1' no access easement along the northern and eastern boundaries of the subject site. Curb cuts along Van Buren Street or 59th Avenue would not be permitted. In this area, Monroe Street is a cul-de-sac with no connections to other roadways. Therefore, access would be only from Monroe Street as it extends west from 59th Avenue, which is a one-way roadway in this area, serving as the southbound frontage road for the Loop 202. These access restrictions would likely limit demand by primary commercial users such as fuel/convenience stores, quick-service restaurants, car washes, et cetera.

As previously discussed, the subject is encumbered with a Visibility Easement. This easement impacts the easternmost roughly 70' of the subject site. According to the legal description for the easement, "*ALSO RESERVING a Visibility Easement over a strip of land across the above described property, lying between the existing westerly right of way line of 59th Avenue and a line that is parallel with and 125.00 feet westerly of said East line of Section 7. The Grantee, its successors and assigns, shall not construct or allow to be constructed any improvements, nor plant or allow to be planted any trees or vegetation within said Visibility Easement which will prevent or impair visibility from State Route 202L of the billboards that may be constructed on adjacent property.*" And, "*ALSO RESERVING a Blanket Easement over the above described property to provide access to and utilities for the billboards that may be constructed upon the adjacent property.*" As illustrated on the previously provided exhibit, once the 125' easement is taken into consideration, which encumbers about 70' of the easternmost portion of the subject site, there remains a reasonable depth of about 136 to 215 feet on which a building could be constructed. The 70' of frontage area that is encumbered with the easement could easily be utilized for parking and circulation. Therefore, the impact of the easement is considered to be relatively minor.

Overall, there are considered to be no physical constraints on the subject parcel, other than those discussed above, that would preclude its development with all of the legally permissible uses, which consists of the legally permissible uses noted above.

Financially Feasible

The subject is located at the southwest corner of the Loop 202 and Van Buren Road, in southwestern Phoenix. The area is well established with numerous industrial uses. New construction has been occurring in the area for several years, with demand for new industrial

SECTION III - DATA ANALYSIS AND CONCLUSIONS

uses remaining strong. As discussed above, in spite of the subject's strong location at the southwest corner of Loop 202 and Van Buren Road, the lack of access along Van Buren and 59th Avenue would limit demand by most primary commercial type users. The additional limitations caused by the Visibility Easement to accommodate the future billboard site could also limit demand by some users. As such, and considering the subject's current industrial zoning, a light industrial use of the subject would be most likely. Investment would also reflect a financially feasible use of the site.

Maximally Productive

Either investment or development with light industrial uses reflects financially feasible uses. Considering the current demand for industrial uses in the immediate area, investment is not considered to reflect the maximally productive use of the site. A smaller industrial use that could benefit from the increased exposure of the location is considered the likely user. A commercial use is not considered likely given the limited access and the visibility easement. Overall, development with a light industrial use is considered to represent the maximally productive and therefore highest and best use of the subject parcel.

SECTION III - DATA ANALYSIS AND CONCLUSIONS

VALUATION

As discussed above, the subject reflects a 2.01 gross acre parcel that has a highest and best use for near term light industrial development. As the subject is comprised of vacant land, the sales comparison approach was considered to reflect the only relevant methodology.

SALES COMPARISON APPROACH

The Sales Comparison Approach to value considers recent sales and listings of similar vacant comparable properties. This approach has been utilized to develop an opinion of the market value of the subject parcel. The technique is an application of the economic principle of substitution which affirms that when a property can be replaced, its value tends to be set by the cost of acquisition of an equally desirable substitute property that can be acquired without undue or costly delay.

In order to identify sales of similar parcels for comparison to the subject parcel, a search within the subject's market was conducted. Research uncovered several sales of comparable land within the subject's area. The sales data contained herein are considered to reflect the *best available* information with which to develop a reliable opinion of the market value for the subject parcel. The unit of comparison used in the analysis is sale price per square foot of land area. A tabulation and a location map of the comparable sales follow. Detailed data sheets can be found in the Addenda to this report.

