

FIRST APPRAISAL SERVICES

An Appraisal Report for the Valuation of
a Vacant Tract of Land

Owned by
Arizona Department of Transportation

Location of Property to be Appraised:

Northwest of Grand Avenue and Thunderbird Road
El Mirage, Arizona 85335

Report Dated:

November 27, 2023

Effective Date:

November 3, 2023

Prepared for:

Arizona Department of Transportation
Right of Way Operations Section
205 S. Seventeenth Avenue
Room 331, Mail Drop #612E
Phoenix, Arizona 85007

Prepared by:

Timothy A. Haskins, ASA
*Arizona Certified General
Real Estate Appraiser #30668*

First Appraisal Services, PLC
3420 E. Shea Boulevard, Suite 200
Phoenix, Arizona 85028

602.264-0011
info@azfas.com

**Reference:**

FAS 1.23-2930.00

Project: M6972 01X
Highway: Wickenburg – Phoenix Highway
Section: Thunderbird Road T.I.
Parcel: L-C-102



FIRST APPRAISAL SERVICES

3420 E. Shea Boulevard, Suite 200 | Phoenix | Arizona | 85028
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November 27, 2023

Mr. Jim Walcutt
Review Appraiser
Arizona Department of Transportation
Right of Way Operations Section
205 S. Seventeenth Avenue
Room 331, Mail Drop #612E
Phoenix, Arizona 85007

RE Project: M6972 01X
Highway: Wickenburg – Phoenix Highway
Section: Thunderbird Road T.I.
Parcel: L-C-102

Dear Mr. Walcutt:

In accordance with your request and authorization, I have prepared an appraisal of the property referenced above. I am pleased to present the narrative Appraisal Report transmitted by this letter, containing pertinent data related to the valuation of the property appraised.

The purpose of this appraisal is to provide an opinion of the market value of the property identified herein. The intended use of this appraisal is to assist in decisions regarding the possible sale or disposal of the property being appraised. The effective date for this appraisal assignment is November 3, 2023.

The subject property is a 1.647-acre tract of land located northwest of Grand Avenue and Thunderbird Road in the City of El Mirage. A physical inspection of the property was made on November 3, 2023, with Mr. Jim Walcutt representing the property owner present.

This appraisal report has been written in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation, the Code of Ethics of the American Society of Appraisers, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, the Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24, and the guidelines and standards of the Arizona Department of Transportation.



Mr. Jim Walcutt
Arizona Department of Transportation
November 27, 2023

The opinion of market value as defined and expressed herein is subject to the Underlying Assumptions and Limiting Conditions set forth in this report, as well as the appraiser's certification. There have been no extraordinary assumptions or hypothetical conditions made for this appraisal assignment.

The appraisal of the fee simple interest in the subject property is being presented in this report. As a result of my investigation and study, I am of the opinion that the market value of the appraised property, as of November 3, 2023, is:

EIGHT HUNDRED SIXTY-ONE THOUSAND DOLLARS

\$861,000.00

Thank you for the opportunity to be of service to you. If you have any questions or if we may be of any further assistance in this matter, please do not hesitate to call or write this office.

Respectfully submitted,

FIRST APPRAISAL SERVICES

Timothy A. Haskins, ASA
Arizona Certified General Real Estate Appraiser No. 30668

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Summary of Salient Facts and Conclusions

Client	Arizona Department of Transportation		
Client Reference	Project:	M6972 01X	
	Highway:	Wickenburg – Phoenix Highway	
	Section:	Thunderbird Road T.I.	
	Parcel:	L-C-102	
Date of Report	November 27, 2023	Limiting Conditions	See Addendum A
Report Format	Appraisal Report	Certification	See Page 56
Intended Use	Assist in the possible sale or disposal of the subject property		
Intended User(s)	Arizona Department of Transportation and Federal Highway Administration		

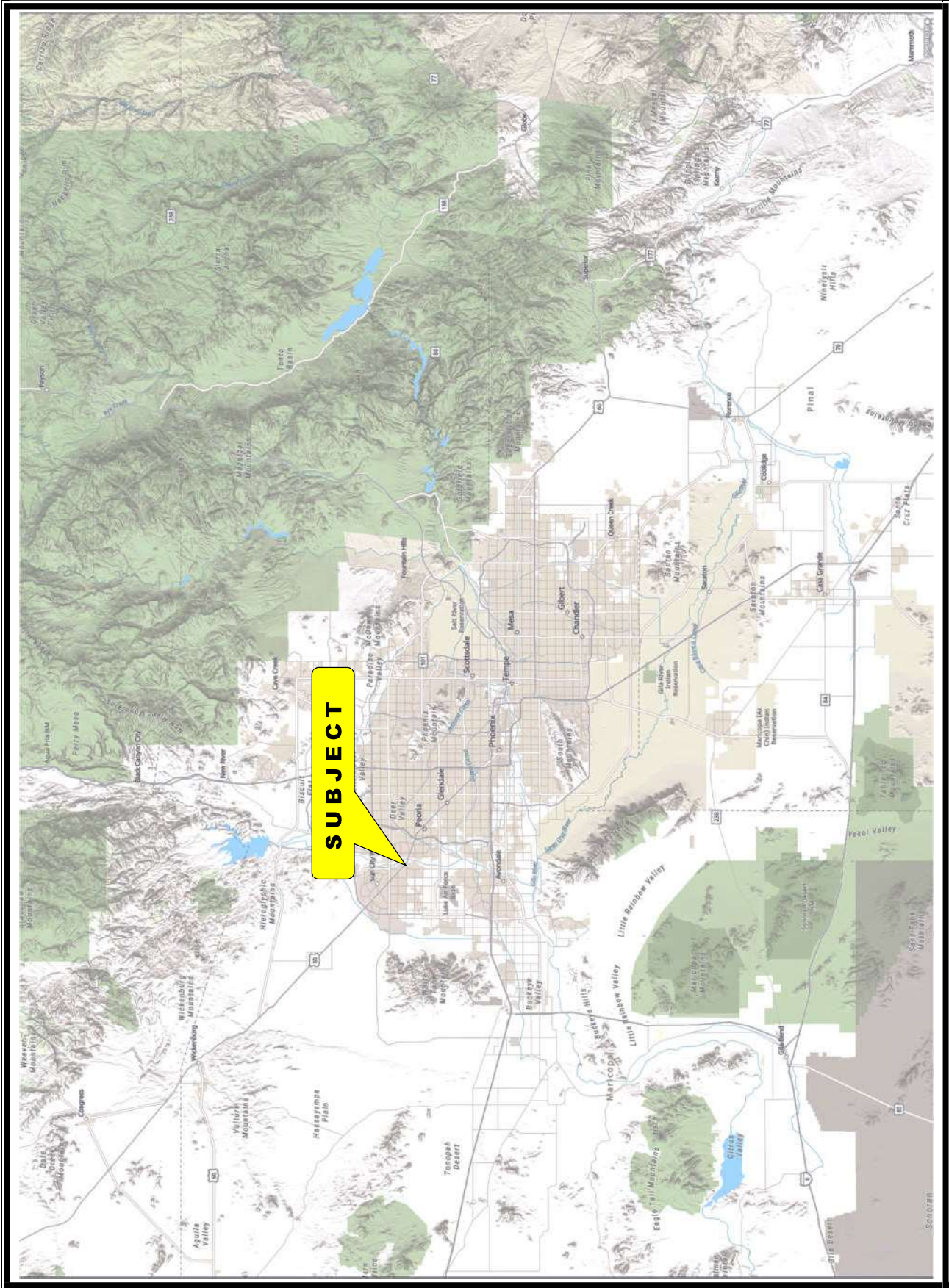
Property Information

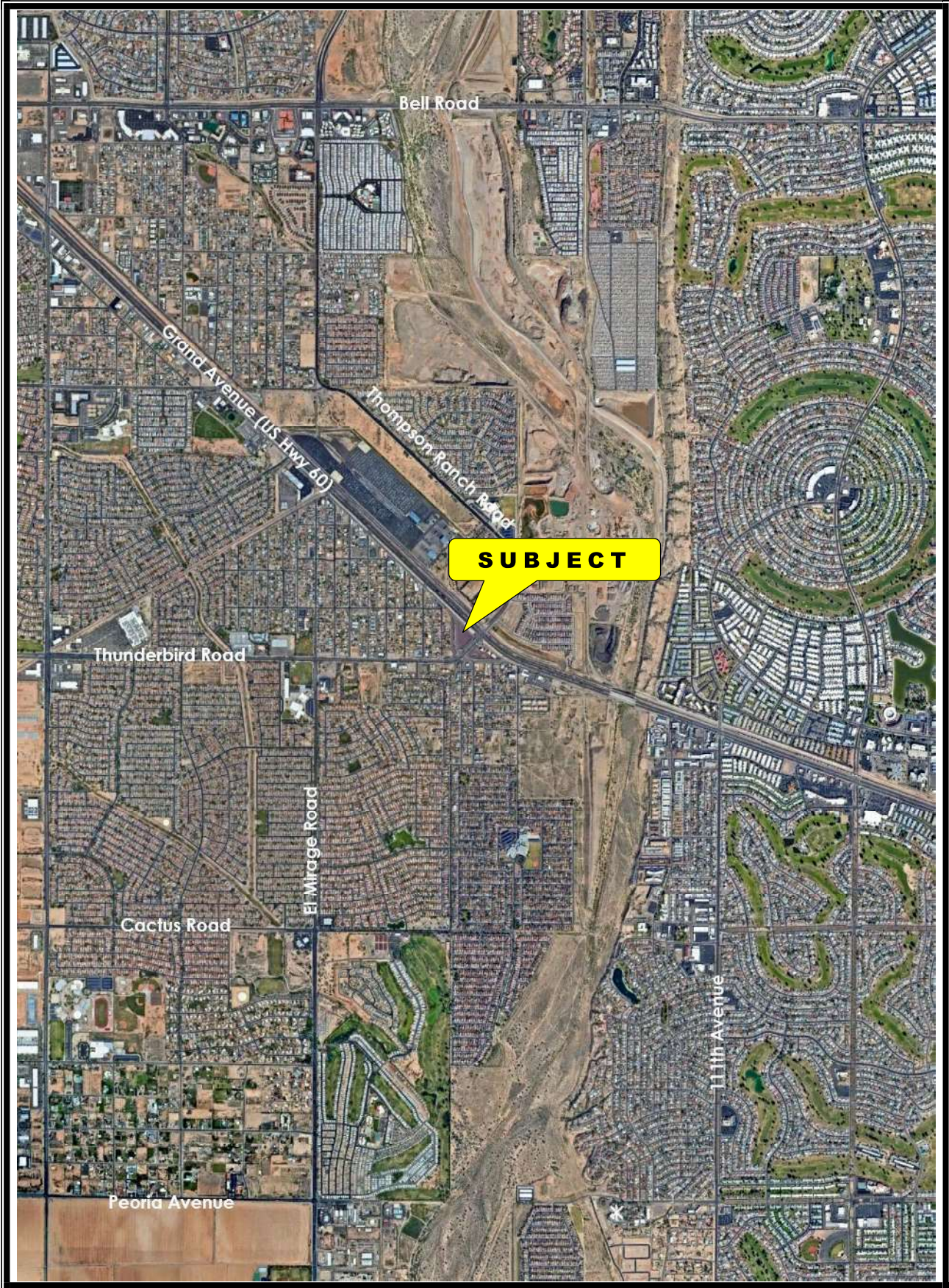
Ostensible Owner	Arizona Department of Transportation		
Location of Property	Northwest of Grand Avenue and Thunderbird Road		
Street Address	None Given	Township-Range	T3N-R1W
	El Mirage, Arizona	Section	12
County	Maricopa	Map Reference	101-150LH
Assessor Parcel Number(s)	Portions of:		
	501-25-037;	501-25-038;	501-25-039;
	501-25-041;	501-25-042;	501-25-043;
	501-25-045;	501-25-046;	501-25-047;
Site Area	71,740 square feet	Zoning District(s)	UC, Urban Corridor
	1.647 acres		City of El Mirage
		Flood Zone	Zone X
Present Use	Vacant Land		
Date of Inspection	November 3, 2023		

Valuation Information

Highest and Best Use		
As If Vacant:	Land Investment	
Effective Date	November 3, 2023	
Extraordinary Assumptions	None	
Hypothetical Conditions	None	
Indications of Value	Sales Comparison Approach.....	\$861,000.00
	Income Approach.....	Not Applicable
	Cost Approach	Not Applicable
Fee Simple Interest	Conclusion of Value	\$861,000.00









INTRODUCTION

Purpose and Scope of the Appraisal

Purpose

The purpose of this appraisal is to provide an opinion of the market value of the property identified on page 8, hereinafter referred to as the “subject property”. The intention of this appraisal service was that it was to be performed in such a manner that the results of the analysis, opinion, or conclusion would be that of a disinterested third party.

Intended Use, User and Client

The intended use of this appraisal is to assist in decisions regarding the possible sale or disposal of the property being appraised. The Arizona Department of Transportation and the Federal Highway Administration are the intended users of this appraisal. The appraiser’s client for this appraisal assignment is the Arizona Department of Transportation.

Definitions

Market Value

The decision of what value is being estimated is determined, at least in part, by the function of the appraisal and affects the scope of the appraisal. Different types of value that may be considered include market value, value in use, going-concern value, investment value, assessed value and insurable value. Considering the purpose of this appraisal, market value will be estimated in this appraisal and is defined as follows:

For the purposes of this article, “market value” means 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 of the uses and purposes to which it was adapted and for which it was capable.

Arizona Revised Statute 28-7091 [Title 28 Chapter 20 Article 6]

Exposure Time

The definition of exposure time used in this report is in accordance with the Appraisal Standards Board of the Appraisal Foundation. Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market, and is defined by the Appraisal Board as the,

an opinion, based on supporting market data, of the 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.¹

Based upon an analysis of the general market area and sales of similar property types in the area, normal exposure time for properties similar to the subject is estimated to be within a twelve-month time period.

¹ Uniform Standards of Professional Appraisal Practice, 2020-2023 Edition, The Appraisal Foundation

Significant Dates

Effective Date: November 3, 2023

The effective date of this appraisal, which is also referred to as the date of value, is the date to which an appraiser's analyses, opinions, and conclusions apply. The effective date of this appraisal, which is the date of valuation, is the most recent date of physical inspection by the appraiser.

Date of Inspection: November 3, 2023

The appraiser made a physical inspection of the property at approximately 11:00 am on November 3, 2023.

Date of Report: November 27, 2023

The date of the report is the date on which the report is transmitted to the Client.

Property Rights Appraised

In the appraisal of real property, there are many concepts that must be understood and applied. One of these concepts relates to the rights inherent in the ownership of real property.

Real property appraisal involves not only the identification and valuation of a variety of different rights, but also analysis of the many limitations on those rights and the effect that the limitations on the valuation.²

The fee simple title is regarded as an estimate without limitations or restrictions. Partial interests are created by selling, leasing, or otherwise limiting the "bundle of rights" in the fee simple estate, resulting in something less than the complete fee simple estate. An appraisal assignment may require the appraisal of fee simple title or a partial interest such as a leasehold estate or an easement. The three most common types of property rights involved in the appraisal process are defined below.³

Fee simple estate absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.

Leased fee estate the ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold estate the right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease.

The appraisal of the fee simple interest in the subject property is being presented in this report. Since there are no leases affecting the ownership of the subject property, there is no leased fee or leasehold estate to be considered.

² The Appraisal of Real Estate, 15th ed. (Chicago: Appraisal Institute, 2020) p59

³ The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022) p73 and p105

Scope of Work

The appraisal process is an orderly set of procedures that is undertaken to solve a problem concerning the value of real estate. These procedures help direct an appraiser to identify the particular appraisal problem and lead to reporting its solution to the client. The initial step in this process is the definition of the appraisal problem. This is accomplished through the identification of the real estate, the date of value to be utilized, the property rights to be appraised, and the type of value sought to be estimated.

After the appraisal problem is identified, general data on the market and the subject property is collected. This data includes information about the state, county, city, neighborhood, and the subject site and improvements. This information is then examined to conclude a highest and best use of the property being appraised. It is also during this stage in the process that any potentially applicable comparable cost, rental and sales market data is collected for analysis in the valuation of the subject property.

Area Analysis

Research during the preparation of this appraisal included a regional analysis as well as analysis of the more immediate area surrounding the subject property. Primary sources of information are cited within the body of this report and include the United States Census Bureau, the United States Department of Labor and Center for Business Research, the Arizona Department of Commerce, the Arizona Department of Economic Security, the Arizona State University Center for Real Estate Theory and Practice, the Eller College of Management Economic and Business Research Center at the University of Arizona, and various local and regional business publications.

Neighborhood data was gathered from several sources including a physical inspection of the area. Specific data pertaining to the metropolitan Phoenix real estate market was provided by several brokerage firms including CBRE, NAI Horizon, Lee & Associates, Cushman & Wakefield, Avison Young, Colliers International, and real estate agents, and brokers active in the market.

Property Description

Primary sources of information regarding the description of the subject property include a physical inspection of the property by the appraiser on November 3, 2023. The inspection of the site consisted of an observation of the property from the abutting roadways.

Zoning information and information relating to the availability of utility infrastructure was provided by the City of Glendale. Title information is based upon the Right of Way Disposal Report provided by the Client. Other sources of information utilized in this appraisal include the Office of the Maricopa County Recorder, Maricopa County Treasurer and Maricopa County Assessor, and the Federal Emergency Management Agency.

Market Data Information

The market data used in this appraisal was collected, in part, from real estate agents and brokers who are knowledgeable of the subject marketplace, local and regional publications, and CoStar Group. The appraiser researched comparable market transactions occurring within the subject market area and found sufficient data to estimate a reliable value of the subject property under appraisal. The market search for similar properties was specifically concentrated in the northwestern metropolitan Phoenix area. The analysis of the market incorporated both historic and current data.

After all the data is gathered, an analysis of the market and subject property is undertaken. This is done to gain an understanding of the market and the property to be appraised so that informed conclusions as to the value of the property can be formulated. One of the primary objectives of this analytical process is to assist the appraiser in determining the highest and best use of the property, as if vacant and as improved, if applicable. The data and analysis are then applied to the three traditional approaches to value: the cost approach, the sales comparison (or market) approach, and the income capitalization approach, if applicable.

The final step in the appraisal process is the reconciliation or correlation of the conclusions derived from the approaches to value utilized. In the reconciliation, the appraiser considers the relative applicability of each of the approaches and then examines the range provided by the indications of value from each applicable approach to value. The appraiser must consider the strengths and weaknesses of each approach and the reliability of each indicator as it relates to the property being appraised. The reconciled value may be stated as a single figure, a range, or a combination of both.

Under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice, an appraiser may communicate the results of an appraisal in either an “Appraisal Report” or a “Restricted Appraisal Report”. The primary difference between the report formats is who may rely on the appraisal. The Appraisal Report format was chosen for this appraisal assignment. The depth of discussion presented in this report is based upon the scope of the appraisal assignment and the stated intended use and users.

The scope of this report includes the accumulation and analysis of pertinent and sufficient market data in order to employ a meaningful and appropriate valuation methodology in the appraisal of the fee simple interest in the property that is the subject of this report. This appraisal report is written in accordance with the guidelines and standards of the Uniform Standards of Professional Appraisal Practice, the Code of Ethics of the American Society of Appraisers, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, the Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24, and the Arizona Department of Transportation.

Limiting Conditions

The underlying assumptions and limiting conditions pertaining to this report are contained in the “Certificate of Appraiser” immediately following the “Auditing Breakdown” section of this report, as well as found in Addendum A. These assumptions and limiting conditions are an integral part of the report and are only placed at the end to facilitate reading of the report, not to minimize their importance.

Extraordinary Assumptions and Hypothetical Conditions

Extraordinary assumptions and hypothetical conditions are conditions of the appraisal assignment that affect the scope of work. The intended users of this appraisal are cautioned that the use of the hypothetical conditions and extraordinary assumptions discussed below, if any, might have affected the assignment results.

The Appraisal Foundation defines an extraordinary assumption as, “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.”⁴ There have been no extraordinary assumptions made in the appraisal of the property for this assignment.

A hypothetical condition is, “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”, as defined by The Appraisal Foundation.⁵ The opinions and conclusions as stated within this report are not based upon any hypothetical conditions.

⁴ Uniform Standards of Professional Appraisal Practice, 2020-2023 Edition, The Appraisal Foundation

⁵ Uniform Standards of Professional Appraisal Practice, 2020-2023 Edition, The Appraisal Foundation



FACTUAL DATA

Identification of the Real Estate

The first step in the appraisal process is the definition of the appraisal problem, which includes the identification of the real estate to be appraised. There are several ways to identify a property, including by reference (if the property is named), by address and by the identity of a physical entity in a legal description.

The purpose of this section of the report is to identify the property only. A physical description of the property to be appraised can be found later in this report beginning on page 32 of this report. The property that is the subject of this report may be commonly identified as follows:

Location.....	Northwest of Grand Avenue and Thunderbird Road			
Street Address	None Given			
City, State, ZIP	El Mirage, Arizona 85335			
Assessor Parcel Number(s)	Portions of:			
	501-25-037;	501-25-038;	501-25-039;	501-25-040;
	501-25-041;	501-25-042;	501-25-043;	501-25-044;
	501-25-045;	501-25-046;	501-25-047;	501-25-097

Legal Description⁶

A portion of the Southeast quarter of Section 12, Township 3 North, Range 1 West of the Gila and Salt River Base and Meridian, Maricopa County, Arizona

Figure 1 – Aerial Photograph



⁶ A legal description has not been provided by the Client for this appraisal assignment

Ownership and Occupancy

Ostensible Owner

According to public records, the State of Arizona, by and through its Department of Transportation, holds title to the subject property as of the date of valuation. The current vesting of the subject property is established by Warranty Deed recorded with the Maricopa County Recorder on July 24, 1989, as document number 1989-0340029.

Five Year Sales History

Investigation of the public records fails to reveal any arm's length transactions involving the subject property within five years of the date of valuation. The appraiser has not discovered any evidence indicating that the subject property is currently offered for sale.

Occupancy

When analyzing the bundle of rights inherent to the subject property, tenancies of the property must be examined. Tenancy is created when real estate ownership is divided into property interests. This can result from co-ownership of real estate, or when the right to use and occupy a property is conveyed through a lease. Based upon a site visit, the occupancy of the property to be appraised as of the effective date of this appraisal is as follows:

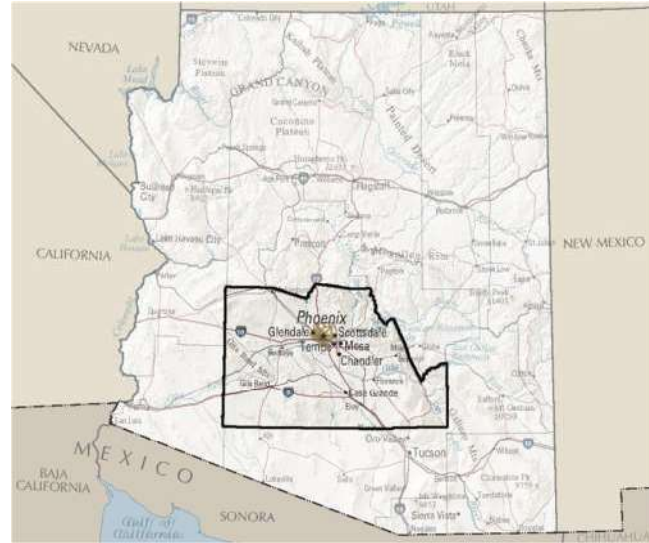
Vacant Land	<input checked="" type="checkbox"/>	Occupant(s):	- _____	Owner	<input type="checkbox"/>	Tenant	<input type="checkbox"/>
Unoccupied	<input type="checkbox"/>						

Regional Analysis

Location

The sunbelt state of Arizona is among the fastest growing in the nation with the majority of new residents moving into the metropolitan Phoenix area. Known informally as the “Valley of the Sun”, this area covers only eight percent of the state’s 113,909 square miles but encompasses most of the urban core of Maricopa County where 60 percent of Arizona’s population lives. This large population base exerts considerable economic and political influence over the balance of the state and contributes to making metropolitan Phoenix the largest trade center in the southwestern United States. Phoenix is the Arizona state capital.

Figure 2 – State Map



Geographically, Arizona can be generally divided into three physiographic regions. Much of the northern portion of the state is a semi-arid, mostly flat region of the Colorado Plateau. This region ranges in elevation between 5,000 and 8,000 feet in elevation. The southern edge of the plateau is defined by the Mogollon Rim which extends from northern Yavapai County eastward into New Mexico. The southern portion of the state, as well as a strip of land in the northwest part of the state, is within the Basin and Range Province region. This part of Arizona is characterized by wide desert plains alternating with steep, linear mountain ranges. Between the Basin and Range Province and the Colorado Plateau is a region of rugged mountainous terrain. This region, the Transition Zone, shares characteristics of the two other regions. The metropolitan Phoenix area is in the south-central portion of Arizona and primarily in the Basin and Range region.

