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## APPRAISAL REPORT

OF

20.12 ACRES OF VACANT LAND  
LOCATED AT THE NORTHWEST CORNER OF  
ELLIOT ROAD AND 59<sup>TH</sup> AVENUE  
WITHIN  
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

PARCEL NUMBER(S): 7-11182  
OWNER: ARIZONA DEPARTMENT OF TRANSPORTATION  
EXCESS LAND: L-C-096  
HIGHWAY: SOUTH MOUNTAIN FREEWAY  
SECTION: 51<sup>ST</sup> AVE – SALT RIVER 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: JULY 29, 2021  
OUR JOB NO. 7834-2101



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July 29, 2021

Our File No. 7834-2101

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 20.12 acres of vacant land located at the northwest corner of Elliot Road and 59<sup>th</sup> Avenue, within a portion of Section 7, T1N, R2E, G&SRB&M, Phoenix, Maricopa County, Arizona 85043.**

**Project Identification: South Mountain Freeway (ADOT Parcel No. 7-11182)**

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 .....\$4,382,000**

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.

DocuSign Envelope ID: B05A1A1A-3713-4D45-9B75-A362BB147281

L-C-096 Aerial



July 8, 2020

**Excess Land L-C-096**  
Partial Remainder of ADOT parcel 7-11182  
SOUTH MOUNTAIN FREEWAY  
202L MA H8827 01R / H5439 01R  
Elliot Rd. and 59th Ave., in Phoenix

1:4,514  
0 0.03 0.06 0.12 mi  
0 0.05 0.1 0.2 km  
Esri, HERE, Garmin, (c) OpenStreetMap contributors, Maricopa County

### 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.

## SECTION I - INTRODUCTION

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 commercial 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 State of Arizona, Department of Transportation. The subject was acquired from Anthony Jerome LaSalvia and Peggy M. LaSalvia recorded on April 28, 2011 in document # 20110358404.

### **OWNER CONTACT & SITE INSPECTION**

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*

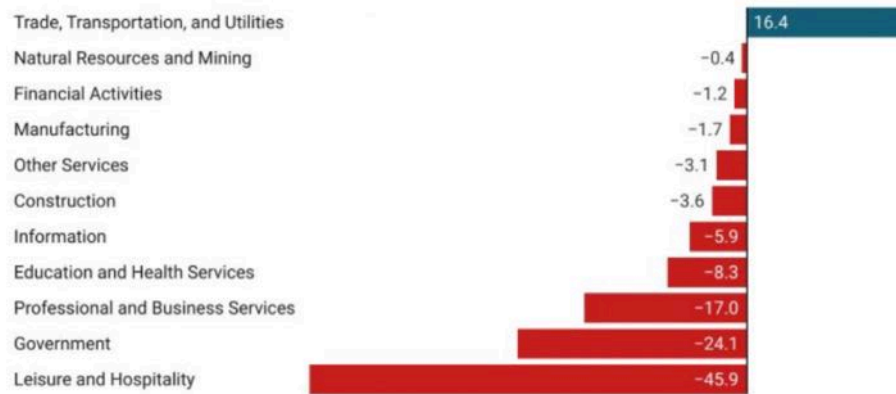


Chart: UA Economic and Business Research Center • Source: U.S. BLS • Created with Datawrapper

*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
<b>Growth Rate</b>				
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
<b>Level</b>				
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*

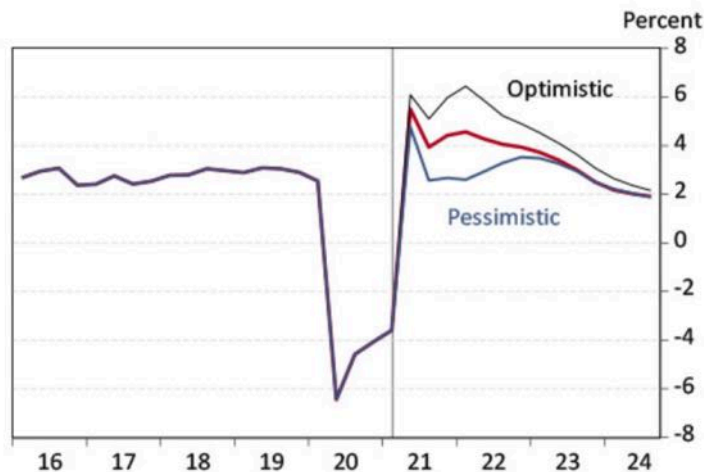
*While the trajectory of the economy is likely to trend upward in the near term, assuming the outbreak continues dissipate, there are risks to the outlook. Exhibit 3 shows Arizona job growth under three scenarios. The baseline projections are assigned a 50% probability. The upside and downside risks 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 19<sup>th</sup> 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

## **SECTION II - FACTUAL DATA**

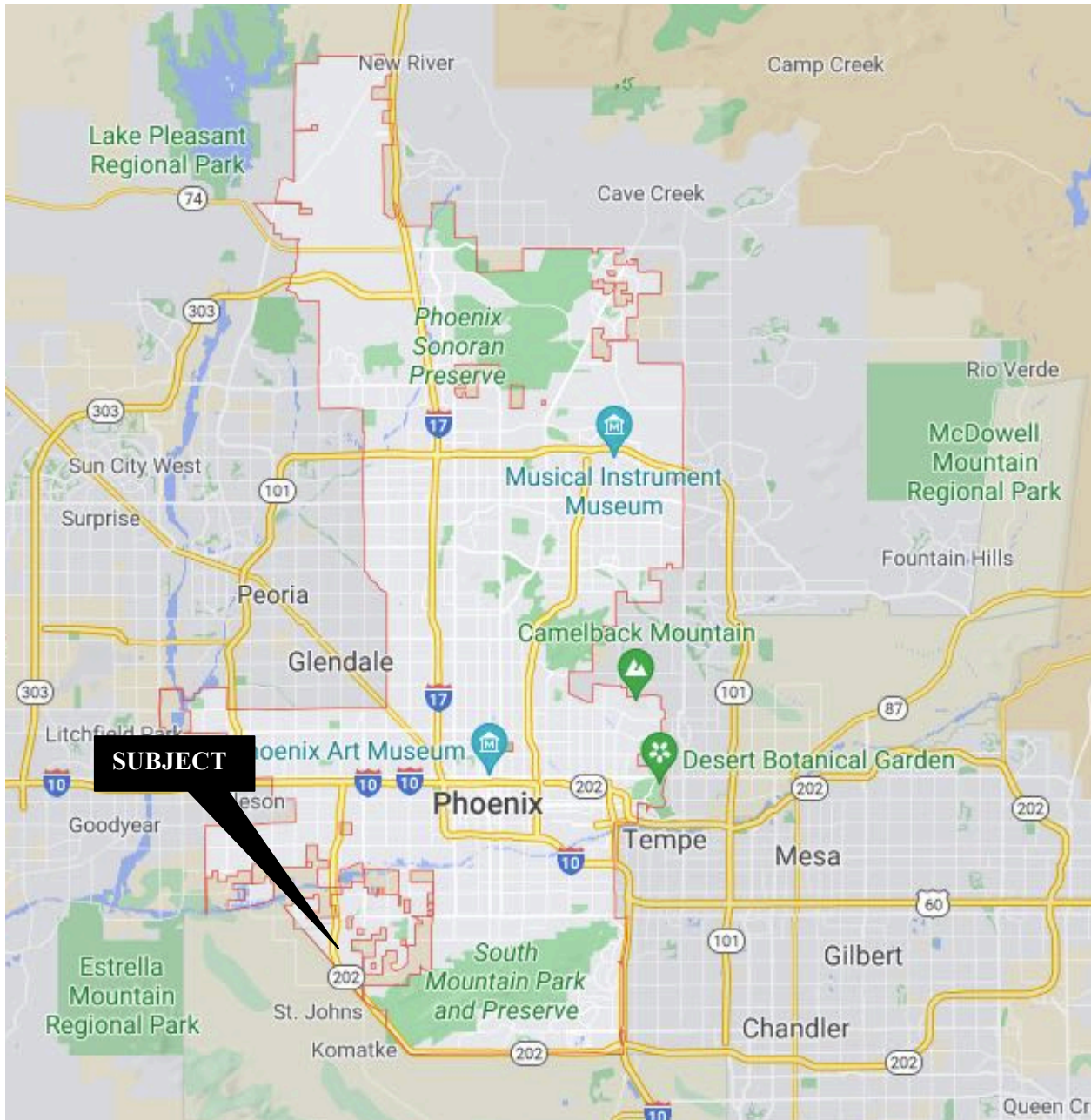
periphery of the metro area, fueling a decade-long expansion of housing and commercial development.

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 within the Laveen ("urban village") which is within the City of Phoenix in Maricopa County. Laveen is located 8 miles southwest of downtown Phoenix. The area has historically been used for agricultural and ranching and dairy uses and is rural in nature. The Gila River Indian Community is neighboring. The following discussion summarizes those factors that influence values within the neighborhood.