Comparable Land Sales

Comparable Number:	Subject	1	2	3	4	5
Sale Date:	Subject	Oct-19	Feb-20	Feb-21	May-21	Pending
Location:	SWc Van Buren St. & Loop 202	NEc 55th Ave. & Buckeye Rd.	7000 W. Buckeye Rd.	1202 N. 57th Avenue	802 S. 59th Avenue	5810 W. Buckeye Rd.
APN:	104-05-001Q & - 004Z	104-20-013 & - 014	104-16-041	103-27-009 & - 010	104-18-003C	104-19-004F
Buyer:	N/App	Walton Growth Fund, L.P.	Chamberlain Development, LLC	Jon Preciado Laborers Training & Retraining Trust	Chamberlain Development, LLC	N/App
Seller:	State of Arizona	Krosstown Investments,	Cornerstone Arizona, LLC	State of Arizona	JGZ Properties I, LLC	State of Arizona
Records:	N/App	20190824536	20200111844	20210139790	20210494132	N/App
Confirmation:	N/App	Patrick Harlan, Broker 602-549-6350	James Chamberlain, Buyer 480-894-1286	Annette Valverde, ADOT, 602-712-7186	Mark Guera, Buyer 602-275-5951	Annette Valverde, ADOT, 602-712-7186
Marketing Period (days)	N/App	N/Av	N/Av	123	N/Av	N/App
Sales History (5 yrs.)	None within 5 Years	\$700,000 9/15/2015	None within 5 Years	None within 5 Years	Sold as option to previous owner	None within 5 Years
Condition of Sale	N/App	Typical	Typical	Typical	Typical	N/App
Zoning:	A-1, Phoenix	A-1, Phoenix	A-1, Phoenix	A-1, Phoenix	A-1, Phoenix	I-1, Phoenix
Sale Price:	N/App	\$1,097,232	\$1,657,012	\$870,000	\$1,170,622	\$2,660,000
Terms of Sale:	N/App	Cash	Cash	Cash	Cash	N/App
Site Size (Acres):	2.01	4.20	5.85	2.16	3.58	6.42
Site Size (SF):	87,461	182,952	254,921	93,977	156,083	279,771
Sales Price Per Sq. Ft. Land	N/App	\$6.00	\$6.50	\$9.26	\$7.50	\$9.51

SECTION III - DATA ANALYSIS AND CONCLUSIONS

COMPARABLE LAND SALES MAP



Land Value Analysis

Adjustments to the comparables are necessary for differences in the financial aspects of the sales (property rights transferred, financing terms, conditions of sale, expenditures immediately after purchase, and market conditions) as well as physical aspects (location, site size, zoning/use, shape/site utility, and site improvements). Notably, there were an insufficient number of sales to support quantitative adjustments, either by paired sales analyses or by regression analysis of data trends. As such, the adjustments applied are qualitative. The nature of qualitative adjustments is that they are not mathematically provable. Rather, they provide insight into the rationale of the appraiser regarding the magnitude of the individual adjustments applied to the sales, based on the appraiser's knowledge of the local market.

Property Rights Transferred

The subject site is being appraised in its fee simple interest. All of the comparables sold in fee, and therefore no adjustments for property rights transferred are necessary.

SECTION III - DATA ANALYSIS AND CONCLUSIONS

Adjustments for Financing Terms

Adjustments for terms of sale have been considered in this analysis as the opinion of market value of the subject site requires a cash sale or a cash equivalent purchase price. Cash equivalent sales imply those transactions which are financed by third party lenders, such as savings and loans, or commercial banks or other transactions that were net cash to the seller. Transactions which are financed by sellers may provide advantages not available from third party lenders.

In analyzing the terms of sale of the comparables, all of the sales were cash or cash equivalent transactions, and therefore no adjustments were warranted for this factor.

Adjustments for Conditions of Sale

Inherent in the definition of market value is that the sale is from a *willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell*². I have analyzed the comparable sales with respect to the motivation of both buyer and seller. Often the conditions of sale do impact the final purchase price of the comparable property. An example of this element of comparison is a seller's or buyer's motivation to sell or purchase a particular piece of property. A seller in a distressed financial situation might be inclined to sell a property for a price below true market value. Conversely, a purchaser who owns real estate adjacent to a property that was offered for sale might be willing to pay a higher price than the going market value in order to enhance the property's utility (i.e. for expansion).

No atypical conditions were noted for any of the comparable sales. Notably, Comparable Five reflects a pending sale of State owned property. However, discussion with the State's representative indicates that it has been widely advertised, and is currently in escrow for asking price.

Expenditures After Sale

There were no after purchase expenditures identified for any of the sales and adjustments are not required.

Adjustments for Market Conditions

Adjustments for market conditions have also been considered, as market conditions may have changed between the time of the sale of the comparable property and the date of the appraisal. Under such circumstances, the price of the comparable property would require an adjustment to reflect current prices. Changes in sale price result from various effects such as inflation, deflation, changing demand, and changing supply.

The comparables range in date of sale from October 2019 to May 2021, and a pending transaction. The effective date of value is July 10, 2021. Demand for industrial use properties has

² *Uniform Appraisal Standards For Federal Land Acquisitions, 2016, Page 10.*

SECTION III - DATA ANALYSIS AND CONCLUSIONS

increased significantly over this timeframe. Overall, upward adjustments were considered warranted for Comparables One and Two for inferior market conditions. The remaining comparables are considered to have occurred in the current market conditions.

Adjustments for Location/Access

As previously discussed, the subject is located at the southwest corner of Loop 202 and Van Buren Road, in the southern portion of metropolitan Phoenix. The area is well established with industrial uses. The subject has good visibility from these roadways. However, as previously discussed, the subject site has limited access due to a 1' no access easement along the northern and eastern boundaries, with access limited to Monroe Street, a cul-de-sac that extends from the one-way southbound 59th Avenue.