The metropolitan Phoenix area is comprised of Maricopa County and Pinal County which cover an area of 14,596 square miles, of which approximately 103 square miles are water. Maricopa County and Pinal County have low mountain ranges, desert valleys and man-made lakes, with an extensive system of canals crisscrossing the agricultural districts. The U.S. Forest Service and Bureau of Land Management controls approximately 30% of the land, the State of Arizona controls 20%, 12% of the land area is within Indian Reservations, and another 12% of the land is other public land. Only 26% of the region is privately owned by individuals or corporations. The City of Florence is the Pinal County seat, and the City of Phoenix is the Maricopa County seat as well as the Arizona capital.

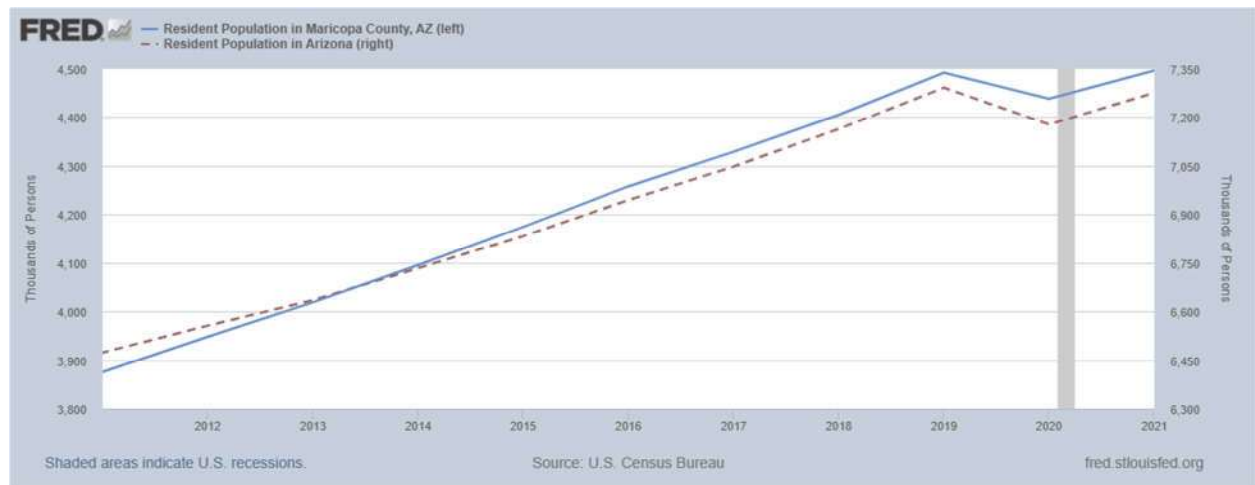
Population

Based upon the 2000 decennial census performed by the U.S. Bureau of Census, Arizona has a population 5,130,632 persons. The population of Arizona increased by 40.0% over the population estimate made in the 1990 census. Only the population of Nevada grew at a faster rate than Arizona during this decade. The 2020 Census population estimate for the State of Arizona by the U.S. Census Bureau is 7,151,502 and currently ranks as the 14th largest state in the nation by population.

Figure 3 – Historical Decennial Population Estimates⁷

	Arizona	Phoenix MSA
Census Estimates		
2020	7,151,502	5,059,909
2010	6,392,017	4,200,427
2000	5,130,632	3,251,876
1990	3,665,339	2,238,498
1980	2,716,546	1,600,093
1970	1,775,399	1,039,807

Figure 4 – Population Trend



The U.S. Bureau of Census defines the Phoenix-Mesa-Scottsdale Metropolitan Statistical Area (MSA) as both Maricopa and Pinal counties in central Arizona and has a 2020 population estimate of 5,059,909 persons. Approximately 91% of the MSA’s population, however, is in Maricopa County. Based upon U.S. Census Bureau data, Maricopa County is the most populous of Arizona’s counties with a 2020 estimate of 4,579,081 persons and has grown by approximately 19.8% since 2010.

The greater metropolitan Phoenix area is comprised of the cities of Phoenix, Mesa, Chandler, Glendale, Scottsdale, Gilbert, Tempe, Peoria, Surprise, Buckeye, Goodyear and numerous smaller communities. The City of Phoenix is the state’s largest municipality and fifth largest city in the United States with a 2022 estimated population of 1,657,035 while these other ten communities boast populations in excess of 100,000 each. The surrounding Maricopa County municipalities of Apache Junction, Avondale, El Mirage, Fountain Hills, Paradise Valley, and Queen Creek, each have a population of more than 10,000 persons. The cities of Casa Grande, Coolidge, Eloy, Florence and Maricopa, all within Pinal County, also have a population more than 10,000 persons.⁸

⁷ Source: U.S. Census Bureau (data.census.gov)

⁸ Source: Arizona Department of Administration, Office of Economic Opportunity(oeo.az.gov/)

Economic Trends

Figure 5 – GDP by State and Region

	Current-dollar gross domestic product								Real gross domestic product							
	(Millions of dollars)				Percent change from preceding period ¹				(Millions of chained (2012) dollars)				Percent change from preceding period ¹			
	2021	Seasonally adjusted at annual rates			2021	2022			2021	Seasonally adjusted at annual rates			2021	2022		
		Q1	Q2	Q3 ^a		Q2	Q3 ^a	Q1		Q2	Q3 ^a	Q2		Q3 ^a	Rank Q3	
United States	23,315,081	24,740,480	25,248,476	25,723,941	10.7	8.5	7.7	19,609,812	19,924,088	19,895,271	20,054,663	5.9	-0.6	3.2	
New England	1,221,039	1,286,078	1,295,723	1,321,189	9.5	3.0	8.1	1,011,338	1,031,578	1,024,371	1,031,315	6.3	-2.8	2.7	
Mideast	4,107,499	4,336,992	4,401,027	4,481,038	9.1	6.0	7.5	3,354,244	3,423,724	3,422,591	3,445,767	5.2	-0.1	2.7	
Great Lakes	3,056,083	3,255,114	3,308,326	3,361,436	10.1	6.7	6.6	2,543,643	2,596,259	2,582,849	2,591,224	6.1	-2.1	1.3	
Plains	1,450,801	1,537,981	1,571,795	1,597,269	9.4	9.1	6.6	1,209,836	1,220,619	1,215,719	1,220,892	4.3	-1.6	1.7	
Southeast	5,022,473	5,352,881	5,461,187	5,565,912	10.9	8.3	7.9	4,158,107	4,247,986	4,245,003	4,272,823	6.5	-0.3	2.6	
Southwest	2,796,714	3,043,846	3,172,719	3,234,615	13.6	18.0	8.0	2,452,810	2,486,173	2,491,512	2,535,497	3.8	0.9	7.3	
Arizona	420,027	446,397	453,602	463,654	9.9	6.6	9.2	347,656	355,309	353,566	356,966	6.3	-1.9	3.9	9	
New Mexico	109,583	118,292	122,359	123,819	10.9	14.5	4.9	93,625	94,307	93,750	94,739	1.2	-2.3	4.3	6	
Oklahoma	215,336	231,584	242,303	244,906	13.3	19.8	4.4	193,230	190,164	189,412	191,961	0.4	-1.6	5.5	3	
Texas	2,051,769	2,247,573	2,354,455	2,402,237	14.6	20.4	8.4	1,815,064	1,843,354	1,851,812	1,888,869	3.9	1.8	8.2	2	
Rocky Mountain	858,193	927,214	947,898	964,606	11.7	9.2	7.2	727,705	747,354	744,141	749,987	5.8	-1.7	3.2	
Far West	4,665,853	4,857,961	4,944,818	5,050,871	11.4	7.3	8.9	3,963,354	3,970,172	3,966,830	4,004,556	7.4	-0.3	3.9	

The state gross domestic product (GDP) is the sum of gross state product originating from all industries in Arizona. This is a measurement of the State’s output, which was estimated to be \$161,792 million in 2000. The Arizona GDP, the counterpart to the national gross domestic product, had been increasing prior to 2007. By 2008, the Arizona GDP had increased to \$261,128 million, but decreased to \$245,216 million in 2009. The Arizona GDP has been increasing since 2009 to its current level of \$453,602 million in the second fourth quarter of 2022.⁹ According to the Bureau of Economic Analysis website,

Real gross domestic product (GDP) increased in 47 states and the District of Columbia in the third quarter of 2022, with the percent change in real GDP ranging from 8.7 percent in Alaska to -0.7 percent in Mississippi, according to statistics released today by the U.S. Bureau of Economic Analysis (BEA).

Current-dollar GDP increased in all 50 states and the District of Columbia in the third quarter, with the percent change ranging from 10.4 percent in Oregon to 2.3 percent in North Dakota.

In the third quarter of 2022, as real GDP for the nation increased at an annual rate of 3.2 percent, real GDP increased in 16 of the 23 industry groups for which BEA prepares quarterly state estimates (table 2). Information services; professional, scientific, and technical services; and mining were the leading contributors to the increase in real GDP nationally.

- The mining industry was the leading contributor to the increases in real GDP in Alaska, Texas, Oklahoma, Wyoming, North Dakota, and New Mexico, the six states with the largest increases in real GDP, and in West Virginia, the state with the eighth-largest increase in real GDP.
- The information services industry increased in all 50 states and the District of Columbia (table 3). This industry was the leading contributor to the increase in 14 states.
- Professional, scientific, and technical services increased in 48 states and the District of Columbia and was the leading contributor to the increase in 5 states and the District of Columbia.
- The construction industry was the leading contributor to the decrease in Mississippi and Indiana, two of three states with decreases in real GDP. This industry also moderated increases in real GDP in 47 states and the District of Columbia.

⁹ United States Department of Commerce, Bureau of Economic Analysis; <https://www.bea.gov/sites/default/files/2022-12/stgdpqi3q22.xlsx>

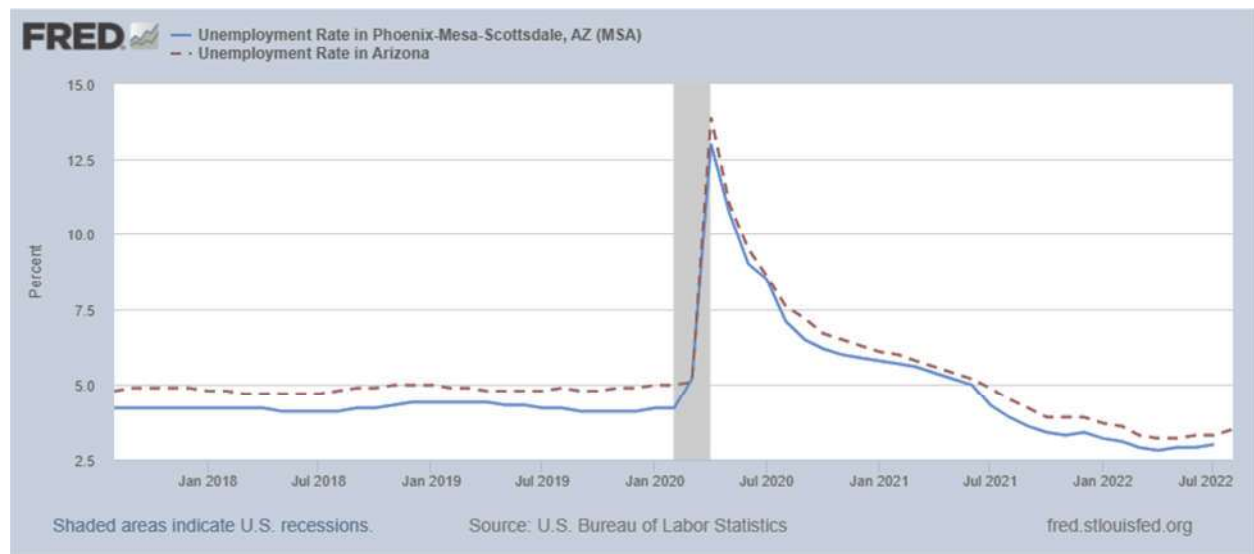
Labor Force and Employment

Figure 6 – Employment by Sector

by NAICS Codes	Businesses		Employees	
	Number	Percent	Number	Percent
Agriculture, Forestry, Fishing	406	0.3%	4,364	0.2%
Mining	104	0.1%	2,784	0.1%
Utilities	164	0.1%	4,806	0.3%
Construction	9,052	6.9%	104,236	5.5%
Manufacturing	4,264	3.2%	108,867	5.8%
Wholesale Trade	4,039	3.1%	71,861	3.8%
Retail Trade	17,625	13.4%	245,900	13.0%
Transportation & Information	1,958	1.5%	35,307	1.9%
Finance & Insurance	3,014	2.3%	56,822	3.0%
Real Estate, Rental & Management of Companies	7,671	5.8%	76,628	4.0%
Professional, Scientific & Administrative & Support & Educational Services	8,175	6.2%	96,416	5.1%
Health Care & Social	13,694	10.4%	124,857	6.6%
Arts, Entertainment & Accommodation & Food	207	0.2%	1,136	0.1%
Other Services (except Public Administration)	5,243	4.0%	63,813	3.4%
Public Administration	3,632	2.8%	162,711	8.6%
Unclassified Establishments	13,826	10.5%	227,997	12.0%
Total	2,873	2.2%	76,330	4.0%
	10,446	8.0%	200,246	10.6%
	14,236	10.8%	104,289	5.5%
	2,012	1.5%	112,793	6.0%
Unclassified Establishments	8,711	6.6%	11,094	0.6%
Total	131,352	100.0%	1,893,257	100.0%

Source: Copyright 2021 Data Axle, Inc. All rights reserved. Esri Total Residential Population forecasts for 2021.

Figure 7 – Phoenix-Mesa-Scottsdale MSA Unemployment Rate Trend



Historically, the principal industries in Arizona have been agriculture, mining, trade and services. Through the years, there has been a shift in the State’s industrial structure, with significant declines in mining and agriculture in relation to other sectors. Agriculture and mining remain significant forces in the local economy of some parts of rural Arizona. Principal industries of the region include retail trade, health care/social assistance, and accommodation/food services.¹⁰

¹⁰ Source: Copyright 2021 Data Axle, Inc. All rights reserved. Esri Total Residential Population forecasts for 2021. Published by STDB

The preliminary average monthly statewide total civilian labor force in June 2022 was estimated to be 3,577,764 persons with an average unemployment rate of 3.3% . The average monthly total civilian labor force was 2,542,313 for the Phoenix-Mesa-Scottsdale MSA, while the average unemployment rate was 2.9%.¹¹ Although the unemployment rate for the greater Phoenix area has increased from the twenty-year record low of 2.7% in the late 1990's, it has historically been below that of both the state and national averages. The unemployment rates for both the State and Phoenix-Mesa-Scottsdale Metropolitan Area have been generally decreasing since 2010, although conditions surrounding the COVID-19 pandemic resulted in a spike to 13.7% in April 2020.

Income and Wages

Figure 8 – Arizona Per Capita Personal Income by County

	Per capita personal income ¹				Percent change from preceding period		
	Dollars			Rank in state	Percent change		Rank in state
	2019	2020	2021	2021	2020	2021	2021
United States	56,250	59,765	64,143	--	6.2	7.3	--
Arizona	48,124	52,327	55,487	--	8.7	6.0	--
Apache	36,803	42,196	45,671	10	14.7	8.2	2
Cochise	41,557	46,909	49,096	5	12.9	4.7	13
Coconino	49,454	54,008	56,914	2	9.2	5.4	12
Gila	41,033	45,429	48,752	7	10.7	7.3	6
Graham	32,018	35,987	38,785	15	12.4	7.8	5
Greenlee	40,517	43,150	48,079	8	6.5	11.4	1
La Paz	43,174	46,286	49,933	4	7.2	7.9	4
Maricopa	52,032	56,255	59,759	1	8.1	6.2	10
Mohave	35,647	38,717	41,331	14	8.6	6.8	9
Navajo	33,756	38,524	41,680	13	14.1	8.2	3
Pima	45,996	50,131	52,942	3	9.0	5.6	11
Pinal	37,402	40,979	43,793	12	9.6	6.9	8
Santa Cruz	38,555	43,734	46,828	9	13.4	7.1	7
Yavapai	43,306	47,203	49,060	6	9.0	3.9	14
Yuma	37,624	42,732	44,299	11	13.6	3.7	15

Arizona’s nominal per capita personal income hit \$55,487 in 2021, according to the latest estimates from the U.S. Bureau of Economic Analysis (BEA). National per capita personal income was \$64,143. At \$58,308, per capita personal income in the Phoenix-Mesa metropolitan statistical area (Maricopa and Pinal Counties) is below the national level but above the state average.

¹¹ Arizona Commerce Authority, Office of Economic Opportunity (<https://www.azcommerce.com/oeo/labor-market/unemployment>)

Forecast Data

George W. Hammond, Ph.D., EBR Director with the Eller College of Management at The University of Arizona, reports¹²

ARIZONA RECENT DEVELOPMENTS

Inflation remains a key concern, with prices rising much faster in the Phoenix MSA than nationally. In October, U.S. inflation measured by the all-items Consumer Price Index for All Urban Consumers (CPIU) was 7.7% over the year. Prices in the Phoenix MSA rose even faster in October, up 12.1% over the year. Price increases in commodities have moderated slightly from their summer peak, but services inflation (which includes housing) continues at a very rapid pace, particularly in Phoenix.

Skyrocketing house prices have driven inflation in Phoenix well above the national average. They have also pushed housing affordability to very low levels in the third quarter of 2022. According to data from the NAHB-Wells Fargo Housing Opportunity Index, 22.5% of homes sold in the Phoenix MSA in the third quarter were affordable to a family making the median income. That was up slightly from 22.3% in the second quarter, but well below the national average of 42.2% and miles below Phoenix affordability in the fourth quarter of 2019 (64.9%).

Compared to February 2020, Arizona jobs were up by 103,800 in October. During that period, the strongest job gains were in trade, transportation and utilities, education and health services, manufacturing, financial activities, construction, and professional and business services. Jobs in government and leisure and hospitality remained well below their February 2020 level in October.

The state's seasonally-adjusted unemployment rate ticked up from 3.7% in September to 3.9% in October. That was slightly above the U.S. rate of 3.7%. Even so, the state's labor market remains very tight.

As of October, Tucson replaced 95.4% of the jobs lost during the first two months of the pandemic. Since February 2020, trade, transportation, and utilities has generated by far the most jobs, followed by manufacturing and education and health services. In contrast, professional and business services has lost the most, followed by government, leisure and hospitality, information. Jobs in other services, construction, and natural resources and mining are close to their February 2020 level.

Tight labor markets have driven strong wage gains. One key measure of wage/price pressures is the Employment Cost Index (ECI) from the U.S. Bureau of Labor Statistics. Overall compensation growth in the Phoenix MSA was 5.5% over the year in the third quarter, just above the U.S. at 5.2%. Even so, compensation growth was well below Phoenix inflation in the third quarter.

ARIZONA OUTLOOK

The outlook for Arizona, Phoenix, and Tucson depends in part on national and global economic events. The baseline forecast from IHS Markit calls for U.S. real GDP to increase by 1.7% in 2022 (annual average basis) before dropping by 0.5% in 2023. Growth rebounds to 1.3% in 2024 and again to 2.0% in 2025. On a quarterly basis, the forecast calls for real GDP to decline from the fourth quarter of 2022 through the second quarter of 2023. The peak-to-trough decline is 1.1%, which would be similar to the (relatively mild) early 1990s recession.

If the U.S. economy falls into recession, it will take the wind out of Arizona's sails. As Exhibit 3 shows, Arizona job growth decelerates from 3.8% in 2022 to 1.1% in 2023 and 1.6% in 2024.

Slowing job gains drive the state's unemployment rate up from 3.5% in 2022 to 5.2% in 2023 and 5.7% in 2024.

Nominal personal income growth is forecast to decelerate from 7.5% in 2021 to 2.6% in 2022, as federal pandemic-related income support ends. Income growth rebounds to a modest 4.5% in 2023 as wage gains decelerate with loosening labor markets.







Growth in nominal retail sales (including remote sales) decelerates from 19.9% in 2021 to 8.4% in 2022 and then to 1.2% in 2023 as negative real income growth, wealth effects (declining stock and real estate values), and reduced consumer confidence take their toll on consumers.







Population growth cycles up and down modestly in the near term, reflecting residual effects of the pandemic on net migration and natural increase (births minus deaths).

Skyrocketing mortgage rates, plummeting housing affordability, and slowing population growth combine to drive housing permit activity down from 65,334 in 2021 to 43,968 in 2024.

¹² Excerpts from Arizona's Economy, December 2022, University of Arizona Eller College of Management, Economic and Business Research Center

Figure 9 – Blue Chip Forecast, Greater Phoenix

2022 ANNUAL PERCENTAGE CHANGE						
	Population	Personal Income	Retail Sales	Wage & Salary Employment	Manufacturing Employment	Construction Employment
ASU Economic Outlook Center	1.7%	3.5%	10.0%	4.0%	5.0%	3.0%
EconLit LLC	1.7%	5.2%	6.5%	3.4%	2.9%	3.4%
Elliott D. Pollack & Co.	1.9%	4.0%	9.9%	3.8%	4.7%	2.8%
Hoyle Cohen	1.5%	5.0%	5.5%	3.5%	2.8%	3.1%
Joint Legislative Budget Committee	1.7%	6.0%	5.4%	2.1%	1.8%	5.0%
Rounds Consulting	1.8%	6.5%	12.0%	4.0%	3.5%	3.0%
Southwest Growth Partners	1.8%	4.2%	6.8%	4.6%	4.0%	3.2%
The Maguire Company	1.7%	6.0%	7.5%	5.2%	3.5%	2.2%
University of Arizona Eller College	2.0%	3.3%	8.6%	3.0%	3.7%	5.3%
Vision Econ/ Governing Star Group	1.5%	8.7%	11.2%	4.3%	5.2%	2.1%
CONSENSUS	1.7%	5.2%	8.3%	3.8%	3.7%	3.3%

2023 ANNUAL PERCENTAGE CHANGE						
	Population	Personal Income	Retail Sales	Wage & Salary Employment	Manufacturing Employment	Construction Employment
ASU Economic Outlook Center	1.7%	5.5%	4.0%	3.5%	4.0%	3.0%
EconLit LLC	1.8%	5.2%	5.4%	3.3%	2.5%	2.7%
Elliott D. Pollack & Co.	1.9%	3.5%	5.6%	3.2%	2.2%	1.8%
Hoyle Cohen						
Joint Legislative Budget Committee						
Rounds Consulting	1.8%	5.5%	6.0%	3.5%	3.0%	2.5%
Southwest Growth Partners	1.8%	4.2%	5.2%	3.8%	3.0%	2.5%
The Maguire Company	1.7%	6.0%	7.0%	5.0%	4.0%	2.5%
University of Arizona Eller College	1.8%	6.2%	3.7%	1.9%	2.3%	3.1%
Vision Econ/ Governing Star Group	1.4%	7.8%	10.5%	2.7%	3.1%	1.8%
CONSENSUS	1.7%	5.5%	5.9%	3.4%	3.0%	2.5%

<https://seidmaninstitute.com/wp-content/uploads/2021/11/GPBC-2021-Qtr-3>. <https://seidmaninstitute.com/wp-content/uploads/2022/10/GPBC-2022-Qtr-3.pdf>

