

**AN APPRAISAL REPORT OF THE VACANT LAND LOCATED NORTHWEST OF  
PATTERSON ROAD AND STATE ROUTE 85,  
BUCKEYE, MARICOPA COUNTY, ARIZONA 85326**

**PREPARED FOR**

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

**ATTENTION**

**MR. TIMOTHY F. O'CONNELL, JR.  
APPRAISAL SECTION SUPERVISOR R/W PROJECT MANAGEMENT SECTION**

**PROJECT: M697201X  
HIGHWAY: I-10 – EHRENBURG - PHOENIX  
SECTION: PERRYVILLE – BULLARD AVENUE  
PARCEL: L-Y-014  
CONTRACT: CTR054962**

**A.T. I. FILE NO.: VGG809030-B**

**DATE OF REPORT**

**MAY 2, 2023**

**EFFECTIVE DATE OF APPRAISAL**

**APRIL 24, 2023**

**PREPARED BY**

**MICHAEL TURNER, MAI  
CERTIFIED GENERAL REAL ESTATE APPRAISER CERTIFICATE NO. 30420**



# APPRAISAL TECHNOLOGY, LLC.

---

May 2, 2023

A.T.I. File No.: VGG80903O-B

**TO: ARIZONA DEPARTMENT OF TRANSPORTATION  
RIGHT OF WAY OPERATIONS SECTION  
205 SOUTH 17<sup>TH</sup> AVENUE, ROOM 331, MAIL DROP 612E  
PHOENIX, ARIZONA 85007**

**RE: PROJECT: M697201X  
HIGHWAY: I-10 - Ehrenburg - Phoenix  
SECTION: Perryville - Bullard Ave.  
PARCEL: L-Y-014  
CONTRACT: CTR054962**

**ATTN: Mr. Timothy F. O'Connell, Jr.  
Appraisal Section Supervisor R/W Project Management Section**

**RE: An Appraisal Report of the vacant land of the commercial property located northwest of  
Patterson Road and State Route 85 in Buckeye, Maricopa County, Arizona.**

Dear Mr. O'Connell:

As requested, I have appraised the "As Is" Market Value of the aforementioned property for the disposition purposes as of April 24, 2023.

The value estimate is supported by market analysis, which is communicated through an appraisal report plus exhibits, which describes and identifies methods of approach and valuation.

The intended user of this report is the Arizona Department of Transportation (ADOT). The intended use of this appraisal report is for disposition decisions by the Arizona Department of Transportation (ADOT). This appraisal is not intended for any other use by any other users.

The appraisal and report were prepared in conformity with the appraisal requirements of the Arizona Department of Transportation Right of Way Procedures Manual Project Management Section Chapters Three and Four, The Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24 and the current edition of the Uniform Standards of Professional Appraisal Practice (USPAP), 2020-2021 (Extended through December 31, 2023).

No environmental studies have been provided. The appraiser has not identified any toxic waste and/or possible hazardous contaminant on the site; however, it does not mean that such materials do not exist. The indicated market value for the subject property represents a property free of any contaminants. If a toxic waste and/or contaminant is detected, the value estimate appearing in this report is null and void.

Based on the information found in this investigation, the appraiser is of the opinion that the "As Is" Market Value of the subject property, as of April 24, 2023, is:

**FIVE HUNDRED FIFTEEN THOUSAND DOLLARS**  
**(\$515,000.00)**

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Michael Turner".

Michael Turner, MAI  
Certified General Real Estate Appraiser No. 30420  
480.285.3874  
mturner@atiaz.com

# FACTS AND CONCLUSIONS

<b>TYPE OF PROPERTY</b>	Vacant land
<b>LOCATION</b>	The subject is located northwest of Patterson Road and State Route 85 in Buckeye, Maricopa County, Arizona.
<b>REPORT PURPOSE</b>	The purpose of this report is to provide an estimate of the Market Value of the Fee Simple Estate of the subject site for disposition purposes.
<b>INTENDED USE OF REPORT</b>	The intended use of this appraisal report is for disposition purposes.
<b>TAX PARCEL NUMBER (S)</b>	401-64-011, 012D & 012E
<b>SITE AREA</b>	Based on information supplied by the client, the subject site totals 79.18 acres or 3,449,078 square feet. It should be noted that Maricopa County indicates a total site size of 97.37 acres or 4,241,794 square feet. For the purpose of this report, the appraiser will utilize the size provided by the client (extraordinary assumption).
<b>ZONING</b>	CC/GC, Commercial Center/General Commerce; City of Buckeye
<b>FLOOD ZONE</b>	The location is within an area denoted as being in an "X" Flood Hazard Area, as found on Federal Emergency Management Agency Flood Insurance Rate Map number 04013C2935L dated October 16, 2013.
<b>IMPROVEMENTS</b>	None
<b>HIGHEST &amp; BEST USE</b>	Hold for future commercial development
<b>DATE OF APPRAISAL</b>	April 24, 2023
<b>“AS IS” MARKET VALUE:</b>	<b>\$515,000</b>

# TABLE OF CONTENTS

<b>SCOPE OF WORK</b> .....	<b>5</b>
<b>REGIONAL AND CITY DATA</b> .....	<b>14</b>
<b>NEIGHBORHOOD DATA ANALYSIS</b> .....	<b>39</b>
<b>SUBJECT PHOTOGRAPHS</b> .....	<b>50</b>
<b>SITE DATA ANALYSIS</b> .....	<b>61</b>
<b>HIGHEST AND BEST USE</b> .....	<b>66</b>
<b>VALUATION PROCESS</b> .....	<b>73</b>
<b>SALES COMPARISON APPROACH</b> .....	<b>75</b>
<b>FINAL RECONCILIATION</b> .....	<b>94</b>
<b>CERTIFICATION</b> .....	<b>95</b>
<b>USPAP CERTIFICATION</b> .....	<b>96</b>

## ADDENDA

Engagement Letter .....	EXHIBIT 1
Title Report .....	EXHIBIT 2
Zoning Ordinance .....	EXHIBIT 3
Contingent and Limiting Conditions .....	EXHIBIT 4

# SCOPE OF WORK

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

The appraisal and report were prepared in conformity with the appraisal requirements of the City of Mesa, Uniform Standards of Professional Appraisal Practice, 2016-2017 (USPAP), and Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as Amended (URA), as described in part 49 CFR 24.2(a)(3).

Due to the COVID pandemic, the 2020-2021 version of USPAP was extended through 2023.

The USPAP 2020-2021 **SCOPE OF WORK RULE** states:

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

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

*An appraiser must properly identify the problem to be solved in order to determine the appropriate scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to produce credible assignment results. (The Appraisal Foundation, USPAP 2020-2021 edition, Page 13)*

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

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

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

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

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

**PROBLEM IDENTIFICATION (PURPOSE):**

*An appraiser must gather and analyze information about those assignment elements that are necessary to properly identify the appraisal or appraisal review problem to be solved. (The Appraisal Foundation, USPAP 2020-2021 edition, Page 13)*

The purpose of the appraisal is to estimate the "As Is" Market Value of the subject site for the purpose of disposition purposes as of April 24, 2023 (Date of Inspection).

**INTENDED USE/USERS:**

The intended user of this report is the Arizona Department of Transportation (ADOT). The intended use of this appraisal report is for disposition decisions by the Arizona Department of Transportation (ADOT). This appraisal is not intended for any other use by any other users.

**EFFECTIVE DATE OF APPRAISAL:**

April 24, 2023

**DATE OF INSPECTION:**

April 24, 2023

**INTEREST VALUED:**

The subject property has no known long term lease encumbrances; thus, the Fee Simple Estate is considered in this report. The Fee Simple Estate is defined as follows:

*“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.” (The Dictionary of Real Estate Appraisal, 7<sup>th</sup> edition 2022)*

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

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

## **MARKET VALUE DEFINITION:**

Following is the definition of *Market Value* as provided by the client.

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

## **EXTRAORDINARY ASSUMPTION:**

*An assignment-specific assumption, as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. (The Appraisal Foundation, USPAP 2020-2021 edition, Page 4)*

Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (The Appraisal Foundation, *USPAP 2016-2017 edition*. U-3)

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

The appraiser makes the Extraordinary Assumptions that the site area provided by the client, 79.18 acres, is accurate.

## **HYPOTHETICAL CONDITION:**

*A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. (The Appraisal Foundation, USPAP 2020-2021 edition, Page 4)*

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

(The Appraisal Foundation, *USPAP 2016-2017 edition*. U-3)

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

No Hypothetical Conditions were considered in this report.



## **SCOPE OF WORK ACCEPTABILITY:**

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

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

*An appraiser must not allow the intended use of an assignment or a client's objectives to cause the assignment results to be biased.* (The Appraisal Foundation, USPAP 2020-2021 edition, Page 14)

The client has requested that the appraiser estimate the "As Is" Market Value of the subject property. In order to credibly perform this task, the appraiser has followed these general guidelines:

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

## **DISCLOSURE OBLIGATIONS:**

The report must contain sufficient information to allow the client and other intended users to understand the scope of work performed. The information disclosed must be appropriate for the intended use of the assignment results. (The Appraisal Foundation, USPAP 2020-2021 edition, Page 14)

Comment: Proper disclosure is required because clients and other intended users rely on the assignment results. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

The appraiser has broad flexibility and significant responsibility in the level of detail and manner of disclosing the scope of work in the appraisal report or appraisal review report. The appraiser may, but is not required to, consolidate the disclosure in a specific section or sections of the report, or use a particular label, heading or subheading. An appraiser may choose to disclose the scope of work as necessary throughout the report.

## **AREA ANALYSIS DATA SOURCES:**

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

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

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

## **PROPERTY DESCRIPTION AND ANALYSIS:**

The subject was personally inspected by Michael Turner, MAI the conclusions are our own. The improvement description and analysis was based on our personal physical inspection, information obtained from the client, and from information obtained from the Maricopa County and/or the City of Buckeye, Engineering, Planning and Zoning Departments.

## **OWNERSHIP:**

Owner Name: ARIZONA DEPARTMENT OF TRANSPORTATION  
Mailing Address: 205 S 17TH AVE STE 612E PHOENIX AZ USA 85007

## **OWNER CONTACT:**

The property owner is the Arizona Department of Transportation. The appraiser has had several conversations regarding the subject property and was given permission to inspect the property on April 24, 2023.

## **HISTORY:**

The property has been under the current ownership since April 2008. The property has been listed for sale within the last three years. In 2020 the property was listed at \$633,440 or \$8,000 per acre. According to ADOT sources, there was limited interest at this price but no offers were made.

In 2021 the property was listed at \$514,670 or \$6,500 per acre. There are currently two parties that are interested in the property and have paid fees to be present at a public auction at this price per acre.

It was reported that there is the potential for a right in, right out ingress easement from SR 85, however, this would not be known until such a time a site plan is developed.

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

**LEGAL DESCRIPTION:**

Based upon information provided by the client, the subject property is legally defined as follows:

**EXHIBIT "A"**

That portion of the Southeast quarter of the Southeast quarter (SE $\frac{1}{4}$ SE $\frac{1}{4}$ ) of Section 27, and that portion of the South half of the Southwest quarter (S $\frac{1}{2}$ SW $\frac{1}{4}$ ) of Section 26, which lies West of the existing westerly right of way line of State Route 85 (GILA BEND - BUCKEYE HIGHWAY), in Township 2 South, Range 4 West, Gila and Salt River Meridian, Maricopa County, Arizona which lies northerly of the existing northerly right of way line of the West Channel described as follows:

COMMENCING at bar with cap "I.S 19817" marking the South quarter corner of said Section 27, being South 00°24'47" West 5283.66 feet from a BLM brass cap marking the North quarter corner of said Section 27;

thence along the North – South mid section line of said Section 27 North 00°24'47" East 213.00 feet to the POINT OF BEGINNING on said existing northerly right of way line of the West Channel;

thence along said existing northerly right of way line South 89°22'01" East 2639.26 feet to the section line common to said Section 26 and Section 27, being North 00°23'58" East from a brass cap stamped "22282" marking the South section corner common to said Section 26 and Section 27;

thence continuing along said existing northerly right of way line South 89°22'13" East 1697.49 feet to the POINT OF ENDING on said existing westerly right of way line of State Route 85.

3,449,078 square feet, more or less.

GRANTOR RESERVES unto the public and various utility companies, easements for existing utilities, if any, within the above described property, in accordance with Arizona Revised Statute 28-7210. Access to the existing utilities will be by way of what exists at the time of this conveyance and shall be the responsibility of the Grantee herein and of the public or utility companies to show where that access is located.

The parcel of land herein conveyed shall have no right or easement of access to said State Route 85, provided however, that said parcel shall have the right of access to the existing frontage road on the West side of said State Route 85 South of the southeasterly corner of the above described parcel.

---

PROJECT: 085 MA 138 H5675 02R	LOCATION: Lewis Prison - Gila River	PARCEL: L-Y-014
S 085-B-701		eg 1-10-2020

## **SCOPE OF VALUATION METHODOLOGY:**

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

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

The subject is vacant land; thus, only the Sales Comparison Approach is considered in this report.

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

## **MARKETING TIME:**

*An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effect date of an appraisal.* (USPAP AO-7)

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

## **EXPOSURE TIME:**

*Estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.* (The Appraisal Foundation, USPAP 2020-2021 edition, Page 4)

Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.

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

**HAZARDOUS WASTES:**

The appraiser was not provided with a copy of any environmental studies. If toxic waste and/or contaminants are detected on the subject property, the value estimate appearing in this report is null and void. If a re-appraisal is required, it will be made at an additional charge and upon receipt of any additional information requested (i.e., what the toxic waste and/or contaminate is and the cost of removal) by the appraiser. No other nuisances or hazards were recognized during my on-site inspection of the subject property.

# AREA MAP



# REGIONAL AND CITY DATA

## LOCATION:

The State of Arizona is located within the southwestern region of the United States. The July 2022 population estimate puts the population of Arizona at 7,409,189. Maricopa County is located in the south central part of the State of Arizona. Maricopa County consists of numerous cities, towns and communities that are inter-connected through transportation corridors, economic affiliations, and physical/location characteristics.

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

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

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

## SOCIAL FORCES:

Social forces primarily have to do with population and demographic trends. The demographics of the population indicate the potential basic demand for real estate services. Arizona has experienced rapid population growth continuously for the last seven years, largely due to the extended period of strong economic growth. The state added 123,800 residents last year which translated into a growth at 1.7%. Continued job and population growth have contributed to personal income gains of 2.9% in 2022.

Arizona Forecast*	2021	2022	2023	2024	2025
Personal Income (\$ mil)	403,739.3	415,470.0	436,194.7	461,892.8	491,613.8
% Chg from Year Ago	7.5%	2.9%	5.0%	5.9%	6.4%
Retail Sales (\$mil)	148,000.0	164,000.0	167,000.0	173,000.0	182,000.0
% Chg from Year Ago	21.3%	10.8%	1.8%	3.6%	5.2%
Total Nonfarm Employment (000s)	2,958.0	3,067.5	3,113.7	3,163.0	3,240.3
% Chg from Year Ago	3.7%	3.7%	1.5%	1.6%	2.4%
Population (000s), July 1st estimates	7,285.4	7,409.2	7,520.8	7,614.8	7,716.6
% Chg from Year Ago	1.5%	1.7%	1.5%	1.2%	1.3%
Residential Building Permits (units)	65,334.0	60,910.5	39,319.2	40,620.4	44,811.6
% Chg from Year Ago	8.3%	-6.8%	-35.4%	3.3%	10.3%

<b>POPULATION COUNTS OF THE CITIES WITHIN METROPOLITAN PHOENIX</b>					
	1-Jul-22	1-Jul-21	1-Jul-2010	Number	Percent
	Population Est.	Population Est.	Population est.	Change	Change
Apache Junction	39,251	39,009	35,840	3,411	9.52%
Avondale	92,324	90,755	76,238	16,086	21.10%
Buckeye	106,316	101,987	50,876	55,440	108.97%
Carefree	3,721	3,708	3,363	358	10.65%
Cave Creek	5,173	5,021	5,015	158	3.15%
Chandler	282,891	280,189	236,123	46,768	19.81%
El Mirage	26,275	36,101	31,797	-5,522	-17.37%
Fountain Hills	23,972	23,906	22,489	1,483	6.59%
Gila Bend	1,893	1,893	1,922	-29	-1.51%
Gilbert	277,486	273,796	208,453	69,033	33.12%
Glendale	254,005	250,585	226,721	27,284	12.03%
Goodyear	106,090	101,662	65,275	40,815	62.53%
Guadalupe	5,333	5,329	5,523	-190	-3.44%
Litchfield Park	7,012	6,957	5,476	1,536	28.05%
Mesa	516,429	510,792	439,041	77,388	17.63%
Paradise Valley	12,700	12,707	12,820	-120	-0.94%
Peoria	199,424	195,585	154,058	45,366	29.45%
Phoenix	1,657,035	1,630,195	1,449,242	207,793	14.34%
Queen Creek	60,338	56,321	25,998	34,340	132.09%
Scottsdale	244,959	243,528	217,365	27,594	12.69%
Surprise	155,384	149,710	117,688	37,696	32.03%
Tempe	187,354	181,548	161,974	25,380	15.67%
Tolleson	7,315	7,309	6,573	742	11.29%
Wickenburg	6,779	6,687	6,353	426	6.71%
Youngtown	7,060	7,060	6,154	906	14.72%
Unincorporated	328,763	323,689	284,016	44,747	15.76%
<b>METRO PHOENIX</b>	<b>4,615,282</b>	<b>4,546,029</b>	<b>3,856,393</b>	<b>758,889</b>	<b>19.68%</b>

Arizona Office of Economic Opportunity

### **ECONOMIC FORCES:**

The Metropolitan Phoenix Area (Maricopa County) represents 66% of the Arizona Labor Market. The Maricopa County MSA had a civilian labor force of 2,405.9 at the end of February 2023. The current unemployment rate in Arizona is 2.7% (February 2023). The unemployment rate is near pre-pandemic levels.

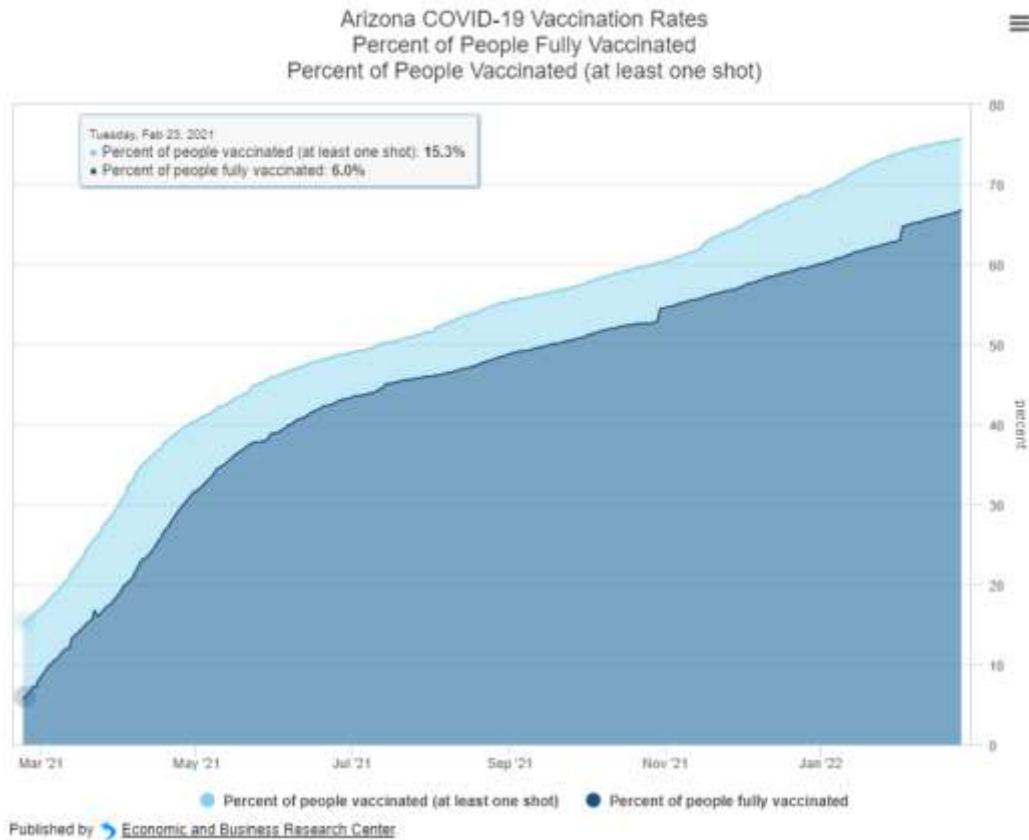


Maricopa County - Monthly Summary	Sep 2022	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023
<i>Persons (000s, seasonally adjusted), Local Area Unemployment Statistics, BLS &amp; EBRC</i>						
Civilian Labor Force	2,384.4	2,386.5	2,374.2	2,388.9	2,412.0	2,405.9
% Chg from Year Ago	2.9% ↑	3.0% ↑	2.3% ↑	2.9% ↑	3.7% ↑	3.1% ↑
Employment	2,294.0	2,288.9	2,288.7	2,306.7	2,335.8	2,342.2
% Chg from Year Ago	3.1%	2.8%	2.2%	2.7%	4.1%	3.5%
Unemployment	87.1	90.2	82.0	75.3	68.7	66.0
% Chg from Year Ago	-2.3% ↓	10.5% ↑	8.0% ↑	8.0% ↑	-6.0% ↓	-5.5% ↓
Unemployment Rate	3.7	3.8	3.5	3.2	2.9	2.7

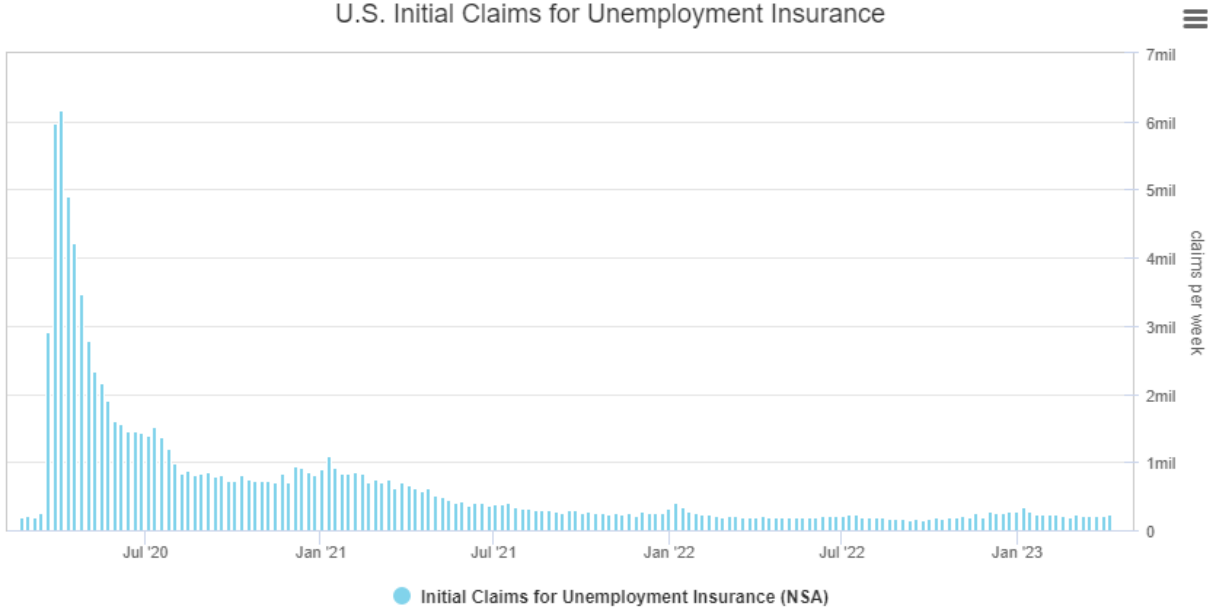
### Covid-19 Update

The following is from the Economic and Business Research Center.