Comparables One and Two lack the superior freeway visibility of the subject, warranting upward adjustment. This is offset somewhat by the sales superior access as compared to the subject, but still results in a net upward adjustment.

Comparables Three, Four and Five have similar freeway visibility as compared to the subject, but have better access warranting a downward adjustment as compared to the subject.

Adjustments for Size

Adjustments for size were also considered herein. Such an adjustment is often based on market evidence, which suggests that larger parcels will typically sell for less on a 'per unit' basis than smaller parcels, all else being equal. Justification for this adjustment is often attributed to the notion that larger parcels inherently carry more perceived risk relative to smaller parcels. Alternatively, a size adjustment can also be premised upon the notion that there are more potential buyers able to afford smaller parcels (with a lower overall sales price) than larger parcels with a higher overall package price).

In this case, Comparables One, Two, Four and Five are considered sufficiently larger as compared to the subject to warrant upward adjustments. No adjustment was considered warranted to the remaining comparable.

Adjustments for Zoning/Use

The subject site is zoned A-1 (Light Industrial Zone), City of Phoenix. All of the comparables had similar zoning at the time of sale, with no adjustment warranted for this factor.

Adjustments for Shape/Site Utility

This adjustment takes into consideration shape, easements, and the like. As previously discussed, the subject site is irregular in shape, and is also encumbered by a visibility easement benefitting the billboard site that is notched out of the eastern portion of the parcel that impacts the roughly 70' of the eastern portion of the subject site. All of the sales are superior as compared to the

SECTION III - DATA ANALYSIS AND CONCLUSIONS

subject with respect to both shape and the lack of a similar visibility easement, warranting downward adjustments to each sale.

Adjustments for Site Improvements

No significant site improvements were noted on the subject site, other than perimeter fencing. Overall, the comparable sales are considered similar as compared to the subject with respect to this factor, with no adjustment applied for this factor.

SECTION III - DATA ANALYSIS AND CONCLUSIONS

Land Valuation Analysis Conclusions

The comparable sales were analyzed in order to develop an opinion of the market value of the subject larger parcel. The following tables highlight the adjustments considered appropriate for each of the comparables:

Comparable Number:	1	2	3	4	5
Sale Date:	Oct-19	Feb-20	Feb-21	May-21	Pending
Location:	NEc 55th Ave. & Buckeye Rd.	7000 W. Buckeye Rd.	1202 N. 57th Avenue	802 S. 59th Avenue	5810 W. Buckeye Rd.
APN:	104-20-013 & - 014	104-16-041	103-27-009 & - 010	104-18-003C	104-19-004F
Zoning:	A-1, Phoenix	A-1, Phoenix	A-1, Phoenix	A-1, Phoenix	I-1, Phoenix
Sale Price:	\$1,097,232	\$1,657,012	\$870,000	\$1,170,622	\$2,660,000
Terms of Sale:	Cash	Cash	Cash	Cash	N/App
Site Size (Acres):	4.20	5.85	2.16	3.58	6.42
Site Size (SF):	182,952	254,921	93,977	156,083	279,771
Sales Price Per Sq. Ft. Land	\$6.00	\$6.50	\$9.26	\$7.50	\$9.51

<i>Transactional Adjustments:</i>	1	2	3	4	5
Property Rights	0.0%	0.0%	0.0%	0.0%	0.0%
	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjusted Price/SF	\$6.00	\$6.50	\$9.26	\$7.50	\$9.51
Financing Terms	0.0%	0.0%	0.0%	0.0%	0.0%
	Cash	Cash	Cash	Cash	N/App
Adjusted Price/SF	\$6.00	\$6.50	\$9.26	\$7.50	\$9.51
Conditions of Sale	0.0%	0.0%	0.0%	0.0%	0.0%
	Typical	Typical	Typical	Typical	Typical
Adjusted Price/SF	\$6.00	\$6.50	\$9.26	\$7.50	\$9.51
Expenditures After Sale	0.0%	0.0%	0.0%	0.0%	0.0%
	None	None	None	None	None
Adjusted Price/SF	\$6.00	\$6.50	\$9.26	\$7.50	\$9.51
Market Conditions	15.0%	10.0%	0.0%	0.0%	0.0%
	Inferior	Inferior	Similar	Similar	Similar
Adjusted Price/SF	\$6.90	\$7.15	\$9.26	\$7.50	\$9.51