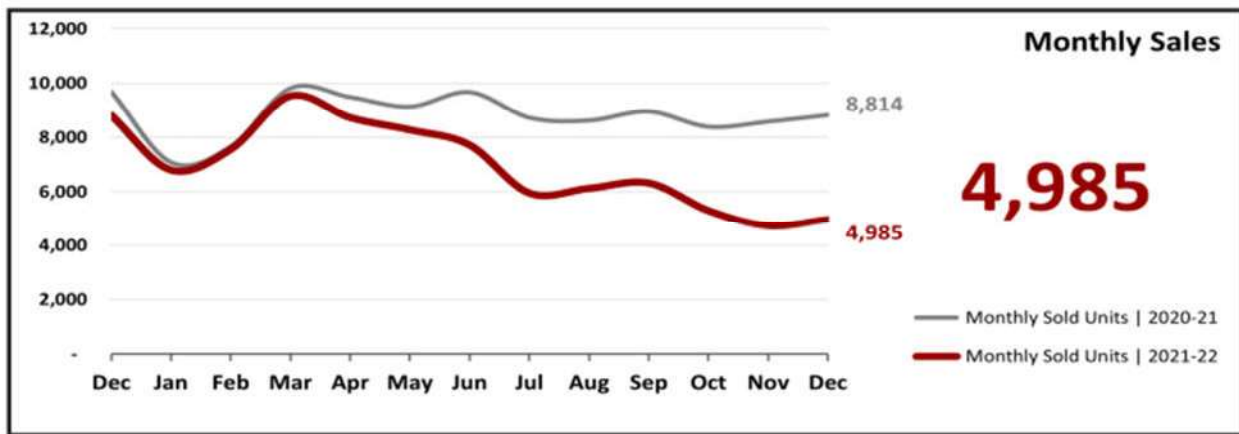
Real Estate Market Sectors

Single Family Housing Sector

Figure 10 – ARMLS Quarterly Housing Summary, 2022Q4

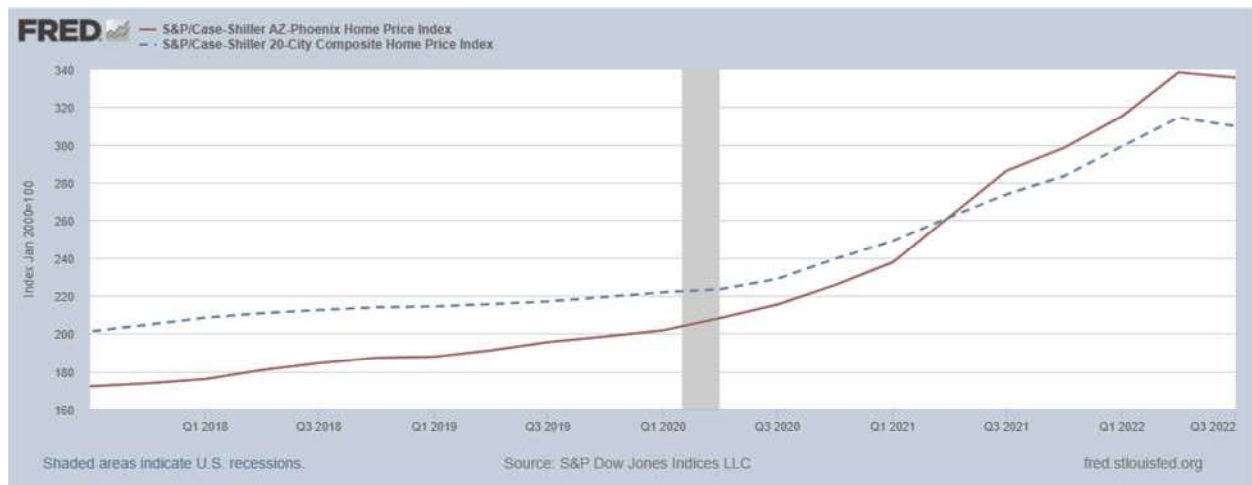
	Median Sales Price			Average Sales Price			Pct. of List Price Received			Days on Market		Closed Sales	
	Q4-2022	1-Yr Chg		Q4-2022	1-Yr Chg		Q4-2022	1-Yr Chg		Q4-2022	1-Yr Chg	Q4-2022	1-Yr Chg
Cochise	\$249,950	▲ 8.7%		\$264,000	▲ 4.8%		94.4%	▼ -2.9%		64	▲ 16.4%	362	▼ -33.0%
Maricopa	\$445,000	▲ 1.1%		\$556,952	▲ 2.5%		92.0%	▼ -7.8%		60	▲ 81.8%	12,236	▼ -42.7%
Pinal	\$355,000	▼ -4.1%		\$375,481	▼ -1.3%		91.6%	▼ -8.2%		66	▲ 106.3%	1,828	▼ -39.9%

Figure 11 – ARMLS Monthly Sales



Closed MLS sales with a close of escrow date from 12/1/22 to 12/31/22, 0 day DOM sales removed

Figure 12 – Case-Shiller Index



The Case-Shiller index refers to several indices that measure home prices across the United States on a point system (with January 2000 set at 100). The Case-Shiller U.S. National Home Price Index tracks prices of single-family homes in each of the nine U.S. Census divisions and is the leading measure of U.S. residential real estate prices, tracking changes in the value of residential real estate nationally.

Multifamily Housing Sector¹³

Figure 13 – CoStar Analytics Key Indicators and Submarkets, Multi-Family Market

KEY INDICATORS													
Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units						
4 & 5 Star	165,045	10.3%	\$1,818	\$1,797	1,441	2,475	20,351						
3 Star	136,123	8.4%	\$1,420	\$1,408	(211)	1,182	6,131						
1 & 2 Star	59,705	6.9%	\$1,086	\$1,078	(235)	0	1,230						
Market	360,873	9.0%	\$1,565	\$1,549	995	3,657	27,712						
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When						
Vacancy Change (YOY)	3.3%	8.6%	11.3%	12.8%	2009 Q4	5.0%	2021 Q3						
Absorption Units	2,551	5,108	5,408	16,067	2021 Q2	(3,967)	2007 Q4						
Delivered Units	15,246	5,794	8,764	13,922	2022 Q3	250	2011 Q3						
Demolished Units	0	183	201	699	2018 Q2	0	2022 Q3						
Asking Rent Growth (YOY)	-0.1%	3.1%	1.3%	21.2%	2021 Q3	-7.2%	2009 Q4						
Effective Rent Growth (YOY)	-0.5%	3.1%	1.2%	22.1%	2021 Q3	-7.1%	2009 Q4						
Sales Volume	\$14.4B	\$3.9B	N/A	\$18.6B	2022 Q2	\$340.5M	2009 Q1						
SUBMARKET INVENTORY													
No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	Units	% Market	Rank	Bldgs	Units	Percent	Rank	Bldgs	Units	Percent	Rank
1	Camelback	260	10,844	3.0%	12	3	58	0.5%	15	2	144	1.3%	15
2	Chandler	158	29,732	8.2%	7	2	434	1.5%	11	8	1,547	5.2%	7
3	Deer Valley	134	33,360	9.2%	6	3	869	2.6%	6	8	1,771	5.3%	6
4	Downtown Phoenix	868	39,117	10.8%	5	20	3,405	8.7%	1	20	4,878	12.5%	1
5	East Valley	514	44,618	12.4%	1	12	2,358	5.3%	2	15	2,916	6.5%	4
6	Gilbert	62	14,488	4.0%	9	6	713	4.9%	9	8	1,414	9.8%	9
7	North Phoenix	615	41,729	11.6%	4	3	95	0.2%	14	5	1,189	2.8%	10
8	North Scottsdale	86	17,650	4.9%	8	4	770	4.4%	8	7	1,507	8.5%	8
9	North West Valley	93	13,869	3.8%	10	5	1,114	8.0%	5	10	1,799	13.0%	5
10	Old Town Scottsdale	184	13,714	3.8%	11	6	849	6.2%	7	2	379	2.8%	14
11	South Phoenix	137	8,094	2.2%	13	4	446	5.5%	10	6	1,069	13.2%	11
12	South West Valley	346	44,160	12.2%	2	11	2,185	4.9%	3	16	3,408	7.7%	3
13	Southeast Valley	82	3,347	0.9%	14	2	128	3.8%	13	2	544	16.3%	13
14	Tempe	449	43,993	12.2%	3	7	1,544	3.5%	4	14	4,114	9.4%	2
15	West Maricopa County	38	2,158	0.6%	15	2	281	13.0%	12	4	1,033	47.9%	12

The Phoenix apartment market has seen a change of tides. During the pandemic, demand, rents, and supply climbed to unprecedented levels, transforming the area into one of the strongest apartment markets in the country. Starting in late 2021, however, market dynamics began to shift. The pace of absorption moderated at the same time construction activity ramped up, causing metrowide vacancy to push upward. The metro has seen negative net absorption in three of the past five quarters. As a result, rent growth is slowing considerably and concession usage is increasing.

¹³ CoStar Analytics, Phoenix, AZ, Multi-Family Market Report (generated December 20, 2022)

Just 2,600 units were absorbed in the past year versus a record high 15,000 delivered units. With supply outpacing demand, the vacancy rate is now at 9.0%. Landlords will still need to brace for a wave of deliveries over the next few quarters. The construction pipeline is robust and focused on top-tier rentals, which could disproportionately pressure performance at 4 & 5 Star properties. Additionally, the development of an emerging asset class, single-family build-to-rent product, is a growing trend worth monitoring.

Overall, the long-term outlook for fundamentals is supported by some of the country's strongest employment and household growth along with low levels of single-family inventory. Despite these robust demographics, single-family development has not kept pace, and pricing has soared. Phoenix has been a top market for home price appreciation for the past few years. Unwavering price escalation and the rapid rise in mortgage rates will continue to force some would-be homeowners into the renter pool.

About \$14.0 billion worth of apartments have traded in Phoenix in the past 12 months as investors continue to place capital here. Pricing has surged, and average cap rates have compressed to 3.9%, among the most rapid decline in yields across the country. Investors who were once overwhelmingly bullish on Phoenix are beginning to recalibrate amid lower returns, moderating property performance, and the uncertain economic outlook. The rise in interest rates is also playing a major factor. The higher cost of debt is making it more difficult for deals to pencil, especially for larger, luxury assets that typically trade at lower yields. Over the near term, rising interest rates coupled with lower rent growth projections will put upward pressure on metrowide cap rates and likely moderate investment activity.

Figure 14 – Historical Submarket Data, Multi-Family Market

Period	Vacancy Rate	Market Asking Rent/Unit	Annual Rent Growth	Inventory Units	Under Construction Units	% of Inventory	12 Month Absorp Units	Market Sale Price/Unit	12 Month Sales Vol	12 Month Sales Vol Growth	Market Cap Rate
2027	10.1%	\$1,709	2.6%	397,844	-	-	6,553	\$319,162	-	-	3.9%
2026	10.5%	\$1,665	3.1%	392,569	-	-	7,230	\$309,151	-	-	3.9%
2025	11.5%	\$1,614	2.7%	388,663	-	-	7,882	\$296,209	-	-	3.9%
2024	12.6%	\$1,572	0.4%	384,637	-	-	5,908	\$285,968	-	-	3.9%
2023	11.9%	\$1,566	0.3%	375,002	-	-	3,113	\$284,779	-	-	3.9%
2022 EST	9.6%	\$1,560	-0.5%	361,751	-	-	1,410	\$296,739	-	-15.4%	3.9%
2022 YTD	9.0%	\$1,565	-0.1%	360,873	27,712	7.7%	2,551	\$298,241	\$14,407,588,523	-	3.9%
2021	5.8%	\$1,569	20.7%	345,944	29,538	8.5%	11,171	\$271,047	\$15,715,979,956	145.1%	4.0%
2020	5.9%	\$1,299	5.3%	334,391	23,011	6.9%	9,908	\$210,717	\$6,412,869,864	-20.3%	4.4%
2019	6.6%	\$1,234	6.5%	326,245	14,951	4.6%	8,154	\$184,193	\$8,045,794,668	31.0%	4.8%
2018	6.6%	\$1,158	6.4%	317,291	13,429	4.2%	9,853	\$160,579	\$6,141,256,816	29.3%	5.1%
2017	7.1%	\$1,089	4.6%	308,394	15,426	5.0%	6,653	\$142,338	\$4,748,262,928	-7.6%	5.4%
2016	7.3%	\$1,041	4.6%	302,002	10,038	3.3%	4,876	\$131,361	\$5,141,097,841	44.2%	5.6%
2015	7.4%	\$995	5.8%	297,119	6,714	2.3%	6,789	\$121,520	\$3,565,176,334	33.7%	5.8%
2014	7.7%	\$941	3.5%	290,682	8,632	3.0%	6,466	\$110,016	\$2,667,154,490	4.6%	6.0%
2013	7.8%	\$909	2.6%	283,996	7,992	2.8%	3,875	\$100,021	\$2,548,999,514	0.4%	6.3%
2012	8.3%	\$886	2.5%	281,436	4,401	1.6%	3,993	\$97,618	\$2,538,336,630	79.9%	6.3%
2011	9.7%	\$864	1.4%	281,289	1,854	0.7%	3,443	\$93,989	\$1,411,235,759	30.4%	6.3%
2010	10.9%	\$852	1.7%	281,198	740	0.3%	5,474	\$86,648	\$1,082,142,746	98.9%	6.5%

Industrial Sector¹⁴

Figure 15 – CoStar Analytics Key Indicators and Submarkets, Industrial Market

KEY INDICATORS													
Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction						
Logistics	287,518,525	5.4%	\$11.08	14.0%	6,098,307	8,923,628	42,183,019						
Specialized Industrial	94,829,016	2.3%	\$12.03	2.7%	69,258	0	4,099,623						
Flex	34,296,986	7.9%	\$16.38	9.0%	105,251	49,585	140,056						
Market	416,644,527	4.9%	\$11.67	11.2%	6,272,816	8,973,213	46,422,698						
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When						
Vacancy Change (YOY)	0.2%	9.3%	7.0%	16.3%	2010 Q1	4.2%	2022 Q2						
Net Absorption SF	25.5M	7,454,384	17,738,698	26,321,669	2021 Q3	(6,648,743)	2009 Q3						
Deliveries SF	28.1M	8,084,206	22,568,321	22,929,362	2022 Q3	1,094,416	2011 Q2						
Rent Growth	16.3%	2.8%	5.0%	16.5%	2022 Q3	-9.1%	2009 Q4						
Sales Volume	\$4.6B	\$1.5B	N/A	\$6.5B	2022 Q2	\$340.7M	2009 Q3						
SUBMARKET INVENTORY													
No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Central Phoenix	363	4,452	1.1%	26	0	0	0%	-	0	-	-	-
2	Chandler	394	24,687	5.9%	6	9	1,136	4.6%	6	5	621	2.5%	8
3	Chandler Airport	134	7,814	1.9%	17	13	1,912	24.5%	5	14	1,266	16.2%	7
4	Chandler N/Gilbert	896	29,141	7.0%	4	49	4,389	15.1%	2	85	10,298	35.3%	2
5	Deer Vly/Pinnacle Pk	734	19,180	4.6%	9	9	398	2.1%	10	24	3,279	17.1%	4
6	Falcon Fld/Apache Jct	281	6,207	1.5%	22	6	274	4.4%	12	2	244	3.9%	15
7	Glendale	197	31,823	7.6%	3	23	10,529	33.1%	1	30	13,697	43.0%	1
8	Goodyear	224	26,469	6.3%	5	12	3,473	13.1%	3	21	9,293	35.1%	3
9	Grand Avenue	641	14,279	3.4%	12	3	741	5.2%	8	1	75	0.5%	16
10	Mesa	483	7,804	1.9%	18	0	0	0%	-	0	-	-	-
11	North Airport	654	14,271	3.4%	13	0	0	0%	-	3	508	3.6%	13
12	North Black Canyon	257	4,613	1.1%	24	0	0	0%	-	0	-	-	-
13	North Outlying	19	213	0.1%	29	0	0	0%	-	0	-	-	-
14	Northwest Outlying	3	39	0%	31	0	0	0%	-	0	-	-	-
15	Pinal County	426	12,326	3.0%	14	1	1,000	8.1%	7	1	540	4.4%	12
16	S Airport N of Roeser	525	16,085	3.9%	11	0	0	0%	-	0	-	-	-
17	S Airport S of Roeser	168	4,579	1.1%	25	0	0	0%	-	0	-	-	-
18	SC N of Salt River	700	16,364	3.9%	10	3	208	1.3%	13	3	276	1.7%	14
19	SC S of Salt River	142	2,669	0.6%	28	0	0	0%	-	0	-	-	-
20	Scottsdale Airpark	370	6,940	1.7%	20	0	0	0%	-	0	-	-	-
21	Scottsdale/Salt River	173	5,538	1.3%	23	0	0	0%	-	1	23	0.4%	17
22	Southwest Outlying	4	100	0%	30	0	0	0%	-	0	-	-	-
23	Surprise	160	4,411	1.1%	27	1	80	1.8%	15	7	548	12.4%	11
24	SW N of Buckeye Road	732	34,487	8.3%	2	3	109	0.3%	14	9	2,997	8.7%	5
25	SW S of Buckeye Road	333	20,136	4.8%	8	3	736	3.7%	9	5	572	2.8%	9
26	Tempe East	374	6,930	1.7%	21	1	283	4.1%	11	0	-	-	-
27	Tempe Northwest	345	11,075	2.7%	15	1	2	0%	16	0	-	-	-
28	Tempe Southwest	614	21,846	5.2%	7	0	0	0%	-	4	554	2.5%	10
29	Tolleson	284	47,138	11.3%	1	9	2,866	6.1%	4	6	1,632	3.5%	6
30	W Phx N of Thomas Rd	475	8,216	2.0%	16	0	0	0%	-	0	-	-	-
31	W Phx S of Thomas Rd	327	7,245	1.7%	19	0	0	0%	-	0	-	-	-

¹⁴ CoStar Analytics, Phoenix, AZ, Industrial Market Report (generated December 20, 2022)

The past two years were the best on record for Phoenix industrial properties, which helps to explain why the market now has one of the most aggressive construction pipelines in the U.S. The Valley's growing consumer base coupled with online retail's expanding market share drives demand for industrial space.

A key factor benefitting Phoenix industrial is the market's proximity to the ports of LA and Long Beach. The metro is one of the first major outlets for sorting imports that come in at West Coast ports, before driving them to their final destinations across the country. These factors together with the metro's robust and expanding population base are fueling industrial space demand among companies in the logistics, transportation, e-commerce, and construction industries. As a result, metrowide vacancy remains compressed at 5.0%, the lowest point on record. Phoenix has also become one of the most active data center markets in the country due to Arizona's tax incentive for data center development, robust power grid, and the limited risk of natural disasters.

A low cost of doing business and proximity to major regional markets, particularly in California, continues to draw industrial tenants to the market. Phoenix's average industrial rent is near the National Index but is roughly 35%-40% below average rents in nearby Los Angeles and Orange County.

Industrial investors continue to target the Phoenix market. Sales volume in the past 12 months reached an all-time high, outpacing the second-best year for transaction volume by a wide margin. Notable institutional and private out-of-state investors including the California State Teachers' Retirement System (CalSTRS) and Cohen Asset Management have been behind some sizable transactions over the past few quarters that have bolstered sales.

Figure 16 – Historical Submarket Data, Industrial Market

Period	Vacancy Rate	Market Rent/SF	Annual Rent Growth	Inventory SF	Under Construction SF	% of Inventory	12 Month Net Absorp SF	Market Sale Price/SF	12 Month Sales Vol	12 Month Sales Vol Growth	Market Cap Rate
2027	8.3%	\$13.66	1.1%	514,750,549	-	-	7,149,946	\$196	-	-	5.7%
2026	8.0%	\$13.51	1.6%	505,361,301	-	-	8,658,479	\$195	-	-	5.7%
2025	7.5%	\$13.30	2.5%	493,328,544	-	-	12,464,696	\$193	-	-	5.7%
2024	7.0%	\$12.97	2.5%	477,233,537	-	-	17,003,236	\$190	-	-	5.7%
2023	6.7%	\$12.65	7.5%	459,368,773	-	-	30,265,287	\$187	-	-	5.6%
2022 EST	4.4%	\$11.77	16.9%	417,077,637	-	-	27,437,782	\$177	-	-21.8%	5.5%
2022 YTD	5.0%	\$11.67	16.3%	417,077,637	46,422,698	11.1%	25,499,102	\$176	\$4,641,657,367	-	5.5%
2021	4.8%	\$10.07	12.9%	390,042,786	34,691,756	8.9%	22,788,022	\$149	\$5,508,536,745	88.1%	5.6%
2020	7.3%	\$8.92	7.1%	375,948,457	12,707,830	3.4%	16,280,715	\$126	\$2,927,837,707	12.3%	5.9%
2019	7.2%	\$8.33	6.2%	357,845,937	11,532,723	3.2%	5,250,045	\$113	\$2,606,937,949	26.1%	6.2%
2018	6.6%	\$7.84	5.7%	350,058,733	6,495,018	1.9%	8,510,880	\$100	\$2,066,791,533	56.2%	6.4%
2017	6.9%	\$7.42	4.7%	341,651,863	5,877,054	1.7%	11,028,836	\$92	\$1,322,829,005	-22.7%	6.5%
2016	8.4%	\$7.09	4.8%	334,981,781	4,513,114	1.3%	6,056,197	\$86	\$1,710,815,322	33.9%	6.6%
2015	9.1%	\$6.76	4.6%	331,093,605	4,480,633	1.4%	8,396,029	\$80	\$1,277,960,476	4.4%	6.8%
2014	10.2%	\$6.46	4.8%	325,632,755	5,146,219	1.6%	10,724,926	\$73	\$1,223,600,633	6.8%	7.1%
2013	11.6%	\$6.17	3.1%	318,589,401	5,931,385	1.9%	4,572,286	\$66	\$1,145,171,810	14.2%	7.4%
2012	11.3%	\$5.98	1.9%	312,476,017	7,342,244	2.3%	6,717,291	\$63	\$1,003,210,220	65.1%	7.5%
2011	12.7%	\$5.87	-2.6%	309,796,065	4,224,021	1.4%	6,959,932	\$61	\$607,500,301	-15.0%	7.7%
2010	14.9%	\$6.03	-6.9%	309,545,257	878,108	0.3%	4,073,058	\$59	\$714,381,464	89.3%	7.9%

Office Sector¹⁵

Figure 17 – CoStar Analytics Key Indicators and Submarkets, Office Market

KEY INDICATORS													
Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction						
4 & 5 Star	65,586,835	22.9%	\$33.74	26.4%	(581,245)	181,494	1,005,694						
3 Star	87,082,403	13.3%	\$26.82	16.0%	(91,699)	12,406	415,921						
1 & 2 Star	40,946,185	6.8%	\$21.43	7.8%	176,466	0	9,000						
Market	193,615,423	15.2%	\$28.05	17.8%	(496,478)	193,900	1,430,615						
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When						
Vacancy Change (YOY)	1.3%	14.6%	15.0%	20.4%	2011 Q1	8.8%	1999 Q3						
Net Absorption SF	(1.6M)	2,717,329	888,935	9,306,681	2006 Q2	(3,006,729)	2009 Q3						
Deliveries SF	1.2M	3,752,706	1,545,728	9,031,517	2007 Q4	164,044	2013 Q4						
Rent Growth	2.7%	1.4%	2.6%	11.2%	2006 Q3	-12.7%	2009 Q4						
Sales Volume	\$3.1B	\$2B	N/A	\$3.9B	2022 Q2	\$346.5M	2009 Q4						
SUBMARKET INVENTORY													
No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	44th Street Corridor	149	3,975	2.1%	19	0	0	0%	-	0	-	-	-
2	Airport Area	126	5,564	2.9%	14	0	0	0%	-	0	-	-	-
3	Arrowhead	384	4,821	2.5%	18	3	59	1.2%	6	0	-	-	-
4	Camelback Corridor	211	9,115	4.7%	8	1	181	2.0%	4	1	70	0.8%	7
5	Central Scottsdale	403	9,112	4.7%	9	1	12	0.1%	12	0	-	-	-
6	Chandler	542	12,867	6.6%	4	3	32	0.2%	9	0	-	-	-
7	Deer Valley/Airport	293	11,926	6.2%	5	0	0	0%	-	2	239	2.0%	2
8	Downtown	186	11,398	5.9%	6	0	0	0%	-	1	120	1.1%	4
9	Gateway Airport/Loop 202	307	2,899	1.5%	22	2	2	0.1%	14	1	45	1.6%	10
10	Glendale	211	3,667	1.9%	20	0	0	0%	-	0	-	-	-
11	Loop 303/Surprise	173	2,675	1.4%	24	0	0	0%	-	1	9	0.3%	12
12	Mesa Downtown	204	1,523	0.8%	27	0	0	0%	-	0	-	-	-
13	Mesa East	465	4,910	2.5%	17	0	0	0%	-	2	46	0.9%	9
14	Midtown	391	13,124	6.8%	3	0	0	0%	-	0	-	-	-
15	Midtown/Central Phoenix	503	5,990	3.1%	13	0	0	0%	-	1	90	1.5%	5
16	N Phoenix/Cave Creek	20	156	0.1%	30	0	0	0%	-	0	-	-	-
17	N Scottsdale/Carefree	196	1,903	1.0%	25	1	11	0.6%	13	0	-	-	-
18	North I-17	62	952	0.5%	28	1	42	4.4%	7	0	-	-	-
19	Northwest Outlying	36	138	0.1%	31	0	0	0%	-	0	-	-	-
20	Northwest Phoenix	845	11,086	5.7%	7	0	0	0%	-	1	80	0.7%	6
21	Paradise Valley	271	5,400	2.8%	15	0	0	0%	-	0	-	-	-
22	Piestewa Peak Corridor	203	3,453	1.8%	21	1	17	0.5%	11	0	-	-	-
23	Pinal County	281	1,694	0.9%	26	1	17	1.0%	10	1	6	0.3%	13
24	Scottsdale Airpark	397	14,036	7.2%	2	3	162	1.2%	5	2	182	1.3%	3
25	Scottsdale South	513	7,949	4.1%	10	1	244	3.1%	1	0	-	-	-
26	South Tempe/Ahwatukee	297	7,752	4.0%	11	0	0	0%	-	0	-	-	-
27	Southwest Outlying	35	307	0.2%	29	0	0	0%	-	0	-	-	-
28	Southwest Phoenix	208	4,994	2.6%	16	0	0	0%	-	0	-	-	-
29	Superstition Corridor	439	7,049	3.6%	12	2	41	0.6%	8	1	10	0.1%	11
30	Tempe	519	20,435	10.6%	1	1	184	0.9%	3	3	465	2.3%	1
31	West I-10	165	2,745	1.4%	23	5	232	8.4%	2	2	69	2.5%	8

¹⁵ CoStar Analytics, Phoenix, AZ, Office Market Report (generated December 20, 2022)

The Phoenix office market has yet to build consistent momentum as uncertainty surrounding the future of workplace configurations continues to weigh on demand. Some office tenants have become more comfortable locking in long-term leases in the past year, but record sublease availabilities act as a considerable counterweight. The concurrent rise in leasing and sublease activity indicates there is no one-size-fits-all solution for businesses operating post-pandemic.