As the impacts of COVID-19 work through the economy, tracking the performance of the labor market and the travel and tourism sector is key. The leading indicators presented here help us to measure emerging trends as the virus is controlled.



The percent of people vaccinated is the number of individuals who have received at least one dose of a COVID-19 vaccination relative to the population of Arizona. The percent of people fully vaccinated is the number of individuals who have received a valid, complete vaccine series relative to the population. Vaccine data are from the Arizona Department of Health Statistics and population data are from the U.S. Census Bureau.



Note: Data are not seasonally adjusted.  
Published by [Economic and Business Research Center](#).

Unemployment Insurance claims have seen a significantly reduction since the pandemic started and has remained relatively steady since mid-2021.

## U.S. Hotel Occupancy Rate



Published by [Economic and Business Research Center](#).

U.S. Hotel Occupancy Rate (for the week ending Saturday)	3/4/2023	3/11/2023	3/18/2023	3/25/2023	4/1/2023	4/8/2023
Occupancy Rate (Weekly)	62.8	64.7	67.6	64.9	66.2	61.3
% Chg from Year Ago	0.96% <span style="color: green;">↑</span>	5.72% <span style="color: green;">↑</span>	6.96% <span style="color: green;">↑</span>	-2.99% <span style="color: red;">↓</span>	1.07% <span style="color: green;">↑</span>	-4.37% <span style="color: red;">↓</span>
52-Week Moving Average	63.7	63.7	63.8	63.8	63.8	63.7
% Chg from Year Ago	7.1% <span style="color: green;">↑</span>	6.8% <span style="color: green;">↑</span>	6.4% <span style="color: green;">↑</span>	6.1% <span style="color: green;">↑</span>	5.9% <span style="color: green;">↑</span>	5.5% <span style="color: green;">↑</span>

Source: Hotel News Now <http://www.hotelnewsnow.com/Articles/ByCategory?category=Data%20Dashboard>

Published by [Economic and Business Research Center](#).

The hotel occupancies started showing and increase at the beginning of 2021 with another jump in mid-2021 with current occupancies nearly back to pre-pandemic times. Other industries such as movie theaters, movie releases, retail and restaurants are seeing similar slow increases. The following is from AZBIGMEDIA.COM.

The 2023 Phoenix commercial real estate outlook and opportunities. Known as the Valley of the Sun, Phoenix is one of commercial real estate's hottest markets. With a current population of over 4.6 million, a 1.48 percent increase from 2021, the Phoenix metro is packed with abundant job growth, consumer spending, and investment opportunities. Throughout the U.S., Phoenix had the largest absolute increase in population growth between 2010 and 2020 and reported the fastest growth rate among America's biggest cities, according to the New York Times. Beyond impressive population stats, Phoenix also boasts a business-friendly environment with limited government interference and low taxes. Lastly, the Valley offers sprawling submarkets at reasonable prices. Suburbs like Buckeye grew 80 percent in ten years and provide development opportunities not seen in dense coastal markets. In all, Phoenix has become a treasure for commercial real estate investors, but with great success comes great challenges. As the aftereffects of COVID-19 become clear and sectors begin to shift, investors will need to evaluate where in the Valley to plant capital, what type of products best suit their needs, and what economic and consumer trends Phoenix is experiencing. Here is a look at the 2023 Phoenix commercial real estate outlook and opportunities.

### **The Multifamily Market**

2020 spurred historical growth for Phoenix's multifamily market that continued into 2021 and early 2022. The influx of movers into Phoenix caused a massive shift in demand for multi-housing properties, forcing developers to ramp up new supply quickly. But now, in late 2022, the absorption rate is moderating, and supply is still accelerating, causing the metro's vacancy rate to reach 7.9 percent, a two percent increase from Q1 2022. Around the summer of 2021, Phoenix averaged 15 to 20 transactions per week, with fewer properties available. As of September 2022, Phoenix is averaging one to four transactions and five to 10 new properties entering the market per week. The development pipeline, specifically for luxury units, is heavily outpacing demand, as renters seek more affordable, smaller units to combat rising living costs. Although still impressive, the market's current rent growth of 12 percent is much lower than the market's rate of 27 percent in early 2022; most likely a result of slowing demand and lower lease renewal rates.

### **Investment Opportunities**

With high vacancy rates, slowing rent growth, and overwhelming supply, Phoenix multifamily investors may be looking at a game of "hot potato." Certain assets could hold dangerous consequences and cause trouble for owners as demand stalls, and renter expectations change.

Investors are striving to find first-generation value-add deals which are few and far between, as 1,361 properties have traded over the last five years, representing 36 percent of the market. The biggest opportunity for investors will be re-strategizing and adding value to operations rather than adding extensive interior and exterior renovations. Investors should focus on improving the bottom-line net operating income, whether that be turning the rent roll or re-capturing market rents. Other ways to increase the bottom line include adding other income-producing initiatives such as parking, pet rent, or laundry while simultaneously focusing on cutting down ownership expenses. During uncertain markets, improving existing properties will ultimately create the most value for multifamily investors.

## **Industrial**

Two main components can be attributed to Phoenix industrial's monumental performance over the last two years, rent growth and low supply. With out-of-state investors flooding the Valley and delayed development timelines, buyers and tenants are being forced to pay premium pricing on industrial properties. As of August 2022, the asset class's annual rent growth rate was 16.5 percent, much higher than the national average. Market sale price per square foot also accelerated, reaching \$168, a 19 percent increase year-over-year.

Another attribute of industrial's performance is its diversification of property types and reach across industries. Warehouse and manufacturing space proved to be pivotal during the pandemic, but the lack of supply caused almost all industrial properties to increase in value. Tenants began adapting to the market, leasing spaces previously deemed unsuitable because the options were limited.

Rising construction costs, labor shortages, and rising interest rates are all affecting commercial real estate development, but Phoenix industrial is still strong, and outlook remains positive.

As more facilities are built around the Valley, land constraints, have appeared. In-demand neighborhoods like Scottsdale Airpark, an 8.6 square mile area with over 2,900 businesses, have little land left to develop, a problem that was nowhere near fruition a few years ago. Phoenix also saw a shift in building sizes as large Fortune 500 companies started moving into the market. To accommodate the influx, developers focused on producing big-box industrial properties and scaling back on smaller facilities. Once again, the lack of availability has pushed pricing up, and small industrial properties are going for top dollar. In addition, land constraints have spurred developers to look into repurposing existing structures as new builds become more expensive and regulated.

## **Investment Opportunities**

The biggest obstacle facing Phoenix industrial investors is rising prices and the rat race of competitive offers coming in across all product types. Arizona gained popularity due to its affordability compared to nearby coastal markets, but with the current lack of supply and unbalanced demand, that pricing gap is narrowing. Investors should consider growing submarkets like North Phoenix, and the East and West Valley to obtain assets at a lower price per square foot with a potential upside. However, the further out, the greater risk as some regions bring fluctuating vacancy and less leasing demand. Another point to keep in mind while investing in Phoenix industrial is the amount of supply waiting to enter the market is higher than the majority of the country, which potentially could limit an owner's leverage to raise rents once vacancy heightens.

## **Self-Storage Market**

The self-storage asset class climbed the ranks rapidly at the start of the pandemic and has continued its dominance throughout the U.S. Phoenix boasts one of the most vital self-storage pipelines; with 13.3 percent of existing inventory underway, making it a top five metro for development in the nation. Self-storage rates have remained high, although operators are predicting an increase in move-outs in the second half of 2022 as workers return to offices and the Phoenix housing market slows. However, the average length of stay for renters has increased, helping owners secure stable and lucrative income. According to Yardi Matrix, total revenue for self-storage products is increasing by double-digit percentages nationally.

## **Investment Opportunities**

As with any real estate, the most crucial factor self-storage investors should consider when it comes to the 2023 commercial real estate outlook is location, location, location. Phoenix is seeing a slight shift in consumer trends but still offers plenty of valuable opportunities within the storage market. Single-story facilities with larger units see longer-term tenancy and strong demand throughout the Valley. These types of properties are comparable in strength to three-story Class A climate-controlled facilities. Phoenix is also a thriving market for boat and RV storage facilities. With most of the new housing being in HOA communities, homeowners need a place to store recreational vehicles and boats due to the strict storage and parking policies in regulated communities.

As part of the multi-phase, multi-year redevelopment of the former Paradise Valley Mall, phase one of PV will open in mid-2024 and include a 400-residence luxury apartment building by StreetLights Residential, Whole Foods Market, a new Harkins dine-in luxury theater concept and three best-in-class, upscale restaurants.

## **Retail Market**

The thriving local job economy combined with the market's population growth has helped Phoenix's retail sector quickly recover from the impact of COVID-19 and increase its popularity among investors. Leasing volume is substantial, with 4.4 million square feet absorbed within the last 12 months, according to CoStar. Smaller, niche tenants are performing well and rapidly growing. Boutique gyms such as F45 or popular local coffee joints like Dutch Bros and Black Rock Coffee are storming the Valley and offer investors a smaller retail footprint solution. Rents are steadily increasing and are above the national average, as Phoenix's same-store asking rents increased 7.1 percent year-over-year while the U.S. average increase is 4.3 percent.

Investors are entering the market as new development and redevelopment projects pop up across the region, especially in growing submarkets. One of the largest retail redevelopments, PV, a mixed-use complex set to complete its first phase by 2024, is in North Phoenix and will offer a 400-unit multifamily building in addition to various retail fronts, hospitality, and entertainment venues. With growing opportunities and increased competition, pricing has increased, reaching an average of \$250 per square foot.

## **Investment Opportunities**

Phoenix's tremendous rent growth has driven values well beyond what most experts had predicted. Fortunately, continued growth is expected as the population and retail demand continue to increase, meaning investors should look to take advantage of the market conditions.

When it comes to the 2023 commercial real estate outlook, it's important to keep in mind the majority of tenants in Phoenix are food and beverage, meaning the product type is performing well but could become oversaturated. Overall, consumers are craving a more personal and experiential shopping, dining, and workout experience, which means some brands will cater to new generations better than others. Boutique fitness facilities, quick-service restaurants, and technology-savvy retailers will continue to gain popularity and offer a secure and profitable business model for investors.

Phoenix commercial real estate is healthy and bountiful but is shifting as it nears late 2022. It is essential that investors work with a specialized and knowledgeable agent to understand what product types fit long-term financial, management, and portfolio goals, in addition to what parts of the Valley present thriving opportunities.

Authors: The 2023 commercial real estate outlook was written by John Stroud, Kyle Iman, Ben Tracy and Alex DeSoto, who work with Matthews Real Estate Investments Services, a commercial real estate investment services and technology firm, holds recognition as an industry leader in investment sales, leasing, and debt and structured finance. For more information, visit [www.matthews.com](http://www.matthews.com).

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

<b>Top Ten Employers of Arizona</b>	
Banner Health	41,435
Amazon	40,000
State of Arizona	39,172
Walmart, Inc.	38,309
Arizona State University	34,421
Fry's Food Stores	21,012
University of Arizona	19,823
Dignity Health Arizona	16,525
City of Phoenix	15,645
Wells Fargo & Co.	15,500

Phoenix Business Journal July 2022

**GOVERNMENTAL FORCES:**

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

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

## **TRANSPORTATION:**

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

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

The *Agua Fria Freeway* (extension) runs east and west from the Black Canyon Freeway (I-17) westward to 83rd Avenue and north and south from Beardsley Road to the Papago Freeway (I-10). The *Piestewa Parkway* (extension) runs southward from the Pima Freeway at 32nd Street and feeds traffic from the northern portion of the Valley to Central Phoenix.

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

The *SR 202* is a partial beltway looping around the eastern areas of the Phoenix metropolitan area in central Arizona. It connects the eastern end of the city of Phoenix, in addition to the towns of Tempe, Mesa, Chandler and Gilbert, and is a vital route in the metropolitan area freeway system. Loop 202 currently has two designated sections along its route; the *Red Mountain Freeway* and the *Santan Freeway*. A third section has recently been completed and is known as the *South Mountain Freeway*, which bypasses much of Central Phoenix and runs from the eastern Interstate 10 (I-10) near 59<sup>th</sup> Avenue to the western portion of Interstate 10 at Pecos Road.

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

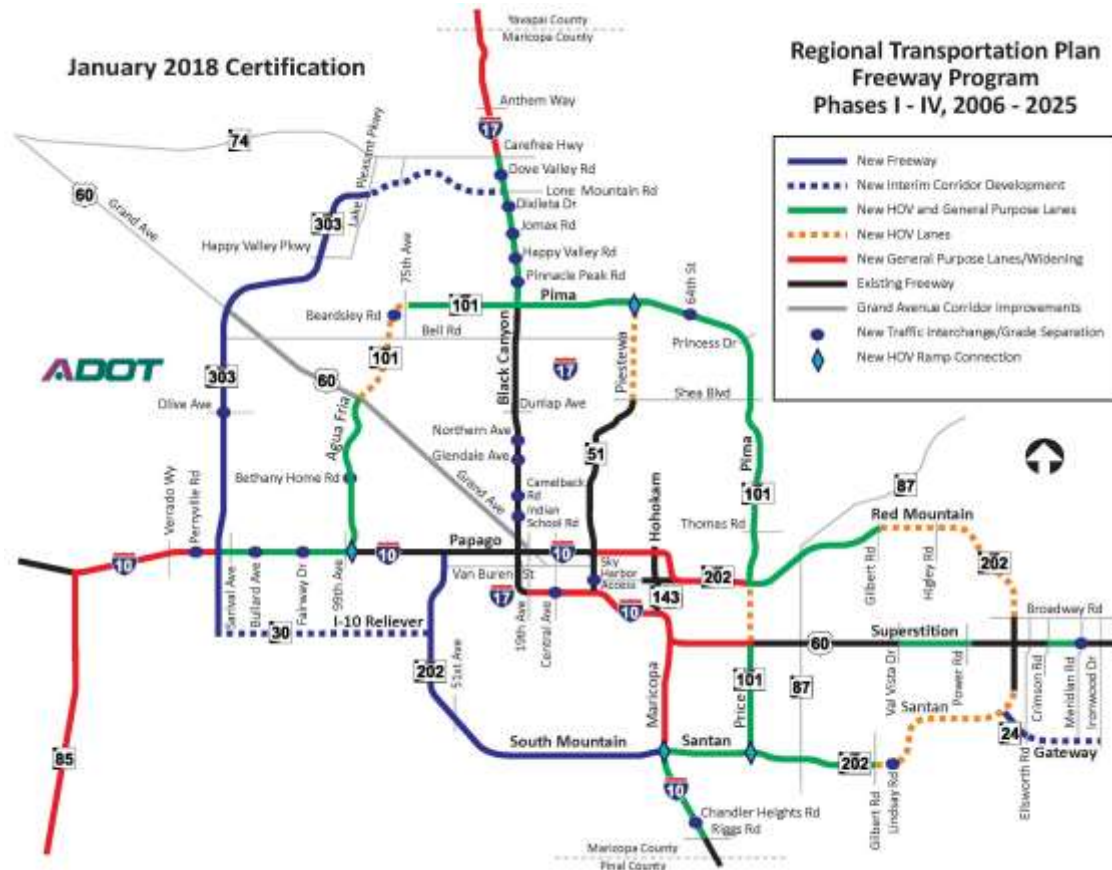
The *Price Freeway* (Loop 101) is currently completed from the Superstition Freeway north to Pima Freeway (Loop 101). In addition, recently completed is the portion which transverses from the Superstition Freeway southward to the Santan Freeway (Loop 202).

The *Bob Stump Memorial Parkway* (Loop 303) is the outer loop of the west side of Phoenix. The road begins at Interstate 10 in the far west valley then loops north to US- 60 (Grand Ave.) at Surprise, then east to Interstate 17. It's a six-lane highway between Interstate 10 and just south of Happy Valley Road and as a four lane freeway from Happy Valley Road to Interstate 17.

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



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



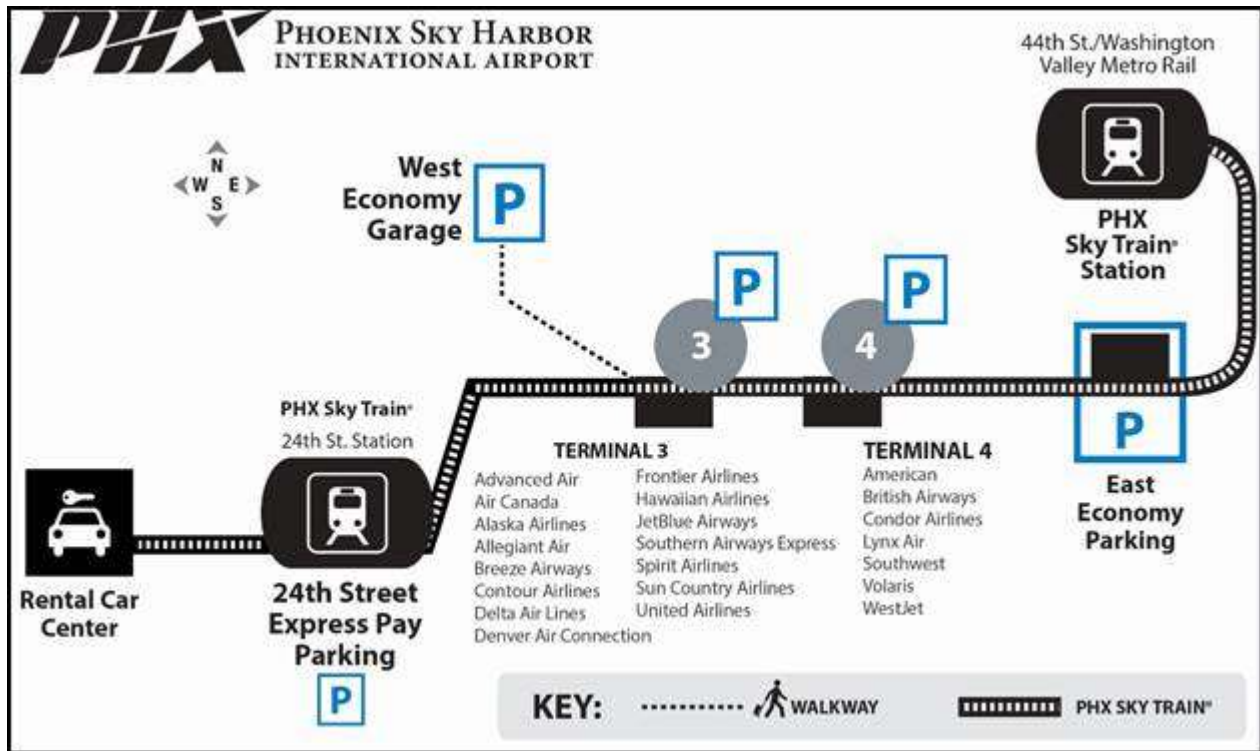
**OTHER FORMS OF TRANSPORTATION:**

Phoenix Sky Harbor International airport serves more than 120,000 passengers with more than 1,200 flights per day. Sky Harbor is one of the most convenient airports in the United States. It ranked No. 13 among U.S. airports in passenger boarding in 2018 and is served by 20 competitively priced carriers. The airport is located in the middle of Greater Phoenix, less than 10 minutes from downtown, and within 20 miles of almost all of our towns and cities.