<i>Physical Adjustments:</i>	1	2	3	4	5
Location/Access	10.0%	10.0%	-5.0%	-5.0%	-5.0%
	Inferior	Inferior	Superior	Superior	Superior
Site Size	5.0%	10.0%	0.0%	5.0%	10.0%
	Larger	Larger	Similar	Larger	Larger
Zoning/Use	0.0%	0.0%	0.0%	0.0%	0.0%
	Similar	Similar	Similar	Similar	Similar
Shape/Site Utility	-15.0%	-15.0%	-15.0%	-15.0%	-15.0%
	Superior	Superior	Superior	Superior	Superior
Site Improvements	0.0%	0.0%	0.0%	0.0%	0.0%
	Similar	Similar	Similar	Similar	Similar
Gross Additional Adjustments	30.0%	35.0%	20.0%	25.0%	30.0%
Net Additional Adjustments	0.0%	5.0%	-20.0%	-15.0%	-10.0%
Adjusted Price Per Sq. Ft.	\$6.90	\$7.51	\$7.41	\$6.37	\$8.56

As demonstrated in the above tabulation, prior to any adjustments, the comparables range in price from \$6.00 to \$9.51 per square foot. After adjustments, the comparable sales range from \$6.37 to \$8.56 per square foot. Each of the sales required some level of adjustment. Comparable

SECTION III - DATA ANALYSIS AND CONCLUSIONS

Five is pending, and is therefore not emphasized. The remaining sales suggest a conclusion between \$6.50 and \$7.50 per square foot.

Overall, considering all of the data and the adjustments applied, it is my opinion that the market value of the subject parcel via the Sales Comparison Approach is equal to \$7.25 per square foot. Applied to the subject gross area of 87,461 square feet results in a conclusion of \$634,092, rounded to \$634,000.

**OPINION OF THE MARKET VALUE
OF THE SUBJECT PROPERTY\$634,000**

ESTIMATED MARKETING PERIOD

The market value opinion contained in this report is considered to reflect current pricing in the market. My analysis indicates that if placed on the market at the indicated pricing, the subject property should be able to be sold in a reasonable time period (12 months).

The estimated marketing time for the subject is dependent on a number of variables, yet if the property is priced at a level set forth in this appraisal, it is reasonable to assume that there would be demand to purchase the property within a marketing period of not more than one year.

ESTIMATED EXPOSURE PERIOD

Exposure time is presumed to precede the effective date of the appraisal, and reflects the estimated length of time the property would have been offered prior to a hypothetical market value sale on the effective date of the appraisal. It is a retrospective estimate based on an analysis of recent past events, assuming a competitive and open market, and assumes adequate marketing time and effort. Based on my analysis of market conditions that have prevailed in Phoenix during the last year, the subject could have been sold within one year prior to the date of this appraisal.

SECTION III - DATA ANALYSIS AND CONCLUSIONS

CERTIFICATE OF APPRAISER

Project Number: M697201X

Parcel Number: L-C-048

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 on 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 more or less valuable; I assume no responsibility for such condition. Or for engineering which might be required to discover such factors. That unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present in the property was not observed by myself or acknowledged by the owner. This 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 condition, or for any expertise or engineering knowledge required to discover them.

That my analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.

That this appraisal has further been made in conformity with the appropriate state and federal laws, regulations, policies, and procedures applicable to appraisal 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 or 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 further 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 result of such appraisal to anyone other than the property officials of the Arizona Department of Transportation or officials of the Federal Highway Administration, and I will not do so unless 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 MARKET VALUE of the subject property, as of the 10th day of July, 2021, is \$634,000, based upon my independent appraisal and the exercise of my professional judgment.

DATE: August 17, 2021

SIGNATURE: 

SECTION III - DATA ANALYSIS AND CONCLUSIONS

APPRAISERS' CERTIFICATION

I HEREBY WARRANT AND CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF:

- The statements of fact contained in this appraisal report, which are used as the basis of our analyses, opinions, and conclusions, are true and correct. We have no responsibility for legal matters, questions of survey, opinion of title, soil or subsoil conditions, engineering, or other technical matters. Any sketches prepared by us and contained in this report are included solely to aid the user of the report in visualizing the property and its location, and are not necessarily to scale.
- 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 contemplated future interest in the real estate that is the subject of this appraisal report and, further, I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
- 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.
- 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 predetermined 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. Specifically, the assignment was not based on a minimum value, a specific value, or approval of a loan.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification. In addition, I certify that I have the knowledge, experience, and the geographic competency to complete this appraisal assignment and have appraised this property type before.

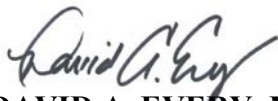
SECTION III - DATA ANALYSIS AND CONCLUSIONS

APPRAISERS' CERTIFICATION (CONTINUED):

- The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with 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, I have completed the continuing education program of the Appraisal Institute.
- *Every Appraisal Service* and the appraiser signing this report have never been sued by a regulatory agency or financial institution for fraud or negligence involving appraisal services.

Each finding, prediction, assumption, or conclusion contained in this report is my personal opinion and is not an assurance that an event will or will not occur. I assume that there are no conditions that are not apparent relating to the real estate, subsoil conditions, or structures located on the real estate which would affect my analyses, opinions, or conclusions with respect to the real estate.