Despite the recent negative absorption, Phoenix's office vacancy rate of 15.2% remains near its historical average. Demand is stronger for higher-quality space in Phoenix's marquee submarkets. These areas are more urban and can access a deep talent pool while offering desirable amenities. As a result, office rents in Phoenix continue to climb. However, landlords have been more amenable to offering concessions in exchange for longer lease terms.

Development has slowed in the past 24 months, partly due to the uncertainty of office demand moving forward. The amount of office space under construction is at its lowest level since 2017, reducing supply-side risk in the near term.

Figure 18 – Historical Submarket Data, Office Market

Period	Vacancy Rate	Market Rent/SF	Annual Rent Growth	Inventory SF	Under Construction SF	% of Inventory	12 Month Net Absorp SF	Market Sale Price/SF	12 Month Sales Vol	12 Month Sales Vol Growth	Market Cap Rate
2027	15.0%	\$31.93	1.9%	200,800,049	-	-	1,402,434	\$266	-	-	7.1%
2026	14.9%	\$31.33	2.5%	198,893,058	-	-	1,378,163	\$261	-	-	7.1%
2025	14.8%	\$30.55	3.5%	197,124,908	-	-	1,314,594	\$254	-	-	7.1%
2024	14.9%	\$29.53	3.1%	195,692,559	-	-	1,477,895	\$244	-	-	7.1%
2023	15.3%	\$28.65	2.0%	194,879,171	-	-	828,070	\$234	-	-	7.2%
2022 EST	15.2%	\$28.08	2.7%	193,615,423	-	-	(1,648,600)	\$233	-	-13.5%	7.1%
2022 YTD	15.2%	\$28.05	2.7%	193,615,423	1,430,615	0.7%	(1,560,470)	\$233	\$3,088,725,936	-	7.1%
2021	13.9%	\$27.35	5.1%	192,632,094	1,538,657	0.8%	(217,674)	\$228	\$3,399,618,117	120.3%	7.1%
2020	12.8%	\$26.01	1.1%	190,527,015	3,075,916	1.6%	(123,281)	\$216	\$1,543,031,502	-50.7%	7.2%
2019	11.4%	\$25.74	5.0%	187,683,473	3,972,070	2.1%	3,920,155	\$209	\$3,128,094,026	4.5%	7.3%
2018	12.2%	\$24.51	3.5%	184,907,746	4,516,243	2.4%	3,568,051	\$197	\$2,994,013,440	11.0%	7.3%
2017	13.7%	\$23.68	4.7%	183,892,580	2,391,407	1.3%	2,847,726	\$188	\$2,697,569,337	19.2%	7.2%
2016	14.5%	\$22.62	6.2%	182,102,424	2,380,870	1.3%	4,039,516	\$183	\$2,262,752,844	-29.6%	7.2%
2015	15.5%	\$21.29	7.2%	179,567,537	3,021,368	1.7%	4,312,139	\$174	\$3,214,150,536	77.5%	7.2%
2014	16.5%	\$19.86	5.1%	176,424,186	3,975,008	2.3%	2,445,790	\$163	\$1,811,008,239	24.5%	7.3%
2013	17.6%	\$18.89	2.7%	175,895,764	2,724,487	1.5%	1,636,507	\$154	\$1,454,613,251	3.2%	7.5%
2012	18.7%	\$18.40	-1.0%	176,134,535	220,869	0.1%	3,024,455	\$151	\$1,409,527,333	-1.7%	7.7%
2011	19.8%	\$18.58	-3.5%	174,845,307	1,133,569	0.6%	1,104,565	\$152	\$1,434,378,444	154.9%	7.7%

Retail Sector¹⁶

Figure 19 – CoStar Analytics Key Indicators and Submarkets, Retail Market

KEY INDICATORS													
Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction						
Malls	15,990,593	9.4%	\$28.52	5.8%	479,464	0	0						
Power Center	32,315,785	3.6%	\$24.67	4.0%	356,313	272,954	6,000						
Neighborhood Center	91,068,288	6.4%	\$21.48	7.2%	371,033	32,676	234,413						
Strip Center	14,096,439	5.2%	\$19.51	6.3%	77,232	0	254,461						
General Retail	81,721,899	3.1%	\$21.29	3.2%	287,034	186,737	1,384,780						
Other	2,313,488	11.6%	\$21.34	11.8%	(10,168)	0	0						
Market	237,506,492	5.1%	\$22.20	5.3%	1,560,908	492,367	1,879,654						
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When						
Vacancy Change (YOY)	-1.6%	8.6%	5.3%	12.4%	2011 Q1	5.1%	2022 Q4						
Net Absorption SF	5M	2,616,166	2,176,400	11,151,935	2007 Q3	(2,956,851)	2009 Q3						
Deliveries SF	1.8M	3,238,083	2,588,105	12,846,725	2007 Q4	658,683	2011 Q2						
Rent Growth	7.2%	0.1%	2.3%	7.9%	2022 Q3	-8.9%	2009 Q3						
Sales Volume	\$3.7B	\$1.7B	N/A	\$3.9B	2022 Q3	\$436.7M	2010 Q3						
SUBMARKET INVENTORY													
No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Ahwatukee Foothills	189	3,266	1.4%	20	1	1	0%	31	0	-	-	-
2	Airport Area	438	3,994	1.7%	17	3	86	2.1%	7	0	-	-	-
3	Anthem	144	2,713	1.1%	24	2	50	1.9%	13	0	-	-	-
4	Apache Junction	191	2,309	1.0%	26	8	56	2.4%	12	5	45	1.9%	9
5	Carefree	158	1,898	0.8%	29	1	2	0.1%	30	0	-	-	-
6	Central Scottsdale	1,001	16,901	7.1%	4	4	16	0.1%	18	1	3	0%	21
7	Chandler	853	16,985	7.1%	3	3	10	0.1%	23	0	-	-	-
8	Ctr Peoria/Arrowhead	494	10,534	4.4%	8	3	38	0.4%	15	0	-	-	-
9	Deer Valley	165	2,230	0.9%	27	5	13	0.6%	20	1	1	0%	24
10	Downtown Phoenix	967	8,466	3.6%	11	1	5	0.1%	28	4	115	1.4%	4
11	East Phoenix	807	8,957	3.8%	10	5	42	0.5%	14	1	3	0%	19
12	Fountain Hills	93	768	0.3%	34	0	0	0%	-	0	-	-	-
13	Gateway Airport	183	2,978	1.3%	22	14	83	2.8%	8	9	76	2.5%	6
14	Gila River Outlying	9	357	0.1%	35	0	0	0%	-	0	-	-	-
15	Gilbert	975	17,029	7.2%	2	24	259	1.5%	2	13	139	0.8%	3
16	Glendale	895	11,539	4.9%	7	9	99	0.9%	6	4	81	0.7%	5
17	Goodyear	277	4,074	1.7%	16	4	11	0.3%	22	3	186	4.6%	2
18	Laveen	100	1,659	0.7%	31	4	66	4.0%	10	4	23	1.4%	12
19	Loop 101/I-10	169	3,153	1.3%	21	2	15	0.5%	19	1	3	0.1%	20
20	N Goodyear/Litchfield	286	6,210	2.6%	14	16	121	1.9%	4	16	942	15.2%	1
21	N Phoenix/I-17 Corr	932	16,162	6.8%	5	12	69	0.4%	9	1	1	0%	24
22	NE Outlying Maricopa	4	16	0%	37	0	0	0%	-	0	-	-	-
23	North Buckeye	18	258	0.1%	36	3	18	6.8%	17	2	46	17.7%	8
24	North Scottsdale	636	13,838	5.8%	6	0	0	0%	-	0	-	-	-
25	Outlying Pinal County	952	9,115	3.8%	9	8	119	1.3%	5	1	5	0.1%	18
26	Queen Creek	144	2,576	1.1%	25	6	301	11.7%	1	6	67	2.6%	7
27	Red Mountain/Mesa	2,009	31,305	13.2%	1	18	146	0.5%	3	5	18	0.1%	14
28	South Buckeye	159	1,659	0.7%	30	4	61	3.7%	11	1	8	0.5%	16
29	South Mountain	112	1,642	0.7%	32	0	0	0%	-	3	11	0.7%	15
30	South Phoenix	322	1,901	0.8%	28	1	3	0.2%	29	0	-	-	-
31	South Scottsdale	356	3,308	1.4%	19	3	8	0.3%	24	1	39	1.2%	11
32	Sun City	280	3,955	1.7%	18	1	7	0.2%	26	2	2	0.1%	22
33	Surprise/North Peoria	345	5,639	2.4%	15	1	6	0.1%	27	1	5	0.1%	17
34	Tempe	547	8,246	3.5%	13	3	7	0.1%	25	3	19	0.2%	13
35	Tolleson	296	2,874	1.2%	23	3	11	0.4%	21	4	41	1.4%	10
36	W Outlying Maricopa	137	835	0.4%	33	0	0	0%	-	0	-	-	-
37	West Phoenix/Maryvale	543	8,379	3.5%	12	3	34	0.4%	16	1	2	0%	23

A resilient local economy coupled with robust job and population growth in recent quarters has positioned the Phoenix retail market to be able to weather a potential economic storm. Property performance has improved dramatically in the last 12 months, driven by expanding retailers and limited new supply. Overall, leasing activity is elevated, and investors are searching The Valley for quality assets.

Phoenix was among the hardest hit metros during the global financial crisis and had a sluggish road to recovery in the years after. On the contrary, during the COVID-19 economic disruption, the metro was a performance standout, rebounding much quicker than most other markets. Residents from across the country were moving to Phoenix in droves seeking jobs and housing affordability. The influx of residents supported demand for home and necessity goods. These positive forces, coupled with the metro's existing demographic drivers, put steady downward pressure on vacancy and accelerated rent growth. Average retail rents in Phoenix are up 7.2% in the last year, versus the national average of 3.9%.

The moderated development pipeline and demolition of outdated space has also played a key role in re-establishing the balance between supply and demand. Builders have kept overall construction activity largely in check, and most of the new space is being built with a tenant already in place.

Strong property performance, higher yields, and a positive long-term outlook are attracting investors to Phoenix at an aggressive pace. In the past year, about \$3.5 billion worth of retail assets have traded in the market, the strongest 12-month period of investment volume on record. Out-of-state buyers, particularly from California, and 1031 exchanges are driving transaction activity. Moving forward, high interest rates could weigh on transaction activity as the spread between yields and capital costs narrows.

Figure 20 – Historical Submarket Data, Retail Market

Period	Vacancy Rate	Market Rent/SF	Annual Rent Growth	Inventory SF	Under Construction SF	% of Inventory	12 Month Net Absorp SF	Market Sale Price/SF	12 Month Sales Vol	12 Month Sales Vol Growth	Market Cap Rate
2027	6.0%	\$23.98	0.5%	249,455,835	-	-	1,389,727	\$248	-	-	6.7%
2026	5.7%	\$23.85	0.6%	247,221,141	-	-	1,629,785	\$247	-	-	6.7%
2025	5.5%	\$23.70	1.1%	244,877,593	-	-	1,817,457	\$247	-	-	6.7%
2024	5.2%	\$23.45	1.5%	242,361,552	-	-	1,784,147	\$245	-	-	6.7%
2023	5.0%	\$23.11	4.0%	239,731,049	-	-	1,809,373	\$242	-	-	6.7%
2022 EST	5.0%	\$22.23	7.2%	237,864,897	-	-	5,132,017	\$234	-	3.7%	6.6%
2022 YTD	5.1%	\$22.19	7.2%	237,834,897	1,879,654	0.8%	4,967,529	\$233	\$3,676,571,042	-	6.6%
2021	6.6%	\$20.73	5.6%	236,527,498	1,489,756	0.6%	2,003,008	\$218	\$3,245,288,924	119.6%	6.7%
2020	7.5%	\$19.64	1.9%	236,781,673	1,012,882	0.4%	706,717	\$202	\$1,477,782,268	-32.2%	6.8%
2019	6.9%	\$19.27	3.8%	234,292,429	2,781,936	1.2%	1,332,846	\$193	\$2,180,357,834	13.6%	7.0%
2018	7.0%	\$18.57	2.4%	233,218,927	1,013,392	0.4%	2,208,550	\$183	\$1,919,998,421	37.6%	7.2%
2017	7.4%	\$18.13	2.9%	231,734,025	1,246,879	0.5%	3,958,697	\$182	\$1,395,566,695	-35.1%	7.1%
2016	8.1%	\$17.62	1.8%	229,082,209	1,892,188	0.8%	2,744,795	\$178	\$2,151,916,683	3.0%	7.0%
2015	8.6%	\$17.30	3.5%	227,275,049	1,506,006	0.7%	2,671,222	\$174	\$2,088,353,425	30.4%	7.1%
2014	9.4%	\$16.72	1.8%	226,293,258	936,853	0.4%	2,110,260	\$163	\$1,600,943,206	36.6%	7.3%
2013	10.2%	\$16.42	-0.3%	226,084,954	654,125	0.3%	2,929,441	\$147	\$1,171,776,480	-24.1%	7.6%
2012	11.1%	\$16.47	-2.6%	224,874,414	826,568	0.4%	2,653,027	\$148	\$1,543,708,739	23.0%	7.6%
2011	11.9%	\$16.92	-6.6%	224,122,582	1,225,387	0.5%	817,768	\$142	\$1,255,073,114	172.6%	7.8%
2010	12.1%	\$18.11	-7.9%	223,587,052	690,899	0.3%	(208,538)	\$142	\$460,440,935	-10.8%	7.9%

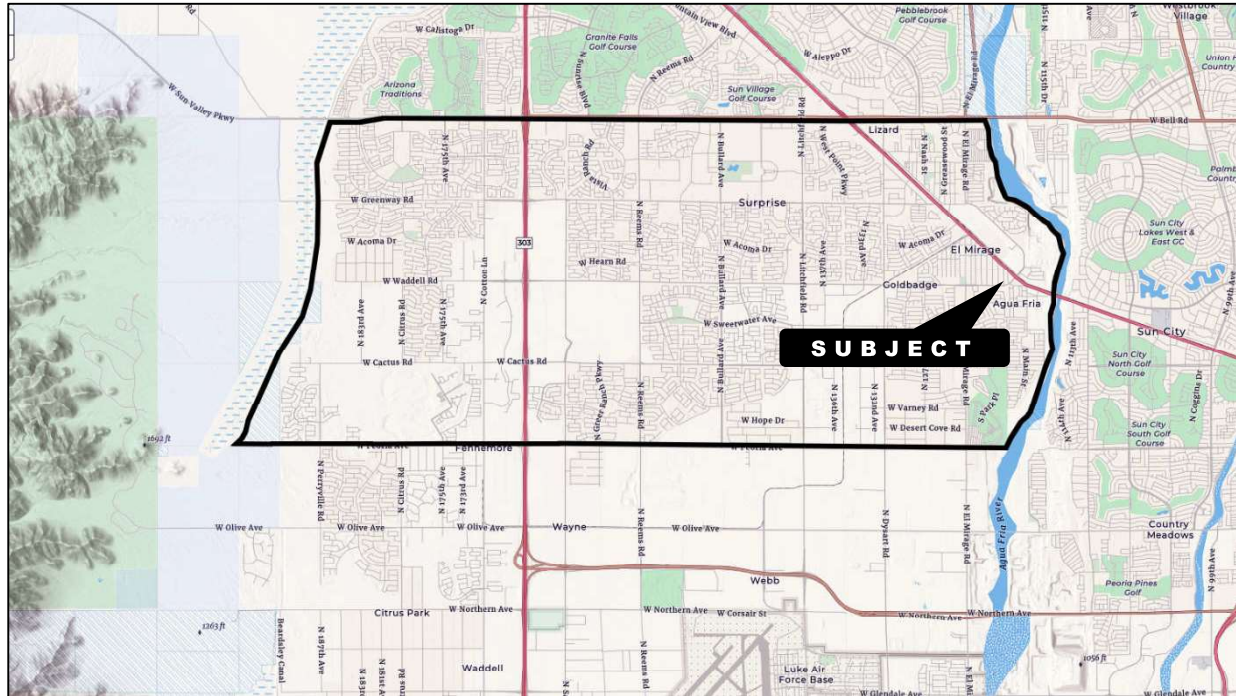
¹⁶ CoStar Analytics, Phoenix, AZ, Retail Market (December 20, 2022)

Neighborhood Analysis

Location

The subject property is located north of Thunderbird Road and west of Grand Avenue (US Highway 60) within the City of El Mirage. Situated approximately eighteen miles northwest of the downtown central business district of the City of Phoenix, the location of the subject property is graphically illustrated on the map in Figure 21.

Figure 21 – Location Map



Arizona State Land Department Parcel Viewer

The subject neighborhood is generally bounded by Bell Road to the north, Peoria Avenue to the south, the Agua Fria River to the east, and the White Tank Mountain Regional Park to the west. This area encompasses approximately thirty-six square miles within the cities of Surprise, El Mirage, and unincorporated areas of Maricopa County. The boundaries of the subject neighborhood, which represents a portion of the market area, encompass an area considered influential on the property to be appraised, given the types, visibility, accessibility, utility and overall consistency and similarity of uses.

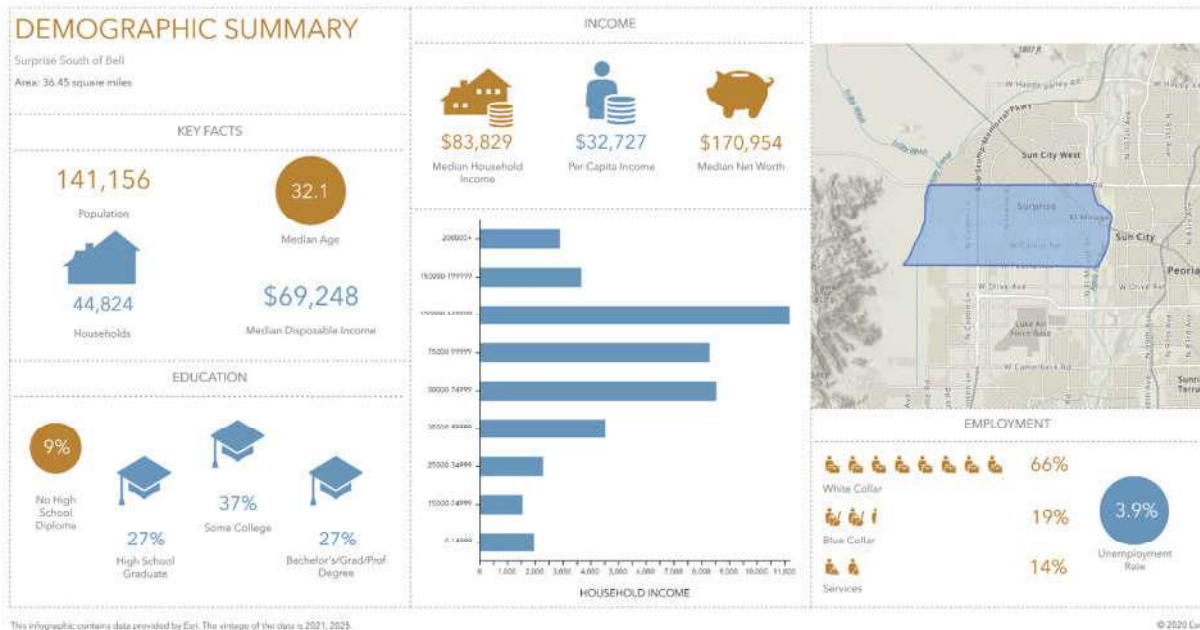
The topography of the area is a relatively flat and level area of the metropolitan Phoenix area. Most of the subject neighborhood gently slopes away from the White Tank Mountains to the west toward the Agua Fria River to the east. The convergence of the Agua Fria River and New River is located a short distance southeast of the subject neighborhood, located south of Bethany Home Road and west of 107th Avenue. These rivers are typically dry, but are ephemeral in nature and flow during periods of heavy rainfall. The elevation of the area is generally between 1,100 feet above sea level to 1,330, although the western two miles of the neighborhood rises to approximately 1,500 feet above sea level at the eastern slopes of the White Tank Mountains.

Demographics

Figure 22 – Demographic Summary

Summary	Census 2010	Census 2020	2023	2028
Population	113,042	135,285	141,156	147,882
Households	35,299	42,397	44,824	47,541
Families	27,992	33,433	35,170	37,300
Average Household Size	3.20	3.16	3.12	3.09
Owner Occupied Housing Units	25,303	29,966	32,574	34,488
Renter Occupied Housing Units	9,996	12,431	12,250	13,053
Median Age	29.8	34.0	32.1	31.1
Trends: 2023-2028 Annual Rate		Area	State	National
Population		0.94%	0.53%	0.30%
Households		1.18%	0.76%	0.49%
Families		1.18%	0.78%	0.44%
Owner HHs		1.15%	0.97%	0.66%
Median Household Income		3.19%	3.00%	2.57%
Households by Income		2023	2028	
		Number	Percent	Number
<\$15,000		1,958	4.4%	1,463
\$15,000 - \$24,999		1,544	3.4%	1,178
\$25,000 - \$34,999		2,277	5.1%	1,803
\$35,000 - \$49,999		4,515	10.1%	3,785
\$50,000 - \$74,999		8,529	19.0%	7,642
\$75,000 - \$99,999		8,285	18.5%	8,388
\$100,000 - \$149,999		11,160	24.9%	13,577
\$150,000 - \$199,999		3,659	8.2%	5,435
\$200,000+		2,892	6.5%	4,265
Median Household Income		\$83,829		\$98,068
Average Household Income		\$103,045		\$121,867
Per Capita Income		\$32,727		\$39,181

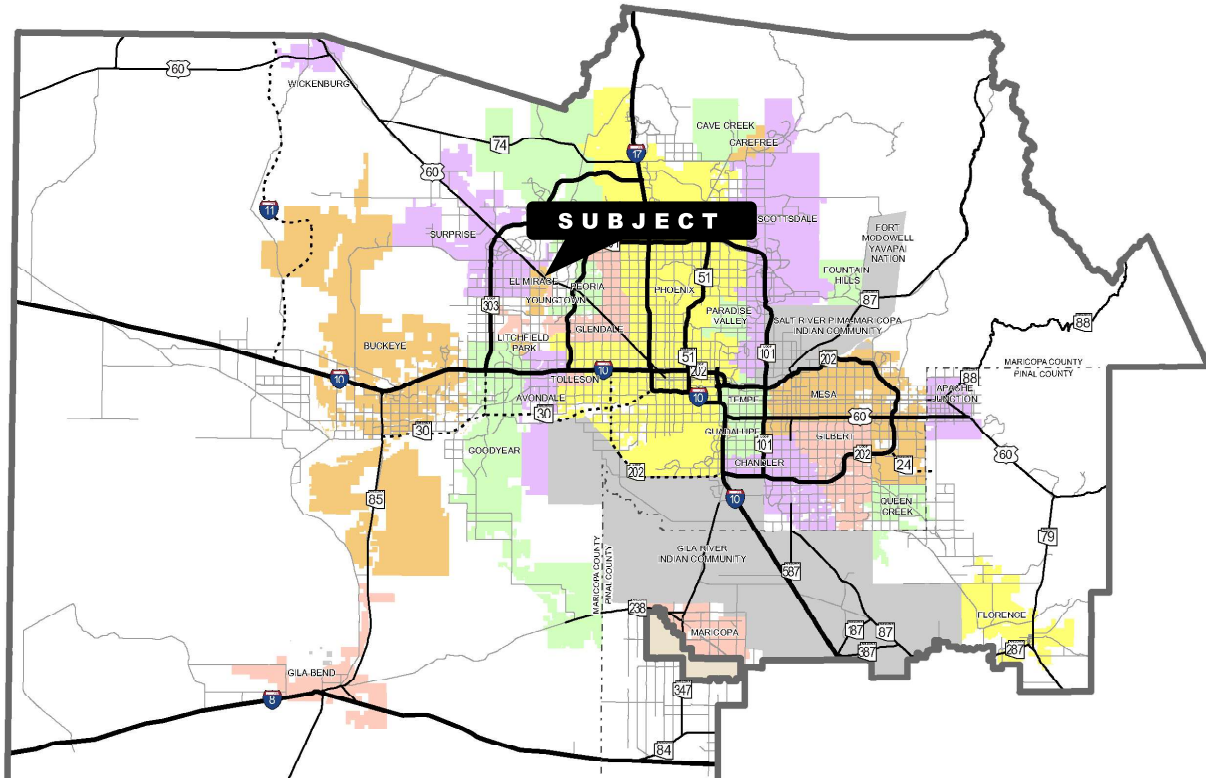
Source: Esri forecasts for 2023 and 2028. U.S. Census Bureau 2020 decennial Census in 2020 geographies.