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

Convenient transportation to Sky Harbor airport comes by way of the PHX Sky Train. This driverless train transports Valley Metro Light Rail passengers to the airport from the 44<sup>th</sup> Street/Washington Street Station. The PHX Sky Train presently travels between Terminal 3, Terminal 4, east economy parking and 44<sup>th</sup> Street/Washington St., where it connects passengers to the Metro Light Rail System. An extension to the Rental Car Center is complete and operating to

the 24<sup>th</sup> Street station with approximately 1,600 economy parking spaces and curbside pick-up and drop-off, a convenient option for travelers arriving from the West Valley and Downtown.



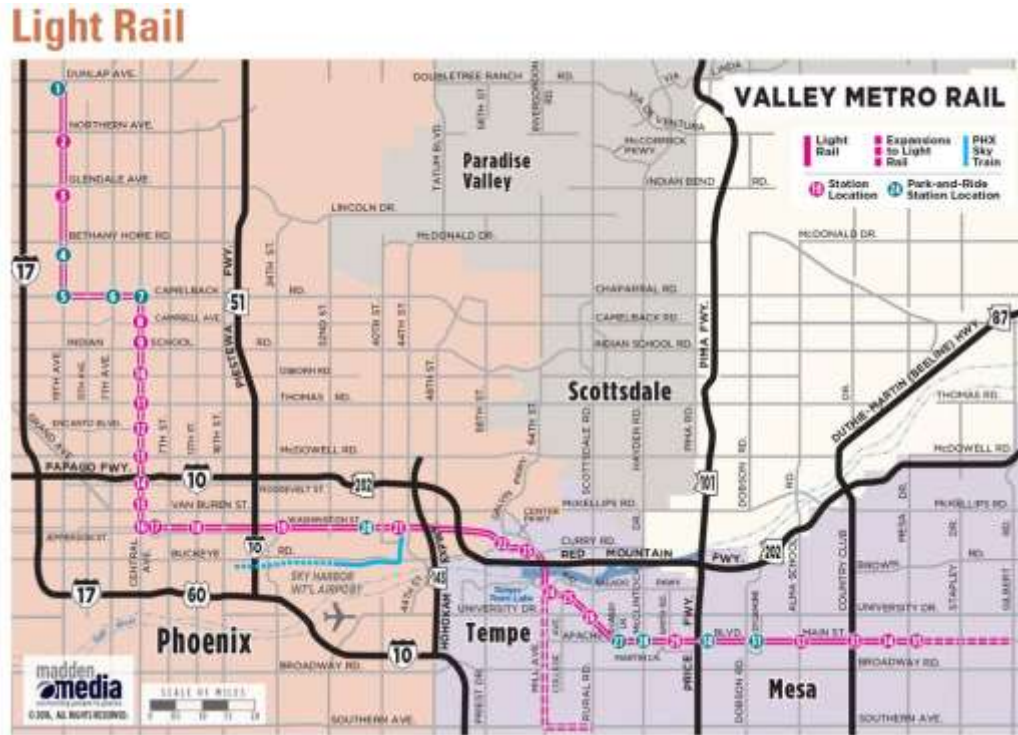
## Light Rail

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

The South Central Extension/Downtown Hub will connect with the current light rail system in downtown Phoenix and operate south to Baseline Road. The project also includes a hub in downtown Phoenix along with new stations as well as public art.

Currently, more than 50,000 riders rely on light rail each day and has shown to generate economic prosperity for historically underserved communities in metro Phoenix.

Light rail makes the unique offerings of South Phoenix more accessible to others, attracting new customers, businesses and jobs to the area. In 2016, the Phoenix City Council approved advancing the opening date of the extension from 2034 to 2023. The advancement is funded through [Transportation 2050](#), a 35-year, multi-modal transportation plan approved by Phoenix voters, and is expected to open for operations in 2024.



METRO opened for passenger operation in December 2008.

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

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

## RESIDENTIAL MARKET:

Active Listings Price Range	This Month			Year to Date		
	2023	2022	% Chg	2023	2022	% Chg
0-29,999	37	25	48	109	66	65.2
30,000-39,999	44	13	238.5	89	53	67.9
40,000-49,999	46	22	109.1	101	68	48.5
50,000-59,999	50	21	138.1	104	67	55.2
60,000-69,999	54	25	116	117	85	37.6
70,000-79,999	51	19	168.4	121	73	65.8
80,000-89,999	47	26	80.8	121	89	36
90,000-99,999	56	23	143.5	113	94	20.2
100,000-119,999	59	37	59.5	153	117	30.8
120,000-139,999	110	43	155.8	236	166	42.2
140,000-159,999	119	58	105.2	278	261	6.5
160,000-179,999	113	68	66.2	283	325	-12.9
180,000-199,999	162	106	52.8	417	413	1
200,000-249,999	449	234	91.9	1387	1248	11.1
250,000-299,999	891	408	118.4	2653	2181	21.6
300,000-399,999	3630	1277	184.3	10343	7747	33.5
400,000-499,999	3295	1537	114.4	8945	8661	3.3
500,000-549,999	1019	474	115	2606	2614	-0.3
550,000-749,999	2747	1182	132.4	6683	6407	4.3
750,000-999,999	1581	698	126.5	3548	3030	17.1
1,000,000-1,249,999	488	231	111.3	1061	856	23.9
1,250,000-1,499,999	424	187	126.7	940	710	32.4
1,500,000-1,999,999	416	182	128.6	850	667	27.4
2,000,000-2,999,999	418	168	148.8	746	550	35.6
3,000,000+	533	313	70.3	867	660	31.4
Totals	16839	7377	128.3	42871	37208	15.2

Sold Listings Price Range	This Month			Year to Date		
	2023	2022	% Chg	2023	2022	% Chg
0-29,999	20	14	42.9	46	28	64.3
30,000-39,999	13	16	-18.7	31	35	-11.4
40,000-49,999	8	17	-52.9	33	35	-5.7
50,000-59,999	15	14	7.1	37	34	8.8
60,000-69,999	19	20	-5	37	53	-30.2
70,000-79,999	19	18	5.6	37	48	-22.9
80,000-89,999	18	22	-18.2	41	49	-16.3
90,000-99,999	15	24	-37.5	38	49	-22.4
100,000-119,999	32	25	28	80	66	21.2
120,000-139,999	31	37	-16.2	84	117	-28.2
140,000-159,999	41	44	-6.8	114	169	-32.5
160,000-179,999	68	70	-2.9	175	209	-16.3
180,000-199,999	70	78	-10.3	175	235	-25.5
200,000-249,999	328	325	0.9	795	893	-11
250,000-299,999	536	602	-11	1363	1502	-9.3
300,000-399,999	2151	2051	4.9	4996	5598	-10.8
400,000-499,999	1649	2565	-35.7	3786	6317	-40.1
500,000-549,999	481	856	-43.8	1143	2023	-43.5
550,000-749,999	1036	1834	-43.5	2397	4265	-43.8
750,000-999,999	502	768	-34.6	1082	1769	-38.8
1,000,000-1,249,999	173	229	-24.5	371	530	-30
1,250,000-1,499,999	126	162	-22.2	257	366	-29.8
1,500,000-1,999,999	97	141	-31.2	224	356	-37.1
2,000,000-2,999,999	84	121	-30.6	172	280	-38.6
3,000,000+	62	91	-31.9	138	213	-35.2
Totals	7594	10144	-25.1	17652	25239	-30.1

The following housing statistics are provided by ARMLS as of March 2023.

Local Multiple Listing Service (ARMLS) had 42,871 active listings as of March 2023 across the Greater Phoenix area including listings under contract and seeking backup offers. This represents an increase of 15.2% compared to the previous year.

Active single-family home listings from \$180,000 to \$199,999 were up 1% compared to the previous year due to poor supply. The mid-range home listings from \$300,000 to \$399,999 were up 33.5% compared to the previous year.

ARMLS had 17,652 homes sold as of March 2023 across the Greater Phoenix area. This represents a decrease of 30.1% from the previous year.

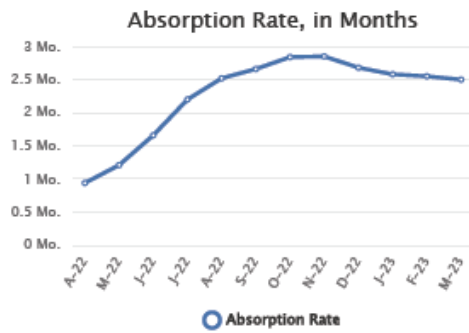
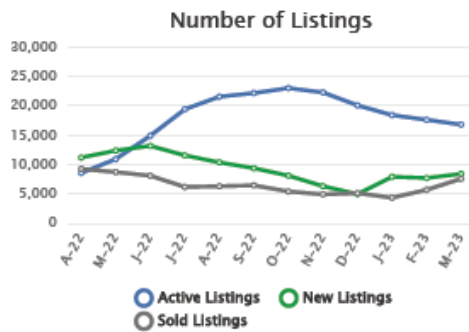
Sold single-family homes from \$180,000 to \$199,999 were down 25.5% compared to the previous year due to poor supply. The mid-range home sales from \$400,000 to \$499,999 had a decrease of 40.1% compared to the previous year.

The median single-family home sale price for the Phoenix Metropolitan Area was \$415,000 year-to-date and decrease of 7.78% compared to this time last year. The average sale price was \$530,068, an decrease of 5.48% compared to the previous year. The average days on market was 75 days up 127.27% from the previous year.

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

Summary Statistics						
	23-Mar	22-Mar	% Chg	2023 YTD	2022 YTD	% Chg
Absorption Rate	2.5	0.8	212.5	2.54	0.84	202.38
Average List Price	\$780,087	\$840,580	-7.2	\$670,973	\$644,307	4.14
Median List Price	\$475,000	\$485,000	-2.06	\$450,000	\$460,000	-2.17
Average Sale Price	\$541,994	\$574,771	-5.7	\$530,068	\$560,821	-5.48
Median Sale Price	\$419,900	\$459,900	-8.7	\$415,000	\$450,000	-7.78
Average CDOM	76	30	153.33	75	33	127.27
Median CDOM	50	18	177.78	56	22	154.55

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



## MULTI-FAMILY MARKET:

The existing multi-family inventory for Metropolitan Phoenix consists of 365,833 apartment units. The vacancy rate decreased to 9.1% as of the 1<sup>st</sup> Quarter 2023. The Metropolitan Phoenix Multi-Family Market had a year-to-date (YTD) absorption of 6,200 units. The average rental rate ranged from \$1,096 per month (1 & 2 Star Apartments) to \$1,810 per month (4 & 5 Star Apartments). The overall average rental rate was \$1,550 per month.

Shown next is a chart of the key indicators for the Metropolitan Phoenix Multi-Family Market as of the 1st Quarter 2023 as compiled by CoStar Realty Information, Inc.

### KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	168,336	10.2%	\$1,810	\$1,788	367	15	22,328
3 Star	137,784	8.6%	\$1,430	\$1,414	214	95	10,804
1 & 2 Star	59,713	7.1%	\$1,096	\$1,086	23	0	1,810
<b>Market</b>	<b>365,833</b>	<b>9.1%</b>	<b>\$1,568</b>	<b>\$1,550</b>	<b>604</b>	<b>110</b>	<b>34,942</b>
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	2.3%	8.6%	10.7%	12.8%	2009 Q4	5.0%	2021 Q3
Absorption Units	6,200	5,113	8,246	16,034	2021 Q2	(3,932)	2007 Q4
Delivered Units	15,765	5,987	9,998	16,584	2022 Q4	250	2011 Q3
Demolished Units	7	180	214	699	2016 Q2	0	2018 Q2
Asking Rent Growth (YOY)	-2.2%	2.9%	1.0%	20.7%	2021 Q3	-7.2%	2009 Q4
Effective Rent Growth (YOY)	-2.8%	2.9%	0.9%	21.7%	2021 Q3	-7.0%	2009 Q4
Sales Volume	\$10.6B	\$4B	N/A	\$18.7B	2022 Q2	\$340.5M	2009 Q1

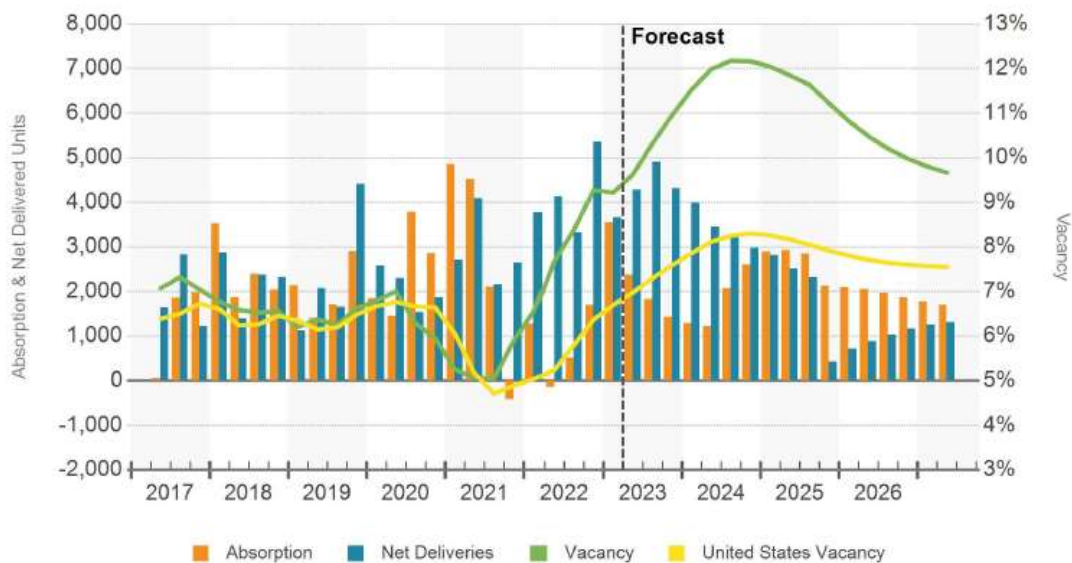
Momentum has shifted in the Phoenix apartment market as the area transitions from being one of the hottest multifamily metros in the country during the Covid-19 pandemic, to facing substantial challenges today. Starting in late 2021, the surge in multifamily demand that drove unprecedented performance in the prior 18 months began to evaporate as potential renter households buckled under the weight of high inflation and economic uncertainty. The slowdown in rental demand came just as new supply was ramping up, an imbalance that sent vacancy rates soaring and rent growth negative. Moving forward, Phoenix has yet to feel the full impact of the current pipeline, and the market is expected to see further dislocation over the near term as new supply is digested.

Just 6,200 units of net absorption took place over the past 12 months, coming up well short of the 16,000 new units delivered. This supply and demand disconnect caused vacancy to climb from an all-time low of 5.0% in mid-2021 to 9.1% today, the highest level in a decade. Additionally, Phoenix's annual rent growth has sharply decelerated and recently turned negative, at -2.2%, a far cry from the more than 20% gains seen during its peak.

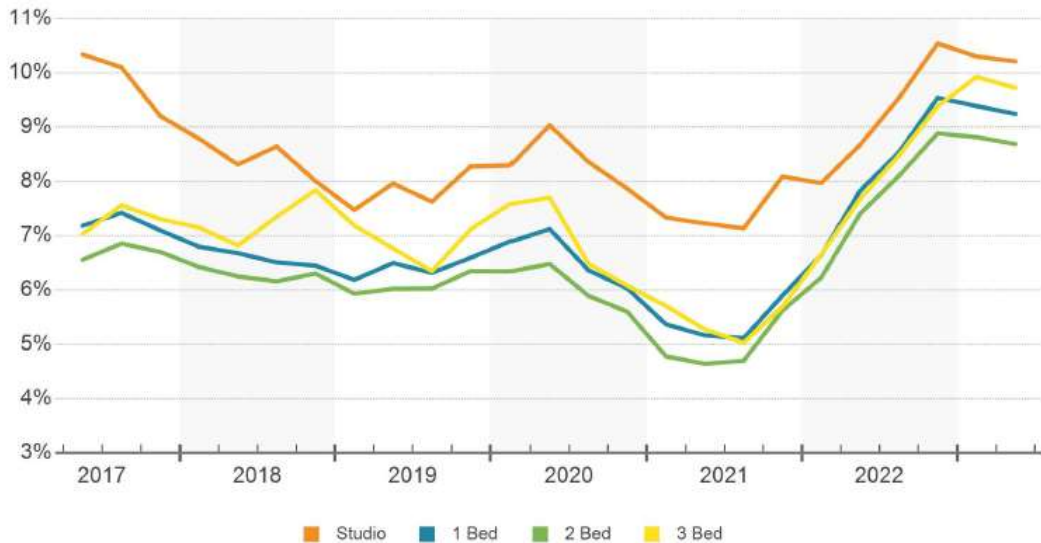
The supply waves will continue as about 35,000 units are currently underway, the majority of which is for luxury product. The focus by developers to build high-end properties is disproportionately impacting fundamentals in the 4 & 5 Star segment, especially in supply-heavy areas like Downtown Phoenix and Tempe. Indications from local property managers are that concessions of about six to eight weeks of free rent have become the norm at newly delivered complexes as competition at the top of the renter pool intensifies.

Shown next are charts representing the absorption, net deliveries and vacancy for the Metropolitan Phoenix Multi-Family Market as compiled by CoStar Realty Information, Inc.

**ABSORPTION, NET DELIVERIES & VACANCY**



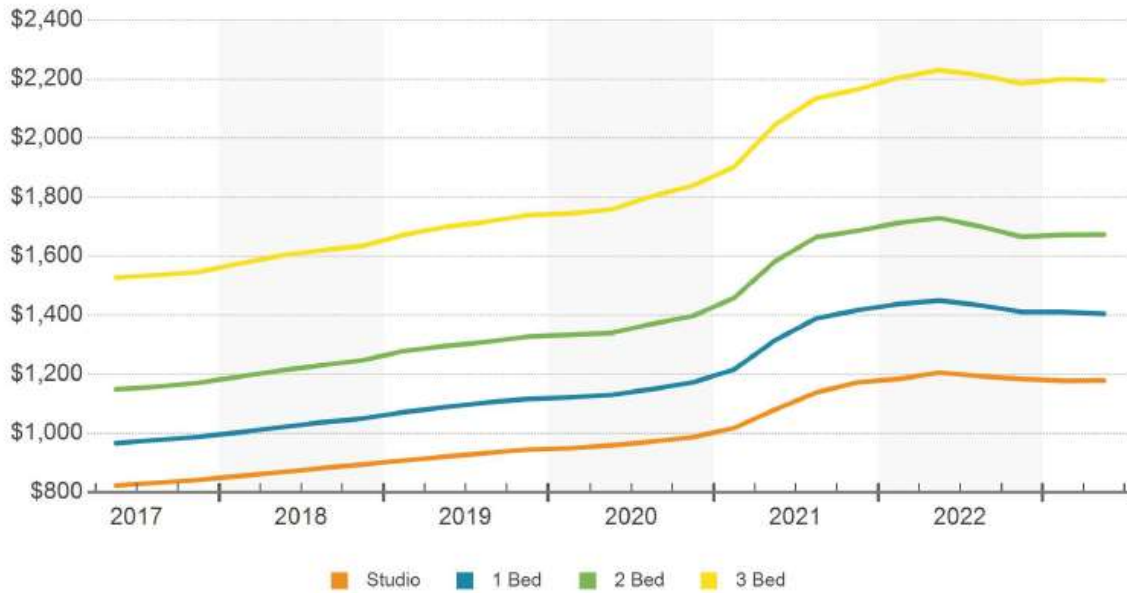
**VACANCY BY BEDROOM**



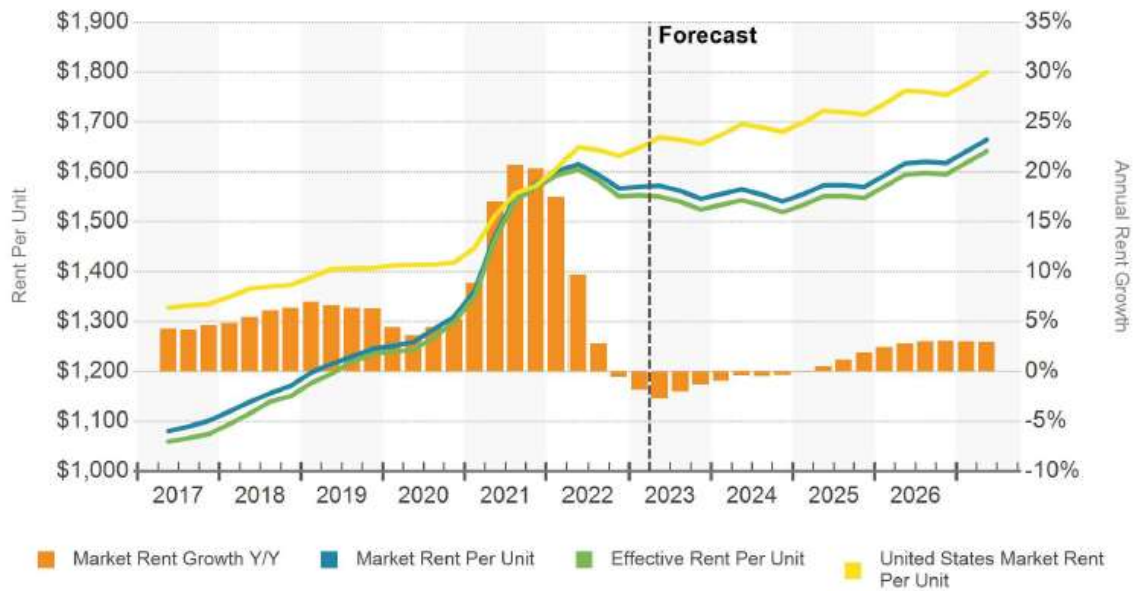
Over the past 12 months, the average asking rent has fallen -2.2%, which is a stark contrast to the recent five-year annual average of 7.3%. This marks the first time the market has recorded a year-over-year decline in rents since the recovery of the financial crisis in late 2010. Phoenix still maintains its place as an affordable market when compared to major metros in California and the Pacific Northwest, attracting new residents.