The data gathered in this appraisal process (except data furnished by the client) and the appraisal report itself remain our property. With respect to data provided by the client, we shall not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to us. We are, however, authorized by the client to disclose all or any portion of this appraisal report and the related appraisal data to appropriate representatives of the Appraisal Institute, if such disclosure is required, to enable us to comply with the bylaws and regulations of said Institute now or hereafter in effect. This appraisal report shall not be quoted or referred to in any report or financial statement of the client or in any documents filed with any governmental agency without our prior written consent.



DAVID A. EVERY, MAI, AI-GRS

Owner - Every Appraisal Service
State of Arizona Certified General
Real Estate Appraiser #31343

SECTION IV - EXHIBITS AND ADDENDA

ADDENDA

- 1) Subject Photographs
- 2) Comparable Land Sales
- 3) Title Evidence Report, Schedules A & B
- 4) Assumptions and Limitations
- 5) Qualifications of the Appraiser

SECTION IV - EXHIBITS AND ADDENDA

SUBJECT PHOTOGRAPHS

SECTION IV - EXHIBITS AND ADDENDA

SUBJECT PHOTOS

Top: View of Van Buren Street and 59th Avenue intersection, subject in background.
Bottom: View of Van Buren Street and 59th Avenue intersection, subject at left.



SECTION IV - EXHIBITS AND ADDENDA

SUBJECT PHOTOS

Top: View of Van Buren Street and 59th Avenue intersection, subject in background.
Bottom: View south along 59th Avenue, subject at right, beyond intersection.



SECTION IV - EXHIBITS AND ADDENDA

SUBJECT PHOTOS

Top: View east along Van Buren Street, subject property at right.
Bottom: View of subject from neighboring parcel along Van Buren Street.



SECTION IV - EXHIBITS AND ADDENDA

SUBJECT PHOTOS

Top: Additional view of subject from neighboring parcel along Van Buren Street.
Bottom: View south across subject property from Van Buren Street.



SECTION IV - EXHIBITS AND ADDENDA

SUBJECT PHOTOS

Top: View west across subject property from 59th Avenue.
Bottom: View north along 59th Avenue, subject at left.



SECTION IV - EXHIBITS AND ADDENDA

SUBJECT PHOTOS

Top: View of subject property from Monroe Street.
Bottom: View west along Monroe Street, subject at right.



SECTION IV - EXHIBITS AND ADDENDA

SUBJECT PHOTOS

Top: View north across subject property.
Bottom: View north across subject property.



SECTION IV - EXHIBITS AND ADDENDA

SUBJECT PHOTOS

Top: View northeast across subject property from neighboring parcel.

Bottom: View east along Monroe Street, subject at left.



SECTION IV - EXHIBITS AND ADDENDA

COMPARABLE LAND SALES

SECTION IV - EXHIBITS AND ADDENDA

LAND SALE NO. 1



**Photo taken by David Every on July 10, 2021*

Location: NEc 55th Ave. & Buckeye Rd., Phoenix, Arizona 85043

Physical Data		Sale Data	
APN:	104-20-013 & -014	Date:	October 16, 2019
Acres:	4.20 acres	Document:	2019-0824536
Sq. Ft.:	182,952 sf	Seller:	Krosstown Investments, LLC
Zoning:	A-1, Phoenix	Buyer:	Walton Growth Fund, L.P.
Access:	Paved	Sales Price:	\$1,097,232
Utilities:	All available	Conditions:	Typical
Flood Status:	Zone X (shaded)	Price / Sq. Ft.:	\$6.00
Topography:	Flat	Mkt. Period:	N/Av
Improvements:	None	Financing:	Cash
Vegetation:	Graded	Sale History:	Previously transacted on September 16, 2015 for \$700,000.

Verification: Patrick Harlan, Broker 602-549-6350

Comments: This site was subsequently developed with an industrial building.

SECTION IV - EXHIBITS AND ADDENDA



*Maricopa County Assessor 2021 aerial

SECTION IV - EXHIBITS AND ADDENDA

LAND SALE NO. 2



**Photo taken by David Every on July 10, 2021*

Location: 7000 W. Buckeye Road, Phoenix, Arizona 85043

Physical Data		Sale Data	
APN:	104-16-014	Date:	February 10, 2020
Acres:	5.85 acres	Document:	2020-0111844
Sq. Ft.:	254,921 sf	Seller:	Cornerstone Arizona, LLC
Zoning:	A-1, Phoenix	Buyer:	Chamberlain Development, LLC
Access:	Paved	Sales Price:	\$1,657,012
Utilities:	None	Conditions:	Typical
Flood Status:	Zone X (shaded)	Price / Sq. Ft.:	\$6.50
Topography:	Flat	Mkt. Period:	N/Av
Improvements:	None	Financing:	Cash
Vegetation:	Rough Graded	Sale History:	No market sales within the preceding 5 years.

Verification: James Chamberlain, Buyer, 480-894-1286

Comments: This site was subsequently developed with a spec industrial building.