Transportation

Regional Freeway System

Figure 23 – Regional Freeway System Map



Source: Maricopa Association of Governments RTP 2040

The subject neighborhood is located in the northwest portion of the metropolitan Phoenix area and is served by State Route 303, State Route 101 and US Highway 60. State Route 303 provides access to the regional freeway system and the other communities in the metropolitan area. This freeway extends north from Interstate 10 east of Cotton Lane and then easterly south of State Route 74 toward the Black Canyon Freeway (Interstate 17). State Route 101 also provides a freeway corridor between Interstate 10 and the Black Canyon Freeway, extending north from Interstate 10 near 99th Avenue and turning east along Beardsley Road. US Highway 60, commonly known as Grand Avenue, extends northwest through the neighborhood from downtown Phoenix to smaller communities in northern and western Maricopa County.

Arterial Roadways

The network of principal and secondary streets throughout the metropolitan Phoenix area is well developed and provides the neighborhood convenient access. The primary arterial roadways across the subject neighborhood are based on a grid system, with major arterial roadways placed on one-mile intervals. These major roadways are generally paved multiple lane thoroughfares with traffic control signals as they intersect each other.

The primary east/west arterial roadways through the subject neighborhood are Bell Road, Greenway Road, Waddell/Thunderbird Road, Cactus Road and Peoria Avenue. The primary north/south arterial roadways are Cotton Lane, Sarival Road, Reems Road, Bullard Avenue, Litchfield Road, Dysart Road, and El Mirage Road. Grand Avenue (US Highway 60) crosses the northeast portion of the neighborhood. These major roadways are generally paved thoroughfares with traffic control signals as they intersect each other.

Railway

Freight rail service is found in the metropolitan area with railroads operated by Union Pacific Railroad (UP) and Burlington Northern Santa Fe Railroad (BNSF). The Burlington Northern Santa Fe Railroad crosses the northeast portion of the subject neighborhood parallel to Grand Avenue. There are also plans for the BNSF Railway Western Hub, a 3,500-acre facility to be located northwest of the subject neighborhood.

Commuter rail and intercity rail passenger service is not currently available in the metropolitan area, although a light rail system for the metropolitan region has been started. The first phases of the light rail system extend from north central Phoenix, through the downtown central business district of Phoenix and then turns east to serve Phoenix Sky Harbor International Airport, downtown Tempe, Arizona State University and downtown Mesa. Additional extensions of the light rail line are currently being planned but none are currently being considered for the subject neighborhood.

Airports

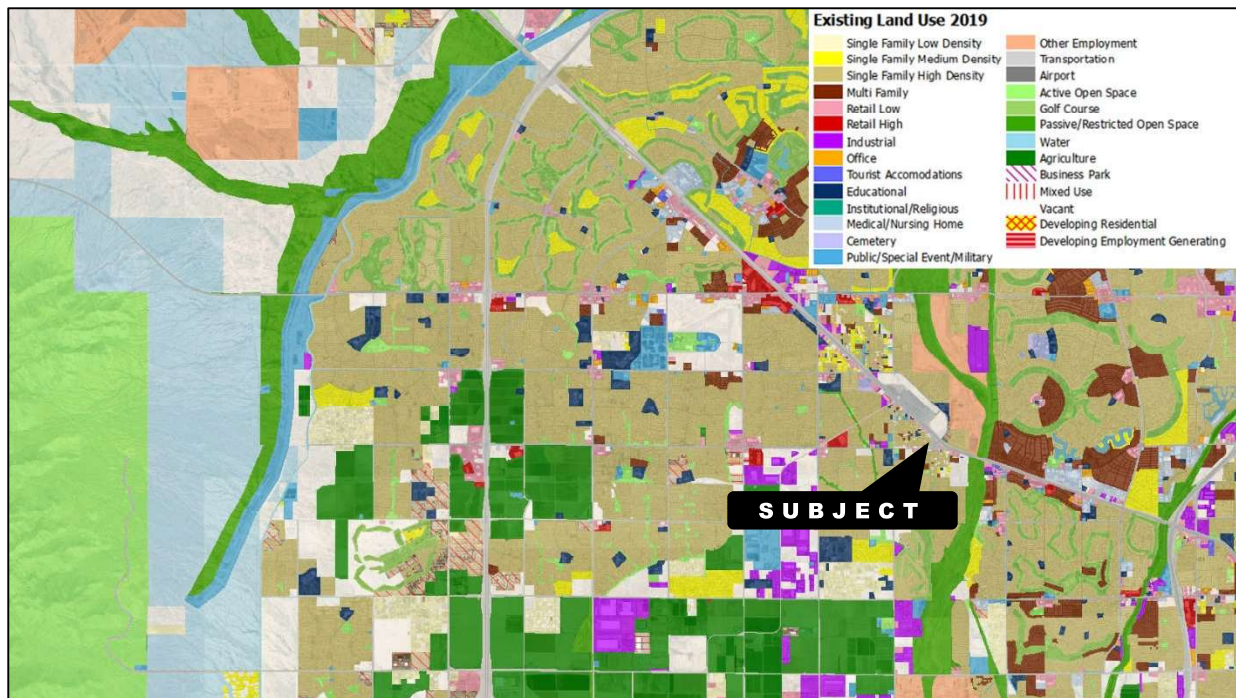
Public air transportation for the subject neighborhood is provided primarily by Phoenix Sky Harbor International Airport east of downtown Phoenix. The airport has three runways, three domestic terminals with 117 gates, an international terminal, four cargo buildings, and houses the Arizona Air National Guard. Based upon statistics from the Airports Council International, Sky Harbor was the eighth busiest airport in the nation in terms of passenger traffic with 38,846,713 passengers enplaned and deplaned during 2021, as well as being the eighth busiest airport for all traffic movements.¹⁷ Satellite municipal airports in Glendale and Goodyear also provide service to the subject neighborhood and are used primarily for general aviation purposes.

Land Use Patterns

The ultimate land use of the subject neighborhood is governed to large extent by the land use element of the general plan for the cities of Surprise and El Mirage. Specific development patterns tend to be defined by the zoning ordinances of these cities as well as Maricopa County. The land use element of the general plans for the cities of Surprise and El Mirage indicates that the subject neighborhood is being planned with a mix of residential, commercial and employment land uses.

¹⁷ North American Airport Traffic Report, Airports Council International (<https://airportscouncil.org/>)

Figure 24 – Existing Land Use Map



Source: Maricopa Association of Governments Land Use Explorer (geo.azmag.gov/maps/landuse/)

The predominant land use within the subject neighborhood consists of single-family residential developments, although other land uses do exist. Typical of suburban areas, commercial development is found primarily along arterial roadways and concentrated at intersections of two arterial roadways. The more interior tracts have residential land uses, ranging from single-family to multi-family residential development.

The residential development found within the subject neighborhood is typically found on lots averaging approximately 6,000 to 10,000 square feet. A majority of the single-family residential subdivision development is found east of Sarival Avenue and west of Cotton Lane. Most of the residential subdivision development is master planned communities, and include Surprise Farms, Marley Park, Greer Ranch, and Rancho Gabriela. The residential component of a planned development known as Prasada is located in the southwest portion of the neighborhood but has not yet started development.

Commercial retail development within the subject neighborhood is found most heavily concentrated along the Bell Road corridor at the northern boundary of the neighborhood. These developments include a mix of neighborhood shopping centers and freestanding retail properties. Additional commercial retail development is being planned in the Prasada development along the State Route 303 corridor north of Cactus Road, and includes an auto mall, regional shopping center, power center and neighborhood retail space.

Another significant land use in the area that is located outside of the neighborhood boundaries is Luke Air Force Base located at the southwest corner of Litchfield Road and Northern Avenue. The air force base is located just north of the subject neighborhood but is a significant economic engine for the entire west valley area of metropolitan Phoenix.

Amenities

Utilities in the form of sanitary sewer, water, electric power, natural gas and telephone service are generally available and in use throughout the neighborhood. These utilities are adequate to support additional residential, commercial and/or industrial development. Municipal water service and sanitary sewer service are provided by the cities of Surprise and El Mirage and private companies, Southwest Gas Company provides natural gas service, and telecom services are provided by Cox Communications and Century Link. Electric service is provided by Arizona Public Service Company. Utility rates are equitable to other areas of the city and do not adversely impact property values.

Fire and police protection are provided by the cities of Surprise and El Mirage. Medical facilities serving the neighborhood include Del E. Webb Memorial Hospital at Reems Road and Grand Avenue, and Sun Health Boswell Hospital near 107th Avenue and Grand Avenue. The Banner Estrella Medical Center located at 91st Avenue and Thomas Road also serves the neighborhood. This facility is a 50-acre campus with a 172-bed hospital, outpatient surgery center and a medical office building. The Cancer Treatment Centers of America has opened a facility near Bullard Avenue and Van Buren Street south of the subject neighborhood.

Public educational facilities are located in and around the subject area, and include a number of K-12 schools within the Dysart Unified School District. There are no higher education facilities within the boundaries of the subject neighborhood, although Estrella Mountain Community College is located at the northwest corner of Thomas Road and Dysart Road south of the subject neighborhood. Arizona State University West Campus also serves the subject neighborhood and is located several miles to the east at 43rd Avenue and Thunderbird Road in Phoenix.

Trends

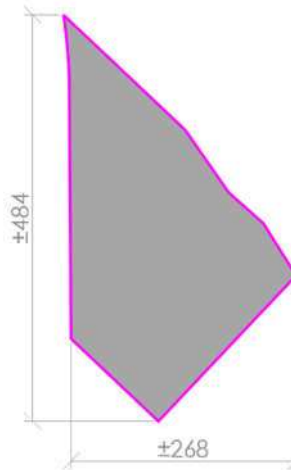
The subject neighborhood is characterized by a large percentage of residential land uses, with a mix of commercial land uses throughout the area. The long-term outlook for the metropolitan area is for continued population and job growth which will create demand for residential housing and neighborhood commercial support facilities. The trend for the neighborhood will be for continued residential growth and stability.

Real Property Description

The following description of the subject property is based upon a physical inspection of the property on November 3, 2023, and on other occasions, in conjunction with an examination of Maricopa County public records. Photographs of the property being appraised are in Addendum B of this report.

Site Data

<i>Location</i>	Northwest of Grand Avenue and Thunderbird Road		
<i>Street Address</i>	None Given		
<i>City, State ZIP</i>	El Mirage, Arizona 85335		
<i>County</i>	<u>Maricopa</u>	<i>Map Reference</i>	<u>101-150LH</u>
<i>Census Tract</i>	<u>060902</u>	<i>Block</i>	<u>3025</u>
<i>Assessor Parcel No(s)</i>	Portions of: 501-25-037; 501-25-038; 501-25-039; 501-25-040; 501-25-041; 501-25-042; 501-25-043; 501-25-044; 501-25-045; 501-25-046; 501-25-047; 501-25-097		
<i>Land Area</i> ¹⁸	<u>71,740</u>	Square Feet	
	<u>1.647</u>	Acres	
<i>Shape/Dimensions</i>	The subject property is irregular in shape, measuring approximately 268 feet east to west and 484 feet north to south.		



<i>Surrounding Development</i>	North:	<u>Residential Development (under construction)</u>
	South:	<u>Commercial Development</u>
	East:	<u>Residential Development / Vacant Land</u>
	West:	<u>Residential Development / Vacant Land</u>

The subject property is located in an area of residential development although commercial and industrial land uses are common along the Grand Avenue corridor.

¹⁸ Source: Appraiser estimate

<i>Utilities</i>	In Use		Available from:
	Yes	No	
Electricity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Arizona Public Service
Water	<input type="checkbox"/>	<input checked="" type="checkbox"/>	City of El Mirage
Sanitary Sewer	<input type="checkbox"/>	<input checked="" type="checkbox"/>	City of El Mirage
Natural Gas.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Southwest Gas Company
Telecom.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Cox Communications
			CenturyLink

Frontage/Access The subject site has frontage along Grand Avenue, Thunderbird Road, and the Grand Avenue frontage road (Honcho Road). Access control is imposed along the Grand Avenue and Thunderbird Road frontages, as well as the southern portion of the Grand Avenue frontage road. Access to the property is considered average.

<i>Street Improvements</i>	Grand Avenue	Thunderbird Road	Frontage Road
Street Name			
Lanes (# Direction)	3 North 3 South	2 East 2 West	1 North 1 South
Street Width	±215 feet	Varies	Varies
Center Lane/Median	Median	Median	None
Pavement	Asphalt	Asphalt	Asphalt
Curb	Yes	Yes	Yes
Gutter	Yes	Yes	Yes
Sidewalk	No	No	No
Lighting	No	Yes	Yes
Frontage	±415 feet	±235 feet	±385 feet
Traffic Count	NA	NA	NA

Topography The site is generally level and at grade with surrounding properties and abutting roadways.

Drainage No apparent drainage problems were observed during a physical inspection of the site by the appraiser.

<i>Flood Hazard</i> FEMA Flood Insurance Rate Map(s):		
Flood Zone(s)	Panel	Effective Date
X	04013C1680L	October 16, 2013

The Zone X designation is for areas of 0.2% chance of flood; area of 1% annual chance flood with average depths of less than one foot or with drainage areas less than one square mile; and areas protected by levees from 1% annual chance flood.

As with any property, the subject may be susceptible to standing water due to localized conditions not reflected on the Flood Insurance Rate Maps.

Soil Conditions and Environmental Conditions The appraiser is not aware of any soils report or other environmental study having been conducted for the property, nor has any such report been requested or supplied to the appraiser. Furthermore, the appraiser has not performed any background investigation or testing for indications of contamination, whether man-made or naturally occurring. This appraisal assumes that the property is not in violation of any federal or state environmental policy, act, statute, or regulation.

A physical inspection of the property was made, and no factors were observed that would indicate the existence of surface or subsurface contamination of the property. A site assessment study by a qualified environmental engineer, hydrologist, geologist and/or other such experts may discover conditions that require action. This appraisal is written with the assumption that the property is free from environmental contaminants. The reader of this report is cautioned that the presence of such substances can have a dramatic impact upon the value of the property.

Signs A physical inspection of the site did not reveal the presence of any realty signs, on-premise signs or off-premise signs on the property.

Zoning

The subject property is located in an area categorized as the Thunderbird Core as shown on the general plan for the City of El Mirage. More specifically, the subject property is located within the Urban Corridor (US) zoning district as defined by the City of El Mirage zoning authorities. According to the zoning ordinance,

The UC zone provides retail goods and services to satisfy the household and personal needs of the residents of nearby residential neighborhoods, those traveling on adjacent arterial corridors, and to allow for higher intensity general business and service activities. Development in the UC zone should be located and designed to allow for access by pedestrians, bicyclists, and public transportation, in addition to automobiles. The UC zone is intended to serve “image making” areas in the city such as key gateways and arterial street and above corridors. The UC zone supports distinctive, unified design elements that generate a recognizable character.¹⁹

As is the case with almost every zoning district, the permitted uses are subject to density, area, building and yard regulations. In addition to these development standards, other requirements such as those for parking are set forth in the appropriate sections of the zoning ordinance.

The appraiser has not found any evidence that there are pending zoning changes involving the property being appraised. The current use of the property as vacant land is a conforming use under current zoning regulations.

Easements and Restrictions

The appraisal of a property involves consideration of the bundle of rights contained with the property and the effect of the loss of any of these private rights on its value as a whole. These rights are inherent in ownership of real property and guaranteed by law, but subject to certain limitations and restrictions.

A Right of Way Disposal Report dated July 4, 2019, and updated to March 2, 2023, prepared by the Arizona Department of Transportation does not refer to any easements or restrictions. A physical inspection did indicate a storm drainpipe is likely to be located parallel to the western parcel boundary. No obvious easements, restrictions or adverse uses which would affect the development potential, utility, or marketability of the property to be appraised.

Taxes and Assessments

The full cash value (FCV) of real estate as estimated by Maricopa County is determined for ad valorem tax purposes and is purportedly synonymous with market value according to state statute. Apart from the normal primary and secondary assessments for which nearly all properties are liable, some properties may also be subject to special assessments. These special assessments may arise from the inclusion of that property within a local improvement district or some other district that has taxing authority. In this instance, the property to be appraised is exempt from real property taxes because it is owned by the State of Arizona.

¹⁹ City of El Mirage Zoning Ordinance, Section 154.050(A)(6)

Division of Real and Personal Property

Personal property is a movable item of property that is not permanently affixed to, or part of, real estate. The Appraisal Institute offers two definitions of personal property:

1. Tangible or intangible objects that are considered personal, as opposed to real property. Examples of tangible personal property include furniture, vehicles, jewelry, collectibles, machinery and equipment, and computer hardware. Examples of intangible personal property include contracts, patents, licenses, computer software, and intellectual property.
2. Any tangible or intangible article that is subject to ownership and classified as real property, including identifiable tangible objects that are considered by the general public as being “personal,” such as furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment, and intangible property that is created and stored electronically such as plans for installation art, choreography, emails, or designs for digital tokens. (USPAP, 2020-2021 ed.)²⁰

When personal property is attached to the land and/or improvements, they are typically fixtures and become a part of the real estate. While fixtures are considered real estate, trade fixtures are not. Trade fixtures are those fixtures that are owned and attached to a rented space by a tenant. On occasion, it can be difficult to determine whether an item should be considered as personal property or real estate.

The valuation of any personal property located on the subject property is beyond the scope and purpose of this appraisal assignment. As a practical matter, the property being appraised is a vacant tract of land and a physical inspection did not reveal any evidence of personal property located on this parcel.

²⁰ The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022) p142



VALUATION ANALYSIS

Highest and Best Use

Highest and best use is a market-driven concept and is the underlying premise of estimating market value. The competitive forces in a property's market area directly influence the highest and best use of that property. The definition of highest and best use may be stated as, "the reasonably probable use of a property that results in the highest value."²¹

As stated in this definition, the analysis of highest and best use requires separate examinations of the land as if vacant, and the entire property as improved, when applicable. If a property is vacant, then only an analysis of the land is necessary. If a property is improved, it is necessary to analyze the highest and best use of the property as improved and as if it were vacant. In either instance, the highest and best use of the subject must be legally permissible, physically possible, financially feasible and maximally productive.

Implied within the definition of highest and best use is recognition of the contribution of that specific use to community environment or to community development goals. In cases where a site is improved, the highest and best use may be determined to be different from the existing use. The existing use will continue, unless and until the land value under its highest and best use exceeds the total value of the property in its existing use. The conclusion of highest and best use results from the appraiser's judgment and analytical skills and represents an opinion, not a fact, to be found.

As If Vacant

Legally Permissible

The City of El Mirage zoning ordinance requirements are the only significant legal restrictions limiting the use of the property. As indicated in the site analysis, the subject property is presently within the Urban Corridor (UC) district. This zone allows for a variety of commercial land uses as set forth in the zoning ordinance for the City of El Mirage. Thus, only these uses and those specifically mentioned in the zoning ordinance could currently be considered legally permissible.

The reasonable probability of a change in zoning that would allow different uses of the land, other than those allowed under the current zoning classification, can also be important in giving an opinion as to the highest and best use of the property. In analyzing any possible change in zoning, the existing development of surrounding properties can be considered to determine what other land uses might be appropriate for the subject parcel. Other factors such as the public response to a change in zoning and support, or lack of support, by city planning personnel should also be taken into consideration in the probability of successfully obtaining a change in zoning.

The general plan for the City of El Mirage indicates that the subject property is in an area planned for commercial land uses, and the current zoning conforms to the general plan. Considering the existing land uses in the area and those allowed under the current zoning of the subject property, a change in zoning is not likely to occur.

²¹ The Appraisal of Real Estate, 15th ed. (Chicago: Appraisal Institute, 2020) p305

Physically Possible

The physical characteristics of the subject parcel, such as its topography, access, size, shape, and available utilities, are adequate for its legally permissible land uses. A soils report has not been provided, although it is noted from a physical inspection of the subject parcel and existing development on properties in the immediate area, that the soil appears to be adequate for its legally permissible uses.

The subject parcel has a good location in proximity to residential development, commercial services, employment centers and transportation routes. No adverse external physical conditions were observed which would materially affect the development of the site. In general, there do not appear to be any significant physical constraints to the development of the subject parcel.

Financially Feasible

Economic feasibility is a function of supply and demand. The feasibility of any development of the subject site, then, is dependent upon the supply of similar land suitable for development and the demand for the available development alternatives.

All things considered, the subject property has few physical constraints to the development of its legally permissible uses. Given existing development patterns, the location of the subject property, the current economic climate and the market in which the subject property competes, it is my opinion that near-term speculative development of the subject site could be economically feasible.

Maximally Productive

After considering the uses that are physically possible, legally permissible, and economically feasible, the question of profitability is addressed. A parcel of land may have several different uses that generate sufficient revenue to satisfy an investor's required rate of return on investment and provide a return on the land. The highest and best use of the land is that financially feasible use that produces the greatest return. This concept is significantly related to user demand for the end product and the cost of production.

Considering the physical characteristics of the subject site, the location of the property, its access to transportation routes, and proximity to commercial services, employment centers and residential development, the most profitable use of the subject site is for land investment purposes.

Summary and Conclusion

After having applied the tests of availability, adaptability, and demand, it is my conclusion that the highest and best use of the subject property is as follows:

As If Vacant: Land Investment

Valuation Methodology

This report has, thus far, presented the first three significant steps in the valuation process. The appraisal problem has been defined by stating the scope and purpose of the appraisal, identifying the real estate to be appraised, identifying the real property rights to be valued, and stating what value is to be estimated and as of a particular date of valuation. During the second step of the process, data has been collected and analyzed regarding the region in which the property is located, the more immediate subject market, and specific data regarding the property itself. The third step taken was the conclusion of highest and best use for the property to be appraised. The next step is the application of the different approaches to estimating value.

Under current appraisal methodology, improved real estate is valued by applying three traditional approaches to value, commonly known as 1) the sales comparison (or market) approach, 2) the income capitalization approach to value, and 3) the cost approach. All three approaches to value have been considered in the preparation of this report. The relative merits of each approach are weighed in respect to the property being appraised. The reconciled value is then derived from analysis and judgment concerning each of these approaches to value. The valuation of the land is made under its highest and best use as if vacant.

Sales Comparison Approach to Value

This approach to value is based upon the principle of substitution that states that no one is justified in paying more for a property than the cost of acquiring an equally desirable substitute property, assuming no undue or costly delay. To implement this approach, a search is made in the market to find sales of property with similar utility and having similar characteristics to the subject, whether the property being appraised is improved or an undeveloped tract of land. This is done on the theory that these properties are those that would be competing with the subject if it were placed on the market.

This approach is a comparative method in which properties that have been sold in the open market are compared directly with the subject. The first step is to collect and then analyze the appropriate sales data. No two properties are exactly alike, so it is necessary to develop some common unit of comparison. Based upon this unit of comparison, adjustments are then made to the comparable properties for features in which they differ from the subject. After adjustment, the sales give useful indications of value for the property being appraised.

Income Capitalization Approach to Value

While the sales comparison approach and cost approach are based upon the principle of substitution, the income capitalization approach to value is founded in the principle of anticipation. Simply put, there is value in real property that can be measured by converting anticipated benefits, such as cash flow and/or a reversion, into an indication of value by capitalizing this income stream. Typically, an estimate is made of the potential gross income of a property by analyzing the market rental value of the property and any other sources of income attributable to the real property. Vacancy and collection losses are then subtracted to arrive at the effective gross income. The applicable expenses are deducted to arrive at a net income figure.