## SECTION II - FACTUAL DATA

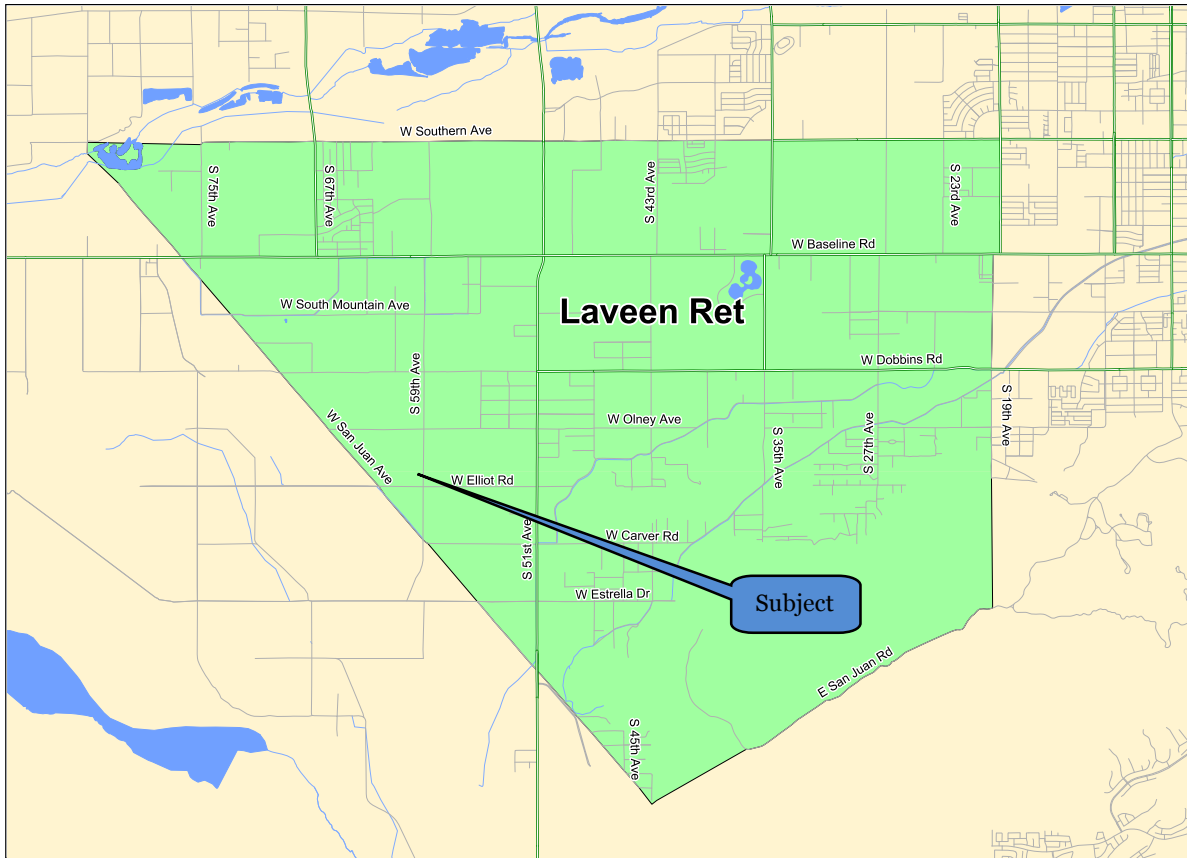


\*Mapdata @2021 Google

### Retail

Retail development in the neighborhood is adequate, with the subject sub-market having about 1.6 million square feet of retail space amongst 94 properties, and representing 0.7% of the total inventory in metropolitan Phoenix. The subject property is within *CoStar's Laveen 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



### Laveen Retail Submarket

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## SECTION II - FACTUAL DATA

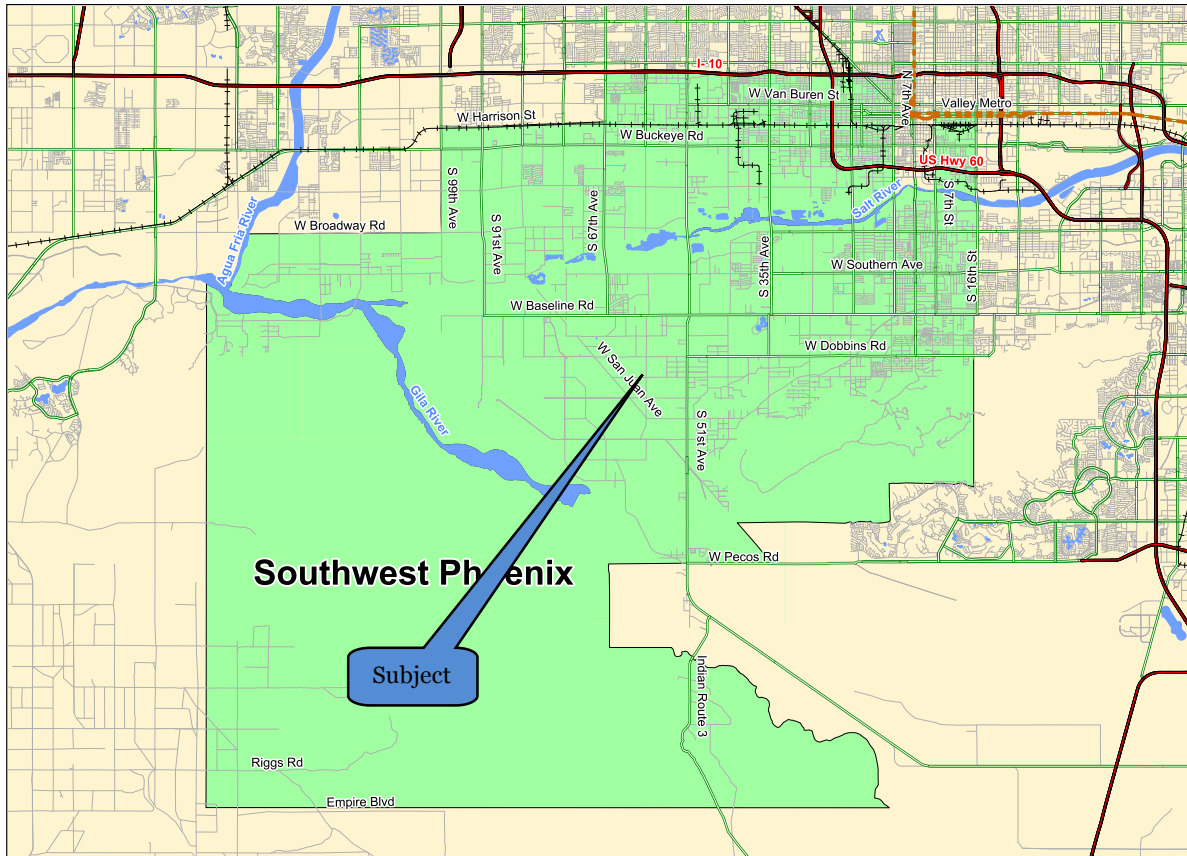
### SUBMARKET VACANCY & NET ABSORPTION

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	-

## SECTION II - FACTUAL DATA

### 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%.



### Southwest Phoenix Office Submarket

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## SECTION II - FACTUAL DATA

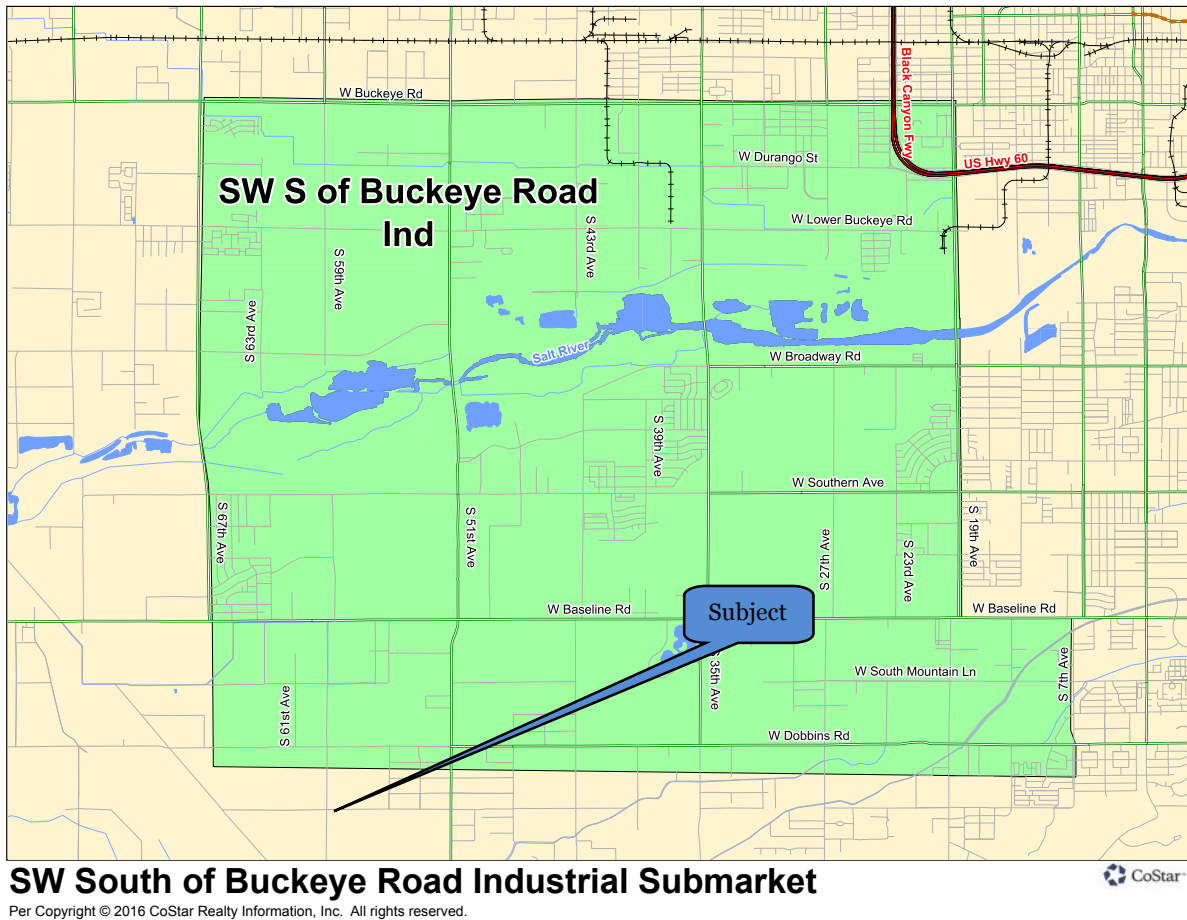
### SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	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

## SECTION II - FACTUAL DATA

### Industrial

As defined by CoStar, the property falls within the *Chandler Industrial Submarket*, however the neighborhood is heavily influenced by the submarket that lies just north, known as the “*Southwest South of Buckeye Road*” Industrial Submarket.