SECTION IV - EXHIBITS AND ADDENDA

LAND SALE NO. 3



**Photo taken by David Every on July 10, 2021*

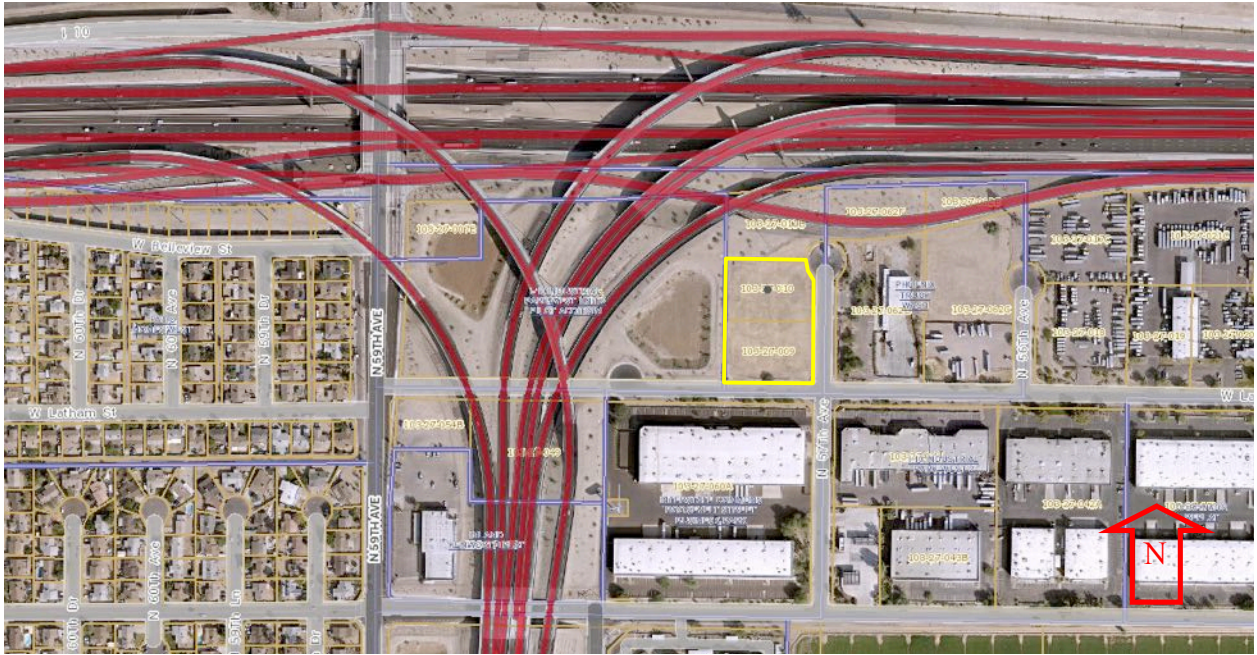
Location: 1202 N. 57th Avenue, Phoenix, Arizona 85043

Physical Data		Sale Data	
APN:	103-27-009 & -010	Date:	February 8, 2021
Acres:	2.16 acres	Document:	2021-0139790
Sq. Ft.:	93,977 sf	Seller:	State of Arizona
Zoning:	A-1, Phoenix	Buyer:	Jon Preciado Laborers Training & Retraining Trust
Access:	Paved	Sales Price:	\$870,000
Utilities:	None	Conditions:	Typical
Flood Status:	Zone X (shaded)	Price / Sq. Ft.:	\$9.26
Topography:	Flat	Mkt. Period:	123 days
Improvements:	None	Financing:	Cash
Vegetation:	Graded	Sale History:	No market sales within the preceding 5 years.

Verification: Annette Valverde, ADOT, 602-712-7186

Comments: This site has visibility from the interchange of Loop 202 and I-10.