The resultant net income is processed into an indication of the property value. This is typically accomplished by applying an overall capitalization rate to the net income. An alternate income capitalization method utilizing gross rental income and a gross rental income multiplier can also be utilized. The income capitalization approach to value is of most importance in estimating the value of revenue producing properties.

Cost Approach to Value

In this approach to value, an estimate is made of the reproduction or replacement cost new of any improvements on the property. Depreciation from all causes is then deducted and the land value is added to provide an indication of value for the entire property. Since the cost approach to value includes an estimate of value for the land, a sales comparison analysis is made to compare sales of vacant land parcels similar in highest and best use to the subject site.

The cost to reproduce or replace a property is most closely related to market value when a property is of new construction. As a result, this approach to value is most important when estimating the value of a property that is relatively new and can be especially persuasive when the value of the underlying land is well supported and there is little evidence of accrued depreciation.

The final step in the valuation process is a reconciliation of the three approaches to value. The quantity and quality of the data gathered for each method is examined and weighted appropriately. The subject parcel is a vacant tract of land, and for this reason, a sales comparison methodology will be employed in this analysis. The income capitalization and cost approaches to value are not germane in the valuation of land parcels similar to the property being appraised.

Sales Comparison Approach

Introduction

This approach to value is based upon the principle of substitution which states that no one is justified in paying more for a property than the cost of acquiring an equally desirable substitute property, assuming no undue or costly delay. To implement this approach, a search is made in the market to find sales of property of similar utility and having similar characteristics to the subject. This is done on the theory that these properties are those that would be competing with the subject if it were placed on the market. The Appraisal Institute describes the sales comparison approach to value as:

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) 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 though vacant when an adequate supply of comparable sales is available.²²

During the preparation of this appraisal report, several sale transactions were investigated and analyzed. In order to discover these comparable transactions, a search was made of the public records of Maricopa County. Those properties meeting certain minimum criteria in terms of similarity and sale date are researched further by obtaining copies of the transfer documents and declarations of value. At this point, efforts are made to contact the buyer and seller, as well as any brokers or agents who would have knowledge of the transaction, in order to further verify the more specific details of the sale. This would include whether the buyer and seller were related, what the financial terms of the transaction were, and the motivations of the parties involved, as well as additional details of the physical characteristics of the properties that have been sold.

The process of estimating the value of the subject property encompassed a search of similar properties in the subject's market area. The most significant of these sales are included in some detail in the addenda to the appraisal report, along with a map showing their relative location to the subject property.

²² The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022) p170

Land Value Analysis

No two properties are exactly alike, so it is necessary to develop some common unit of comparison. This could be the price per square foot, the price per acre, the price per section, or the price per site. Due to the size of the subject land and the market in which the property competes, a comparison on a price per square foot basis will be most meaningful. Since properties do differ in characteristics, it is necessary to adjust comparable sites for features in which they differ from the subject. This might be for such items as size, shape, location, access, terrain, and vegetation. After adjustment, the sales will then give useful indications of value for the subject land. Table 1 summarizes the significant information extracted from the comparable sales believed to be most pertinent in the valuation of the subject land.

Table 1 – Land Sales Summary Table and Photographs

Comp No.	Intended Use	Sale Date	Zoning	Flood Zone	Frontage	Land Area Square Feet	Price	Price per Square Foot
1	Land Investment	05/21	PAD	X	Mid-Block	50,000	\$ 360,500.00	\$7.21
2	Commercial Development	05/21	PAD	X	Mid-Block	80,609	\$ 1,000,000.00	\$12.41
3	Commercial Development	12/21	PAD	X	Mid-Block	90,698	\$ 1,200,000.00	\$13.23
4	Land Investment	12/21	UC	AE	Mid-Block	50,030	\$ 300,000.00	\$6.00
SUBJECT			UC	X	Corner	71,740		



Comparable No. 1



Comparable No. 2



Comparable No. 3



Comparable No. 4

The comparable sales summarized in the Land Sales Summary Table differ in terms of location, total size, date of sale, and unit selling price, yet each is believed to be comparable to the subject parcel in some respects and each would offer a viable alternative to a prospective buyer of the property. After adjustment for those factors that vary significantly from the subject parcel, these sales will each provide a useful value indication for the property to be appraised.

The elements of comparison that may require adjustment can generally be described as transactional adjustments or property adjustments. Transactional adjustments are those made for characteristics of the sale transaction including property rights, financing, conditions of the sale, any immediate expenditures made in order to make the sale, and market conditions. Property adjustments are those made for differences in the characteristics of the properties. The elements of comparison are summarized and analyzed as follows.

- *Property Rights*

The fee simple interest in the subject land is being analyzed herein, and those comparable transactions which conveyed the fee simple rights in their respective properties will be of most benefit in this analysis. Each of the properties above conveyed nothing less than the fee simple interest in the property and, therefore, no adjustment will be necessary when considering the real property rights conveyed.

- *Financing*

These properties were purchased on a variety of terms, none of which fell outside the usual range found in the market. As documented on the individual comparable sheets located in the appendix to this report, each of these properties sold for cash, or on terms commonly found in the market and deemed equivalent to cash. The terms of these sales, then, do not affect their validity as indicators of market value. No adjustment for the financing terms of the transactions will be necessary when compared with the subject parcel.

- *Conditions of Sale*

An examination of the comparable transactions reveals each of the conveyances to be considered arm's length, and the buyers and sellers having been informed and typically motivated. For this reason, no adjustment will be necessary when considering the conditions of these sales.

- *Immediate Expenditures*

In some instances, the price paid for a property reflects the knowledge that the buyer will have to make some expenditure prior to closing or immediately thereafter in order for the sale of the property to be completed. These expenditures can include such costs as those associated with demolition of improvements, or a remediation of environmental contamination. Each of the comparable sites examined in this analysis did not require any unusual expenditure that would require adjustment.

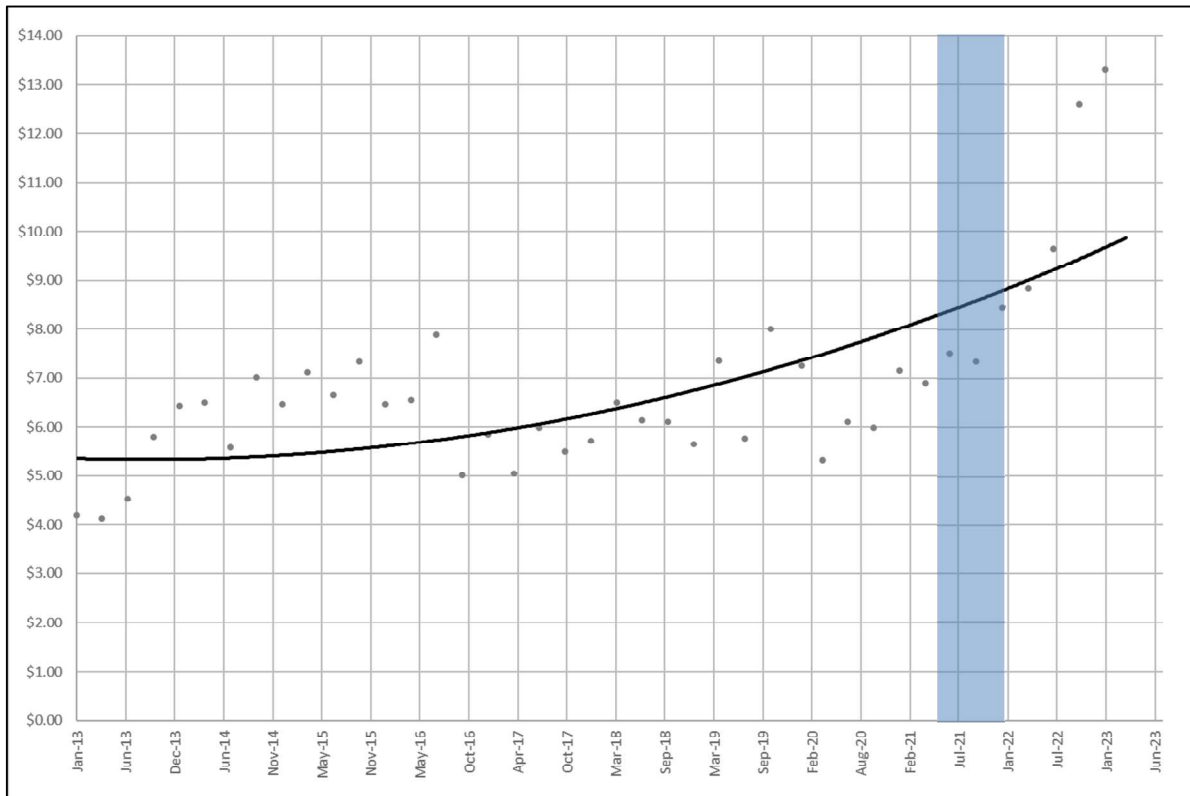
- *Market Conditions*

There are two measures of the prevailing market conditions that are pertinent to the valuation of the subject parcel. Given a sufficient number of transactions that have taken place over any time period, the trend of prices developed over that time period can indicate a strengthening, weakening or even a static market. In addition, the amount of time each property is exposed to the market can give an indication of current conditions.

Price Trends – It would be difficult to quantify any specific time adjustment in terms of percentage or dollar amount that could be universally applied to all properties within the subject area. The sales presented in this report for analysis cover a time period from mid-2021 to late 2021.

A survey of land sales throughout the metropolitan Phoenix area shows that prices have been increasing over the time period covered by the comparable sales. Based upon my analysis of the market data and my professional judgment, an upward adjustment will be made to the comparable properties examined in this analysis when considering the amount of time that has elapsed between the dates of purchase of the comparable properties and the date of valuation of the property to be appraised.

Figure 25 – Median Land Sale Price Trend, 2013-present



Exposure Time – Similar properties within a given market at a given time could be expected to have similar periods of exposure to the market prior to being purchased, other things being equal. A reasonable exposure time of any property is not only a function of time, but also a function of price and use. As a result, a reasonable exposure time should encompass adequate, sufficient and reasonable time and effort. Since there are different factors that contribute to a reasonable exposure time, this period will vary from property to property and vary based on market conditions.

Properties that were exposed to the market for a significantly shorter or longer period of time than the exposure time of the subject would require adjustment. In this instance, each of the comparable properties was purchased given a reasonable exposure time, and no adjustment will be necessary for this factor.

- *Location*

Through the examination of the location of a property, the time-distance relationship between a property and possible points of destination is studied. These relationships, or linkages, include the ease of access to places such as schools, shopping, parks, other recreational facilities, and workplaces. In theory, a property with a greater number of linkages will command a higher price than a similar property with fewer linkages. A property with a greater number of linkages is generally created by that property being closer to existing development.

Considered in the location of a property are such external influences as street patterns and width, surrounding property maintenance and upkeep, access to the property and the neighborhood, availability of utilities, and possible nuisances in the area. Adjustments for location can be for these general external influences and may also be applied for site specific characteristics such as frontage, visibility, or corner characteristics.

Comparable No. 1 is located on Reems Road just north of Cactus Road, and Comparable No. 3 is on Cactus Road just east of Reems Road. Comparable No. 2 is located on Greenway Road just east of Reems Road. Comparable No. 4 is southeast of Dysart Road and Greenway Road. The overall location of each comparable property is considered similar to the subject and no adjustment will be made for this factor.

In terms of more site-specific locational characteristics, the subject property has visibility from Grand Avenue and Thunderbird Road but access is only possible from a portion of the Grand Avenue frontage road. As a result, the subject parcel takes on the characteristics of mid-block location despite being located at an arterial corner. All of the comparable properties have mid-block locations and an adjustment is not necessary for corner location or access characteristics.

- *Physical Characteristics*

Adjustment for physical characteristics is based on the observation that price per unit varies with size, shape, topography, and related physical attributes. After careful examination of each comparable property, including a physical inspection, the physical characteristics of the comparable properties are similar enough so that no adjustment is warranted, except as noted herein.

Land Area – Other things being equal, it is generally accepted that larger parcels tend to develop lower prices than do similar smaller parcels on a per unit basis. In practice, the price-size tradeoff is typically a less direct, more uncertain relationship complicated by other physical characteristics and locational factors. Based upon the size of the subject parcel and those of the comparable properties, an adjustment for land area will be made to Comparable Nos. 1, 3 and 4 in this analysis.

- *Economic Characteristics*

Economic characteristics are those that affect the ability of a property to produce income. Examples of these characteristics include operating expenses, quality of management, lease terms and rent concessions, to name a few. This element of comparison is especially important when examining properties that are purchased as an investment by providing an income stream to an investor.

This analysis is being made to provide a value opinion of the subject site. Vacant land is not typically purchased to provide an immediate income stream to an investor. Thus, economic characteristics of the subject site will not be considered any further in this analysis, except as they relate to the development potential of the subject and comparable properties.

- *Legal Characteristics*

The highest and best use of the comparable properties should be similar to that of the subject property. Legal characteristics such as zoning, environmental regulations, building codes and flood zones are factors which contribute to the highest and best use of a property.

Flood Zone – The subject property is within the Zone X flood zone outside of any special flood hazard area and similar to Comparable Nos. 1, 2 and 3. Comparable No. 4 is within the Zone AE special flood hazard area. A minor upward adjustment will be applied to Comparable No. 4 for this difference in flood zone.

- *Non-Realty Components*

In certain instances, the price of a property may reflect the additional value of personal property, business concerns or other items that do not constitute real property. In this case, the transaction of each respective comparable property conveyed only real property and no adjustment will be made when considering non-realty components.

With these general observations in mind, we may now proceed with a comparison of these properties to the subject property and the value indications derived from each. The adjustments utilized in this analysis are extracted from available data using the paired sales technique, when possible, which is frequently used in the application of the sales comparison approach to value. In cases where there is insufficient data to extract adjustments, the appraiser's judgment and experience are emphasized unless other data or techniques could be employed.

Comparable No. 1			
Reems Road north of Cactus Road			
Grantor	Genesis Reems 5, LLC	Land Area	50,000 Square Feet
Grantee	C.J. Shell, LLC		1.148 Acres
Sale Date	May 2021	Zoning	PAD
Sale Price	\$360,500.00		Planned Area Development
	\$7.21 per Square Foot		



Comparable No. 1 is a site located on Reems Road north of Cactus Road, situated approximately five miles southwest of the subject parcel. Surrounding land uses are primarily developed as residential subdivisions. Vacant land to the west is part of the Prasada master-planned development. This site is generally level and at grade with the abutting properties and roadways.

An upward adjustment of 25% will be applied to account for the amount of time between the date of sale and the date of valuation. The location of this property is considered similar enough to the subject that no adjustment will be made for this factor. In terms of physical characteristics, this property is smaller than the subject property, and a 5% downward adjustment will be applied in this instance. After the adjustments indicated, this sale suggests a value of \$8.56 per square foot for the subject land.

Comparable No. 2			
Greenway Road east of Reems Road			
Grantor	CVS Pharmacy, Inc.	Land Area	80,609 Square Feet
Grantee	CVP - Greenway, LLC		1.851 Acres
Sale Date	May 2021	Zoning	PAD
Sale Price	\$1,000,000.00		Planned Area Development
	\$12.41 per Square Foot		



Comparable No. 2 is a site located on Greenway Road east of Reems Cactus Road, situated approximately five miles northwest of the subject parcel. Surrounding land uses are primarily developed as residential subdivisions with supporting commercial land uses. This site is generally level and at grade with the abutting properties and roadways. This parcel was purchased for the development of a small commercial retail building.

An upward adjustment of 25% will be applied to account for the amount of time between the date of sale and the date of valuation. The location of this property is considered similar enough to the subject that no adjustment will be made for this factor. In terms of physical characteristics, this property is slightly larger than the subject property, although an adjustment will not be applied in this instance. After the adjustments indicated, this sale suggests a value of \$15.51 per square foot for the subject land.

Comparable No. 3			
Cactus Road east of Reems Road			
Grantor	Continental Cactus & Reems, LLC	Land Area	90,698 Square Feet
Grantee	Avalon Cactus, LLC		2.082 Acres
Sale Date	December 2021	Zoning	PAD
Sale Price	\$1,200,000.00		Planned Area Development
	\$13.23 per Square Foot		



Comparable No. 3 is a site located on Cactus Road east of Reems Road, situated approximately five miles southwest of the subject parcel. Surrounding land uses are primarily developed as residential subdivisions. Vacant land to the northwest is part of the Prāsada master-planned development. This site is generally level and at grade with the abutting properties and roadways. This property was subsequently split into two parcels and one of those parcels has been developed with a fast-food restaurant.

An upward adjustment of 19% will be applied to account for the amount of time between the date of sale and the date of valuation. The location of this property is considered similar enough to the subject that no adjustment will be made for this factor. In terms of physical characteristics, this property is larger than the subject property, and a 5% upward adjustment will be applied in this instance. After the adjustments indicated, this sale suggests a value of \$16.53 per square foot for the subject land.

Comparable No. 4			
Southeast of Dysart Road and Greenway Road			
Grantor	SBC 4, LLC	Land Area	50,030 Square Feet
Grantee	El Mirage ROI Mentor 2, LLC		1.149 Acres
Sale Date	December 2021	Zoning	UC
Sale Price	\$300,000.00		Urban Corridor
	\$6.00 per Square Foot		



Comparable No. 4 is a site located southeast of Dysart Road and Greenway Road, situated less than two miles northwest of the subject parcel. Surrounding land uses are primarily developed as residential subdivisions although this site is located within a commercial development at the southeast corner of Dysart Road and Greenway Road. This site is generally level and at grade with the abutting properties and roadways.

An upward adjustment of 19% will be applied to account for the amount of time between the date of sale and the date of valuation. The location of this property is considered similar enough to the subject that no adjustment will be made for this factor. In terms of physical characteristics, this property is smaller than the subject property, and a 5% downward adjustment will be applied in this instance. This property is located within a special flood hazard area and a 5% upward adjustment will be made for this factor. After the adjustments indicated, this sale suggests a value of \$7.14 per square foot for the subject land.

Conclusion of Land Value

Thus far, we have examined several sales that are believed to be the best representations of the value that may be applied to the subject land. The unadjusted value indications range from a low of \$6.00 per square foot to a high indication of \$13.23 per square foot. The comparable sales examined each have some characteristics in common with the subject site. After adjustments have been applied for those factors that vary from the subject, we are presented with a range in values that might be applied to the subject land.

The adjustments to the comparable properties discussed above may be more graphically illustrated in the sales adjustment grid on the following page. The sequence of adjustments of the transactional items (property rights, financing, conditions of sale, immediate expenditures, and market conditions) are typically applied in the order they are listed, and an adjusted price is calculated after each adjustment. The property adjustments are each applied, in no particular order, to the adjusted price after all transactional adjustments are made. An adjusted price is not made after each separate property adjustment.

After adjustment for those elements that differ from the subject property, the indicated range is from \$7.14 per square foot to \$16.53 per square foot, with a mean value of \$11.94 per square foot. I believe that the subject parcel may be reasonably and fairly placed within this range.

Comparable No. 2 did not require any adjustment for property characteristics and the indication of value provided by this property will be given slightly greater weight and consideration. All things considered, it is my opinion the subject property could reasonably be placed in the middle portion of the range in indicated values provided by these comparable properties.

Based upon the preceding analysis, a value of \$12.00 per square foot represents a reasonable expectation of the probable market value of the subject land. Therefore, the indication of value for the subject land, as of the date of valuation and given a reasonable period of exposure, is \$861,000.00, and can be calculated as follows:

$$\begin{array}{rcl} 71,740 \text{ square feet at} & \$12.00 \text{ per square foot} & = \$ 860,880.00 \\ & \text{rounded to,} & \$ 861,000.00 \end{array}$$

Table 2 – Land Sales Adjustment Grid

Comparable No.	1		2		3		4		SUBJECT
	Sale Price	Date of Sale	Sale Price	Date of Sale	Sale Price	Date of Sale	Sale Price	Date of Sale	
	\$360,500.00	05/21	\$1,000,000.00	05/21	\$1,200,000.00	12/21	\$300,000.00	12/21	<div style="background-color: #cccccc; padding: 5px;"> Corner Paved Road 71,740 Irregular UC X </div>
		30		30		23		23	
	Mid-Block		Mid-Block		Mid-Block		Mid-Block		
	Paved Road		Paved Road		Paved Road		Paved Road		
	Land Area – Square Feet	50,000	80,609	90,698	50,030		50,030		
	Shape	Rectangular	Rectangular	Rectangular	Slightly Irregular		Slightly Irregular		
	Zoning	PAD	PAD	PAD	UC		UC		
	Flood Zone	X	X	X	AE		AE		
	Sale Price per Square Foot of Land	\$7.21	\$12.41	\$13.23	\$6.00		\$6.00		
Transactional Adjustments									
Property Rights		0%	0%	0%	0%		0%		0%
Adjusted Price	\$7.21		\$12.41		\$13.23		\$6.00		\$6.00
Financing	0%		0%		0%		0%		0%
Adjusted Price	\$7.21		\$12.41		\$13.23		\$6.00		\$6.00
Conditions of Sale	0%		0%		0%		0%		0%
Adjusted Price	\$7.21		\$12.41		\$13.23		\$6.00		\$6.00
Immediate Expenditures	0%		0%		0%		0%		0%
Adjusted Price	\$7.21		\$12.41		\$13.23		\$6.00		\$6.00
Market Conditions	+25%		+25%		+19%		+19%		+19%
Adjusted Price	\$9.01		\$15.51		\$15.74		\$7.14		\$7.14
Property Adjustments									
Location	0%		0%		0%		0%		0%
Physical Characteristics									
Land Area	-5%		0%		+5%		-5%		-5%
Economic Characteristics	0%		0%		0%		0%		0%
Legal Characteristics									
Flood Zone	0%		0%		0%		+5%		+5%
Non-Reality Components	0%		0%		0%		0%		0%
Net Adjustment	-5%		0%		+5%		0%		0%
Indicated Unit Value	\$8.56		\$15.51		\$16.53		\$7.14		\$7.14
Gross Property Adjustment	5%		0%		5%		10%		10%
Total Adjustment	\$1.35		\$3.10		\$3.30		\$1.14		\$1.14
Total Adjustment as % of Sale Price	+19%		+25%		+25%		+19%		+19%

Income Capitalization Approach

Introduction

The procedures involved in this approach to value simulate much of the same analyses performed by an investor in the acquisition of real estate. Rather than employing an individual's investment objectives, however, general market objectives for the typical investor are substituted so that the resultant value indication represents market value. The Appraisal Institute describes the income capitalization approach to value as follows:

The income capitalization approach to value consists of methods, techniques, and mathematical procedures than an appraiser uses to analyze a property's capacity to generate benefits (i.e., usually the monetary benefits of income and reversion) and convert these benefits into an indication of present value.²³

The underlying premise of the income capitalization approach is the principle of anticipation. The definition above implies that the value of a property is created as a result of the anticipation of future benefits derived from that property. These future benefits can either be an income stream produced by the property, a lump sum at the time of sale of the property (referred to as a reversion), or both the income stream and reversion. These cash flows are processed into an indication of value by use of capitalization techniques. The direct and yield capitalization methods are typically examined.

Direct capitalization is a method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only one year's income is used. Yield and value changes are implied, but not explicitly identified.²⁴

Yield capitalization is a method used to convert future benefits into present value by (1) discounting each future benefit at an appropriate yield rate, or (2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate.²⁵

The income capitalization approach to value is generally applied to properties which are considered to be an investment-type property owned for the potential of providing an income stream to an investor. In this instance, the property to be appraised is vacant land which is not typically owned for the potential of providing an income stream to an investor. While ground leases of vacant land do occur, they are not considered to be an investment vehicle capable of producing an income stream commensurate with the market value of the underlying land. For this reason, the income capitalization approach will not be utilized in this appraisal.

²³ The Appraisal of Real Estate, 15th ed. (Chicago: Appraisal Institute, 2020) p413

²⁴ The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022) p53

²⁵ *Ibid*, p206

Cost Approach

Introduction

The cost approach is based on the understanding that market participants relate value to cost. In this approach to value, an estimate is made of the reproduction or replacement cost new of any improvements on the property. Depreciation from all causes is then deducted and the land value is added to provide an indication of value for the entire property. The cost approach is of most value when dealing with improvements that are new or in like new condition. The Appraisal Institute describes the cost approach to value as follows:

A set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised.²⁶

The basic premise of the cost approach is the principle of substitution that holds that when several commodities or services with the same utility are available, the one with the lowest price attracts the greatest demand and the widest distribution. As applied to the cost approach, a prudent individual would not pay more to purchase an existing building than the amount at which a property of equal desirability and utility can be obtained through the purchase of a site and the construction of the improvements without undue delay.

This approach is particularly useful in valuing new or nearly new improvements and properties that are not frequently exchanged in the market. Cost approach techniques can also be employed to derive information needed in the sales and income capitalization approaches to value, such as cost-related adjustments to account for specific building features and cost-to-cure adjustments to address deferred maintenance.