The *Southwest South of Buckeye Road Industrial Submarket* contains 321 buildings and over 19.3 million square feet of inventory. This accounts for 5.1% of the total inventory metro-wide. Vacancy in this submarket is 3.7%, 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 rural in nature and lodging would be located north of the subject property.

### **Government and Public Uses**

The neighborhood lies partially within the “urban village” of Laveen and is under the jurisdiction of the City of Phoenix, while other areas are located within unincorporated Maricopa County. The City of Phoenix, Laveen and/or Maricopa County provides all services including police and fire protection and sanitary garbage removal within the incorporated areas. Most utilities are available to the neighborhood, including water and sewer service (via well and septic), natural gas from Southwest Gas Corporation, electrical service by SRP, and telephone service from Century Link.

## SECTION II - FACTUAL DATA

The extension of the 202 Freeway through Laveen has spurred development with retail centers and a medical center being built. The medical center is Dignity Health-Arizona General Hospital Laveen and located along 51<sup>st</sup> Avenue.

Laveen has two public golf courses for recreation, the Southern Ridge Golf Club and Aguila Golf Course.

### Life Cycle

According to the *Appraisal of Real Estate*, 15<sup>th</sup> 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 in the growth stage of its lifecycle, with new residential development occurring at a strong pace, with commercial and industrial uses following.

### Summary

The neighborhood is transitioning from an agricultural and rural residential area to suburban, with new residential subdivisions currently under construction, and new commercial uses following. The addition of Loop 202 through the neighborhood has accelerated demand in the area.

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

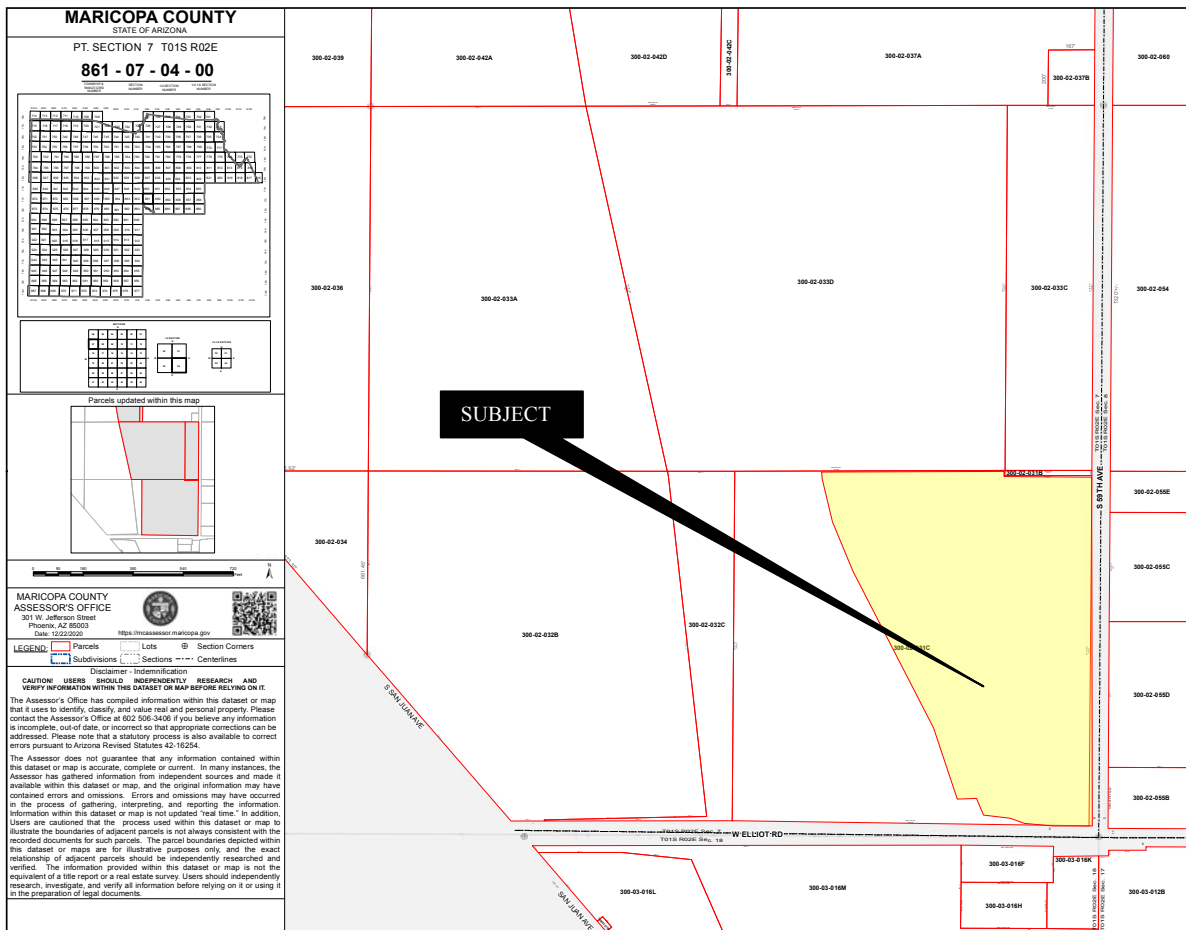
## SECTION II - FACTUAL DATA

### PROPERTY DATA

#### SITE DESCRIPTION

##### LOCATION:

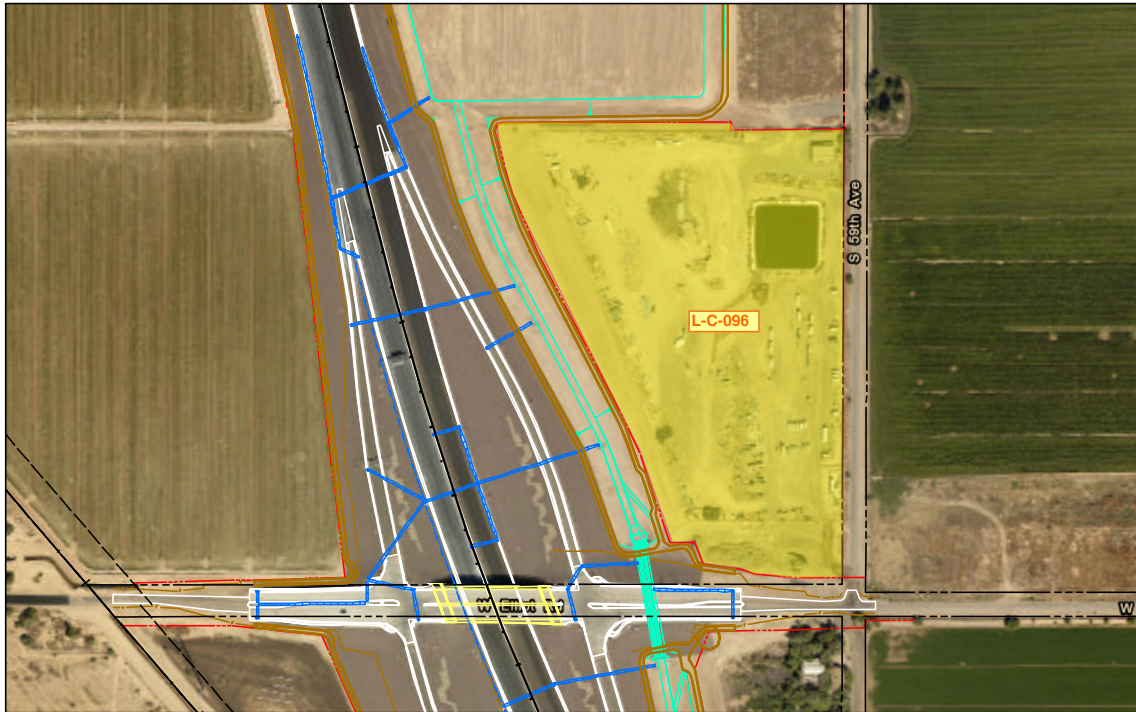
The subject property is located within a portion of Section 7, Township 1 North, Range 2 East, Phoenix, Maricopa County, Arizona. The subject is located at the northwest corner of Elliot and 59<sup>th</sup> Avenue, just east of the 202 (South Mountain Freeway). The subject property is approximately 20.12-acres, which is identified as a portion of Maricopa County Assessor parcel number 300-02-031A.