SECTION IV - EXHIBITS AND ADDENDA



*Maricopa County Assessor 2021 aerial

SECTION IV - EXHIBITS AND ADDENDA

LAND SALE NO. 4



**Photo taken by David Every on July 10, 2021*

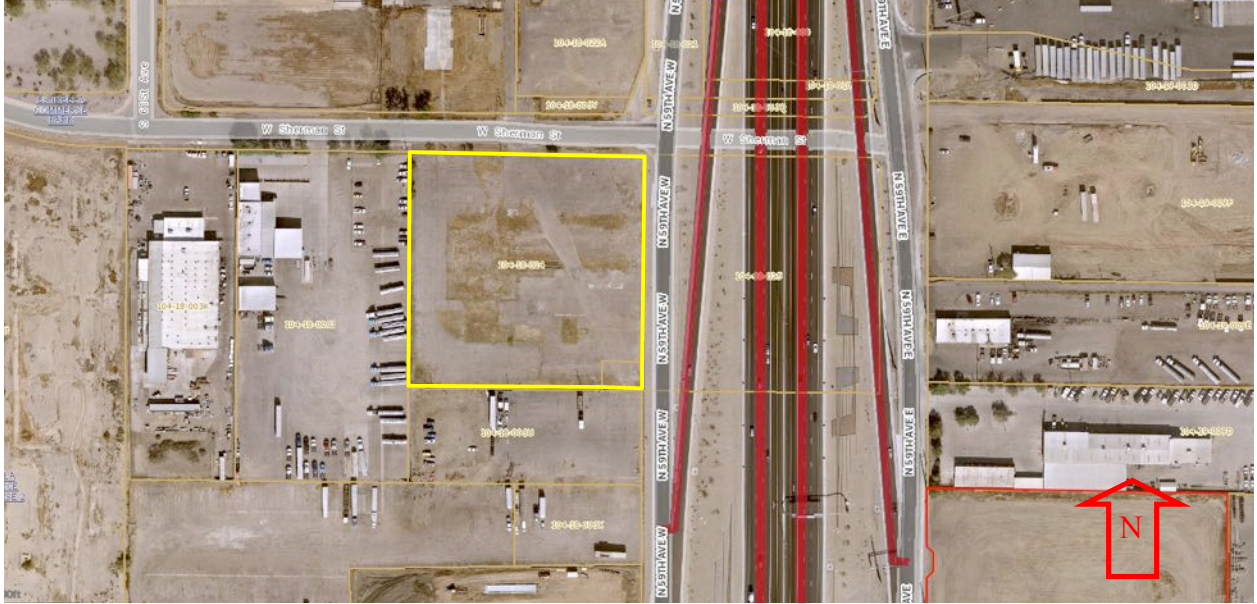
Location: 802 S. 59th Avenue, Phoenix, Arizona 85043

Physical Data		Sale Data	
APN:	104-18-003C	Date:	May 3, 2021
Acres:	3.58 acres	Document:	2021-0494132
Sq. Ft.:	156,083 sf	Seller:	JGZ Properties I, LLC
Zoning:	A-1, Phoenix	Buyer:	Chamberlain Development, LLC
Access:	Paved	Sales Price:	\$1,170,620
Utilities:	Unknown	Conditions:	Typical
Flood Status:	Zone X	Price / Sq. Ft.:	\$7.50
Topography:	Flat	Mkt. Period:	N/Av
Improvements:	None	Financing:	Cash
Vegetation:	Graded & Paved	Sale History:	No market sales within the preceding 5 years, see below.

Verification: Mark Guera, Buyer, 602-275-5951

Comments: This property sold from ADOT to JGZ Properties I, LLC, on 4/27/2021. However, this was not a market transaction, as JGZ Properties I, LLC had the first right of refusal to repurchase the property following condemnation for the Loop 202 project. The repurchase price was set by an appraisal that was nearly a year old, which provided a sale price of \$860,000, or about \$5.50 per square foot. The sale above reflects a subsequent sale that is considered market.

SECTION IV - EXHIBITS AND ADDENDA



**Maricopa County Assessor 2021 aerial*

SECTION IV - EXHIBITS AND ADDENDA

LAND SALE NO. 5 (Pending)



**Photo taken by David Every on July 10, 2021*

Location: 5810 W. Buckeye Road, Phoenix, Arizona 85043

Physical Data		Sale Data	
APN:	104-19-004F	Date:	Pending
Acres:	6.42 acres	Document:	N/Av
Sq. Ft.:	279,771 sf	Seller:	State of Arizona
Zoning:	I-1, Phoenix	Buyer:	N/Av
Access:	Paved	Sales Price:	\$2,660,000
Utilities:	Unknown	Conditions:	N/App
Flood Status:	Zone X (shaded)	Price / Sq. Ft.:	\$9.51
Topography:	Flat	Mkt. Period:	N/Av
Improvements:	None	Financing:	N/App
Vegetation:	Graded	Sale History:	No market sales within the preceding 5 years.

Verification: Annette Valverde, ADOT, 602-712-7186

Comments: This property is located at the northeast corner of Buckeye Road and 59th Avenue. Access is only available from the southeast corner of the site along Buckeye Road. This site has good visibility from Buckeye Road and Loop 202. According to Annette, the property is in escrow for the asking price.

SECTION IV - EXHIBITS AND ADDENDA

TITLE EVIDENCE REPORT, SCHEDULES A & B

SECTION IV - EXHIBITS AND ADDENDA

QUALIFICATIONS OF THE APPRAISER

SECTION IV - EXHIBITS AND ADDENDA

QUALIFICATIONS OF DAVID A. EVERY, MAI, AI-GRS

State of Arizona Certified General Real Estate Appraiser, Certificate #31343

EMPLOYMENT HISTORY

2010 - Present	Every Appraisal Service, Owner, Tucson, Arizona
2004 - 2010	AXIA Real Estate Appraisers (previously known as KB Real Estate Appraisers), as Commercial Real Estate Appraiser and Valuation Analyst, Tucson, Arizona
1999 - 2004	Andrew J. Briefer Real Estate Advisory Services, Inc. dba KB Real Estate Advisors, as Consultant and Valuation Analyst, Tucson, Arizona
1989 - 1999	Mesa Airlines, Inc. dba America West Express, as Phoenix Station Manager, Phoenix, Arizona