Shown next are charts representing the market rents within the Metropolitan Phoenix Multi-Family Market as of the 1<sup>st</sup> Quarter 2023 as compiled by CoStar Realty Information, Inc.

**MARKET RENT PER UNIT BY BEDROOM**



**MARKET RENT PER UNIT & RENT GROWTH**





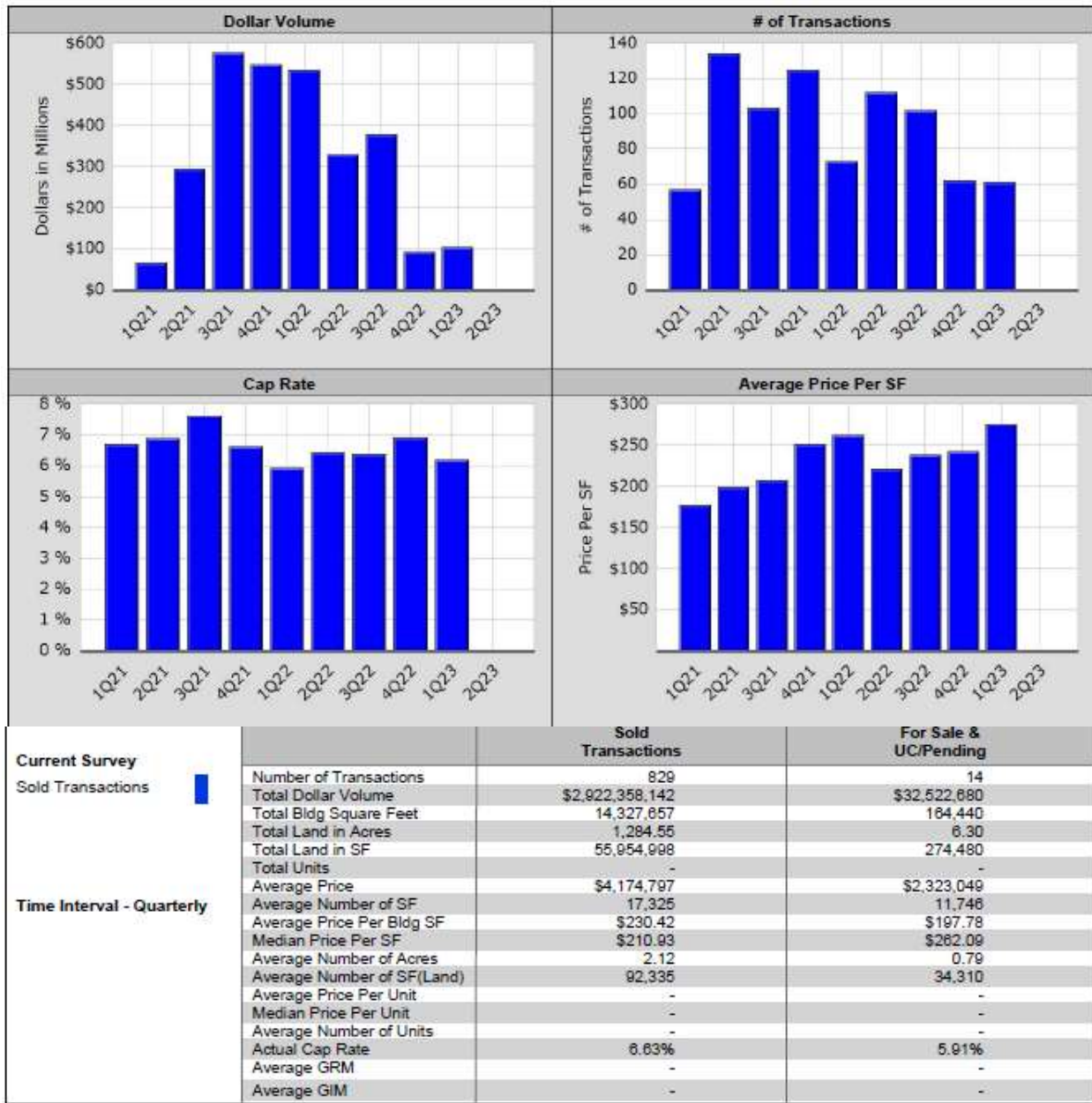
## OFFICE MARKET:

The existing office inventory for Metropolitan Phoenix consists of over 192 million square feet. The East Valley market area encompasses the largest submarket, consisting of over 50 million square feet. The Metropolitan Phoenix Office Market showed a vacancy rate in the 1<sup>st</sup> Quarter 2023 of 17.5%. The Phoenix Office Market had a year-to-date (YTD) absorption of (-1,175,765) square feet. The average rental rate ranged from \$27.47 per square foot (Paradise Valley) to \$30.89 per square foot (Scottsdale). The overall average rental rate was \$29.64 per square foot on a full service basis.

Shown next is a chart of the Office Market as of the 1<sup>st</sup> Quarter 2023 as compiled by CoStar Realty Information, Inc.

Existing Inventory		Vacancy	12 Mo Net Absorp SF	12 Mo Delivered SF	Under Const SF	Market Rent/SF
Market	Inventory SF	Vac %				
Airport Area	5,518,879	24.0%	-503,819	0	0	\$28.42
South Tempe/Ahwatukee	7,685,628	20.6%	-465,103	0	0	\$29.91
<b>Airport Area</b>	<b>13,204,507</b>	<b>22.3%</b>	<b>(968,922)</b>	<b>0</b>	<b>0</b>	<b>\$29.17</b>
Midtown	13,323,658	19.7%	19,422	0	0	\$26.81
Downtown	11,398,760	19.1%	-55,472	0	0	\$32.45
<b>Central Corridor</b>	<b>24,722,418</b>	<b>19.4%</b>	<b>(36,050)</b>	<b>0</b>	<b>0</b>	<b>\$29.63</b>
44th Street Corridor	3,985,351	18.2%	-111,903	0	0	\$30.44
Camelback Corridor	9,385,459	16.6%	450,879	451,494	40,000	\$36.79
Midtown/Central Phoenix	5,995,324	7.3%	-72,659	0	90,000	\$25.03
<b>East Phoenix</b>	<b>19,366,134</b>	<b>42.0%</b>	<b>266,317</b>	<b>451,494</b>	<b>130,000</b>	<b>\$30.75</b>
Chandler	12,896,310	14.6%	265,783	24,387	172,189	\$31.47
Mesa Downtown	1,512,322	13.0%	-106,167	0	0	\$24.44
Mesa East	4,958,363	12.7%	-100,843	36,000	0	\$28.57
Superstition Corridor	7,045,639	10.4%	56,263	34,857	0	\$28.70
Tempe	20,776,590	18.4%	-1,207,648	183,526	515,000	\$34.20
Gateway Airport/Loop 202	2,914,772	5.6%	30,696	12,817	152,032	\$33.57
<b>East Valley</b>	<b>50,103,996</b>	<b>12.5%</b>	<b>(1,061,916)</b>	<b>291,587</b>	<b>839,221</b>	<b>\$30.16</b>
Arrowhead	4,821,410	9.7%	-8,239	50,791	0	\$30.41
North I-17	948,652	13.1%	-4,927	0	0	\$29.28
Deer Valley/Airport	11,930,265	20.9%	78,520	0	0	\$29.29
Northwest Phoenix	11,056,569	17.0%	140,511	0	0	\$23.79
<b>Northwest Phoenix</b>	<b>28,756,896</b>	<b>15.2%</b>	<b>205,865</b>	<b>50,791</b>	<b>0</b>	<b>\$28.19</b>
N Phoenix/Cave Creek	156,275	3.0%	-3,369	0	0	\$25.56
Paradise Valley	5,460,229	11.1%	-38,023	0	130,000	\$30.42
Piestewa Peak Corridor	3,452,961	9.9%	8,381	0	0	\$26.42
<b>Paradise Valley</b>	<b>9,069,465</b>	<b>8.0%</b>	<b>(33,011)</b>	<b>0</b>	<b>130,000</b>	<b>\$27.47</b>
Central Scottsdale	9,102,054	14.8%	-59,508	0	0	\$31.03
N Scottsdale/Carefree	1,907,433	11.1%	-23,754	0	0	\$27.17
Scottsdale Airpark	13,978,173	14.4%	207,112	152,384	150,000	\$33.04
Scottsdale South	7,992,123	16.3%	60,004	195,812	0	\$32.34
<b>Scottsdale</b>	<b>32,979,783</b>	<b>14.2%</b>	<b>183,854</b>	<b>348,196</b>	<b>150,000</b>	<b>\$30.89</b>
Glendale	3,661,909	10.6%	14,995	0	103,935	\$30.92
Loop 303/Surprise	2,674,680	6.7%	2	0	9,984	\$31.34
Southwest Phoenix	4,994,422	2.6%	77,743	0	0	\$27.51
West I-10	2,745,333	7.4%	175,358	231,628	184,402	\$33.54
<b>West Phoenix</b>	<b>14,076,344</b>	<b>6.8%</b>	<b>268,098</b>	<b>231,628</b>	<b>298,321</b>	<b>\$30.83</b>
<b>Totals</b>	<b>192,279,543</b>	<b>17.5%</b>	<b>(1,175,765)</b>	<b>1,373,696</b>	<b>1,547,542</b>	<b>\$29.64</b>

Shown next is a historical sales activity of office buildings from 1Q 2021 through 1Q 2023 in the Metro Phoenix area.



## RETAIL MARKET:

The existing retail inventory for Metropolitan Phoenix consists of over 237 million square feet. The East Valley market area encompasses the largest submarket, consisting of over 79 million square feet. The Metropolitan Phoenix Retail Market showed a vacancy rate in the 1<sup>st</sup> Quarter 2023 of 4.5%. In the 1<sup>st</sup> Quarter 2023, the Metropolitan Phoenix Retail Market had a year-to-date (YTD) absorption of 3,853,404 square feet. The average rental rate ranged from \$16.60 per square foot (Maricopa County retail) to \$27.80 per square foot (Northwest Phoenix Retail). The overall average rental rate was \$22.58 per square foot. All rents are based on a triple net lease basis.

Shown next is a chart of the Retail Market as of the 1<sup>st</sup> Quarter 2023 as compiled by CoStar Realty Information, Inc.

Existing Inventory		Vacancy	12 Mo Net		Under Const	Quoted
Market	Inventory SF	Vac %	Absorb SF	12 Mo Delivered	SF	Rates
Airport Area Retail	4,465,053	4.5%	36,083	22,650	0	\$19.28
South Phoenix Retail	1,897,263	3.2%	30,859	2,407	2,816	\$20.26
<b>Airport Area Ret</b>	<b>6,362,316</b>	<b>3.9%</b>	<b>66,942</b>	<b>25,057</b>	<b>2,816</b>	<b>\$19.77</b>
Downtown Phoenix Retail	8,406,904	5.0%	-46,308	4,500	114,865	\$22.27
<b>Downtown Phoenix Retail</b>	<b>8,406,904</b>	<b>5.0%</b>	<b>-46,308</b>	<b>4,500</b>	<b>114,865</b>	<b>\$22.27</b>
Chandler Retail	16,900,228	5.5%	97,809	17,411	0	\$23.83
Gilbert Retail	17,050,099	2.9%	280,826	177,664	196,540	\$24.89
Queen Creek Retail	2,665,085	3.7%	363,687	357,197	308,581	\$23.80
Red Mountain/Mesa Retail	31,321,751	7.1%	427,276	43,849	75,707	\$18.75
Tempe Retail	8,218,004	6.9%	-188,942	9,161	145,900	\$22.53
Gateway Airport Retail	3,027,155	3.1%	136,272	91,455	87,005	\$25.61
<b>East Valley Retail</b>	<b>79,182,322</b>	<b>4.9%</b>	<b>1,116,928</b>	<b>696,737</b>	<b>813,733</b>	<b>\$23.24</b>
W Outlying Maricopa Retail	845,609	0.5%	10,865	0	0	\$16.60
<b>Maricopa County Retail</b>	<b>845,609</b>	<b>0.5%</b>	<b>10,865</b>	<b>0</b>	<b>0</b>	<b>\$16.60</b>
East Phoenix Retail	8,963,121	5.5%	82,480	35,055	9,284	\$20.29
Glendale Retail	11,638,600	5.3%	57,875	68,786	169,069	\$20.16
N Phoenix/I-17 Corridor Retail	16,139,084	10.8%	306,018	24,507	0	\$16.99
Sun City Retail	3,940,100	5.9%	70,663	6,645	0	\$18.66
<b>North Phoenix Retail</b>	<b>40,680,905</b>	<b>6.8%</b>	<b>517,036</b>	<b>134,993</b>	<b>178,353</b>	<b>\$19.02</b>
Carefree Retail	1,902,960	3.9%	68,315	0	0	\$25.64
Fountain Hills Retail	773,623	3.9%	3,187	0	0	\$19.75
N Scottsdale Retail	13,894,918	4.3%	-11,989	0	48,226	\$28.33
<b>North Scottsdale Retail</b>	<b>15,557,010</b>	<b>6.1%</b>	<b>-154,382</b>	<b>10,542</b>	<b>15,545</b>	<b>\$24.57</b>
Anthem Retail	2,731,072	4.9%	62,242	74,754	5,000	\$25.28
Central Peoria/Arrowhead Retail	10,672,458	4.9%	110,426	24,915	0	\$26.62
Deer Valley Retail	2,230,600	1.6%	16,773	3,143	0	\$32.32
Surprise/N Peoria Retail	5,688,654	1.7%	121,437	11,339	107,553	\$26.97
<b>Northwest Phoenix Retail</b>	<b>21,322,784</b>	<b>3.3%</b>	<b>310,878</b>	<b>114,151</b>	<b>112,553</b>	<b>\$27.80</b>
Central Scottsdale Retail	16,946,849	2.8%	203,706	10,239	186,722	\$33.90
S Scottsdale Retail	3,319,099	7.5%	-24,276	10,763	41,356	\$20.43
<b>Scottsdale Retail</b>	<b>20,265,948</b>	<b>5.2%</b>	<b>179,430</b>	<b>21,002</b>	<b>228,078</b>	<b>\$27.17</b>
Ahwatukee Foothills Retail	3,231,859	4.6%	38,268	0	0	\$24.60
Laveen Retail	1,662,909	0.8%	92,527	51,753	17,505	\$27.51
S Mountain Retail	1,626,475	12.7%	14,500	0	52,513	\$24.10
<b>South Mountain Retail</b>	<b>6,521,243</b>	<b>6.1%</b>	<b>145,295</b>	<b>51,753</b>	<b>70,018</b>	<b>\$25.40</b>
Goodyear Retail	4,011,753	1.6%	49,736	6,200	209,990	\$23.37
Loop101/I-10 Retail	3,142,268	1.6%	98,264	3,244	25,500	\$24.95
N Goodyear/Litchfield Retail	6,978,789	2.7%	898,060	892,702	1,153,969	\$24.89
N Buckeye Retail	263,841	1.5%	14,936	14,640	6,000	\$23.29
S Buckeye Retail	1,635,884	1.7%	34,810	39,373	8,100	\$25.61
Tolleson Retail	2,908,346	3.2%	68,545	42,845	32,300	\$22.25
West Phoenix/Maryvale Retail	8,375,410	2.6%	193,369	23,143	0	\$19.09
<b>West Phoenix Retail</b>	<b>27,316,291</b>	<b>2.1%</b>	<b>1,357,720</b>	<b>1,022,147</b>	<b>1,435,859</b>	<b>\$23.35</b>
Apache Junction Retail	2,346,011	5.1%	49,921	47,765	67,160	\$19.21
Outlying Pinal County Retail	9,147,631	6.2%	299,079	61,457	73,720	\$19.23
<b>Pinal County Retail</b>	<b>11,493,642</b>	<b>5.6%</b>	<b>349,000</b>	<b>109,222</b>	<b>140,880</b>	<b>\$19.22</b>
<b>Totals</b>	<b>237,954,974</b>	<b>4.5%</b>	<b>3,853,404</b>	<b>2,190,104</b>	<b>3,112,700</b>	<b>\$22.58</b>

Shown next is a historical sales activity of retail buildings from 1Q 2021 through 1Q 2023 in the Metro Phoenix area.

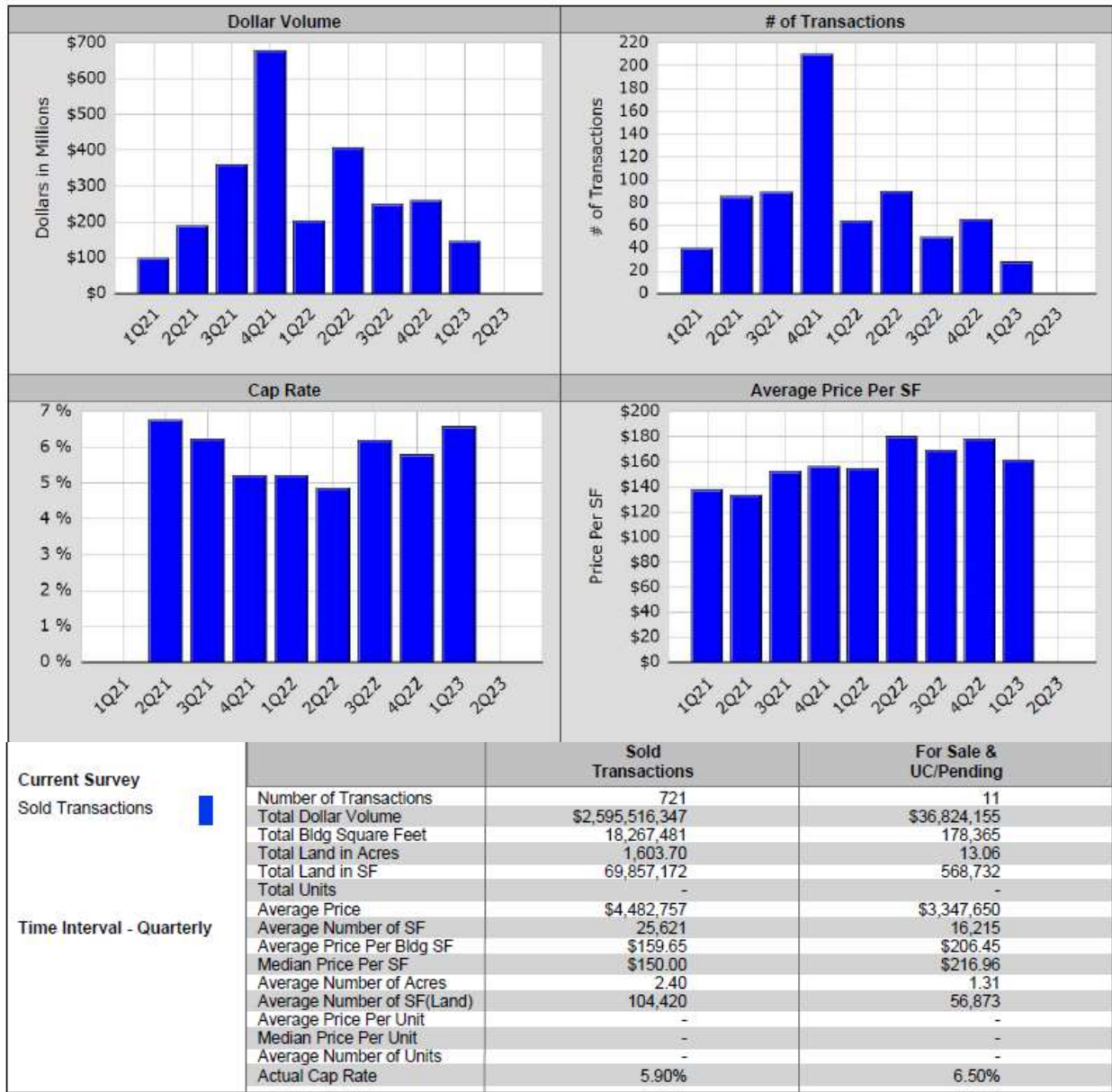


## INDUSTRIAL MARKET:

The existing industrial inventory for Metropolitan Phoenix consists of over 408 million square feet. The Southwest Market encompasses the largest Market, with a total of over 130 million square feet. The overall vacancy rate for Metro Phoenix is 3.06%. The Metropolitan Phoenix Industrial Market, as of the 1<sup>st</sup> Quarter 2023 had a year-to-date (YTD) absorption of 26,301,212 square feet. The average rental rate ranged from \$9.63 per square foot (Southwest) to \$18.96 per square foot (Northeast Industrial). The overall average market rental rate was \$11.38 per square foot. All rents are typically Modified Gross. Shown next is a chart of the Industrial Market as of the 1<sup>st</sup> Quarter 2023 as compiled by CoStar Realty Information, Inc.