## SECTION II - FACTUAL DATA

DocuSign Envelope ID: B05A1A1A-3713-4D45-9B75-A362BB147281

L-C-096 Aerial



July 8, 2020

**Excess Land L-C-096**  
Partial Remainder of ADOT parcel 7-11182  
SOUTH MOUNTAIN FREEWAY  
202L MA H8827 01R / H5439 01R  
Elliot Rd. and 59th Ave., in Phoenix

1:4,514  
0 0.03 0.06 0.12 mi  
0 0.05 0.1 0.2 km  
Esri, HERE, Garmin, (c) OpenStreetMap contributors, Mapbox, County

**EXISTING USE:**

The subject property is currently vacant graded land. It was previously utilized by ADOT during construction of the Loop 202 project, and prior to that, for agricultural uses. Notably, during use by ADOT, an evaporation pond was constructed for treatment of wastewater, which has since been removed.

**FRONTAGE/ACCESS:**

The subject property has frontage along Loop 202, Elliot Road and 59<sup>th</sup> Avenue. Access is available along Elliot Road and 59<sup>th</sup> Avenue.

**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:**

The subject consists of 20.12 acres, or 876,389 square feet of land.

**LAND SHAPE:**

The parcel is irregular in shape.

## SECTION II - FACTUAL DATA

### UTILITIES:

All utilities are available to the general area: electricity provided by SRP, water and sewer provided through the City of Phoenix, natural gas from Southwest Gas and telecommunications through CenturyLink, Cox and other area providers.

According to Josette with the City of Phoenix Water Services Department's Infrastructure Records Services Division, there is both water and sewer in the 59<sup>th</sup> Avenue right of way, including a 24" water main along the east side of 59<sup>th</sup> Avenue, and a 24" sewer line along the western side of 59<sup>th</sup> Avenue.

### 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. Notably, aerial photographs indicate that a small portion of the subject site was utilized as an evaporation pond for the previous ADOT project use. However, it appeared to be a lined pond that has since been removed. This report assumes that the subject has no environmental concerns that might limit development.

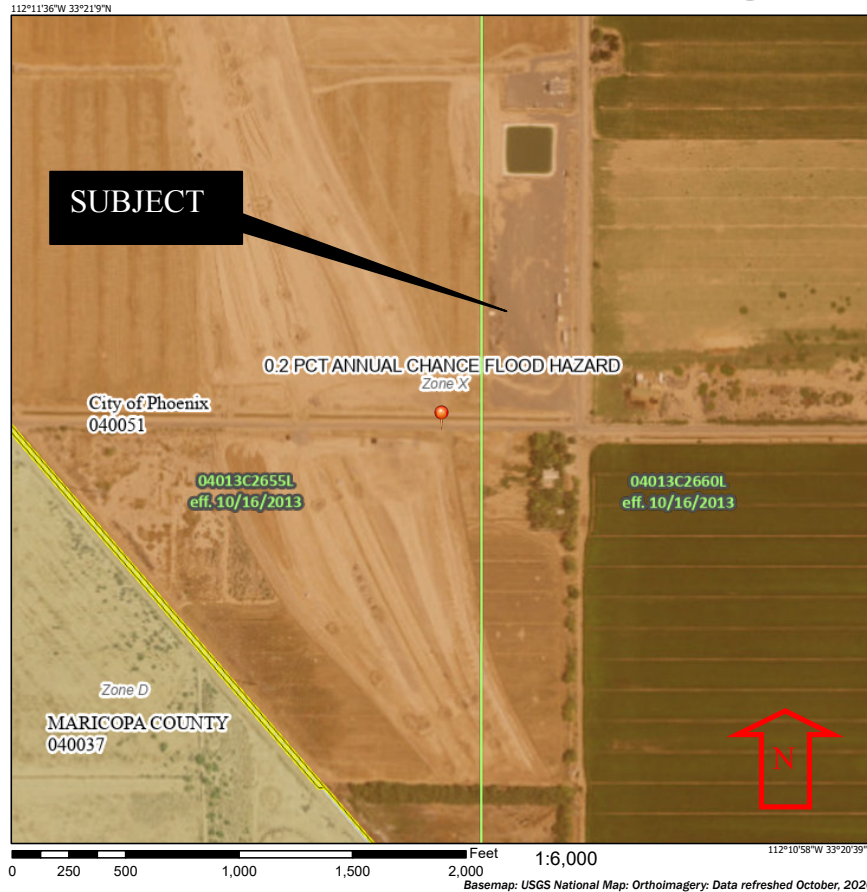


## SECTION II - FACTUAL DATA

### FLOOD CONDITION:

According to the Federal Emergency Management Agency Flood Insurance Rate Map Panel Numbers 04021C26555L and 04013C2660L, dated October 16, 2013, the subject property is located in an area designated as Zone X (shaded): Areas of 0.2% Annual Chance Flood Hazard, or Areas of 1% annual chance flood with average depth less than one foot or with drainage of 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

<b>SPECIAL FLOOD HAZARD AREAS</b>	Without Base Flood Elevation (BFE) Zone A, V, AE, AH, VE, AR
	With BFE or Depth Zone AE, AD, AH, VE, AR
	Regulatory Floodway
<b>OTHER AREAS OF FLOOD HAZARD</b>	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
<b>OTHER AREAS</b>	NO SCREEN Area of Minimal Flood Hazard Zone X
	Effective LOMRs
<b>GENERAL STRUCTURES</b>	Area of Undetermined Flood Hazard Zone D
	Channel, Culvert, or Storm Sewer
	Levee, Dike, or Floodwall
<b>OTHER FEATURES</b>	20.2 Cross Sections with 1% Annual Chance Water Surface Elevation
	17.8 Coastal Transect
	Base Flood Elevation Line (BFE)
	Limit of Study
	Jurisdiction Boundary
	Coastal Transect Baseline
	Profile Baseline
	Hydrographic Feature
<b>MAP PANELS</b>	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.

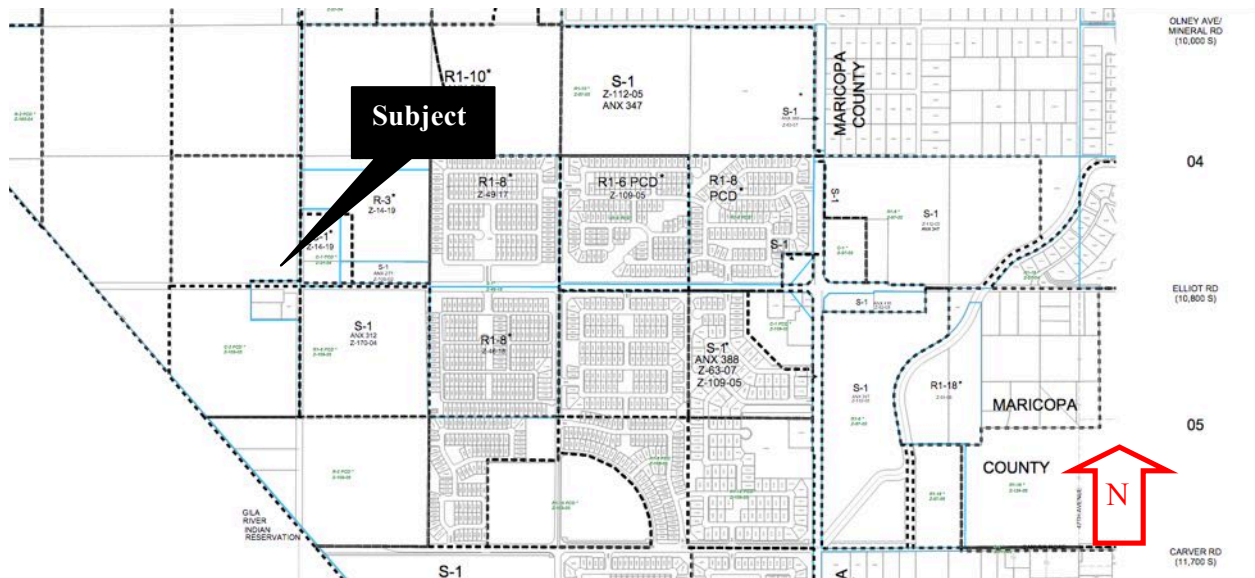
The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 7/27/2023 at 1:14 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by 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 S-1 Suburban District (Ranch or Farm Residence), City of Phoenix. According to the City of Phoenix Zoning Ordinance, “the S-1 Ranch or Farm Residence District, is a district designed to provide for very low density farm or residential uses to protect and preserve low density areas in their present or desired character. It is intended that the S-1 district will afford areas where semi-rural residential and agricultural uses can be maintained without impairment from industrial, commercial or higher density residential development.”



\*City of Phoenix zoning map 2021

However, the current S-1 zoning would be considered a holding zone, until the property is developed with more intensive uses. In the case of the subject, it was previously approved for rezoning to C-2 and CP-GCP in the early 2000's. However, the new zoning would not take affect until a development plan was submitted and approved.

The C-2, Commercial Intermediate District, is a district of commercial uses of medium intensity designed to be compatible with each other and to provide for a wide range of types of commercial activity within the district. Permitted uses include a wide variety of commercial and multi-family residential uses.