PROFESSIONAL EDUCATION

- 2019 • 2020-2021 Uniform Standards of Professional Appraisal Practice 7 hour update, Appraisal Institute, Tucson, Arizona
- 2018 • Business Practices and Ethics, Appraisal Institute, Tucson, Arizona
- 2017 • Uniform Appraisal Standards for Federal Land Acquisitions: Practical Applications, Appraisal Institute, Tucson, Arizona
 - Review Theory - General, Appraisal Institute, San Diego, California
- 2016 • Residential & Commercial Valuation of Solar, Appraisal Institute, Tucson, Arizona
- 2015 • Advanced Concepts & Case Studies, Appraisal Institute, Nashville, Tennessee
- 2014 • Advanced Income Capitalization, Appraisal Institute, San Diego, California
- 2012 • Appraising the Appraisal: Appraisal Review, Appraisal Institute, Tucson, Arizona
 - General Appraiser Report Writing and Case Studies, Appraisal Institute, San Diego, California
- 2009 • Supervising Beginning Appraisers, Arizona School of Real Estate and Business, Scottsdale Arizona
- 2008 • Condemnation Appraising: Basic Principals and Applications, Appraisal Institute Course 710, Tucson, Arizona
 - Condemnation Appraising: Advanced Topics and Applications, Appraisal Institute Course 720, Tucson, Arizona
- 2007 • Highest and Best Use and Market Analysis, Appraisal Institute Course 520, Boise, Idaho
- 2005 • Real Property Valuation Course 104 – Part I by the Arizona School of Real Estate and Business, Scottsdale Arizona
- 2004 • Real Property Valuation Course 103 by the Arizona School of Real Estate and Business, Scottsdale Arizona
 - Real Property Valuation Course 104 – Part II by the Arizona School of Real Estate and Business, Scottsdale Arizona
- 1999 • Real Property Valuation Course 101 by the Arizona School of Real Estate and Business, Scottsdale Arizona
 - Real Property Valuation Course 102 by the Arizona School of Real Estate and Business, Scottsdale Arizona

SECTION IV - EXHIBITS AND ADDENDA

Qualifications of David A. Every, MAI, AI-GRS (continued)

DESIGNATIONS, MEMBERSHIPS, LICENSES AND CERTIFICATIONS

MAI - Designated Member of the Appraisal Institute, January 2017

AI-GRS – Designated Member of the Appraisal Institute, November 2017

Certified General Real Estate Appraiser, State of Arizona, Certificate #31343

Past President of the Appraisal Institute, Southern Arizona Chapter

SEMINARS/WORKSHOPS/CLASSES

- 2019 • AI Spotlight Series: Lender’s Perspective; Common Errors & Issues; Review
- 2018 • Housing and Land: Market Perspective
- 2018 • CCIM 2018 Annual Real Estate Forecast
- 2017 • CCIM 2017 Annual Real Estate Forecast
- 2013 • Pima County Real Estate Research Council 2013 Real Estate Forecast
- 2010 • International Right-of-way Association Federal Agency Update, Las Vegas, Nevada
- 2009 • International Right-of-way Association Federal Agency Update, Las Vegas, Nevada
- 2008 • Eminent Domain Conference – ABA No. 0407-628
- 2007 • Pima County Real Estate Research Council 2007 Real Estate Forecast
- 2006 • “A Frank Discussion about Eminent Domain “ – ABA No. 0906-576
- 2005 • Pima County Real Estate Research Council 2005 Real Estate Forecast
- 2000 • Real Estate Appraisal Review Workshop by the Federal Highway Administration, Phoenix Arizona

APPRAISAL EXPERIENCE/SCOPE OF PRACTICE

- Clientele includes private individuals, corporate organizations, financial institutions, and governmental agencies.
- Appraisal assignments include industrial properties, vacant and improved land, large and small residential income properties, office and retail buildings, hotel and motel properties, as well as numerous special use properties.
- Primary Review Appraiser for the City of Tucson Real Estate Division since 2011. Duties include developing SOW and submitting requests for proposals to City of Tucson appraiser panel, engaging selected appraiser, and reviewing appraisals on behalf of City of Tucson Real Estate Division. Consultation and appraisal services provided on an as need basis.
- Experience in preparation of reports for conventional lending, SBA, litigation work, eminent domain work, consultations and appraisal reviews.

SECTION IV - EXHIBITS AND ADDENDA

Department of Insurance and Financial Institutions

State of Arizona

CGA - 31343

DAVID A EVERY

has complied with the provisions of

This document is evidence that:

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

DAVID A EVERY

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 : **June 30, 2023**