Existing Inventory		Vacancy	12 Mo Net Absorp SF	12 Mo Delivered SF	Under Const SF	Market Rent/SF
Market	Inventory SF	Vac %				
North Airport	14,729,469	3.2%	499,412	507,860	0	\$14.50
S Airport N of Roeser	16,063,531	4.8%	-297,500	0	40,000	\$13.59
S Airport S of Roeser	4,574,212	1.5%	-36,444	0	0	\$13.82
SC N of Salt River	16,346,502	3.5%	19,904	109,216	276,063	\$12.31
SC S of Salt River	2,676,893	2.5%	-3,011	0	0	\$12.12
<b>Airport Area</b>	<b>54,390,607</b>	<b>3.1%</b>	<b>182,361</b>	<b>617,076</b>	<b>316,063</b>	<b>\$13.27</b>
Central Phoenix	4,452,408	3.5%	-14,947	0	10,000	\$17.28
Scottsdale Airpark	6,963,648	3.7%	-70,767	0	0	\$19.86
Scottsdale/Salt River	5,538,371	3.0%	32,750	0	160,019	\$19.74
<b>Northeast Industrial</b>	<b>16,954,427</b>	<b>3.4%</b>	<b>(52,964)</b>	<b>0</b>	<b>170,019</b>	<b>\$18.96</b>
Deer Valley/Pinnacle Peak	19,485,047	4.8%	162,156	685,917	3,012,676	\$15.96
Glendale	35,464,177	8.7%	11,870,192	12,100,781	13,644,294	\$10.51
Grand Avenue	14,546,550	2.1%	858,807	894,397	283,255	\$10.81
North Black Canyon	4,628,542	1.9%	63,153	0	0	\$14.33
W Phx N of Thomas Rd	8,221,536	4.4%	-53,759	0	0	\$10.19
W Phx S of Thomas Rd	7,239,198	1.2%	79,332	0	0	\$10.33
<b>Northwest Phoenix</b>	<b>89,585,050</b>	<b>3.8%</b>	<b>12,979,881</b>	<b>13,681,095</b>	<b>16,940,225</b>	<b>\$12.02</b>
Chandler/Airport	7,819,032	5.7%	1,463,469	1,693,306	1,023,164	\$14.68
Chandler	25,250,181	6.1%	671,662	510,832	860,325	\$14.69
Chandler/N Gilbert	29,660,461	6.2%	3,009,676	3,847,855	14,266,914	\$14.26
Falcon Fld/Apache Jct	6,216,445	2.2%	91,005	171,245	344,286	\$16.05
Mesa	7,854,431	3.6%	-140,889	0	0	\$13.49
Tempe East	6,924,917	1.5%	255,862	282,802	0	\$14.72
Tempe Northwest	11,157,243	3.6%	-34,294	0	0	\$14.37
Tempe Southwest	22,100,200	2.4%	614,840	197,000	356,904	\$12.91
<b>Southeast Industrial</b>	<b>116,982,910</b>	<b>3.9%</b>	<b>5,931,331</b>	<b>6,703,040</b>	<b>16,851,593</b>	<b>\$14.40</b>
Goodyear	27,624,419	6.1%	3,561,955	2,141,420	11,316,234	\$9.51
SW N of Buckeye Rd	34,855,211	2.2%	171,522	438,045	2,752,723	\$9.24
SW S of Buckeye Rd	20,501,201	5.8%	86,435	540,280	556,071	\$10.29
Tolleson	47,114,355	2.3%	3,440,691	2,219,665	1,674,959	\$9.50
<b>Southwest Industrial</b>	<b>130,095,186</b>	<b>4.1%</b>	<b>7,260,603</b>	<b>5,339,410</b>	<b>16,299,987</b>	<b>\$9.63</b>
<b>Totals</b>	<b>408,008,180</b>	<b>3.06%</b>	<b>26,301,212</b>	<b>26,340,621</b>	<b>50,577,887</b>	<b>\$11.38</b>

Shown next is a historical sales activity of industrial buildings from 1Q 2021 through 1Q 2023 in the Metro Phoenix area.



## **SUMMARY AND CONCLUSION:**

Despite a modest slowing at the end of 2022, the Arizona economy remains resilient. According to preliminary data, the state continued adding jobs to close out the year, although the pace slowed. The unemployment rate ticked up modestly from historic lows reached last summer. The latest population data suggest rapid population growth through mid-2022, driven by accelerated net migration. In addition, Phoenix inflation has come off highs reached during the summer but remains very rapid. Single-family housing permits plummeted during the second half of 2022, as housing affordability rapidly deteriorated.

The baseline U.S. outlook calls for a mild recession during the first half of 2023. That translates into slowing growth in Arizona, Phoenix, and Tucson, but no outright recession. The Arizona economy remains well-positioned to outpace the nation. The pessimistic scenario calls for a more severe U.S. downturn, which generates job losses statewide this year. The optimistic alternative envisions a more robust national economy, which likewise generates faster gains in Arizona. (Arizona Economic and Business Research Center)

The Phoenix Market is showing a decrease in listings and home sale activity since last year as well as declining home price sales. However, real estate agents across the Valley are expecting more balance in the market with more room for buyers and sellers to negotiate. Lack of inventory has played a part in the slowdown of sales activity.

The office market vacancy for the 1<sup>st</sup> Quarter 2023 has increased to 17.5% compared to the 4<sup>th</sup> Quarter of 2022 at 17.3%. Quoted rental rates increased to \$29.64 compared to the previous quarter at \$27.70 per square foot in the 4<sup>th</sup> Quarter 2022.

The retail market vacancy for the 1<sup>st</sup> Quarter 2023 has remained 4.5% from the 4<sup>th</sup> Quarter of 2022. Rental rates have increased to \$22.58 per square foot in the 1<sup>st</sup> Quarter 2023 from \$21.99 per square foot in the 4<sup>th</sup> Quarter 2022.

In the 1<sup>st</sup> Quarter 2023 the industrial market vacancy has seen a decrease in vacancy to 3.06% compared to 3.38% in the 4<sup>th</sup> Quarter 2023. Quoted rental rates have increased to \$11.38 compared to the previous quarter at \$11.12 per square foot in the 4<sup>th</sup> Quarter 2023.

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

# NEIGHBORHOOD MAP





# NEIGHBORHOOD DATA ANALYSIS

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

An area of influence is commonly called a "neighborhood", is defined as a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises. (*The Dictionary of Real Estate Appraisal*, 7th edition 2022).

The neighborhood analysis is the objective analysis of observable and/or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. (*The Dictionary of Real Estate Appraisal*, 7th edition 2022).

Neighborhood boundaries identify the physical limits of a neighborhood, which may be delineated by natural, man-made, or geopolitical features. (*The Dictionary of Real Estate Appraisal*, 7th edition 2022).

The neighborhood which is described as that area beyond which a change in land use would not affect the subject property, is an area bounded on the North by Interstate 10, on the South by Patterson Road, on the East by Estrella Mountain and on the West by Gila River in Buckeye, Maricopa County, Arizona. The major arterials for the subject include Patterson Road to the south and SR 85 to the east.

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

## **LAND USE:**

Overall, the subject is located in an area that consists mainly of the Lewis Prison Complex, rural residential uses and vacant land.

### Lewis Prison Complex

The Lewis Prison Complex is located to the immediate south of the subject. This complex is one of 13 prison facilities operated by the Arizona Department of Corrections. This complex has a total of eight prison units; Bachman, Barchey, Buckley, Eagle Point, Morey, Rast, Stiner and Sunrise.. These units range from minimum and maximum custody. This complex currently houses approximately 4,400 inmates and has a maximum capacity of 5,000 inmates.



Single Family Residential

The appraiser researched the subject zip code (85326) to determine single family residential supply and demand factors. According to Arizona Multiple Listing Service the current single family median sales price is down by 10.20% compared to the same time period last year. The median list price for homes in the subject’s zip code was down 12.50% from the previous year’s median list price. Absorption rates for single family homes are up 230.77%.

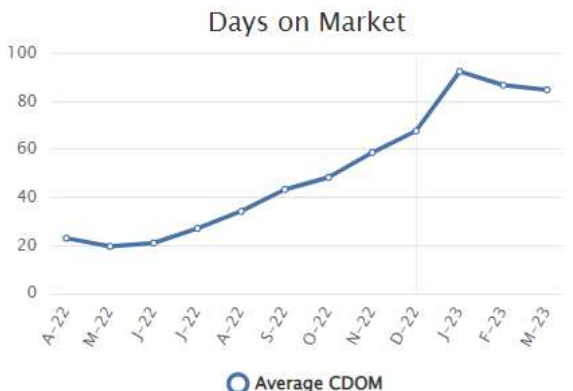
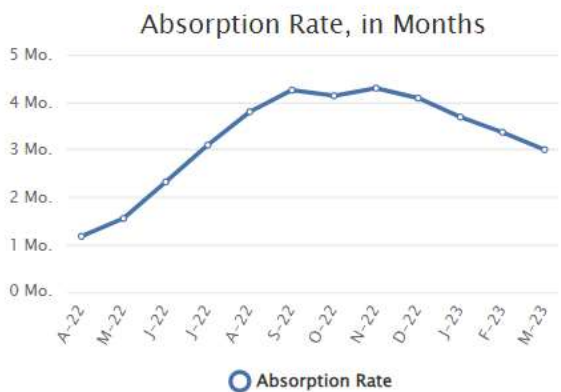
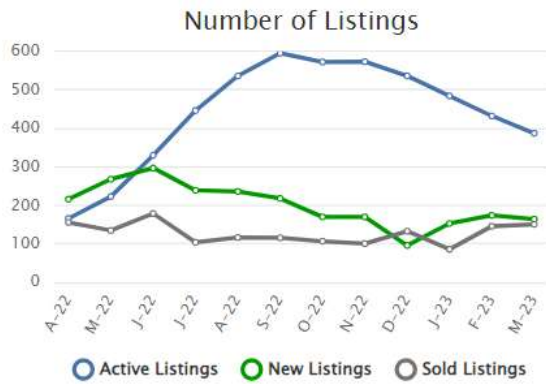
Following are the summary statistics for single family residential sales activity within the subject’s zip code.

	Mar-23	Mar-22	% Chg	2023 YTD	2022 YTD	% Chg
Absorption Rate	3.01	0.91	230.77	3.36	0.94	257.45
Average List Price	\$430,332	\$466,775	-7.81	\$408,789	\$434,233	-5.86
Median List Price	\$385,000	\$439,995	-12.50	\$381,985	\$410,000	-8.83
Average Sale Price	\$367,659	\$427,375	-13.97	\$369,108	\$411,373	-10.27
Median Sale Price	\$369,990	\$412,000	-10.20	\$365,000	\$399,995	-8.75
Average CDOM	84	25	236.00	83	28	196.43
Median CDOM	60	15	300.00	63	18	250.00

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

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

# 85326 Residential



## Office

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

INVENTORY SF <b>451K</b> <span style="background-color: #28a745; color: white; padding: 2px;">+0%</span> Prior Period 451K	UNDER CONSTRUCTION SF <b>0</b> <span style="background-color: #6c757d; color: white; padding: 2px;">-</span> Prior Period 0	12 MO NET ABSORPTION SF <b>2.2K</b> <span style="background-color: #dc3545; color: white; padding: 2px;">-83.2%</span> Prior Period 13.4K	VACANCY RATE <b>0.4%</b> <span style="background-color: #28a745; color: white; padding: 2px;">-0.5%</span> Prior Period 0.9%
--	---	---	--

Availability		Inventory	
Vacant SF	1.8K ↓	Existing Buildings	46 ↓
Sublet SF	0 ↓	Under Construction Avg SF	-
Availability Rate	0.4% ↓	12 Mo Demolished SF	0 ↓
Available SF	1.8K ↓	12 Mo Occupancy % at Delivery	-
Available Asking Rent/SF	\$37.86 ↑	12 Mo Construction Starts SF	0 ↓
Occupancy Rate	99.6% ↑	12 Mo Delivered SF	0 ↓
Percent Leased Rate	99.6% ↑	12 Mo Avg Delivered SF	-

The Buckeye area had an office inventory of approximately 451,000 square feet. Of this area approximately 1,800 square feet was vacant equating to a vacancy rate of 0.4%. Over the past five years, vacancy rates ranged between 0.0% to 11.0%. Over the past year, vacancy rates have been trending downward.

MARKET RENT/SF <b>\$28.44</b> <span style="background-color: #28a745; color: white; padding: 2px;">+4.5%</span> Prior Period \$27.23	MARKET SALE PRICE/SF <b>\$194</b> <span style="background-color: #28a745; color: white; padding: 2px;">+4.0%</span> Prior Period \$187	MARKET CAP RATE <b>7.4%</b> <span style="background-color: #dc3545; color: white; padding: 2px;">-0.1%</span> Prior Period 7.5%
--	--	---

Sales Past Year		Demand	
Asking Price Per SF	-	12 Mo Net Absorp % of Inventory	0.5% ↓
Sale to Asking Price Differential	-	12 Mo Leased SF	2.4K ↓
Sales Volume	\$525K ↑	Months on Market	5.2 ↓
Properties Sold	1 ↓	Months to Lease	-
Months to Sale	-	Months Vacant	-
For Sale Listings	3 ↑	24 Mo Lease Renewal Rate	92.0%
Total For Sale SF	60.4K ↑	Population Growth 5 Yrs	13.4%

The current quarter showed gross asking rental rates of \$28.44 per square foot. Over the past five years, gross asking rental rates ranged between \$17.76 per square foot to \$28.44 per square foot. Gross asking rental rates have been trending upward over the past year.

## Retail

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

INVENTORY SF	UNDER CONSTRUCTION SF	12 MO NET ABSORPTION SF	VACANCY RATE
<b>2M</b> <span style="color: green;">+5.8%</span>	<b>21.1K</b> <span style="color: red;">-78.1%</span>	<b>106K</b> <span style="color: red;">-42.6%</span>	<b>1.6%</b> <span style="color: red;">+0.1%</span>
Prior Period 1.9M	Prior Period 96.1K	Prior Period 184K	Prior Period 1.5%

Availability		Inventory	
Vacant SF	32.5K ↑	Existing Buildings	192 ↑
Sublet SF	0 ↓	Under Construction Avg SF	5.3K ↓
Availability Rate	3.8% ↑	12 Mo Demolished SF	0 ↓
Available SF	76.1K ↑	12 Mo Occupancy % at Delivery	95.9% ↑
Available Asking Rent/SF	\$28.69 ↓	12 Mo Construction Starts SF	34.8K ↓
Occupancy Rate	98.4% ↓	12 Mo Delivered SF	110K ↑
Percent Leased Rate	98.4% ↓	12 Mo Avg Delivered SF	9.7K ↑

The Buckeye area had a retail inventory of approximately 2.0 million square feet. Of this area approximately 32,500 square feet was vacant equating to a vacancy rate of 1.6%. Over the past five years, vacancy rates ranged between 0.7% to 7.3%. Over the past year, vacancy rates have been trending upward.

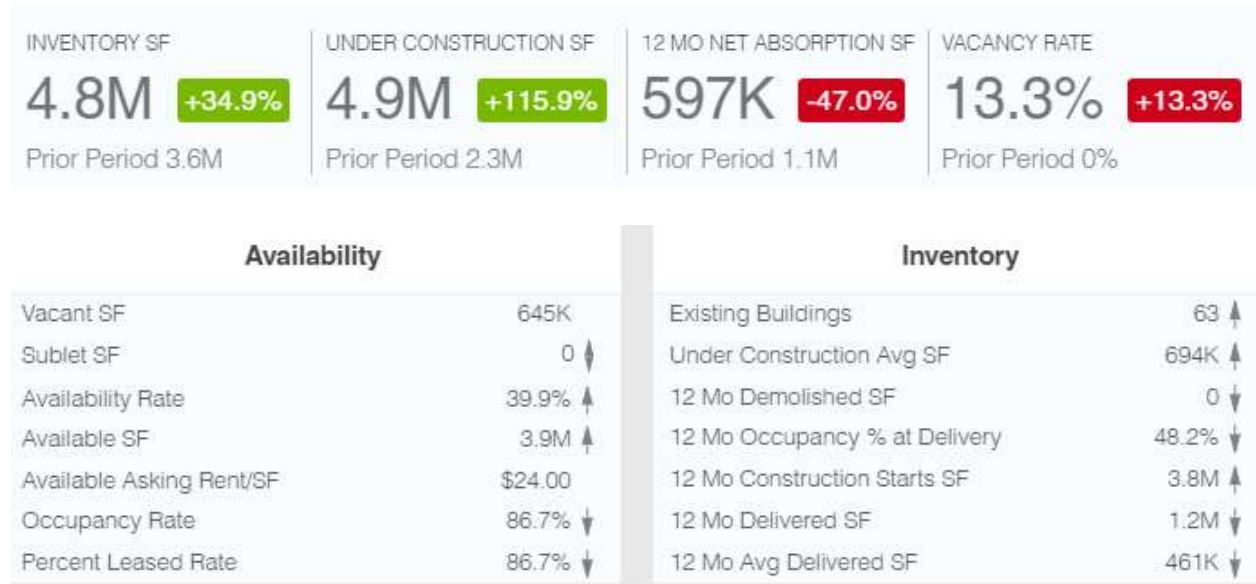
MARKET RENT/SF	MARKET SALE PRICE/SF	MARKET CAP RATE
<b>\$25.15</b> <span style="color: green;">+8.1%</span>	<b>\$294</b> <span style="color: green;">+6.7%</span>	<b>6.0%</b> <span style="color: red;">-0.1%</span>
Prior Period \$23.27	Prior Period \$275	Prior Period 6.1%

Sales Past Year		Demand	
Asking Price Per SF	\$281 ↑	12 Mo Net Absorp % of Inventory	5.4% ↓
Sale to Asking Price Differential	-2.6%	12 Mo Leased SF	30.8K ↓
Sales Volume	\$26.2M ↑	Months on Market	6.9 ↓
Properties Sold	13 ↑	Months to Lease	-
Months to Sale	12.7 ↑	Months Vacant	-
For Sale Listings	5 ↑	24 Mo Lease Renewal Rate	93.6%
Total For Sale SF	55.5K ↑	Population Growth 5 Yrs	13.3%

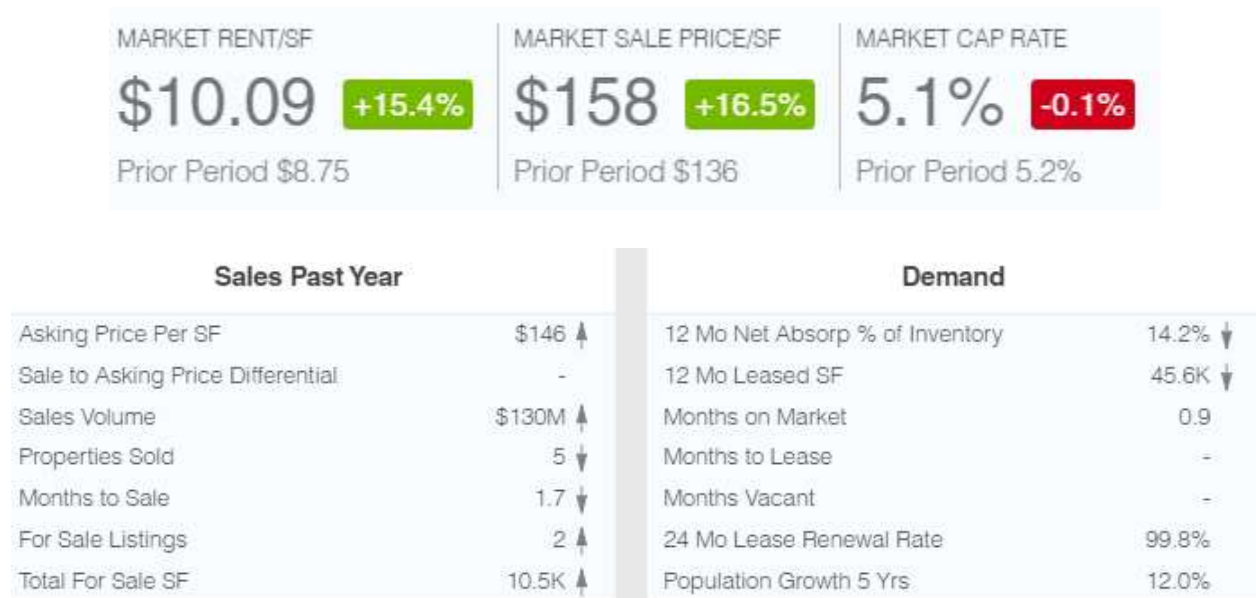
The current quarter showed average asking rental rates of \$25.15 per square foot. Over the past five years, average asking rental rates ranged between \$17.69 per square foot to \$25.15 per square foot. Average asking rental rates have been trending upward over the past year.

Industrial

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



The Buckeye area had a retail inventory of approximately 4.8 million square feet. Of this area approximately 645,500 square feet was vacant equating to a vacancy rate of 13.3%. Over the past five years, vacancy rates ranged between 0.0% to 13.3%. Over the past year, vacancy rates have been trending upward.