The CP (Commerce Park) zoning is designed to provide locations for commerce, service and employment activities in which locations and site improvements are built such that a desirable appearance is projected toward public streets and such that

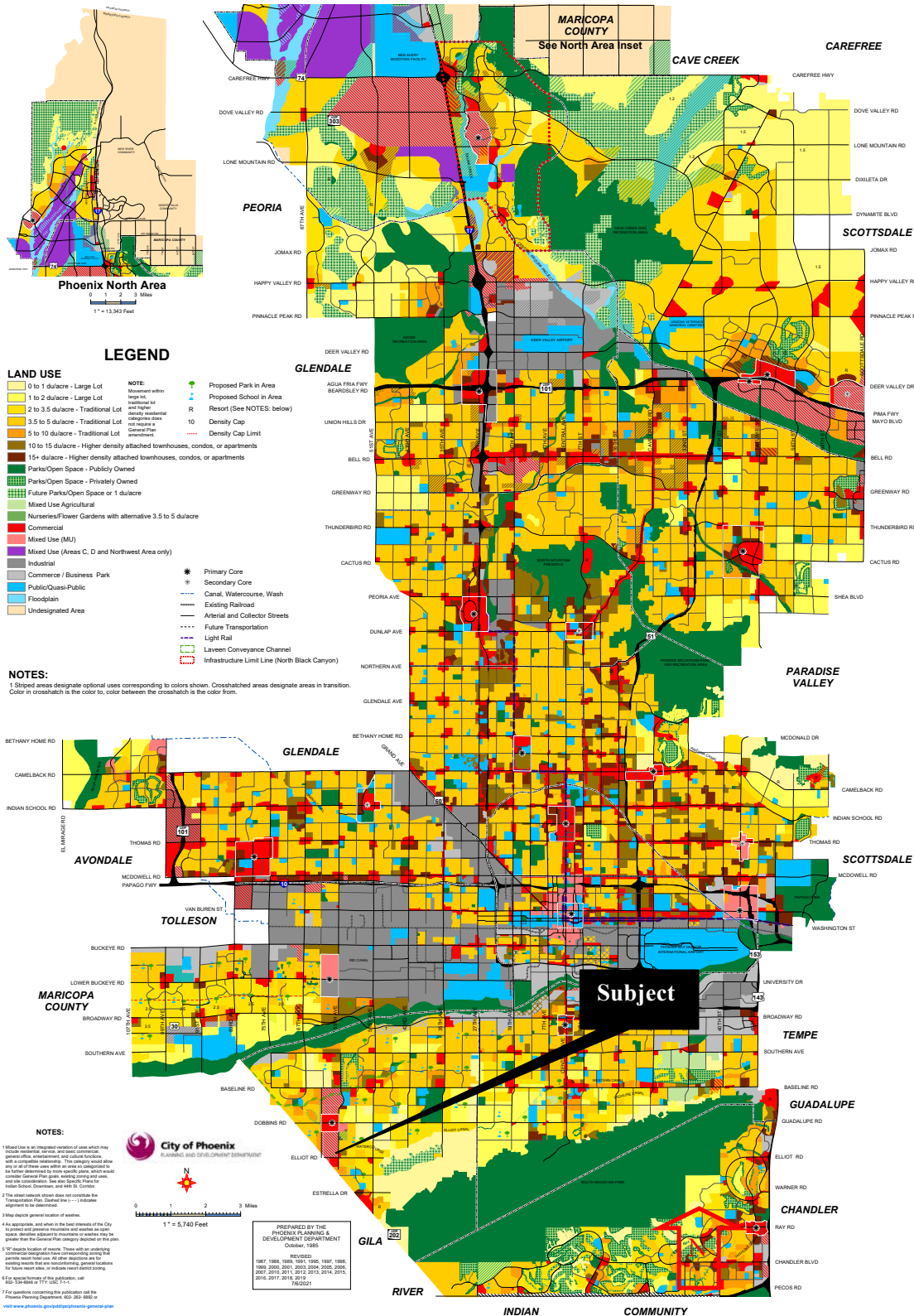
## SECTION II - FACTUAL DATA

compatibility can be maintained with adjacent land uses. The GCP (General Commerce Park) option of the Commerce Park provides for a broad range of manufacturing, warehousing, distribution and supportive retail sales and services. It is differentiated from the A-1 and A-2 districts, however, in that environmental and site standards ensure a high degree of compatibility with other commerce park options as well as other adjacent uses. Permitted uses include commercial and light industrial uses.

According to the City of Phoenix General Plan, the subject property is designated for mixed use with the Industrial/Commercial designation, 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. The Commercial Land Use Category accommodates office, retail, service, and multi-family development at varying scales and intensity of uses.”

## SECTION II - FACTUAL DATA

# CITY OF PHOENIX GENERAL PLAN A Vision for the Future



## 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: Easement for irrigation from the State of Arizona, by and through its Department of Transportation to Salt River Project Agricultural Improvement and Power District, an agricultural improvement district organized and existing under the laws of the State of Arizona dated August 11, 2017 recorded August 14, 2017 in Fee No. 2017-597951; re-recorded to correct legal description, December 14, 2017 in Fee No. 2017-926396.
- Item # 2: Easement for irrigation pipeline construction and maintenance from the State of Arizona, by and through its Department of Transportation to Salt River Project Agricultural Improvement and Power District, an agricultural improvement district organized and existing under the laws of the State of Arizona dated August 11, 2017 recorded August 14, 2017 in Fee No. 2017-597952.
- Item #3: Resolution of Establishment by John S. Halikowski, Direct of the Arizona Department of transportation dated December 21, 2018 recorded January 9, 2019 in Fee No. 2019-017443.

As noted above, a portion of the subject property is encumbered with an irrigation easement. Notably, the exhibit provided by the client does not indicate the location of the easement. However, according to the exhibit provided by the City of Phoenix Water Services Department's Infrastructure Records Services Division, the easement runs east-west through the southern portion of the subject site, about 155' north of the southern boundary. Considering the location of this easement, the overall developability of the subject is not considered to be significantly impacted.

## 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.

## 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.<sup>1</sup>

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 S-1 Suburban District (Ranch or Farm Residence), City of Phoenix. According to the City of Phoenix Zoning Ordinance, “the S-1 Ranch or Farm Residence District, is a district designed to provide for very low density farm or residential uses to protect and preserve low density areas in their present or desired character. It is intended that the S-1 district will afford areas where semi-rural residential and agricultural uses can be maintained without impairment from industrial, commercial or higher density residential development.”

However, the current S-1 zoning would be considered a holding zone, until the property is developed with more intensive uses. In the case of the subject, it was previously approved for rezoning to C-2 and CP-GCP in the early 2000's. However, the new zoning would not take affect until a development plan was submitted and approved.

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<sup>1</sup>

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

### SECTION III - DATA ANALYSIS AND CONCLUSIONS

The C-2, Commercial Intermediate District, is a district of commercial uses of medium intensity designed to be compatible with each other and to provide for a wide range of types of commercial activity within the district. Permitted uses include a wide variety of commercial and multi-family residential uses.

The CP (Commerce Park) zoning is designed to provide locations for commerce, service and employment activities in which locations and site improvements are built such that a desirable appearance is projected toward public streets and such that compatibility can be maintained with adjacent land uses. The GCP (General Commerce Park) option of the Commerce Park provides for a broad range of manufacturing, warehousing, distribution and supportive retail sales and services. It is differentiated from the A-1 and A-2 districts, however, in that environmental and site standards ensure a high degree of compatibility with other commerce park options as well as other adjacent uses. Permitted uses include commercial and light industrial uses.

According to the City of Phoenix General Plan, the subject property is designated for mixed use with the Industrial/Commercial designation, 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. The Commercial Land Use Category accommodates office, retail, service, and multi-family development at varying scales and intensity of uses.”

Considering the previously approved C-2/CP-GCP zoning and the General Plan designation, it is highly likely that the subject would be rezoned for some type of commercial or light industrial use, or some combination of these uses. Overall, investment or rezoning for mixed-use commercial/industrial uses are considered to reflect the legally permissible uses of the property.

#### *Physically Possible*

According to the legal description provided by the client, the subject site consists of 20.12 acres, or 876,389 square feet of land. The parcel is irregular in shape, but is large enough and has sufficient depth that the shape is not considered to significantly affect overall utility of the site. The site has good access along 59<sup>th</sup> Avenue, and all necessary utilities are available. However, any development of the subject would require an engineering study to determine the quantity and quality of available utilities based on a specific proposed use.

A portion of the subject property is encumbered with an irrigation easement. Notably, the exhibit provided by the client does not indicate the location of the easement. However, according to the exhibit provided by the City of Phoenix Water Services Department’s Infrastructure Records Services Division, the easement runs east-west through the southern portion of the subject site, about 155’ north of the southern boundary. Considering the location of this easement, the overall developability of the subject is not considered to be significantly impacted.

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

### SECTION III - DATA ANALYSIS AND CONCLUSIONS

#### *Financially Feasible*

The subject is located at the northeast corner of the Loop 202 and Elliot Road, in southwestern Phoenix. The area is benefitting from rapid growth, with new residential subdivisions currently under construction throughout the neighborhood. Demand for new commercial uses logically follows completion of housing. Overall, given the likely timing of any potential use, short-term investment for future commercial or light industrial development is considered the financially feasible use of the site.

#### *Maximally Productive*

Either investment or development reflects financially feasible uses. However, given the path of current construction, the subject would likely be developed once the planned residential uses in the adjacent and nearby sections have been completed. The likely buyer would be an investor/developer who would hold and plan the site for near term commercial or light industrial uses, likely within 2-4 years. Therefore, short-term investment for rezoning and future mixed-use development as demand warrants 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 20.12 gross acre parcel that has a highest and best use for short-term investment for rezoning and future mixed use development as demand warrants. 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.