The property that is the subject of this appraisal is a vacant tract of land. The cost approach to value is not germane in the valuation of the property to be appraised since there are no building improvements on the property to be considered in this analysis.

²⁶ The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022) p43

Reconciliation of Value

The concluding step in the valuation process is to evaluate the alternative conclusions of value indicated by each of the traditional approaches to value to arrive at a reconciled indication of value. The indications of value provided by the approaches to value applied in this appraisal can be summarized as follows:

Sales Comparison Approach	\$861,000.00
Income Capitalization Approach	Not Applicable
Cost Approach	Not Applicable

The sales comparison approach is often considered to provide the most reliable indication of value because it addresses direct sales of comparable properties. We have found properties which are believed to share some characteristics with the subject and have been able to make adjustments for those characteristics which differ from the property to be appraised. After adjustment, each of the properties compared to the subject parcel results in a reasonable indication of value for the property to be appraised. Since the subject parcel is a vacant tract of land, this is the only approach applied and presented in this analysis.

An income approach to value is often preferred when analyzing the value of an income producing property. Through the application of the income capitalization approach to value, an overall capitalization rate is applied to the net income of the subject property, or a multiplier is applied to the potential gross rent of the subject property, to arrive at an indication of value. This approach to value is generally preferred for appraising income-producing properties because it can measure the value of future anticipated cash flows. This approach to value has not been applied in this appraisal.

In the cost approach to value, the depreciated replacement value of the subject improvements is analyzed as of the date of valuation, including the contributing value of the land as if vacant. There are inherent difficulties in accurately estimating the total accrued depreciation when applying the cost approach to value to a property that is not new, or in like new condition. The measurement of accrued depreciation will more often than not be a subjective determination by the appraiser. While this approach can and does provide a benchmark against the other indications of value, the indication of value from the cost approach to value is typically given little weight in the valuation of a property. This approach to value has not been applied in this appraisal.

Based on the analyses presented herein and the indications of value provided by the traditional approaches to value, it is my final conclusion that the market value of the fee simple interest of the subject parcel, as of November 3, 2023, is:

EIGHT HUNDRED SIXTY-ONE THOUSAND DOLLARS

\$861,000.00

Certification

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

- The statements of fact contained in this report are to the best of my knowledge and belief, true and correct and that no information has knowingly been withheld.
- The analyses, opinions and conclusions are my personal, impartial and unbiased professional opinions which are limited only by the Underlying Assumptions and Limiting Conditions contained herein. Unless otherwise acknowledged in this report, no one has provided significant professional assistance in the preparation of this report.
- I have no interest or bias, present or contemplated, in the property appraised or any personal interest in the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- No one provided significant real property appraisal assistance to the person signing this certification.
- Neither my employment to make the appraisal, nor the compensation is contingent on the development or reporting of a predetermined value for the property, a direction in value which favors the cause of the client, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I have personally inspected the property which is the subject of this report, and I have afforded the owner or owner's designated representative the opportunity to accompany me on the property inspection.
- This appraisal was made in accordance with the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.
- This appraisal complies with the Code of Ethics and Standards of Professional Practices of the American Society of Appraisers. Furthermore, the American Society of Appraisers has a mandatory recertification program for all of its Senior members, and I am in compliance with that program.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- As of the date of this report, I have completed the continuing education program for Practicing Affiliates of the Appraisal Institute.

Therefore, based upon the preceding data and discussion, together with the appraiser's best judgment and experience, the market value of the subject property as of November 3, 2023, is:

EIGHT HUNDRED SIXTY-ONE THOUSAND DOLLARS

\$861,000.00

Timothy A. Haskins, ASA

Arizona Certified General Real Estate Appraiser No. 30668

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

Project Number: M6972 01X
Parcel Number: L-C-102

I hereby certify:

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

That I have given consideration to the value of the property the damages and benefits to the remainder, if any; and accept to 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 to responsibility for such condition. Or for engineering which might be required to discover such factors. That unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present in the property was not observed by myself or acknowledged by the owner. This appraiser, however, is not qualified to detect such substances, the presence of which may affect the value of the property. No responsibility is assumed for any such condition, or for any expertise or engineering knowledge required to discover them.

That my analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the ADOT ROW Procedures Manual, Chapter 4, Appraisal Standards and Specifications (2016); the Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24; and the Uniform Standards of Professional Appraisal Practice (USPAP 2020-2021) guidelines.

That this appraisal has further been made in conformity with the appropriate state and federal laws, regulations policies, and procedures applicable to the 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.

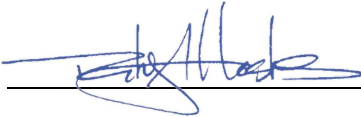
That I understand this appraisal may be used in connection with the acquisition of right of way for a highway to be constructed by the State of Arizona with the assistance of federal aid highway funds or other federal funds.

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

That my opinion of the Market Value of the property as of November 3, 2023, is EIGHT HUNDRED SIXTY-ONE THOUSAND DOLLARS (\$861,000.00), based on my independent appraisal and the exercise of my professional judgment.

DATE: 11/27/2023 SIGNATURE: 

Underlying Assumptions and Limiting Conditions

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. A legal description was not furnished to the appraiser, unless so noted in the text of this report. 2. The title to the property is marketable, free and clear of all liens. 3. The property does not exist in violation of any applicable codes, ordinances, statutes or other governmental regulations. 4. The appraiser was not furnished with a specific site survey, unless one is cited in the text of this report. 5. The property is appraised as if owned in fee simple title without encumbrances, unless otherwise mentioned in this report. This fee simple estate contains the sum of all fractional interests which may exist. 6. Responsible ownership and competent management exist for the property. 7. Adequate utility services are available for the subject property and that they will continue to be so in the foreseeable future. 8. The appraisers are not responsible for the accuracy of the opinions furnished by others and contained in this report, nor are they responsible for the reliability of government data utilized in the report. 9. The compensation for appraisal services rendered is dependent only upon the delivery of this report and compensation is not contingent upon the values estimated. 10. This report considers nothing of a legal character and the appraisers assume no responsibility for matters of a legal nature. 11. Testimony or attendance in court is not required by reason of this appraisal, unless arrangements are previously made. 12. Any information furnished by the property owner, agent, or management is correct as received. 13. The appraisers assume that there are no hidden or unapparent conditions of the property, sub-soil or structures which could render it more or less valuable than an otherwise comparable property, unless such is stated in the report. 14. This appraisal will not take into consideration the possibility of the existence of asbestos, PCB transformers, urea formaldehyde foam insulation, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (containing hazardous materials), or the cost of encapsulation or removal thereof. The appraisers are not qualified to detect or evaluate such substances. 15. Should the client have a concern over the existence of such substances, they are urged to retain the services of a qualified independent engineer or contractor to determine the extent of the condition and the cost of any required or desired treatment or removal. The cost must be borne by the client or owner of the property, however, this cost has not been considered in the valuation of the property. 16. Virtually all land in Arizona is affected by pending or potential litigation by various 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 Ground Water Management Act (as amended) may also restrict future ground water pumping in various parts of the State. Given this uncertainty, neither the undersigned nor any of their representatives can make warranties concerning rights to or adequacy of the water supply with respect to the premises, although the sale of premises include such water rights as are appurtenant thereto. | <ol style="list-style-type: none"> 17. The appraisers cannot predict or evaluate the possible effects of future wage price control actions of the government upon retail income or financing of the subject property; hence, it is assumed that no control will apply which would nullify contractual agreements, thereby changing property values. The market value estimated is as of the date of the estimate. All dollar amounts are based on the purchasing power of the dollar as of that date. 18. Possession of this report or any copy thereof does not carry with it the right of publication, nor may it 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. 19. Neither all nor any part of this appraisal report shall be given to third parties without the prior written consent of the signatories of this appraisal 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). 20. Neither this report, nor any of its contents, may be used for the sale of shares or similar units of ownership in the nature of securities, without specific prior approval of the appraiser(s). No part of this appraisal may be reproduced without the permission of the appraisers. 21. 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. No change of any item in the report shall be made by anyone other than the appraiser. The appraiser shall have no responsibility if any such unauthorized change is made. 22. The appraiser may not divulge the material 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 a court of law or body with the power of subpoena. 23. The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if any, are included for the same purpose as of the date of the photos. Site plans are not surveys unless so designated. 24. On-site or off-site proposed improvements, if any, as well as any repairs required, are considered for purposes of this appraisal to be completed in good and workmanlike manner according to information submitted and/or considered by the appraisers. In cases of proposed construction, the appraisal is subject to change upon inspection of the property after construction is completed. 25. The authentic copies of this report are signed in blue ink and have been bound. Any copy that does not have the above is unauthorized and may have been altered. 26. Acceptance of, and/or use of, this appraisal report by client constitutes acceptance of the foregoing conditions in their entirety. Appraiser liability extends only to the identified client, not subsequent parties or users, and is limited to the amount of fee received by the appraiser. Use or reliance upon this report by third parties is specifically prohibited. |
|---|--|



View north across the subject property



View east across the subject property



View south across the subject property



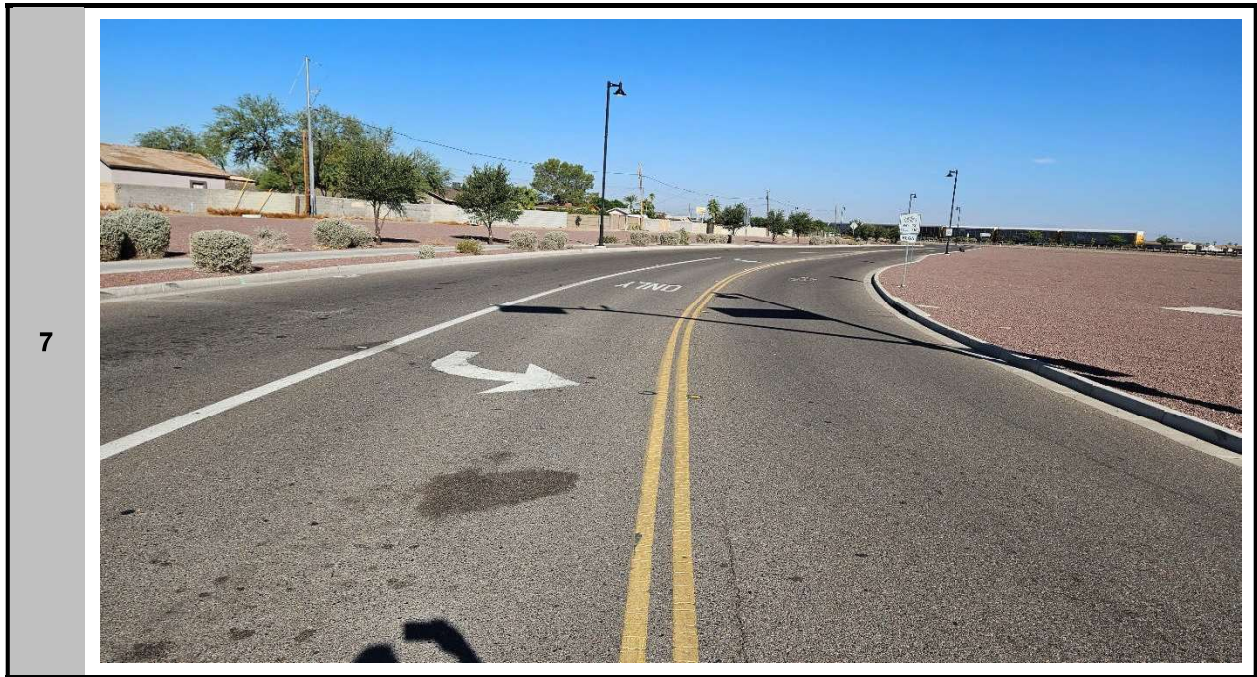
View northwest along the Grand Avenue frontage road and Grand Avenue



View northeast along Thunderbird Road



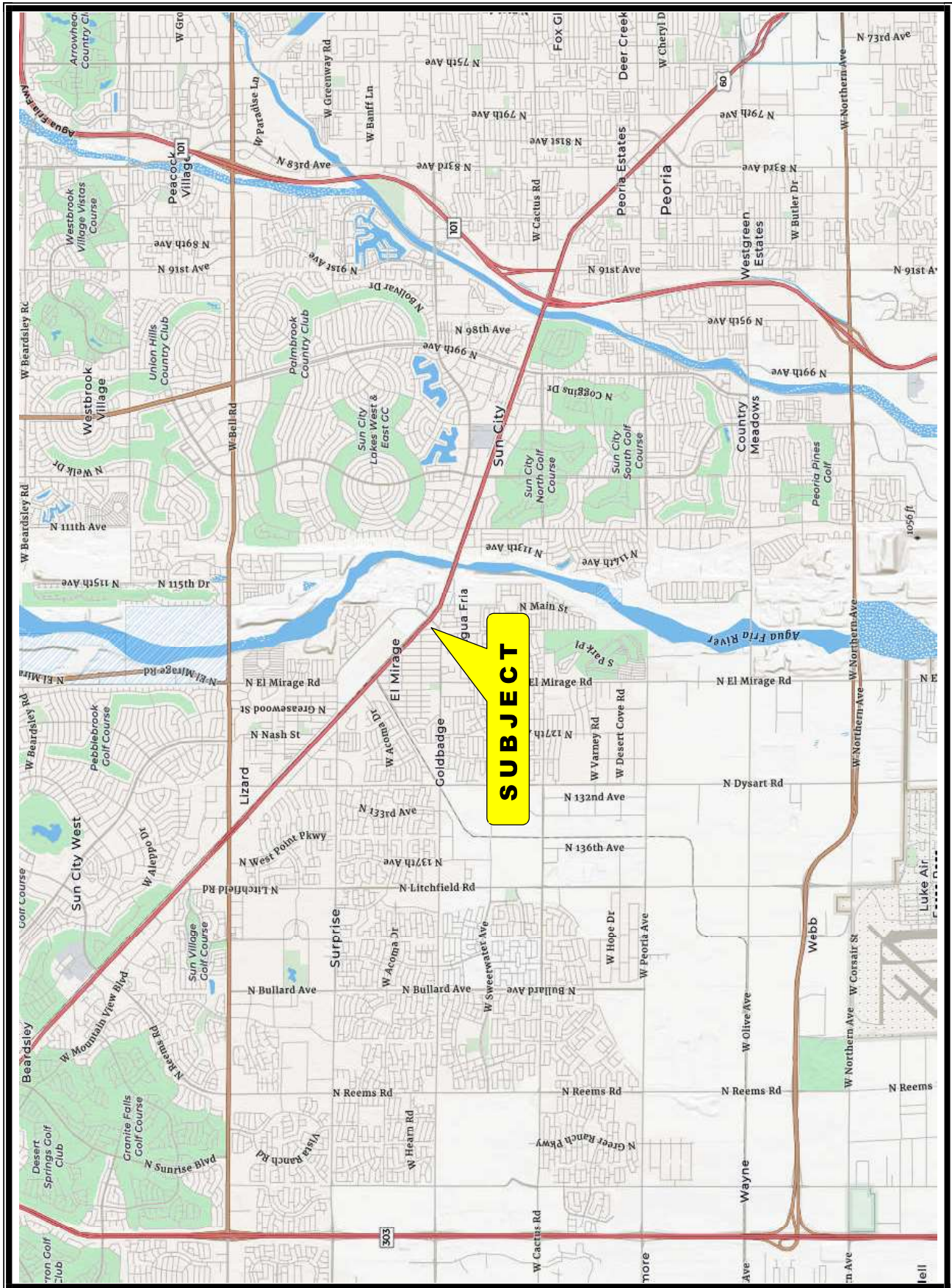
View southwest along Thunderbird Road



View north along Grand Avenue frontage road (Honcho Road)

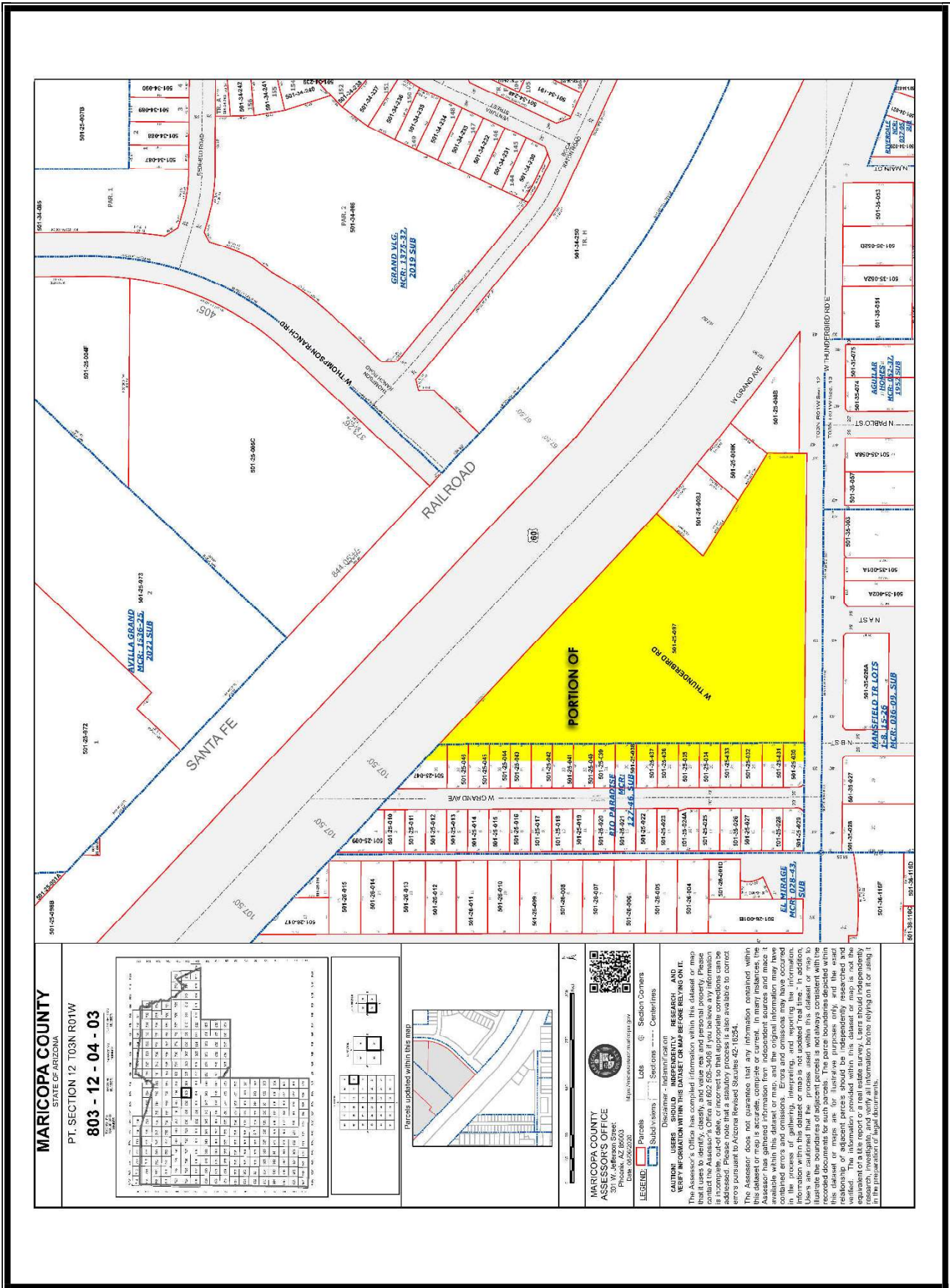


View south along Grand Avenue frontage road (Honcho Road)



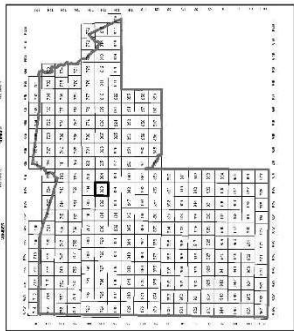
© Arizona State Land Department Parcel Viewer

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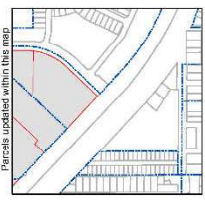
MARICOPA COUNTY
STATE OF ARIZONA

PT. SECTION 12 T03N R01W
803 - 12 - 04 - 03



Parcel updated within this map:

901-25-001	901-25-002	901-25-003	901-25-004	901-25-005	901-25-006	901-25-007	901-25-008	901-25-009	901-25-010
901-25-011	901-25-012	901-25-013	901-25-014	901-25-015	901-25-016	901-25-017	901-25-018	901-25-019	901-25-020
901-25-021	901-25-022	901-25-023	901-25-024	901-25-025	901-25-026	901-25-027	901-25-028	901-25-029	901-25-030
901-25-031	901-25-032	901-25-033	901-25-034	901-25-035	901-25-036	901-25-037	901-25-038	901-25-039	901-25-040
901-25-041	901-25-042	901-25-043	901-25-044	901-25-045	901-25-046	901-25-047	901-25-048	901-25-049	901-25-050
901-25-051	901-25-052	901-25-053	901-25-054	901-25-055	901-25-056	901-25-057	901-25-058	901-25-059	901-25-060
901-25-061	901-25-062	901-25-063	901-25-064	901-25-065	901-25-066	901-25-067	901-25-068	901-25-069	901-25-070
901-25-071	901-25-072	901-25-073	901-25-074	901-25-075	901-25-076	901-25-077	901-25-078	901-25-079	901-25-080
901-25-081	901-25-082	901-25-083	901-25-084	901-25-085	901-25-086	901-25-087	901-25-088	901-25-089	901-25-090
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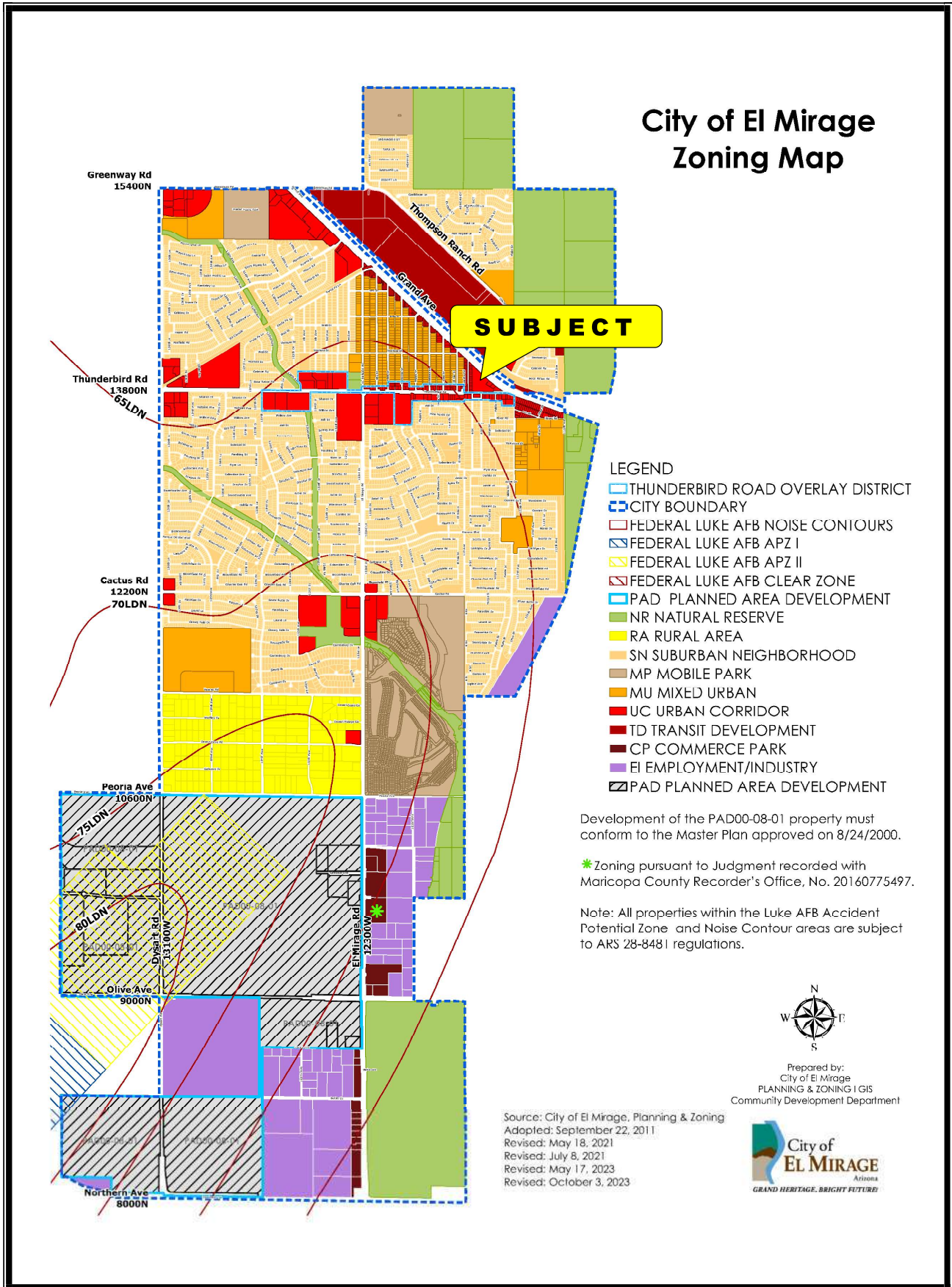
MARICOPA COUNTY
ASSESSORS OFFICE
301 W. Jefferson Street
Phoenix, AZ 85003
Map: www.maricopa.gov