The current quarter showed average asking rental rates of \$10.09 per square foot. Over the past five years, average asking rental rates ranged between \$4.82 per square foot to \$10.09 per square foot. Average asking rental rates have been trending upward over the past year.

**DEMOGRAPHICS:**

Population			
	2 mile	5 mile	10 mile
2010 Population	339	1,033	4,531
2022 Population	417	1,262	5,384
2027 Population Projection	426	1,288	5,531

Income			
	2 mile	5 mile	10 mile
Avg Household Income	\$46,750	\$58,800	\$72,507
Median Household Income	\$9,999	\$44,999	\$58,234

Housing			
	2 mile	5 mile	10 mile
Median Home Value	\$250,000	\$230,000	\$264,034
Median Year Built	1969	1975	1985

Source: Costar

**DIRECTION AND DISTANCE TO EMPLOYMENT CENTERS:**

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

**COMMUNITY SERVICES AND FACILITIES:**

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

**GOVERNMENTAL FORCES:**

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

**UTILITIES:**

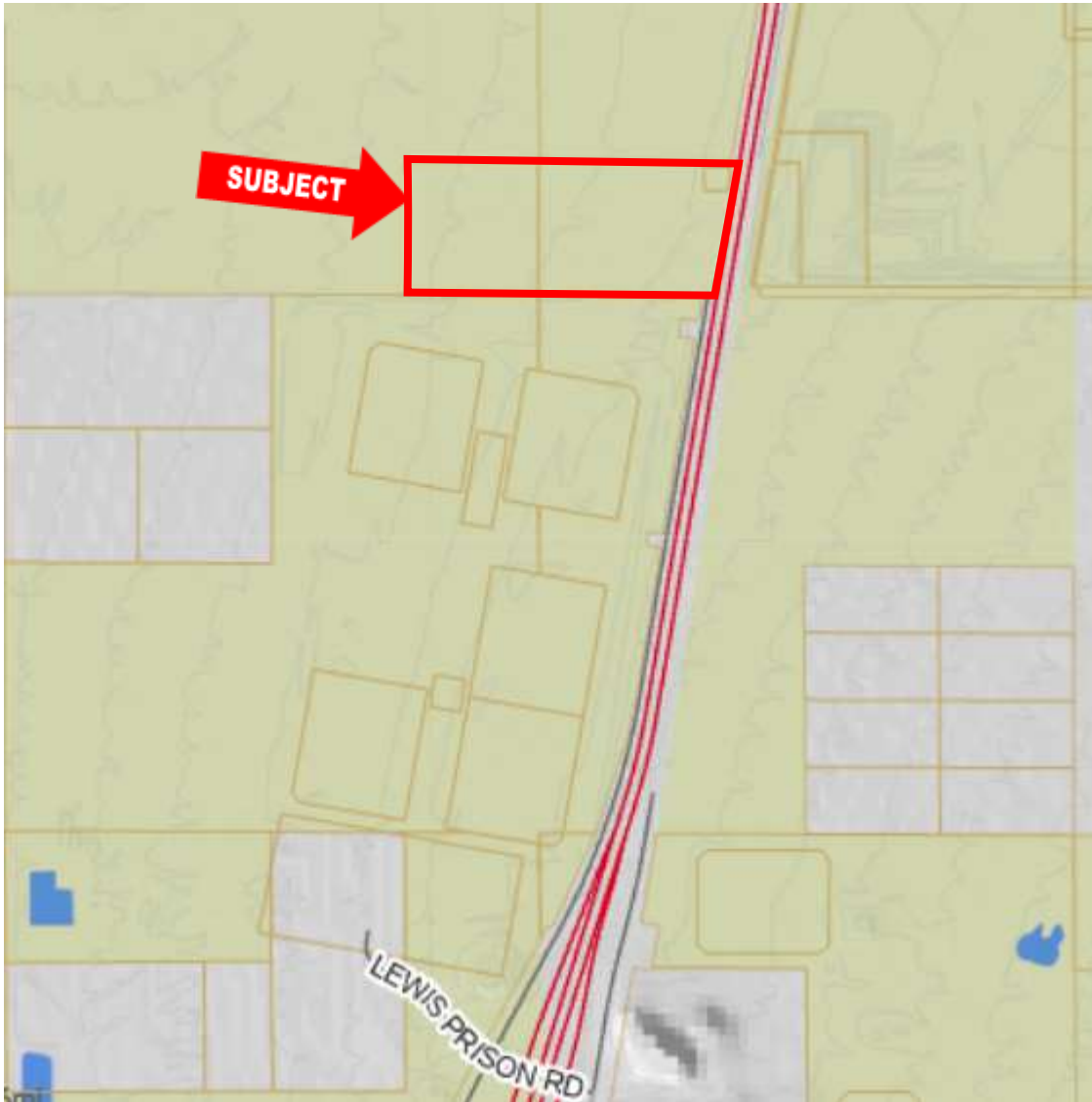
The subject is located within the city limits of Buckeye. There is no public water or sewer available in the subject neighborhood. Water is provided by on site-wells or water storage tanks (hailed) and sewer is provided by on-site septic systems. Electricity is provided by Arizona Public Service (APS); Natural gas is provided by Southwest Gas; Telephone service is provided by CenturyLink.

**CONCLUSION:**

The subject neighborhood is in a growth stage of development and located within an area south of the Town of Buckeye. The subject immediate area is most rural residential and agricultural properties with most prominent development being the Lewis Prison Complex to the immediate south. The majority of development is further north in the City of Buckeye.



# PLAT MAP



# AERIAL VIEW



## SUBJECT PHOTOGRAPHS



South on State Route 85



East from State Route 85 across the northern portion of the property



North on State Route 85



East from State Route 85 across the southern portion of the property



West along the southern end of the property



North across the east side of the property



South across the east side of the property



Southwest across the property



Northeast across the property



North across the property



South across the east side of the property



Southwest across the property





Southwest along the power line easement area



North across the property



Northwest across the property



East across the property



Northeast across the property



South from the parcel toward the State Route 85 frontage road



Northwest from State Route 85



North toward the subject access from the State Route 85 frontage Road



West on Patterson Road



Northeast from State Route 85 frontage road

# SITE DATA ANALYSIS

## LOCATION:

The subject property is located northwest of Patterson Road and State Route 85 in Buckeye, Arizona.

## SITE DIMENSIONS AND SHAPE:

The subject site is basically rectangular in shape considered to be functionally adequate for development. As per information supplied for this assignment, the site is of 79.18 acres or 3,449,078 square feet in size. The site has approximately 1,124 feet of frontage along State Route 85 and 3,017 feet of frontage along Patterson Road.

It should be noted that Maricopa County indicates a total site size of 97.37 acres or 4,241,794 square feet. For the purpose of this report, the appraiser will utilize the size provided by the client (extraordinary assumption)

## NUISANCES OR HAZARDS:

The appraiser has not been provided with any environmental studies. The appraiser is without the expertise to identify and/or detect such substances, upon physical inspection of the site, there are no known hazards that would affect the development of the property. Because of the liability generated if toxic wastes and/or contaminants are found on the site, it is strongly recommended that a specialist in the detection of toxic waste be retained to check for possible contamination.

If a toxic waste and/or contaminant is detected, the value estimate appearing in this report is null and void. If a re-appraisal is required, it will be made at an additional charge and upon receipt of any additional information requested (i.e., what the toxic waste and/or contaminant is and the cost of removal) by the appraiser.

## VISIBILITY AND ACCESS:

The subject property has visibility from Patterson Road and SR 85. The site does not have direct access from SR 85. The subject property has visibility from Patterson Road and SR 85. The site does not have direct access from State Route 85. Access to the site is made by exiting State Route 85 at the Lewis Prison Complex then going north along Patterson Road to the subject. There is a 30' wide ingress and egress easement at the southeast portion of the site. Roadway improvements adjacent to the subject site are as follows:

Street:	Patterson Road
Road Surface:	Paved & Dirt/Gravel
Lanes:	Two lanes
Curbs/Gutters:	No
Sidewalks:	No
Street Lights:	No

Speed Limit: N/A  
Traffic Count (vpd): N/A

Street: State Route 85  
Road Surface: Paved  
Lanes: Four lanes  
Curbs/Gutters: No  
Sidewalks: No  
Street Lights: No  
Speed Limit: 65 mph  
Traffic Count (vpd): 16,380 vpd

### **TOPOGRAPHY, DRAINAGE AND SOIL CONDITIONS:**

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

### **FLOOD ZONE:**

The location is within an area denoted as being in an "X" Flood Hazard Area, as found on Federal Emergency Management Agency Flood Insurance Rate Map number 04013C2935L dated October 16, 2013. The "X" designation indicates:

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

### **UTILITIES:**

Electric is provided by Arizona Public Service. The immediate area utilizes well and septic systems. There is a well at the northwest portion of the site that is reported to be capped and not active.

### **EASEMENTS:**

A title search has been furnished to the appraiser. The appraiser is not aware of any adverse restrictions or easements which would affect the utility or marketability of the property.

### **ZONING:**

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

The subject site is zoned CC/GC; Commercial Center/General Commerce according the City of Buckeye Planning and Zoning Department.

The Commercial Center Land Use District is designed to accommodate a variety of commerce and specialized development, including commercial uses which comprise the central business district of the Town. The General Commerce Land Use District is designed to accommodate general commercial and employment uses and compatible industrial uses to which public services are available.

**TAX AND ASSESSMENT DATA:**

Presently, the subject property is identified as assessor's tax parcel numbers 401-64-011 and 012E. The subject property is located in Maricopa County and valued by the county assessor for taxing purposes.

The Maricopa County Assessor's Office assesses the subject. Full Cash Value (FCV) has no relationship to market value as defined in this report. Full cash value is set by State law and is for tax assessment purposes only. It does not consider the future potential use of the property and is not always current with market transactions. Limited Property Value (LPV) is set by the State of Arizona and, by statute, cannot exceed full cash value.

In the State of Arizona, a sale of the subject does not trigger a reassessment.

Proposition 117 passed in 2012 by a majority of Arizona voters, Proposition 117 works as a mechanism to control the large valuation swings that did so much damage to, not only property owners, but to government budgets, during the recession.

Proposition 117 acts as a mandatory cap on valuation increases to the LPV, upon which both primary and secondary tax rates will now be based. So even though FCV may rise dramatically (as it is not limited and is based on market conditions), Proposition 117 caps increases in the LPV to 5% annually. It should be noted, this cap does not apply to new construction, additions, or deletions to your property.

Proposition 117 does not change statutory formulas used for calculating the amount of money which can be collected by taxing jurisdictions. Proposition 117 provides a stable and dependable value for LPVs, and, in theory, a stable tax base for taxing jurisdictions dependent on property taxes. Proposition 117 went into effect for Tax Year 2015.

Following is the available information concerning FCV, LPV, and property tax for the subject property.

2024 FCV - \$1,141,100  
2024 LPV - \$520,799  
2022 Taxes – Exempt

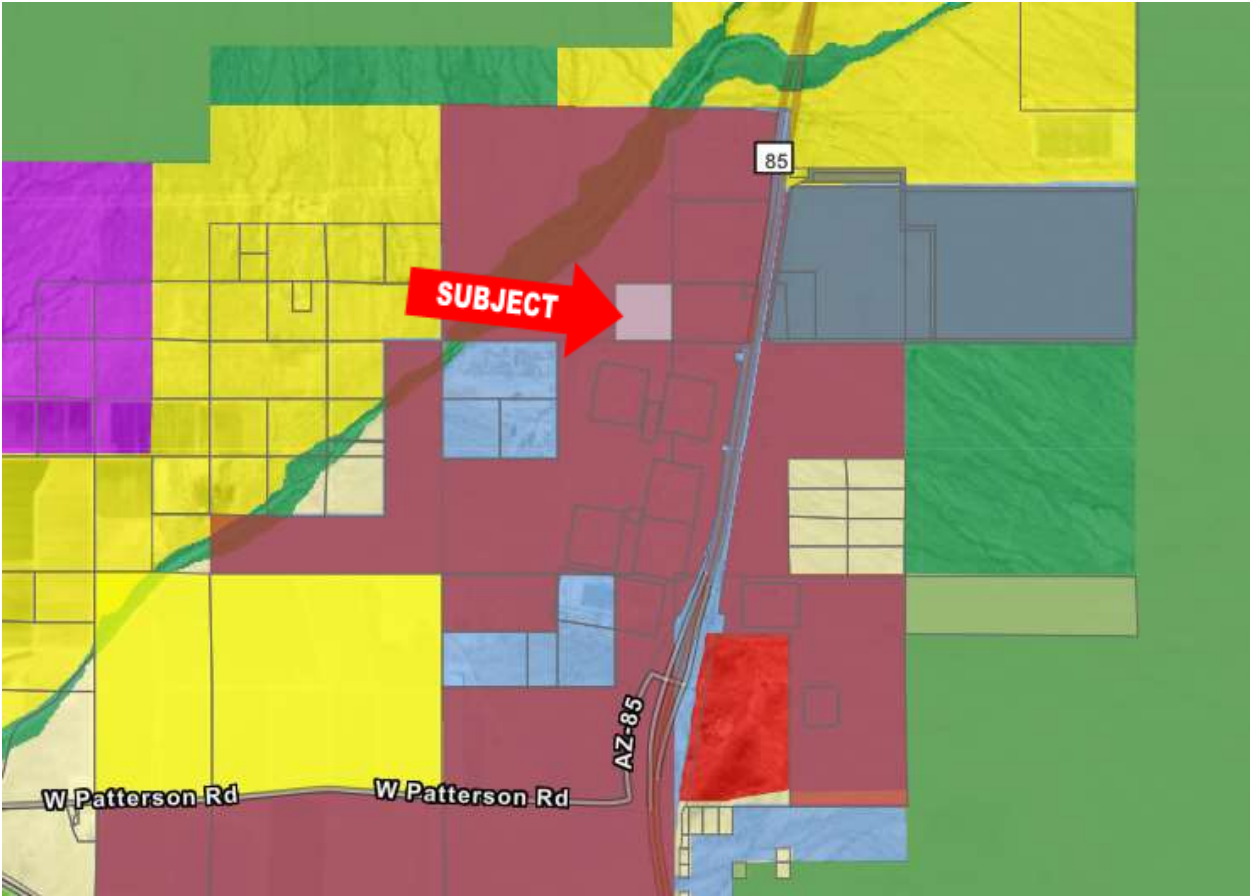
The subject is state owned and is exempt from taxation. The appraiser is unaware of any known special assessments which would affect the value of the property.





**CONCLUSION:**

The site is located in an area predominantly made up of rural residential and agricultural uses. The subject site has limited access from Patterson Road at the southeast corner of the site via a 30 foot wide easement. The site is at grade with the adjoining properties with no evidence of drainage problems or soil contamination.

# ZONING MAP



-  Commercial Center (CC)
-  General Commerce (GC)



# HIGHEST AND BEST USE

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

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

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that is would be willing to bid. (IVS)
3. The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (The Dictionary of Real Estate Appraisal, 7<sup>th</sup> edition 2022).

## Highest and Best Use as a Vacant Site

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

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

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

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

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

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

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

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

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

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

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

## **LEGALLY PERMISSIBLE**

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

The subject site is zoned CC/GC; Commercial Center/General Commerce according the City of Buckeye Zoning Map.

The Commercial Center Land Use District is designed to accommodate a variety of commerce and specialized development, including commercial uses which comprise the central business district of the Town. The General Commerce Land Use District is designed to accommodate general commercial and employment uses and compatible industrial uses to which public services are available

In conclusion, the subject site has a legally permissible use for commercial development.

## **PHYSICALLY POSSIBLE**

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

The subject site is irregular in shape considered to be functionally adequate for development. As per information supplied for this assignment, the site is of 79.18 acres or 3,449,078 square feet in size. The site has approximately 1,124 feet of frontage along State Route 85 and 3,017 feet of frontage along Patterson Road.

It should be noted that Maricopa County indicates a total site size of 97.37 acres or 4,241,794 square feet. For the purpose of this report, the appraiser will utilize the size provided by the client (extraordinary assumption)

The subject property has visibility from Patterson Road and SR 85. The site does not have direct access from State Route 85. Access to the site is made by exiting State Route 85 at the Lewis Prison Complex then going north along Patterson Road to the subject. There is a 30' wide ingress and egress easement at the southeast portion of the site.

The subject site has electric available to the site. Public water and sewer are not available in the subject neighborhood. This is considered to be a development limitation for the subject site.

In conclusion, commercial development is physically possible on the subject site; however, the lack of water and sewer availability is considered a development limitation.

## **FINANCIAL FEASIBILITY**

At this point of the Highest and Best Use analysis, the appraiser can conclude that the subject, from legal, physical and appropriate considerations, could be developed with a commercial use. This conclusion statement considers the type of uses that are deemed to be the most reasonable and prudent uses for the subject, as of the date of valuation. Now at this point, one must divert the analysis with regards to the economic feasibility that may affect the subject site.

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

## Office

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

INVENTORY SF	UNDER CONSTRUCTION SF	12 MO NET ABSORPTION SF	VACANCY RATE
<b>451K</b> <span style="background-color: #28a745; color: white; padding: 2px;">+0%</span>	<b>0</b> <span style="background-color: #6c757d; color: white; padding: 2px;">-</span>	<b>2.2K</b> <span style="background-color: #dc3545; color: white; padding: 2px;">-83.2%</span>	<b>0.4%</b> <span style="background-color: #28a745; color: white; padding: 2px;">-0.5%</span>
Prior Period 451K	Prior Period 0	Prior Period 13.4K	Prior Period 0.9%

Availability		Inventory	
Vacant SF	1.8K ↓	Existing Buildings	46 ↓
Sublet SF	0 ↓	Under Construction Avg SF	-
Availability Rate	0.4% ↓	12 Mo Demolished SF	0 ↓
Available SF	1.8K ↓	12 Mo Occupancy % at Delivery	-
Available Asking Rent/SF	\$37.86 ↑	12 Mo Construction Starts SF	0 ↓
Occupancy Rate	99.6% ↑	12 Mo Delivered SF	0 ↓
Percent Leased Rate	99.6% ↑	12 Mo Avg Delivered SF	-

The Buckeye area had an office inventory of approximately 451,000 square feet. Of this area approximately 1,800 square feet was vacant equating to a vacancy rate of 0.4%. Over the past five years, vacancy rates ranged between 0.0% to 11.0%. Over the past year, vacancy rates have been trending downward.

MARKET RENT/SF	MARKET SALE PRICE/SF	MARKET CAP RATE
<b>\$28.44</b> <span style="background-color: #28a745; color: white; padding: 2px;">+4.5%</span>	<b>\$194</b> <span style="background-color: #28a745; color: white; padding: 2px;">+4.0%</span>	<b>7.4%</b> <span style="background-color: #dc3545; color: white; padding: 2px;">-0.1%</span>
Prior Period \$27.23	Prior Period \$187	Prior Period 7.5%

Sales Past Year		Demand	
Asking Price Per SF	-	12 Mo Net Absorp % of Inventory	0.5% ↓
Sale to Asking Price Differential	-	12 Mo Leased SF	2.4K ↓
Sales Volume	\$525K ↑	Months on Market	5.2 ↓
Properties Sold	1 ↓	Months to Lease	-
Months to Sale	-	Months Vacant	-
For Sale Listings	3 ↑	24 Mo Lease Renewal Rate	92.0%
Total For Sale SF	60.4K ↑	Population Growth 5 Yrs	13.4%

The current quarter showed gross asking rental rates of \$28.44 per square foot. Over the past five years, gross asking rental rates ranged between \$17.76 per square foot to \$28.44 per square foot. Gross asking rental rates have been trending upward over the past year.

## Retail

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

INVENTORY SF	UNDER CONSTRUCTION SF	12 MO NET ABSORPTION SF	VACANCY RATE
<b>2M</b> <span style="background-color: #90EE90;">+5.8%</span>	<b>21.1K</b> <span style="background-color: #FF0000;">-78.1%</span>	<b>106K</b> <span style="background-color: #FF0000;">-42.6%</span>	<b>1.6%</b> <span style="background-color: #FF0000;">+0.1%</span>
Prior Period 1.9M	Prior Period 96.1K	Prior Period 184K	Prior Period 1.5%

Availability		Inventory	
Vacant SF	32.5K ↑	Existing Buildings	192 ↑
Sublet SF	0 ↓	Under Construction Avg SF	5.3K ↓
Availability Rate	3.8% ↑	12 Mo Demolished SF	0 ↓
Available SF	76.1K ↑	12 Mo Occupancy % at Delivery	95.9% ↑
Available Asking Rent/SF	\$28.69 ↓	12 Mo Construction Starts SF	34.8K ↓
Occupancy Rate	98.4% ↓	12 Mo Delivered SF	110K ↑
Percent Leased Rate	98.4% ↓	12 Mo Avg Delivered SF	9.7K ↑

The Buckeye area had a retail inventory of approximately 2.0 million square feet. Of this area approximately 32,500 square feet was vacant equating to a vacancy rate of 1.6%. Over the past five years, vacancy rates ranged between 0.7% to 7.3%. Over the past year, vacancy rates have been trending upward.