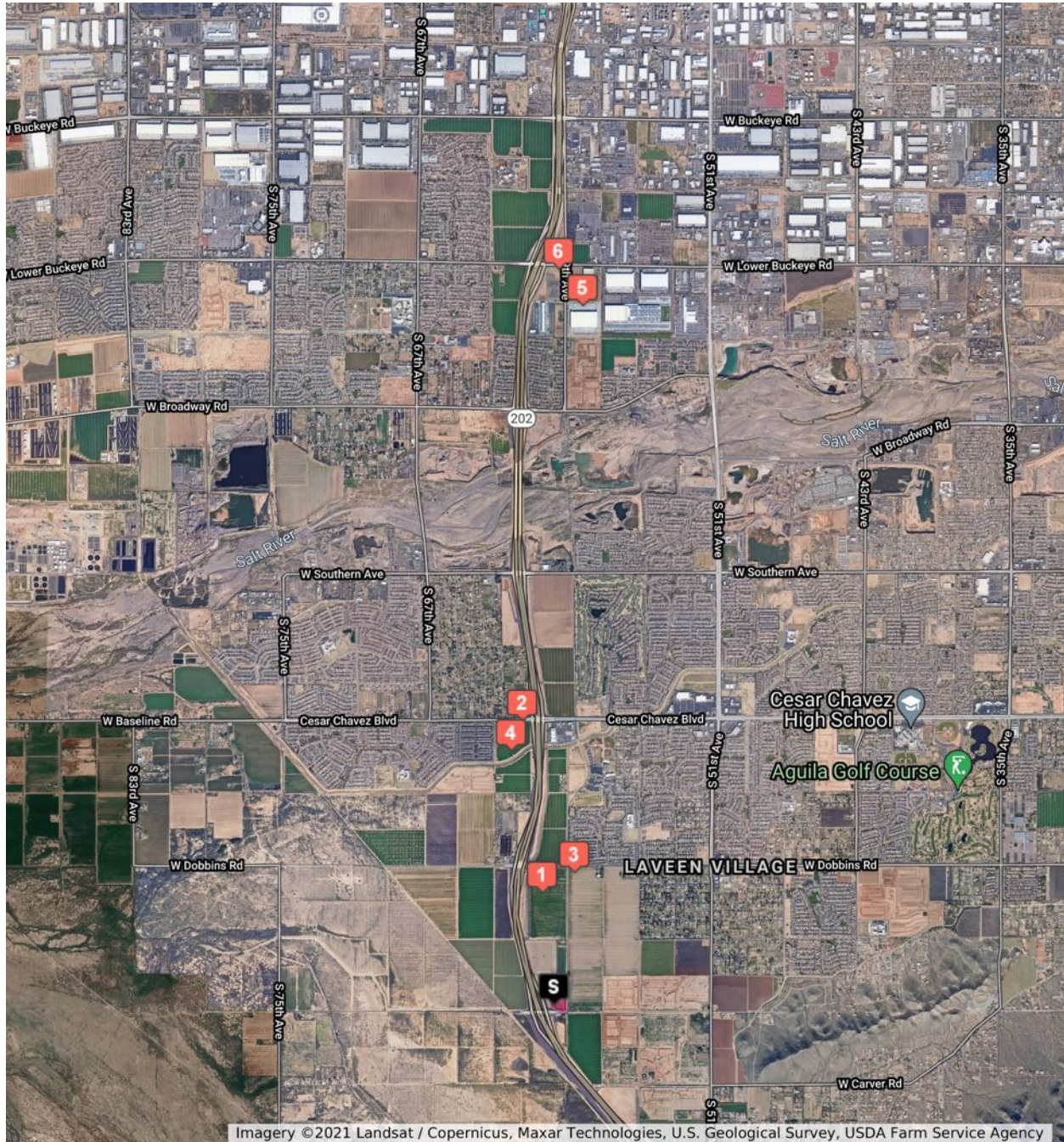
In order to identify sales of similar parcels for comparison to the subject parcel, a search within the subject's market was conducted. Research uncovered several sales of comparable land within the subject's area. The sales data contained herein are considered to reflect the *best available* information 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	6
Sale Date:	Subject	Sep-20	Sep-20	Dec-20	Dec-20	Apr-21	Pending
Location:	NEc of Elliot Road & Loop 202	6159 W. Dobbins Rd.	NWc Loop 202 & Baseline Rd.	NEc 59th Ave. & Dobbins Rd.	SWc Baseline Rd. & Loop 202	SE 59th Ave. & Lower Buckeye Rd.	NWc 59th Ave & Lower Buckeye
APN:	300-02-031A	300-02-031B, -033C, -037A, -037B, -038, -041C & 042C	104-86-001W	300-02-011C	300-02-925	104-46-002J	Not yet assigned
Buyer:	N/App	Cold Springs LLC	LGP Enterprises, Inc.	59 Dobbins, LLC	Banner Health	Apel Extrusions, Inc.	Pending
Seller:	State of Arizona	State of Arizona	Timothy Drexler	Deann Williams & Rebecca Lynn Price of DEKA Company Trust	Laveen Baseline, LLC	Arizona Becknell Inv. 2007, LLC	State of Arizona
Records:	N/App	20201076949	20200922906	20201185183	20201261555	20210373291	N/App
Confirmation:	N/App	Annette Valverde, ADOT, 602-712-7186	Brian Rosella, Broker 602-513-5103	Rick Jellies, Listing Agent, 480-557-7771	Public Records	Gary Anderson, Broker 602-224-4439	Aretha Perry Greene, ADOT
Marketing Period (days)	N/App	218	551	1,065	N/Av	3,419	N/Av
Sales History (5 yrs.)	None within 5 Years	None within 5 Years	None within 5 Years	None within 5 Years	None within 5 Years	None within 5 Years	None within 5 Years
Condition of Sale	N/App	Auction	Typical	Typical	Typical	Typical	N/App
Zoning:	S-1, Phoenix	S-1, Phoenix	C-2, County	C-1, Phoenix	CP/GCP, Phoenix	A-1, Phoenix	RE-35, Phoenix
Sale Price:	N/App	\$17,820,000	\$2,220,503	\$1,744,197	\$6,337,272	\$8,400,000	\$3,100,000
Terms of Sale:	N/App	Cash	Cash	Conv.	Cash	Cash	N/App
Site Size (Acres):	20.12	90.78	12.26	6.17	36.78	22.05	8.88
Site Size (SF):	876,389	3,954,438	534,046	268,556	1,602,326	960,423	386,702
Sales Price Per Sq. Ft. Land	N/App	\$4.51	\$4.16	\$6.49	\$3.96	\$8.75	\$8.02

## 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

## SECTION III - DATA ANALYSIS AND CONCLUSIONS

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 appraisers 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.

### 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*<sup>2</sup>. 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 One reflected an auction of State owned property. However, it was widely advertised, and the auction aspect of the sale was not considered to impact the sale price.

### Expenditures After Sale

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

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<sup>2</sup>

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

## **SECTION III - DATA ANALYSIS AND CONCLUSIONS**

### **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 September 2020 to April 2021, and a pending transaction. The effective date of value is July 10, 2021. Overall, these sales were considered to have occurred in similar market conditions, with no adjustments applied for this factor.

### **Adjustments for Location**

As previously discussed, the subject is located at the northeast corner of Loop 202 and Elliot Road, in the southern portion of metropolitan Phoenix. The area is transitioning from agricultural and rural residential uses to more intense suburban uses including medium density residential and retail uses.

Comparables One through Four are located in the same general location as the subject, with no adjustment necessary. However, Comparable Two is located at the northwest corner of Baseline Road and Loop 202, with limited frontage and access from Baseline Road. Overall, this specific location could limit demand by some users on this site, and therefore an upward adjustment is applied for inferior specific location as compared to the subject.

Comparables Five and Six are located north of the Salt River in an area that includes newer light industrial and warehousing uses. This location is considered superior as compared to the subject, with downward adjustments warranted.

### **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 and Four are considered sufficiently larger as compared to the subject to warrant upward adjustments. Comparables Three and Six are considered sufficiently smaller as compared to the subject to warrant downward adjustment. No adjustment was considered warranted to the remaining comparables.

## **SECTION III - DATA ANALYSIS AND CONCLUSIONS**

### **Adjustments for Zoning/Use**

The subject is currently zoned S-1 (Approved C-2/CP-GCP), City of Phoenix. The S-1 (Ranch or Farm Residence) zoning is a holding zone for rural properties that were previously annexed and awaiting development. The subject was tentatively approved for commercial uses as part of annexation, but any development would require rezoning to be perfected. A commercial use is also consistent with the current City of Phoenix General Plan designation of MU (Commercial / Commerce - Business Park).

Comparables One and Six sold with similar low-density holding zoning in place, with no adjustment warranted for zoning. The remaining comparables had superior approved zoning, warranting downward adjustment.

With respect to use, the future use of the subject would likely follow development of the surrounding agricultural lands with single-family homes, which is planned and currently underway. Therefore, the subject will likely be developed within the next 2 to 4 years. Comparables Three, Five and Six were purchased for near term development, warranting additional downward adjustment as compared to the subject.

### **Adjustments for Shape/Site Utility**

This adjustment takes into consideration shape, topography, flood status, and the like. The subject is irregular in shape, has flat overall topography, and is located in flood hazard Zone X (shaded) – 0.2% annual chance flood hazard or areas of 1% annual chance flood hazard. Given the size of the subject and considering the usable land area, the shape is not considered to be a significant factor impacting potential development.

Comparable Six is triangular in shape, but is rather narrow in the northern portion, warranting upward adjustment as compared to the subject. The remaining sales are considered similar or offsetting as compared to the subject with respect to shape/site utility, with no adjustments applied for this factor.

### **Adjustments for Site Improvements**

No significant site improvements were noted on the subject site. 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	6
Sale Date:	Sep-20	Sep-20	Dec-20	Dec-20	Apr-21	Pending
Location:	6159 W. Dobbins Rd.	NWc Loop 202 & Baseline Rd.	NEc 59th Ave. & Dobbins Rd.	SWc Baseline Rd. & Loop 202	SE 59th Ave. & Lower Buckeye Rd.	NWc 59th Ave & Lower Buckeye
APN:	300-02-031B, -033C, -037A, -037B, -038, -041C & 042C	104-86-001W	300-02-011C	300-02-925	104-46-002J	Not yet assigned
Zoning:	S-1, Phoenix	C-2, County	C-1, Phoenix	CP/GCP, Phoenix	A-1, Phoenix	RE-35, Phoenix
Sale Price:	\$17,820,000	\$2,220,503	\$1,744,197	\$6,337,272	\$8,400,000	\$3,100,000
Terms of Sale:	Cash	Cash	Conv.	Cash	Cash	N/App
Site Size (Acres):	90.78	12.26	6.17	36.78	22.05	8.88
Site Size (SF):	3,954,438	534,046	268,556	1,602,326	960,423	386,702
<b>Sales Price Per Sq. Ft. Land</b>	<b>\$4.51</b>	<b>\$4.16</b>	<b>\$6.49</b>	<b>\$3.96</b>	<b>\$8.75</b>	<b>\$8.02</b>
<i>Transactional Adjustments:</i>	1	2	3	4	5	6
Property Rights	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjusted Price/SF	\$4.51	\$4.16	\$6.49	\$3.96	\$8.75	\$8.02
Financing Terms	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Cash	Cash	Conv.	Cash	Cash	N/App
Adjusted Price/SF	\$4.51	\$4.16	\$6.49	\$3.96	\$8.75	\$8.02
Conditions of Sale	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Auction	Typical	Typical	Typical	Typical	Typical
Adjusted Price/SF	\$4.51	\$4.16	\$6.49	\$3.96	\$8.75	\$8.02
Expenditures After Sale	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	None	None	None	None	None	None
Adjusted Price/SF	\$4.51	\$4.16	\$6.49	\$3.96	\$8.75	\$8.02
Market Conditions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Similar	Similar	Similar	Similar	Similar	Similar
<b>Adjusted Price/SF</b>	<b>\$4.51</b>	<b>\$4.16</b>	<b>\$6.49</b>	<b>\$3.96</b>	<b>\$8.75</b>	<b>\$8.02</b>
<i>Physical Adjustments:</i>	1	2	3	4	5	6
Location	0.0%	20.0%	0.0%	0.0%	-15.0%	-15.0%
	Similar	Inferior	Similar	Similar	Superior	Superior
Site Size	10.0%	0.0%	-5.0%	5.0%	0.0%	-5.0%
	Larger	Similar	Smaller	Larger	Similar	Smaller
Zoning/Use	0.0%	-5.0%	-15.0%	-5.0%	-25.0%	-20.0%
	Similar	Superior	Superior	Superior	Superior	Superior
Shape/Site Utility	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%
	Similar	Similar	Similar	Similar	Similar	Inferior
Site Improvements	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	Similar	Similar	Similar	Similar	Similar	Similar
Gross Additional Adjustments	10.0%	25.0%	20.0%	10.0%	40.0%	45.0%
Net Additional Adjustments	10.0%	15.0%	-20.0%	0.0%	-40.0%	-35.0%
<b>Adjusted Price Per Sq. Ft.</b>	<b>\$4.96</b>	<b>\$4.78</b>	<b>\$5.20</b>	<b>\$3.96</b>	<b>\$5.25</b>	<b>\$5.21</b>

As demonstrated in the above tabulation, prior to any adjustments, the comparables range in price from \$3.96 to \$8.75 per square foot. After adjustments, the comparable sales range from \$3.96 to \$5.25 per square foot. Each of the sales required some level of adjustment. Comparables One and Three are most proximate to the subject, and are given greater weighting. Comparable Four could only be confirmed with public records, and appears to be an outlier, and is not emphasized.

### SECTION III - DATA ANALYSIS AND CONCLUSIONS

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 \$5.00 per square foot. Applied to the subject gross area of 876,389 square feet results in a conclusion of \$4,381,945, rounded to \$4,382,000.

#### OPINION OF THE MARKET VALUE

OF THE SUBJECT PROPERTY .....\$4,382,000

#### 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: 202L MA 000 H5439

Parcel Number: L-C-096

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 10<sup>th</sup> day of July, 2021, is \$4,382,000, based upon my independent appraisal and the exercise of my professional judgment.

DATE: July 29, 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.

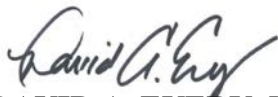
### SECTION III - DATA ANALYSIS AND CONCLUSIONS

#### 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 north along 59<sup>th</sup> Avenue from Elliot Rd. & 59<sup>th</sup> Ave, subject at left.

Bottom: View north along 59<sup>th</sup> Avenue, subject at left.



## SECTION IV - EXHIBITS AND ADDENDA

### SUBJECT PHOTOS

Top: View west along Elliot Road, subject at right.

Bottom: View of subject property.



## SECTION IV - EXHIBITS AND ADDENDA

### SUBJECT PHOTOS

Top: View north along 59<sup>th</sup> Avenue, subject at left.  
Bottom: View of subject property.



## SECTION IV - EXHIBITS AND ADDENDA

### SUBJECT PHOTOS

Top: View of subject property.  
Bottom: View of subject property.



## **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*

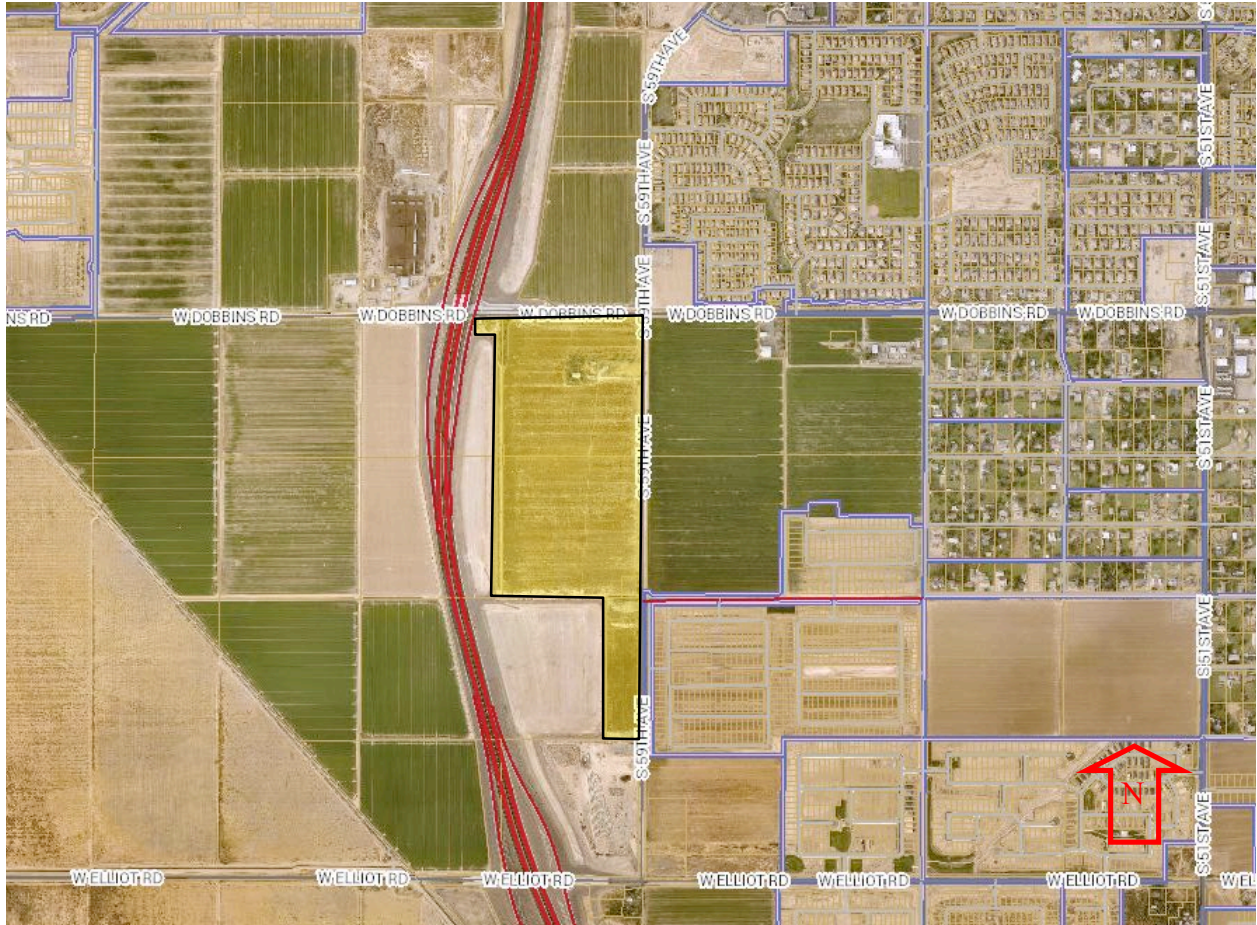
Location: 6159 W. Dobbins Road, Phoenix, Arizona 85339

Physical Data		Sale Data	
APN:	300-02-033B, -037A, -037B, -038, -041B & 042B	Date:	September 10, 2020
Acres:	90.78 acres	Document:	2020-1076949
Sq. Ft.:	3,954,438 sf	Seller:	State of Arizona
Zoning:	S-1, Phoenix	Buyer:	Cold Springs, LLC
Access:	Paved	Sales Price:	\$17,820,000
Utilities:	All available	Conditions:	Auction
Flood Status:	Zone X (shaded)	Price / Sq. Ft.:	\$4.51
Topography:	Flat	Mkt. Period:	218 days
Improvements:	None	Financing:	Cash
Vegetation:	Former AG land	Sale History:	No market sales within the preceding 5 years.