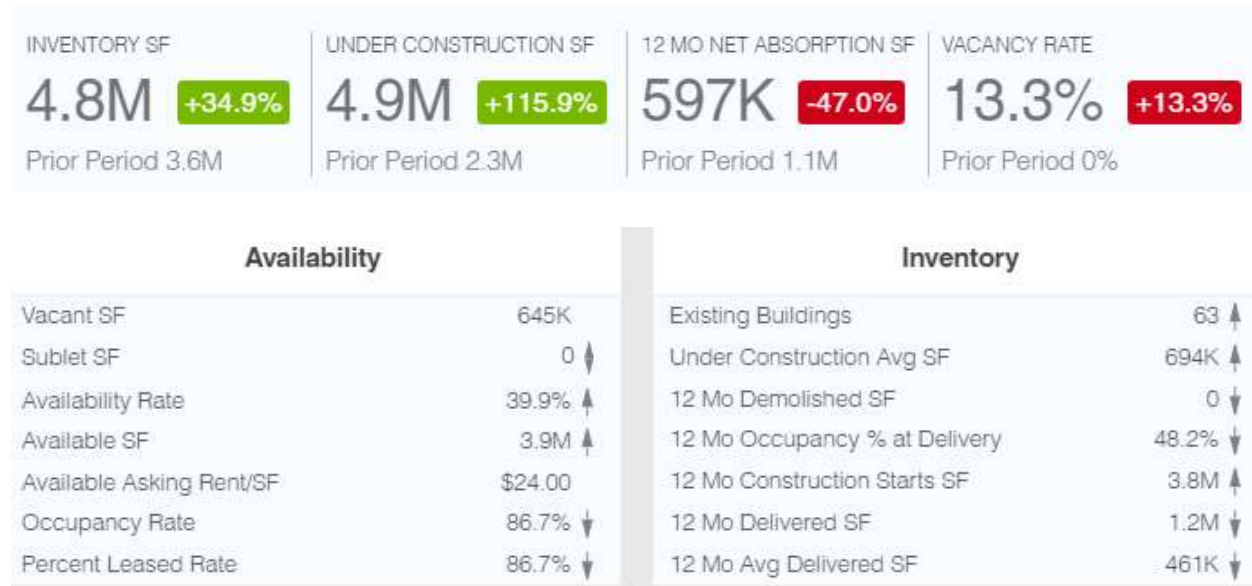
MARKET RENT/SF	MARKET SALE PRICE/SF	MARKET CAP RATE
<b>\$25.15</b> <span style="background-color: #90EE90;">+8.1%</span>	<b>\$294</b> <span style="background-color: #90EE90;">+6.7%</span>	<b>6.0%</b> <span style="background-color: #FF0000;">-0.1%</span>
Prior Period \$23.27	Prior Period \$275	Prior Period 6.1%

Sales Past Year		Demand	
Asking Price Per SF	\$281 ↑	12 Mo Net Absorp % of Inventory	5.4% ↓
Sale to Asking Price Differential	-2.6%	12 Mo Leased SF	30.8K ↓
Sales Volume	\$26.2M ↑	Months on Market	6.9 ↓
Properties Sold	13 ↑	Months to Lease	-
Months to Sale	12.7 ↑	Months Vacant	-
For Sale Listings	5 ↑	24 Mo Lease Renewal Rate	93.6%
Total For Sale SF	55.5K ↑	Population Growth 5 Yrs	13.3%

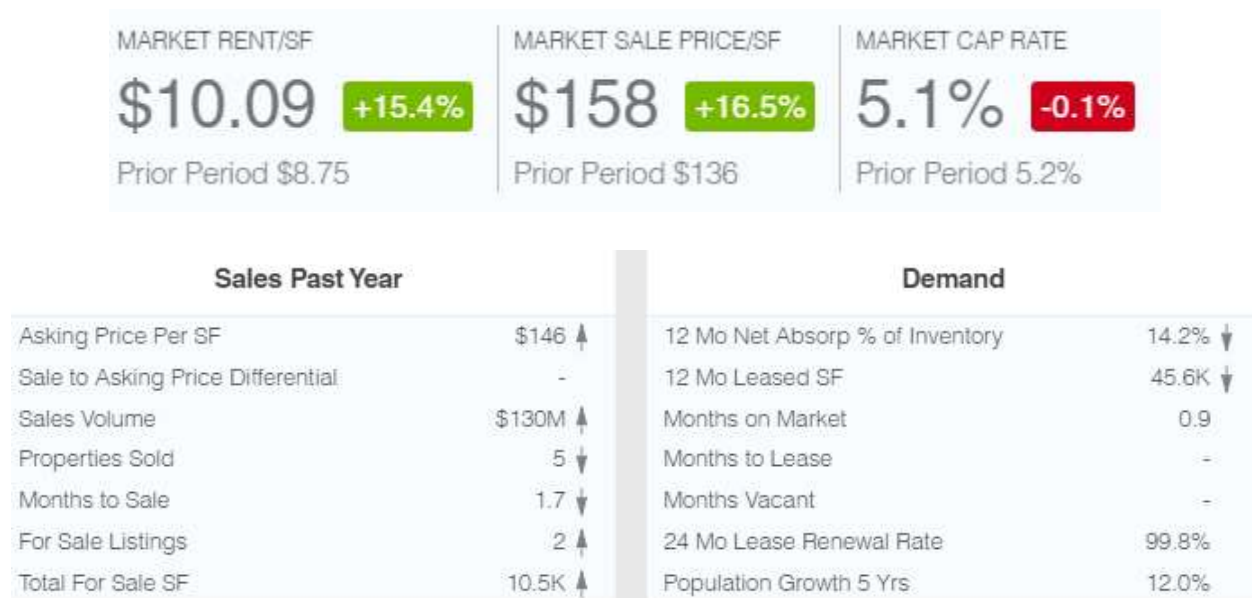
The current quarter showed average asking rental rates of \$25.15 per square foot. Over the past five years, average asking rental rates ranged between \$17.69 per square foot to \$25.15 per square foot. Average asking rental rates have been trending upward over the past year.

### Industrial

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



The Buckeye area had a retail inventory of approximately 4.8 million square feet. Of this area approximately 645,500 square feet was vacant equating to a vacancy rate of 13.3%. Over the past five years, vacancy rates ranged between 0.0% to 13.3%. Over the past year, vacancy rates have been trending upward.





The current quarter showed average asking rental rates of \$10.09 per square foot. Over the past five years, average asking rental rates ranged between \$4.82 per square foot to \$10.09 per square foot. Average asking rental rates have been trending upward over the past year.

The majority of development is located north of the subject in Buckeye. The subject's immediate area is mostly rural residential and agricultural uses. Due to the subject limited access and the lack of infrastructure and utilities in the area, the appraiser believes that commercial development is not yet considered financially feasible.

**MAXIMALLY PRODUCTIVE:**

From the preceding analysis, it is evident the commercial use that is physically possible and legally permissible is not currently financially feasible and therefore is not maximally productive at this time.

**CONCLUSION:**

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

# VALUATION PROCESS

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

The valuation process is:

*A systematic set of procedures an appraiser follows to provide answers to a client's questions about real property value.* (The Dictionary of Real Estate Appraisal, 7<sup>th</sup> edition 2022)

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

**COST APPROACH** - *A set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciations from the total cost; and adding the estimated land value. The contributory value of any site improvements that have not already been considered in the total cost can be added on a depreciated-cost basis. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised.* (The Dictionary of Real Estate Appraisal, 7<sup>th</sup> edition 2022)

One of the approaches to value commonly applied in Market Value estimates and many other valuation situations. A comparative approach to the value of property or another asset that considers, as a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. The Valuer's estimate is based on the reproduction or replacement cost of the subject property or asset, less total (accrued) depreciation. The Cost Approach establishes the value of a real property by estimating the cost of acquiring land and building a new property with equal utility or adapting an old property to the same use with no undue cost due to delay. An estimate of entrepreneurial incentive or developer's profit/loss is commonly added to land and construction costs. For older properties, the cost approach develops an estimate of depreciation including items of physical deterioration and functional obsolescence.

**SALES COMPARISON APPROACH** - *The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate unites of comparison, and making adjustments to the sale prices (or unite prices, as appropriated) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as through vacant when an adequate supply of comparable sales is available.* (The Dictionary of Real Estate Appraisal, 7<sup>th</sup> edition 2022)

A Comparative analysis is the process by which a value indication is derived in the sales comparison approach. Comparative analysis may employ quantitative or qualitative techniques, either separately or in combination. The process by which a rental value indication is derived in a rental comparison analysis. Comparative analysis may employ quantitative or qualitative techniques, either separately or in combination. (The Dictionary of Real Estate Appraisal, 7<sup>th</sup> edition 2022)

**INCOME CAPITALIZATION APPROACH** – *Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.* (The Dictionary of Real Estate Appraisal, 7<sup>th</sup> edition 2022)

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

As the subject is vacant land; thus, only the Sales Comparison Approach is considered in this report in order to determine a value of the subject site.

# SALES COMPARISON APPROACH

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

There are five basic steps in the Sales Comparison Approach:

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

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

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

## LAND SALE NO. 1



LOCATION	Old Highway 80 and Patterson Road, Buckeye
GRANTOR	Christopher & Stacey Lynn John
GRANTEE	Patterson 152 LLC
RECORDING DATE	August 18, 2022
DATE OF SALE	March 1, 2022
DAYS ON MARKET	304
PARCEL NO.	401-66-013C, 013D
DOCUMENT NO.	22-0652841
SALE PRICE	\$1,216,000
SALE PRICE/ACRE	\$7,974
TERMS	Cash
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction
CONFIRMED BY	Bobby Miller, Broker 602.942.4200
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and CoStar.
SALES HISTORY	No prior sales in the previous three years.

SITE DATA

Land Size/SF	6,642,464
Land Size/Acre	152.49
Frontage	Major
Location	Interior - Average - Dirt/Gravel
Surroundings	Average
Topography	Level
Utilities	Electric, well, septic
Off-sites	No
Flood Zone	15%
Zoning	RU-43
Present Use	Vacant Land
Highest and Best Use	Hold for development

COMMENTS

The property does have an older SFR that had no contributory value.

Aerial View



## LAND SALE NO. 2



LOCATION	Northwest of Interstate 8 and Butterfield Trail, Gila Bend
GRANTOR	Creosote Flats Land & Development Co. LLC
GRANTEE	I-8 Gila Bend Interchange Project LLC
RECORDING DATE	June 3, 2022
SALE DATE	April 1, 2022
DAYS ON MARKET	340
PARCEL NO.	402-25-006, 003J, 007Q
DOCUMENT NO.	22-0476644, 0476646
SALE PRICE	\$1,512,087
SALE PRICE/ACRE	\$8,093
TERMS	Cash Equivalent
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction
CONFIRMED BY	CoStar
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and CoStar.
SALES HISTORY	None in the last three years



SITE DATA

Land Size/SF	8,139,186
Land Size/Acre	186.85
Frontage	Major
Location	Interior - Good - Paved
Surroundings	Average
Topography	Level
Utilities	Available
Off-sites	No
Flood Zone	10%
Zoning	B-2/I-2
Present Use	Vacant Land
Highest and Best Use	Commercial development

COMMENTS

The buyer's plans were unknown.

Aerial View



### LAND SALE NO. 3



LOCATION	Highway 85, south of Patterson Road, Buckeye
GRANTOR	Sunset Place One LP
GRANTEE	Devcal Corp.
RECORDING DATE	February 2, 2022
SALE DATE	January 1, 2022
DAYS ON MARKET	699
PARCEL NO.	401-65-009J, 009M, 009V, 009W
DOCUMENT NO.	22-0100611
SALE PRICE	\$2,427,656
SALE PRICE/ACRE	\$9,577
TERMS	Cash
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction
CONFIRMED BY	John Vinson, Broker 480.820.6432
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and CoStar.
SALES HISTORY	None in previous three years

SITE DATA

Land Size/SF	11,042,460
Land Size/Acre	253.50
Frontage	Major
Location	Interior - Average - Dirt/Gravel
Surroundings	Average
Topography	Level
Utilities	Electric
Off-sites	No
Flood Zone	0%
Zoning	CG
Present Use	Vacant Land
Highest and Best Use	Hold for development

COMMENTS

This property is located just south of the subject and was purchased for investment.

Aerial View



## LAND SALE NO. 4



LOCATION	SR 85, south of Patterson Road, Buckeye
GRANTOR	Time 2000 LLC
GRANTEE	Devcal Corporation
RECORDING DATE	February 2, 2022
SALE DATE	January 1, 2022
DAYS ON MARKET	N/A
PARCEL NO.	401-65-009E, 009X, 009Y
DOCUMENT NO.	22-0101067
SALE PRICE	\$1,722,344
SALE PRICE/ACRE	\$9,432
TERMS	Cash
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction
CONFIRMED BY	John Vinson, Broker 480.820.6432
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and CoStar.
SALES HISTORY	None in previous three years

SITE DATA

Land Size/SF	7,954,492
Land Size/Acre	182.61
Frontage	Major
Location	Interior - Average - Dirt/Gravel
Surroundings	Average
Topography	Level
Utilities	Electric
Off-sites	No
Flood Zone	0%
Zoning	GC
Present Use	Vacant Land
Highest and Best Use	Hold for development

COMMENTS

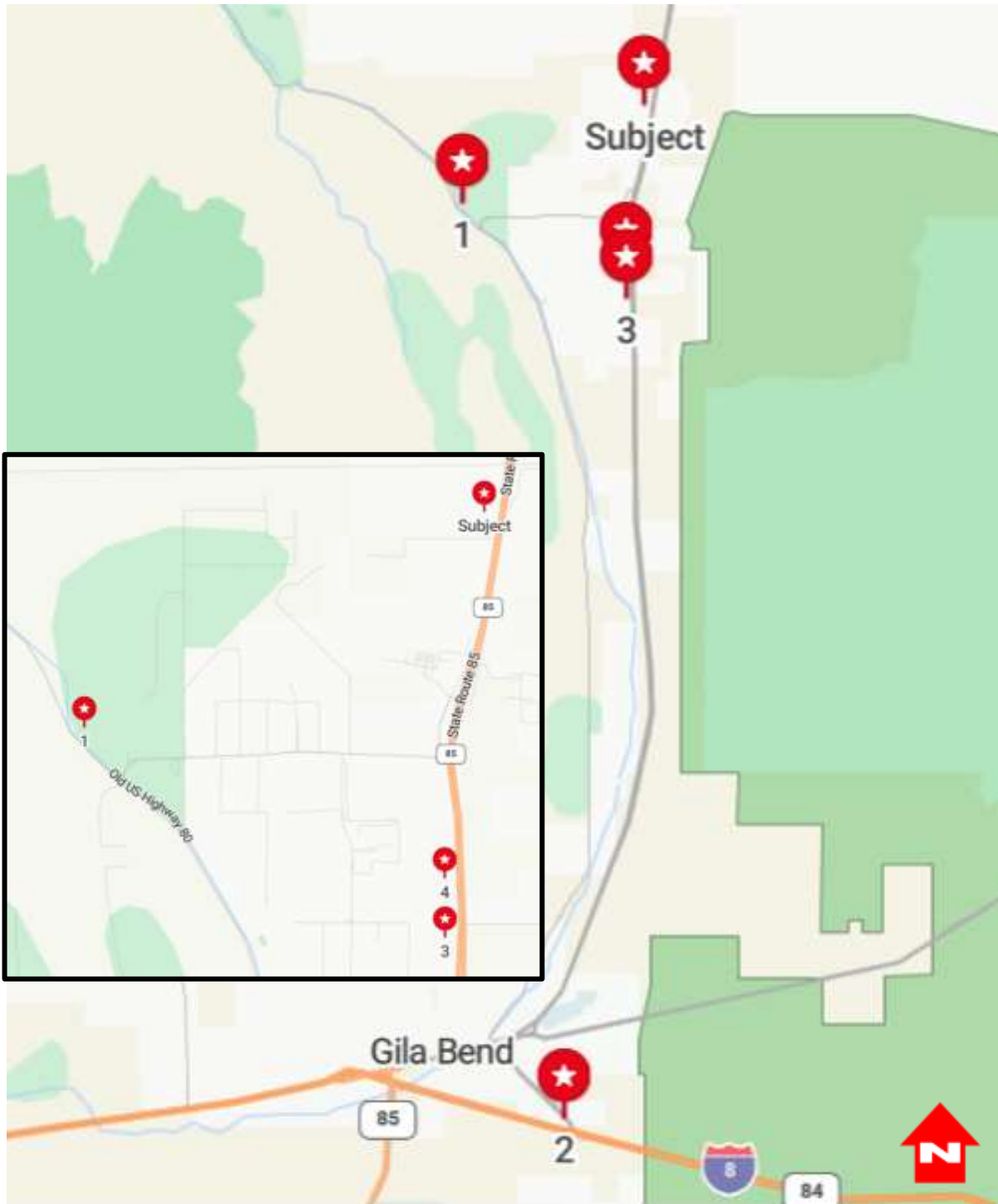
This property is located just south of the subject and was purchased for investment.

Aerial View





# Land Sales Map



## SUMMARY OF LAND SALES

Sale Data	Subject Property	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4
<b>Sales Price</b>		\$1,216,000	\$1,512,087	\$2,427,656	\$1,722,344
<b>Price/Acre</b>		\$7,974	\$8,093	\$9,577	\$9,432
<b>Property Rights</b>	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
<b>Financing</b>	Cash	Cash	Cash Equivalent	Cash	Cash
<b>Sale Condition</b>	Arm's Length	Arm's Length	Arm's Length	Arm's Length	Arm's Length
<b>Market Conditions</b>	Current	3/22	4/22	1/22	1/22
<b>Land/SF</b>	3,449,078	6,642,464	8,139,186	11,042,460	7,954,492
<b>Land/Acre</b>	79.18	152.49	186.85	253.50	182.61
<b>Arterial Frontage</b>	Major	Major	Major	Major	Major
<b>Location/Access</b>	Interior - Fair - Dirt/Gravel	Interior - Average - Dirt/Gravel	Interior - Good - Paved	Interior - Average - Dirt/Gravel	Interior - Average - Dirt/Gravel
<b>Surroundings</b>	Average	Average	Average	Average	Average
<b>Topography</b>	Level	Level	Level	Level	Level
<b>Utilities</b>	Electric	Electric, well, septic	Available	Electric	Electric
<b>Off-Sites</b>	No	No	No	No	No
<b>Flood Zone</b>	0%	15%	10%	0%	0%
<b>Zoning</b>	CC/GC	RU-43	B-2/I-2	CG	GC

### SALES DATA:

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

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

Adjustments to the comparable sales are made as follows:

**PROPERTY RIGHTS CONVEYED:**

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

**FINANCING:**

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

**CONDITIONS OF SALE:**

All of the comparable sales were reported to be arm's length transactions and no adjustments were made.

**MARKET CONDITIONS:**

The comparable sales were transacted between January 2022 and April 2022 (Date of Sale).

The appraiser researched the market for sales between 70 to 275 acres during this time period. From the 2Q 2021 through the end of the 2Q 2022 land prices increased at a rate of 0.53% per month. Thus, the appraiser will adjust the sales upward 0.50% per month through the end of June 2022 as sales prices started to stabilize.

**LOCATION:**

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

The subject property has visibility from Patterson Road and SR 85. The site does not have direct access from State Route 85. Access to the site is made by exiting the State Route 85 at the Lewis Prison Complex and then north along Patterson Road to the subject. There is a 30' wide ingress and egress easement at the southeast portion of the site.

Sales one, three and four have average access and dirt/gravel access and are superior and will be adjusted downward. Sale two has good access and paved access and is superior and will be adjusted downward.

Sale one is located along Old Highway 80 and is inferior to the subject's SR 85 visibility. Sale two has visibility from Interstate 8 and is superior and will be adjusted downward.

For the readers’s convenience, a chart displaying location characteristic adjustments is displayed next:

<b>Location Factors</b>	<b>Subject Property</b>	<b>Sale 1</b>	<b>Sale 2</b>	<b>Sale 3</b>	<b>Sale 4</b>
Arterial Frontage	Major	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%
Access	Interior - Fair - Dirt/Gravel	Superior	Superior	Superior	Superior
Adjustment		-10%	-15%	-10%	-10%
Freeway Influence	Good	Inferior	Superior	Similar	Similar
Adjustment		+5%	-5%	0%	0%
Surroundings	Average	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%
<b>Quantitative Adjustment</b>		<b>-5%</b>	<b>-20%</b>	<b>-10%</b>	<b>-10%</b>

**PHYSICAL CHARACTERISTICS:**

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

As previously reported in the Site Data section of this report, the subject site is 79.18 acres or 3,449,078 square feet in size with a level topography. The subject has electric available. It is noted that the subject is vacant land with no vertical improvements.

The comparable sales range in size from 152.49 to 253.50 acres. The date provided does not indicate that a size adjustment is warranted.

Sales one and two have superior access to utilities and will be adjusted downward.

The subject and four sales are considered to have similar shapes and topographies.

For the readers’s convenience, a chart displaying physical characteristic adjustments is displayed next:

<b>Physical Attributes</b>	<b>Subject Property</b>	<b>Sale 1</b>	<b>Sale 2</b>	<b>Sale 3</b>	<b>Sale 4</b>
Size/Acre	79.18	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%
Shape	Irregular	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%
Topography	Level	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%
Utilities	Electric	Superior	Superior	Similar	Similar
Adjustment		-10%	-10%	0%	0%
Off-Sites	No	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%
Flood Zone	No	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%
<b>Quantitative Adjustment</b>		<b>-10%</b>	<b>-10%</b>	<b>0%</b>	<b>0%</b>

**ZONING:**

The subject is zoned for commercial development in the City of Buckeye. Sale one will need to be re-zoned prior to development and is adjusted upward.

In conclusion, the values indicated in the Summary of Sales show a range from \$7,974 to \$9,577 per acre before adjustments. It is believed the indicated value range is reflective of the utility, wants, and needs of buyers in the current marketplace.

## SALES ADJUSTMENT CHART

Elements of Comparison	Sale 1	Sale 2	Sale 3	Sale 4
Price/SF	<b>\$7,974</b>	<b>\$8,093</b>	<b>\$9,577</b>	<b>\$9,432</b>
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing	Cash	Cash Equivalent	Cash	Cash
Condition of Sale	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Market Conditions	3/22 +1.50%	4/22 +1.00%	1/22 +2.50%	1/22 +2.50%
Adjusted Price	<b>\$8,094</b>	<b>\$8,174</b>	<b>\$9,816</b>	<b>\$9,668</b>
Location Factors	-5%	-20%	-10%	-10%
Physical Attributes	-10%	-10%	0%	0%
Zoning	+5%	0%	0%	0%
Overall Adjustment	-10%	-30%	-10%	-10%
<b>Final Indicated Value</b>	<b>\$7,284</b>	<b>\$5,722</b>	<b>\$8,834</b>	<b>\$8,701</b>

### CONCLUSION OF SITE VALUE:

After adjustments have been made to the cumulative adjustment factors a value range results from \$5,722 to \$8,834 per acre indicated mean of \$7,635 per acre. All of the comparable sales are located within the same general market.

The property has been listed for sale within the last three years. In 2020 the property was listed at \$8,000 per acre with limited interest but no offers. In 2021 the property was listed at \$6,500 per acre. There are currently two parties that are interested in the property and have paid fees to be present at a public auction at this price per acre.

Based on this information, after due consideration is given to the subject's size, location and the limited access the appraiser will conclude to a market value of the subject site near the lower end of the range or \$6,500 per acre. This would equate to a Market Value of the subject site of:

$$79.18 \text{ acres} \times \$6,500 \text{ per acre} = \$514,670$$

**Rounded to: \$515,000**

# FINAL RECONCILIATION

The Final Reconciliation is the process of coordinating and integrating related facts to form a unified conclusion. Final Reconciliation is defined as: *A phase of a valuation assignment in which two or more value indications are processed into a value opinion which may be a range of value, a single point estimate, or a reference to a bench-mark value.* (The Dictionary of Real Estate Appraisal, 7<sup>th</sup> edition 2022)

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

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

## Sales Comparison Approach

**\$515,000**

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

In an appraisal report, the final value estimate may be stated as a single figure or as a range of values. Or an appraiser may choose to show the range and then cite the final value as a single figure within the range. Traditionally, a **point estimate** is *a value indication reported as a single dollar amount. In estimating market value, a point estimate is typically regarded as the most probable number, not the only possible number.* (The Dictionary of Real Estate Appraisal, 7<sup>th</sup> edition 2022)

Based on the information found in this investigation, the appraiser is of the opinion that the "As Is" Market Value of the subject property, as of April 24, 2023, is:

**FIVE HUNDRED FIFTEEN THOUSAND DOLLARS**  
**(\$515,000.00)**

# CERTIFICATION

Parcel No.: L-Y-014

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. Dawn Blaskis drove by the property. I also made a personal field inspection of each comparable sale relied upon in making said appraisal. The subject and the comparable sales relied upon in making the appraisal were as represented by the photographs contained in the appraisal.

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

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

That my analysis, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP 2020-2021) guidelines.

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

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

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

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

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

That my opinion of the Market Value as of April 24, 2023 is \$515,000, based on my independent appraisal and the exercise of my professional judgment.

Respectfully submitted,



Michael Turner, MAI  
Certified General Real Estate Appraiser No. 30420



# USPAP CERTIFICATION

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

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

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

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

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

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report, Michael Turner, MAI has completed the continuing education program for Designed Members of the Appraisal Institute.

The subject was personally inspected Michael Turner on April 24, 2023. It should be noted that Dawn Blaskis provided significant real property appraisal assistance to the person signing this certification.

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

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

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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Michael Turner".

Michael Turner, MAI  
Certified General Real Estate Appraiser No. 30420

# ADDENDA

# EXHIBIT 1

Contract

*PHOENIX, on 4/14/2023*  
**CTR054962/ TO-23-011/ M697201X/ L-M-366, L-Y-014/ Appraisal due 40 days from approval- APPRAISAL TECHNOLOGY LLC**

### SUPPLIER

**APPRAISAL TECHNOLOGY LLC**  
**Attn: Mr. Michael Turner**  
**Address:** Legal Address  
 220 S RIVER DR  
 UNITED STATES  
 TEMPE, Arizona 85281  
**Phone:** 480-285-3874  
**E-mail:** mturner@atlaz.com

### ORDER No. PO0000540540

*(please refer to this number on all documents)*

**Amendment:**  
**Requestor:** ESTHER VALENCIA  
**Agency:** Department of Transportation  
**Division:** Infrastructure Delivery & Operations  
 Division Construction  
**Department:** Right Of Way  
**Site:** RIGHT OF WAY  
**Phone:** 6027128793  
**Email:** EVALENCIA@AZDOT.GOV

### DELIVER TO

*(unless specified differently per item)*

**Address:** RIGHT OF WAY  
 205 S 17TH AVE  
 MD 612E RM 331  
 UNITED STATES  
 PHOENIX, Arizona 85007-3212  
**Deliver To:**  
**Requested Delivery Date:**

*(Unless specified differently per item in section delivery details)*

### BILL TO

**Address:** RIGHT OF WAY  
 205 S 17TH AVE  
 MD 612E RM 331  
 UNITED STATES  
 PHOENIX, Arizona 85007-3212  
**Payment Terms:** Net 30

ITEM	CONTRACT ID	CODE/SKU	REFERENCE AND DESCRIPTION	QTY	UNIT	UNIT PRICE (USD)	TOTAL (USD)
1	CTR054962-3	640761-1	CTR054962/ TO-23-011/ M697201X/ L-M-366, L-Y-014/ Appraisal due 40 days from approval Commentaire : M697201X	2.0000	Total Cost	3,500.0000	7,000.00

<b>Total before Tax</b>	<b>7,000.00 USD</b>
Non-Taxable - 0 %	0.00 USD
<b>Total after Tax</b>	<b>7,000.00 USD</b>

# EXHIBIT 2

Title Report

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

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

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

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

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

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

**LEGAL DESCRIPTION**

SEE SCHEDULE A-1 ATTACHED

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

4/21/2020 Updated with no change through the plant date of 4/15/2020. JG

10/27/2021 Updated with no change through the plant date of 10/22/2021. JG

<b>Date of Search:</b> July 18, 2019	<b>Examiner:</b> Jim Gregg	<b>Reviewer:</b>
<b>Update to:</b> April 15, 2020	<b>Examiner:</b> Jim Gregg	<b>Reviewer:</b>
<b>Update to:</b> October 22, 2021	<b>Examiner:</b>	<b>Reviewer:</b>
<b>Update to:</b>	<b>Examiner:</b>	<b>Reviewer:</b>
<b>Update to:</b>	<b>Examiner:</b>	<b>Reviewer:</b>

<b>County:</b> Maricopa	<b>Tax Arb:</b> 401-64-011, 012D and 012E	<b>Disposal:</b> N/A
<b>Tracs No.:</b> 085MA138H5675	<b>Highway:</b> GILA BEND-BUCKEYE HIGHWAY	<b>Excess Land:</b> L-Y-014
<b>Fed. No.:</b> N/A	<b>Section:</b> Lewis Prison-Gila River	<b>Parcel No.s:</b> 07-9861 and 07-10229

**SCHEDULE A-1  
LEGAL DESCRIPTION**

That portion of Sections 26 and 27, Township 2 South, Range 4 West, Gila and Salt River Meridian, Maricopa County, Arizona as depicted on Sheets PAR-1, P-9, and P-24 of ADOT Drawing D-7-T-940, the Right of Way Plans of GILA BEND-BUCKEYE HIGHWAY, Section Lewis Prison-Gila River, Project 085MA138H5675 01R / ADOT Parcel No.s 07-9861 and 07-10229.

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

**END OF SCHEDULE A-1**



### **RIGHT OF WAY / VESTING**

- 1.) Warranty Deed from Alexander Compost, L.L.C., an Arizona Limited Liability Company to the State of Arizona, by and through its Department of Transportation, dated August 12, 2004, recorded October 18, 2004, in Document No. 2004-1211225.  
[Parcel 085MA138H5675, Project 07-10229]
- 2.) Final Order of Condemnation in Civil Case No. CV2005-008778 of the Arizona Superior Court, Maricopa County, entitled the State of Arizona, ex rel., Victor M. Mendez, Director, Department of Transportation, Plaintiff, vs. BACA Enterprises, L.L.C., an Arizona Limited Liability Company; and Maricopa County, Defendants, dated April 8, 2008, recorded April 24, 2008, in Document No. 2008-361727.  
[Parcel, Project 07-9861]

### **END OF RIGHT OF WAY / VESTING**

## **REQUIREMENTS**

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

**NOTE:** Repurchase rights do **not** apply due to the property being acquired more than eight years prior to this transaction.

**END OF REQUIREMENTS**

## **SCHEDULE B**

1. Lack of access for the parcel of land described in Schedule A-1 due to failure to disclose valid access by a means of recorded documentation to a public right of way.
2. Ingress-Egress Easement from the State of Arizona, by and through its Department of Transportation to the State of Arizona, acting by and through its State Land Department, dated April 23, 2008, recorded May 14, 2008 in Document No. 2008-426425.

**END OF SCHEDULE B**

# EXHIBIT 3

Zoning Ordinance

**ARTICLE FOUR**  
**ESTABLISHMENT**  
**OF**  
**LAND USE DISTRICTS**

**SECTION                      7-4-1                      LAND USE DISTRICTS**

For the purposes of this Code, the Town shall be divided into seven Land Use Districts as stated herein. Requests for changes from one land use district to another shall only be approved when found consistent with the intent and purposes of the General Plan.

A.      **RURAL RESIDENTIAL**

The Rural Residential Land Use District is designed to accommodate low density residential development in outlying areas where all public services may not be available.

B.      **PLANNED RESIDENTIAL**

The Planned Residential Land Use District is designed to accommodate all subdivided residential developments to which public services are available.

C.      **MIXED RESIDENTIAL**

The Mixed Residential Land Use District is designed to accommodate both single and multiple family residential development, historic residential neighborhoods and compatible commercial uses.

D.      **PLANNED COMMUNITY**

The Planned Community Land Use District is designed to accommodate all land uses approved as part of a Community Master Plan, where specific uses, public services, densities, and design criteria have been identified and adopted.

E.      **COMMERCIAL CENTER**

The Commercial Center Land Use District is designed to accommodate a variety of commerce and specialized development, including commercial uses which comprise the central business district of the Town.

F. GENERAL COMMERCE

The General Commerce Land Use District is designed to accommodate general commercial and employment uses and compatible industrial uses to which public services are available.

G. SPECIAL USE

The Special Use Land Use District is designed to accommodate uses in natural hazard or floodplain areas or those under public ownership where development may not be possible because of flooding or other constraints or if development is possible, it is sponsored by the Town as a public purpose.

**SECTION 7-4-2**

**LAND USE DISTRICT MAP**

There shall be a map known and designated as the Land Use District Map of the Town of Buckeye, which shall be certified by the Town Council with the signature of the Mayor affixed thereto and made part of this Code. This map shall also serve as the Land Use Plan for the General Plan.

A. BOUNDARIES

The boundaries of each Land Use District shall be established as shown on the Land Use District Map. Where uncertainty exists with respect to any of the boundaries of the Land Use Districts, the following rules shall apply:

1. Where Land Use District boundaries are indicated as approximately following the center line of roadways, municipal boundaries lines, stream bed or canal lines, or property lines, such lines shall be construed to be such boundaries.
2. No Land Use District boundary shall be established to divide one lot into two or more districts unless approved by the Town Council.

B. AMENDMENTS

Amendments to the Land Use District Map are accomplished using the administrative procedures given in Section 7-8-4.

1. The Administrator shall update the Land Use District Map as soon as possible after amendments to it are adopted by the Town Council. Upon entering any such amendment on the map, the Administrator shall change the date of the map to indicate its latest revision. New prints of the updated map may then be issued.
2. Changes made to the Land Use District map shall be made part of and included with copies of the General Plan.
3. No unauthorized person may alter or modify the Land Use District Map.
4. Superseded copies of the Land Use District Map shall be kept for historical reference.

**SECTION 7-4-3**

**PERMISSIBLE USES**

Permissible uses within each district shall be in accordance with Table 4-A. The presumption established by this Code is that all legitimate uses of land are permissible within at least one land use district. Therefore, because the list of permissible uses set forth in Table 4-A, Permissible Uses, cannot be all inclusive, those uses that are listed shall be interpreted liberally to include other uses that have similar impacts to the listed uses.

**TABLE 4-A PERMISSIBLE USES**

Note: Conditional Uses are designated with a "C" all other permitted uses are designated with a "P"

PRINCIPAL USE	LAND USE DISTRICT						
	RR	PR	MR	PC	CC	GC	SU
Airport and related uses						C	C
Amusement facility						C	C
Animal production/breeding	P						P
Automotive service/repair					P	P	
Bar, lounge, or tavern					C	C	
Bed and Breakfast	C		C		C		
Boarding house	C		C		C		
Bowling alley					P	P	
Building material sales (outdoor)						P	
Cabinet making/woodworking					P	P	
Campgrounds, overnight							C
Cellular/radio tower	C					C	C
Cemetery	C				C		C
Clinic/health care facility					P	P	
Club, private nonprofit					P		P
Commercial Ranch	C						P
Convenience storage					P	P	
Crop production	C	P		P		P	P
Dairy	C						P
Day care center	C		C		C	C	
Equipment and tool rental					P	P	
Feed store					P	P	
Funeral home					C	C	
Golf course/resort	C	P	P			P	P
Group home			P		P		
Guest room	P				P		
Home occupation	P	P	P		P		
Hospital					C	C	
Hotel/motel					P	P	
Kennel	C						
Liquor store					C	C	
Machine shop						P	

**TABLE 4-A (Con't)**

Note: Conditional Uses are designated with a "C" all other permitted uses are designated with a "P"

PRINCIPAL USE	LAND USE DISTRICT						
	RR	PR	MR	PC	CC	GC	SU
Machinery and equipment storage							P
Machinery sales and service							P
Manufactured home park			C		C		
Manufactured home subdivision	C	C					
Manufacturing, custom	P				P		P
Manufacturing, general							P
Master Planned Community				P			
Meat processing, commercial							C
Multiple family dwelling			P		P		
Museum					P	P	P
Nursing home			C		C		
Office building			P		P		P
Places of public assembly					P	P	P
Places of worship		P	P		P		
Plant nurseries, retail					P		P
Plant nurseries, wholesale							P
Quarters for caretaker	P				P	P	P
Recreational vehicle park	C				C		C
Residential facility	P	P	P	P	P		
Residential ranch	P	P					
Retail, convenience establishment					P	P	
Retail, general establishment					P	P	
Riding stables and corral	P						P
Roadside stand	P						
Rodeo arena						P	P
Satellite earth station	C					C	C
Schools, public and private			P		P		P
Service establishment					P	P	
Shopping center/plaza mall					P	P	
Single family dwelling	P	P	P	P	P		
Social service facility			C				
Swap meet						P	P
Truck repair and overhaul						P	
Truck stop						P	
Vehicle and RV sales/service						P	
Vehicle storage						P	
Veterinary clinic					P	P	
Veterinary hospital					P	P	
Warehousing, retail					P	P	
Warehousing, wholesale						P	
Zoo, private or public	C					C	C



**SECTION 7-4-4**  
(Revised March 17, 1998)

**ESTABLISHMENT OF NEW USE**

**A. CHANGE IN USE**

Any proposed new use or change in use will be classified into one of the following three categories:

1. Major Use - all multi-residences, office, commercial, and industrial projects that meet any one (1) of the following requirements:
  - a. Any new development or construction.
  - b. Any change in occupancy as classified by the Uniform Building Code.
  - c. Any expansion greater than fifty (50%) percent of an existing site, building or structure.
  - d. Any amendment to a Site Plan that has been approved by the Development Board after August 19, 1996.
2. Minor Use - those uses which do not meet the above requirements and are not a conditional use as defined below.
3. Conditional Use - Any use which requires approval from any governmental agency or has the ability to adversely impact adjoining uses. Conditional Uses are listed as "C" in Table 4 - A, Permissible Uses.

**B. APPROVAL OF USE**

Prior to any new use or change of use, approval must be granted in accordance with the following:

1. MAJOR USE  
A major use requires Site Plan Approval by the Development Board (using the Use Permit procedures set forth at § 7.8.4C) and issuance of a building permit by the Administrator. Approval of the actual use is not required.
2. MINOR USE  
A minor use requires Site Plan Approval and issuance of a building permit by the Administrator.
3. CONDITIONAL USE  
A Conditional Use requires issuance of a Use Permit and Site Plan approval by the Development Board and issuance of a building permit by the Administrator.

**C. DURATION OF SITE PLAN APPROVAL**

An approved Site Plan shall be valid for a period of one (1) year from its date of approval

## **SECTION 7-4-5**

## **ACCESSORY USE**

Whenever an activity is conducted in conjunction with a principal use and constitutes only an incidental or insubstantial part of the total activity that takes place on a parcel, and is commonly associated with the principal use, then it may be regarded as accessory use. The following are allowed as accessory uses and are restricted as noted.

### **A. ANIMALS**

On parcels of at least 0.5 acre, domesticated farm animals are allowed as an accessory use provided the use is non commercial, the animals are kept for the use of the residents only and is incidental to the residential use.

### **B. OUTDOOR STORAGE**

Outdoor storage is only allowed as an accessory use under the provisions of Section 7-5-8.

### **C. HOME BUSINESS**

Home based businesses are an allowed accessory use when defined as a home occupation. The following shall not be allowed:

1. Advertising signs
2. On premise employees who do not reside at subject dwelling
3. Heavy machinery
4. Outdoor storage
5. Chemicals, materials or equipment not normally found in a residential area

### **D. ACCESSORY BUILDINGS**

Accessory buildings are only allowed if constructed and used within the provisions of Section 7-5-1.

### **E. YARD SALES**

Yard sales are permitted as an accessory use in a residential area not to exceed three (3) days in any one month (30 day) period. Yard sales are not permitted as an accessory use to a commercial use.

## **SECTION 7-4-6**

## **TEMPORARY USE**

### **A. GENERAL REQUIREMENTS**

1. Special Events which, upon the determination of the Administrator, have the potential to adversely impact surrounding properties or which may pose a risk of safety, shall be required to obtain Special Event approval from the Town Council. Special Event approval may be granted by the Town Council upon receipt of a Special Event application. Special Event applications shall be made available by the administrator to the public.
2. All other temporary uses must obtain a Use Permit from the Development Board.

3. Temporary uses shall not be approved for longer than 30 days except those temporary uses associated with construction work may be permitted for a period not to exceed six (6) months.
4. The Town Council shall have the ability to modify, add to or waive the following standards as necessary to carry out the purposes of this Code.

B. SPECIAL EVENTS

1. The event shall not be conducted between the hours of 10:00 p.m. and 6:00 a.m. Lighting shall be placed to reflect light away from adjacent dwellings.
2. All temporary structures/tents shall be located at least fifty (50) feet from a residential use and not exceed fourteen (14) feet in height.
3. Driveways, sidewalks, streets, or parking areas shall not be blocked or their function impeded. Provisions shall be made to provide for the safe and efficient flow of traffic during the event.

C. CONSTRUCTION

Temporary buildings used in conjunction with construction work shall be permitted for the period of construction.

1. Buildings shall only be permitted on the same parcel, or in the case of construction of a subdivision, in the same subdivision as the construction work.
2. Trailers or offices shall clearly be incidental to the construction work.
3. Temporary buildings shall be removed upon completion or abandonment of the construction work.

D. TEMPORARY HOUSING

The Administrator may, if no practicable alternative is available, permit temporary housing in a recreational vehicle for a period not to exceed seven (7) days. Approval shall not be granted for more than seven (7) days in a six (6) month period without approval of a Use Permit.

E. EMERGENCY OR NATURAL DISASTER

In the event of an emergency or natural disaster, the Administrator is allowed to permit additional temporary structures and uses as may be necessary for the safety and health of the general public.

# EXHIBIT 4

## Contingent and Limiting Conditions

## CONTINGENT AND LIMITING CONDITIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**10. FEDERAL AND STATE REGULATIONS:** Further, the value reported is based upon cash, or its equivalent, and was drafted to adhere to the standards and practices of the Appraisal Institute, plus the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) by the Appraisal Foundation.

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

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

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

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

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

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

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

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

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

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

The observed condition of the foundation, roof, exterior walls, interior walls, floors, heating and/or cooling system, plumbing, insulation, electrical service, and all mechanical and construction is based on a casual inspection only and no detailed inspection was made. For instance, we are not experts on heating and/or cooling systems and no attempt was made to inspect the interior of the heating and/or cooling equipment. The structures were not checked for building code violations and it is assumed that all buildings meet the building codes unless so stated in the report.



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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