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

Comments: This sale reflects ADOT surplus land sold at auction. However, the property was exposed to the market, and the auction factor was not considered to affect the sale price.

## 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: NWc Loop 202 & Baseline Road, Phoenix, Arizona 85339

Physical Data		Sale Data	
APN:	104-86-001W	Date:	September 30, 2020
Acres:	12.26 acres	Document:	2020-0922906
Sq. Ft.:	534,046 sf	Seller:	Timothy Drexler
Zoning:	C-2, County	Buyer:	LGP Enterprises, Inc.
Access:	Paved	Sales Price:	\$2,220,503
Utilities:	All available	Conditions:	Typical
Flood Status:	Zone X	Price / Sq. Ft.:	\$4.16
Topography:	Flat	Mkt. Period:	551 days
Improvements:	None	Financing:	Cash
Vegetation:	None	Sale History:	No market sales within the preceding 5 years.

Verification: Brian Rosella, Broker, 602-513-5103

Comments: This parcel is somewhat narrow and has limited frontage along Baseline Road, which could limit access.

## SECTION IV - EXHIBITS AND ADDENDA



*\*Maricopa County Assessor 2021 aerial*

## SECTION IV - EXHIBITS AND ADDENDA

### LAND SALE NO. 3



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

Location: NEc 59<sup>th</sup> Avenue & Dobbins Road, Phoenix, Arizona 85339

Physical Data		Sale Data	
APN:	300-02-011C	Date:	December 2, 2020
Acres:	6.17 acres	Document:	2020-1185183
Sq. Ft.:	268,556 sf	Seller:	Deann Williams & Rebecca Lynn Price of DEKA Trust Company
Zoning:	C-1, Phoenix	Buyer:	59 Dobbins, LLC
Access:	Paved	Sales Price:	\$1,744,197
Utilities:	All available	Conditions:	Typical
Flood Status:	Zone X	Price / Sq. Ft.:	\$6.49
Topography:	Flat	Mkt. Period:	1,065 days
Improvements:	None	Financing:	Conventional
Vegetation:	Graded	Sale History:	No market sales within the preceding 5 years.

Verification: Rick Jellies, Listing Agent, 480-557-7771

Comments: This property was purchased for near term development with mixed commercial and office uses.



## SECTION IV - EXHIBITS AND ADDENDA

### LAND SALE NO. 4



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

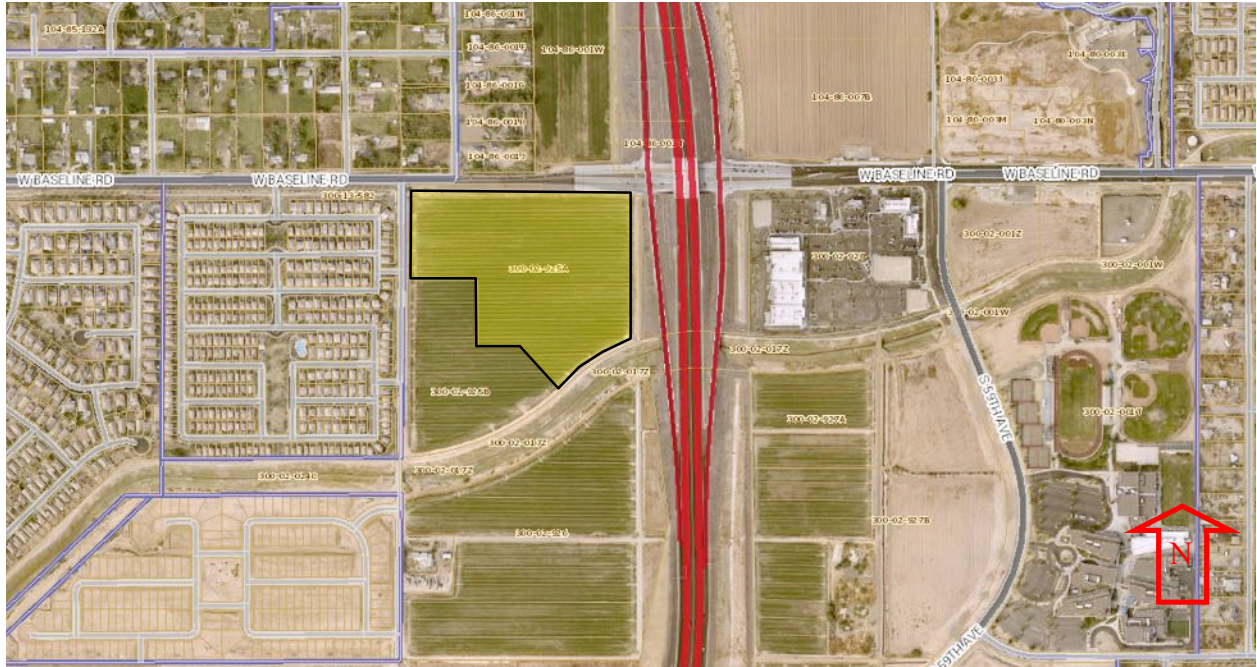
Location: SWc Baseline Road & Loop 202, Phoenix, Arizona 85339

Physical Data		Sale Data	
APN:	300-02-925	Date:	December 21, 2020
Acres:	36.78 acres	Document:	2020-1261555
Sq. Ft.:	1,602,326 sf	Seller:	Laveen Baseline, LLC
Zoning:	CP/GCP, Phoenix	Buyer:	Banner Health
Access:	Paved	Sales Price:	\$6,337,272
Utilities:	All available	Conditions:	Typical
Flood Status:	Zone X	Price / Sq. Ft.:	\$3.96
Topography:	Flat	Mkt. Period:	N/Av
Improvements:	None	Financing:	Cash
Vegetation:	Former AG land	Sale History:	No market sales within the preceding 5 years.

Verification: Public Records

Comments: This parcel was purchased by a regional healthcare provider.

## SECTION IV - EXHIBITS AND ADDENDA



*\*Maricopa County Assessor 2020 aerial*

## SECTION IV - EXHIBITS AND ADDENDA

### LAND SALE NO. 5



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

Location: Sec 59<sup>th</sup> Avenue & Lower Buckeye Road, Phoenix, Arizona 85339

Physical Data		Sale Data	
APN:	104-46-002E, -002F & -002H	Date:	April 2, 2021
Acres:	22.60 acres	Document:	2021-0373291
Sq. Ft.:	984,456 sf	Seller:	Arizona Becknell Inv. 2007, LLC
Zoning:	A-1, Phoenix	Buyer:	Apel Extrusions, Inc.
Access:	Paved	Sales Price:	\$8,400,000
Utilities:	All available	Conditions:	Typical
Flood Status:	Zone X	Price / Sq. Ft.:	\$8.53
Topography:	Flat	Mkt. Period:	3,419 days
Improvements:	None	Financing:	Cash
Vegetation:	Graded	Sale History:	No market sales within the preceding 5 years.

Verification: Gary Anderson, Broker, 602-224-4439

Comments: This parcel was purchased by a user who intends on constructing a headquarters for the business.

## SECTION IV - EXHIBITS AND ADDENDA



*\*Maricopa County Assessor 2021 aerial*

## SECTION IV - EXHIBITS AND ADDENDA

### LAND SALE NO. 6



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

Location: NWc 59<sup>th</sup> Avenue & Lower Buckeye, Phoenix, Arizona 85339

Physical Data		Sale Data	
APN:	N/App	Date:	Pending
Acres:	8.88 acres	Document:	N/Av
Sq. Ft.:	386,702 sf	Seller:	State of Arizona
Zoning:	RE-35, Phoenix	Buyer:	N/Av
Access:	Paved	Sales Price:	\$3,100,000
Utilities:	All available	Conditions:	N/App
Flood Status:	Zone X	Price / Sq. Ft.:	\$8.02
Topography:	Flat	Mkt. Period:	N/Av
Improvements:	None	Financing:	N/App
Vegetation:	Graded	Sale History:	No market sales within the preceding 5 years.

Verification: Aretha Perry Greene, ADOT,

Comments: The sale of this property is currently pending. According to the representative, the sale price is equal to the asking price.

## SECTION IV - EXHIBITS AND ADDENDA



*\*Maricopa County Assessor 2021 aerial*

## **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

<b>Department of Insurance and Financial Institutions</b> <b>State of Arizona</b>	
<b>CGA - 31343</b>	
<b>DAVID A EVERY</b>	has complied with the provisions of
This document is evidence that:	
Arizona Revised Statutes, relating to the establishment and operation of a:	
<b>Certified General Real Estate Appraiser</b>	
and that the Superintendent of Financial Institutions of the State of Arizona has granted this license to transact the business of a:	
<b>Certified General Real Estate Appraiser</b>	
<b>DAVID A EVERY</b>	
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 : <b>June 30, 2023</b>	