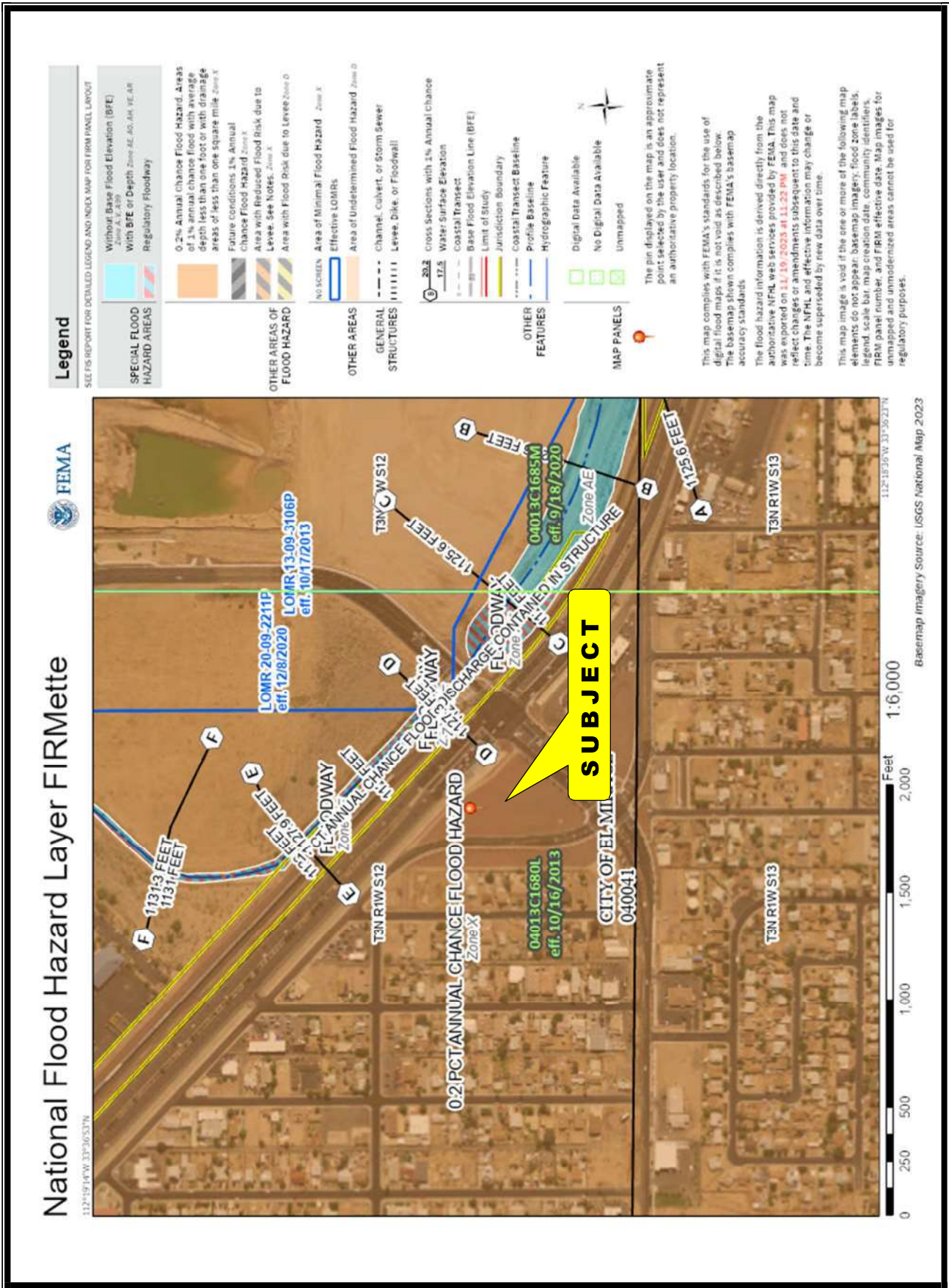
LEGEND: Parcels, Subdivisions, Lots, Section Corners, Centlines

CAUTION: USERS SHOULD INDEPENDENTLY RESEARCH AND VERIFY INFORMATION WITHIN THIS DATASET OR MAP BEFORE RELYING ON IT.

The Assessor's Office has compiled information within this dataset or map for informational purposes only. It is not intended to be used as a legal document. For more information, please contact the Assessor's Office at 602.605.3408. If you receive any information that is in complete, out-of-date, or incorrect to that appropriate corrections can be addressed. Please note that a statutory process is also available to correct errors pursuant to Arizona Revised Statutes 45-1024.

This dataset or map is accurate, complete or current. In many instances, the Assessor has gathered information from independent sources and made it available within this dataset or map, and the original information may have been updated since the date of the dataset or map. In many instances, the information within this dataset or map is not updated "real time." In addition, users are cautioned that the process used within this dataset or map to record documents for each parcel. The parcel boundaries depicted within this dataset or map are for illustrative purposes only, and the exact location of parcel boundaries should be determined by independent research. The adjacent parcels are not necessarily associated with this parcel. To obtain a more detailed and accurate map, users should independently research, investigate, and verify all information before relying on it or using it in the preparation of legal documents.





**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.
Updated 3/8/2023 (Plant date March 2, 2023) No change. JG

Date of Search: July 4, 2019	Examiner: Jim Gregg	Reviewer:
Update to: March 2, 2023	Examiner: Jim Gregg	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:

County: Maricopa	Tax Arb: 501-25-037 through 047 and 501-25-097	Disposal: N/A
Tracs No.: 060MA145H8374	Highway: WICKENBURG-PHOENIX	Excess Land: L-C-102
Fed. No.: N/A	Section: Thunderbird Rd. T.I.	Parcel No.: 07-11881 through 07-11889 and 07-5918

**SCHEDULE A-1
LEGAL DESCRIPTION**

That portion of Lots 29 through 39, Rio Paradise a subdivision recorded in Book 127 of Maps, page 46 and corrected in Book 129 of Maps, page 13, records of Maricopa County Arizona and that part of the Southeast quarter of Section 12, Township 3 North, Range 1 West of the Gila and Salt River Meridian, Maricopa County Arizona, all as depicted on Exhibit "A" attached, Sheets P-1, and P-4 of ADOT Drawing D-7-T 1019, the Right of Way Plans of WICKENBURG-PHOENIX HIGHWAY, Thunderbird Rd. T.I. Section, Project 060MA145H8374 01R / ADOT Parcel No.s 07-11881 through 07-11889 and 07-5918

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 Senseman-Smith Partnership, a general partnership, as to an undivided 1/3 interest; Henry L. Senseman and Janeece K. Senseman, as to an undivided 1/3 interest; Peoria Petroleum Co., Inc. an Arizona corporation, as to an undivided 1/3 interest; to the State of Arizona, by and through its Department of Transportation, dated June 27, 1989, recorded July 24, 1989, in Document No. 1989-340029.
[Parcel 07-5918, Project SBM-022-0-719]
- 2.) Warranty Deed from Juanita A. Born, a widow, to the State of Arizona, by and through its Department of Transportation, dated May 18, 2015, recorded June 24, 2015, in Document No. 2015-453061.
[Parcel 07-11883, Project 060MA145H8374]
- 3.) Warranty Deed from Ramiro Cervantez and Maria R. Cervantez, husband and wife, to the State of Arizona, by and through its Department of Transportation, dated April 5, 2015, recorded June 29, 2015, in Document No. 2015-463043.
[Parcel 07-11889, Project 060MA145H8374]
- 4.) Warranty Deed from Lorenzo Gaytan, a single man, to the State of Arizona, by and through its Department of Transportation, dated May 4, 2015, recorded July 15, 2015, in Document No. 2015-509087.
[Parcel 07-11887, Project 060MA145H8374]
- 5.) Warranty Deed from Terry Wright, a widower, to the State of Arizona, by and through its Department of Transportation, dated May 19, 2015, recorded June 31, 2015, in Document No. 2015-554874.
[Parcel 07-11885, Project 060MA145H8374]
- 6.) Warranty Deed from Lucy D. Terrones, as trustee under the Surviving Settlor's Trust created by the Serapio V. and Lucy D. Terrones Trust, dated June 25, 1985, to the State of Arizona, by and through its Department of Transportation, dated May 28, 2015, recorded June 31, 2015, in Document No. 2015-557378.
[Parcel 07-11881, Project 060MA145H8374]
- 7.) Warranty Deed from Jesus R. Lozano, a married man, to the State of Arizona, by and through its Department of Transportation, dated April 15, 2015, recorded August 11, 2015, in Document No. 2015-580594.
[Parcel 07-11886, Project 060MA145H8374]
- 8.) Warranty Deed from Valentine Sylvia Terrones, as Trustee of the Valentine Sylvia Terrones Revocable Trust under agreement dated September 23, 1988, to the State of Arizona, by and through its Department of Transportation, dated May 28, 2015, recorded August 31, 2015, in Document No. 2015-628839.
[Parcel 07-11882, Project 060MA145H8374]
- 9.) Warranty Deed from Victor Manuel Acuna, a married person, to the State of Arizona, by and through its Department of Transportation, dated October 13, 2015, recorded Octo 28, 2015, in Document No. 2015-773820.
[Parcel 07-11884, Project 060MA145H8374]

- 10.) Warranty Deed from Martina Garcia, wife of Julian Garcia, as her sole and separate property, to the State of Arizona, by and through its Department of Transportation, dated October 23, 2015, recorded October 30, 2015, in Document No. 2015-785203.
[Parcel 07-11888, Project 060MA145H8374]

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 to ADOT Parcel No. 07-5918 due to the property being acquired more than eight years prior to this transaction.

NOTE: Repurchase rights do **not** apply to ADOT Parcel No.s 07-11881, 07-11882, 07-11883, 07-11884, 07-11885 and 07-11888 due to the signing of the A.R.S. 28-7099 first right of refusal shown on Warranty Deeds.

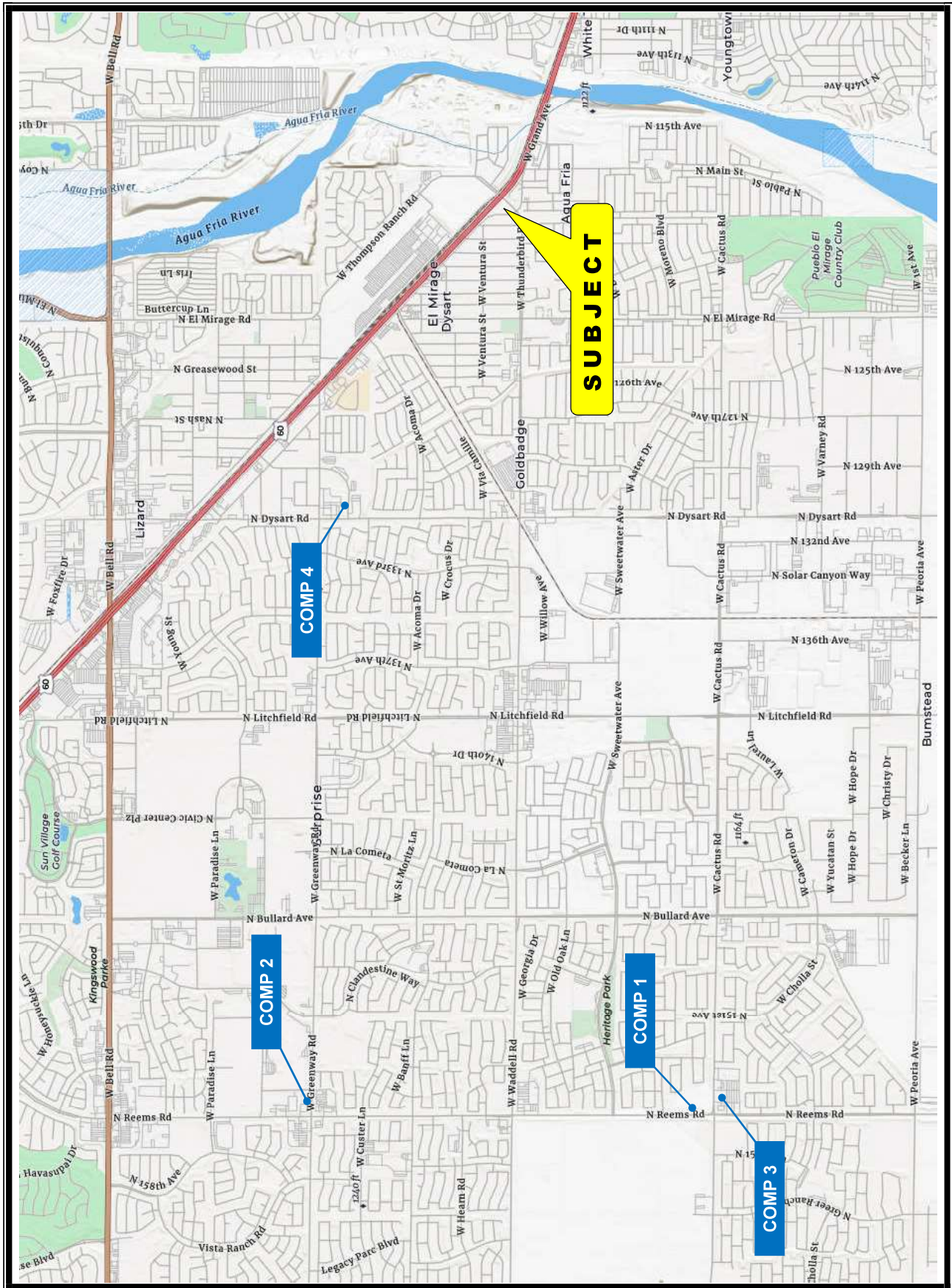
NOTE: Repurchase rights **do** apply to ADOT Parcel No.s 07-11886, 07-11887 and 07-11889 due to the signing of the A.R.S. 28-7099 re-purchase request shown on Warranty Deeds.

END OF REQUIREMENTS

SCHEDULE B

1. None.

END OF SCHEDULE B



© Arizona State Land Department Parcel Viewer

C

Comparable No. 1



Property Information

Property Type:	Vacant Land	
Location:	Reems Road north of Cactus Road	
Address:	12361 N. Reems Road	
City, State ZIP:	Surprise, Arizona 85379	Map Reference: 101-146LJ
		County: Maricopa
Land Area:	50,000 square feet 1.148 acres	
Legal Description:	Part of the SW¼ of Section 17, Township 3 North, Range 1 West, Gila and Salt River Base and Meridian, Maricopa County, Arizona	
Parcel Number(s):	501-40-980	
Zoning Authority:	City of Surprise	
Zoning District(s):	PAD, Planned Area Development	

Flood Hazard Zone(s):	X	Building Area:	NA	Floor Area Ratio:	NA
Topography:	Level	Year Built:	NA	LBR	
Access:	Paved Road	No. of Stories:	NA	Parking / 1,000 sf:	NA
Utilities:	At property	Occupancy:	NA	Clear Height:	NA
				Percent Office:	NA

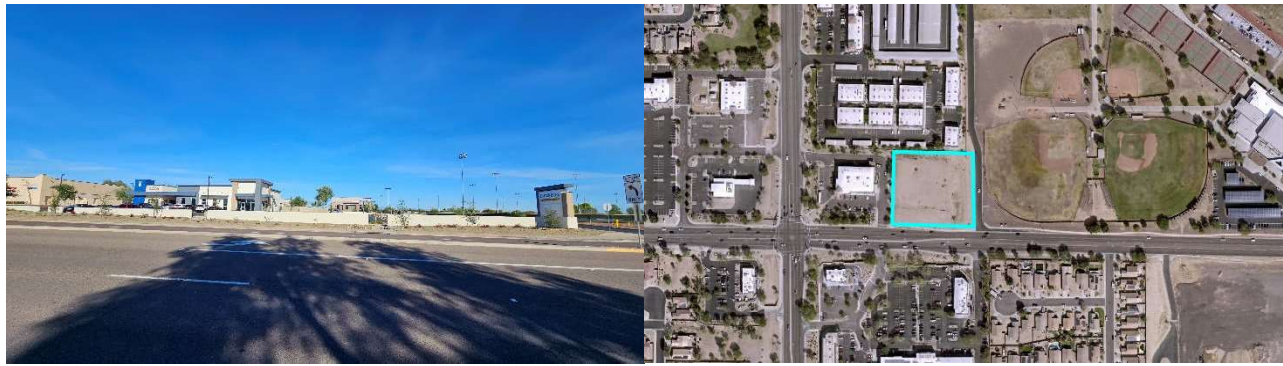
Sale Information

Grantor:	Genesis Reems 5, LLC	
Grantee:	C.J. Shell, LLC	
Date of Sale:	May 2021	
Sales Price:	\$360,500.00 \$7.21 per square foot	Terms: \$360,500.00 (100%) cash down All cash sale
Recordation:	6/29/2021 Special Warranty Deed 2021-0713193	Three Year Sales History: None
Source/Confirmation:	CoStar Group; Recorded Affidavit of Property Value	

Comments:
Surrounding land uses are primarily developed as residential subdivisions. Vacant land to the west is part of the Prasada master-planned development. This site is generally level and at grade with the abutting properties and roadways.



Comparable No. 2



Property Information

Property Type:	Vacant Land	
Location:	Greenway Road east of Reems Road	
Address:	15474 W. Greenway Road	
City, State ZIP:	Surprise, Arizona 85374	Map Reference: 101-146LG
		County: Maricopa
Land Area:	80,609 square feet 1.851 acres	
Legal Description:	Part of the SW¼ of Section 5, Township 3 North, Range 1 West, Gila and Salt River Base and Meridian, Maricopa County, Arizona	
Parcel Number(s):	509-12-839	
Zoning Authority:	City of Surprise	
Zoning District(s):	PAD, Planned Area Development	

Flood Hazard Zone(s):	X	Building Area:	NA	Floor Area Ratio:	NA
Topography:	Level	Year Built:	NA	LBR	
Access:	Paved Road	No. of Stories:	NA	Parking / 1,000 sf:	NA
Utilities:	At property	Occupancy:	NA	Clear Height:	NA
				Percent Office:	NA

Sale Information

Grantor:	CVS Pharmacy, Inc.	
Grantee:	CVP - Greenway, LLC	
Date of Sale:	May 2021	
Sales Price:	\$1,000,000.00 \$12.41 per square foot	Terms: \$250,000.00 (25%) cash down Balance from third party lender on undisclosed terms
Recordation:	11/5/2021 Special Warranty Deed 2021-1191818	Three Year Sales History: None
Source/Confirmation:	CoStar Group; Recorded Affidavit of Property Value	

Comments:
Surrounding land uses are primarily developed as residential subdivisions with supporting commercial land uses. This site is generally level and at grade with the abutting properties and roadways. This parcel was purchased for the development of a small commercial retail building.



Comparable No. 3



Property Information

Property Type:	Vacant Land	
Location:	Cactus Road east of Reems Road	
Address:	15433 W. Cactus Road	
City, State ZIP:	Surprise, Arizona 85379	Map Reference: 101-146LK
		County: Maricopa
Land Area:	90,698 square feet 2.082 acres	
Legal Description:	Part of the NW¼ of Section 20, Township 3 North, Range 1 West, Gila and Salt River Base and Meridian, Maricopa County, Arizona	
Parcel Number(s):	501-97-631	
Zoning Authority:	City of Surprise	
Zoning District(s):	PAD, Planned Area Development	

Flood Hazard Zone(s):	X	Building Area:	NA	Floor Area Ratio:	NA
Topography:	Level	Year Built:	NA	LBR	
Access:	Paved Road	No. of Stories:	NA	Parking / 1,000 sf:	NA
Utilities:	At property	Occupancy:	NA	Clear Height:	NA
				Percent Office:	NA

Sale Information

Grantor:	Continental Cactus & Reems, LLC	
Grantee:	Avalon Cactus, LLC	
Date of Sale:	December 2021	
Sales Price:	\$1,200,000.00 \$13.23 per square foot	Terms: \$1,200,000.00 (100%) cash down All cash sale
Recordation:	12/8/2021 Special Warranty Deed 2021-1302508	Three Year Sales History: None
Source/Confirmation:	CoStar Group; Recorded Affidavit of Property Value	

Comments:
Surrounding land uses are primarily developed as residential subdivisions. Vacant land to the northwest is part of the Prasada master-planned development. This site is generally level and at grade with the abutting properties and roadways. This property was subsequently split into two parcels and one of those parcels has been developed with a fast-food restaurant.



Comparable No. 4



Property Information

Property Type:	Vacant Land	
Location:	Southeast of Dysart Road and Greenway Road	
Address:	15205 N. Dysart Road	
City, State ZIP:	El Mirage, Arizona 85336	Map Reference: 101-149LH
		County: Maricopa
Land Area:	50,030 square feet 1.149 acres	
Legal Description:	Part of the NW¼ of Section 11, Township 3 North, Range 1 West, Gila and Salt River Base and Meridian, Maricopa County, Arizona	
Parcel Number(s):	501-33-984	
Zoning Authority:	City of El Mirage	
Zoning District(s):	UC, Urban Corridor	

Flood Hazard Zone(s):	AE	Building Area:	NA	Floor Area Ratio:	NA
Topography:	Level	Year Built:	NA	LBR	
Access:	Paved Road	No. of Stories:	NA	Parking / 1,000 sf:	NA
Utilities:	At property	Occupancy:	NA	Clear Height:	NA
				Percent Office:	NA

Sale Information

Grantor:	SBC 4, LLC	
Grantee:	El Mirage ROI Mentor 2, LLC	
Date of Sale:	December 2021	
Sales Price:	\$300,000.00 \$6.00 per square foot	Terms: \$300,000.00 (100%) cash down All cash sale
Recordation:	12/30/2021 Warranty Deed 2021-1385477	Three Year Sales History: 2/2020: \$225,000
Source/Confirmation:	CoStar Group; Recorded Affidavit of Property Value	

Comments:
Surrounding land uses are primarily developed as residential subdivisions although this site is located within a commercial development at the southeast corner of Dysart Road and Greenway Road. This site is generally level and at grade with the abutting properties and roadways.





PURCHASE ORDER

PHOENIX, on 9/29/2023

CTR054966/ JW-24-002/ M697201X/ L-C-102/ Appraisal due 60 days from approval-FIRST APPRAISAL SERVICES INC

SUPPLIER

FIRST APPRAISAL SERVICES INC
Attn: TIMOTHY HASKINS
Address: Legal Address
 3420 E SHEA BLVD STE 200
 UNITED STATES
 PHOENIX, Arizona 85028
Phone:
E-mail: THASKINS@AZFAS.COM

ORDER No. P00000597359

(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
 1801 W Jefferson St
 UNITED STATES
 Phoenix, Arizona 85007

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	CTR054966-2	705676-1	CTR054966/ JW-24-002/ M697201X/ L-C-102/ Appraisal due 60 days from approval Commentaire : L-C-102	1.0000	Total Cost		

Total before Tax \$,###.## USD
 Non-Taxable - 0 % \$,##.## USD
Total after Tax \$,###.## USD



ARIZONA

PURCHASE ORDER

DELIVERY CONDITIONS

Delivery Conditions	Date	Type	%	Amount	Item

ARIZONA



PURCHASE ORDER

PURCHASE ORDER TERMS AND CONDITIONS

State of Arizona
PURCHASE ORDER TERMS AND CONDITIONS
Applied to APP Purchase Orders on or after 11/10/2022

1. Modification. No modification of the purchase order shall bind State of Arizona Buyer (Buyer) unless Buyer agrees to the modification in writing.

2. Packing and Shipping. Seller shall be responsible for industry standard packing which conform to all legal requirements. Containers must be clearly marked with any required identifying information such as the lot number, destination address, and purchase order number.

3. Title and Risk of Loss. The title and risk of loss of the materials shall not pass to Buyer until Buyer physically receives the materials at the point of delivery.

4. Invoice and Payment. A separate invoice shall be issued for each shipment. No invoice shall be issued prior to shipment of materials and no payment will be made prior to receipt and acceptance of materials and correct invoice. Payment due dates, including discount periods, will be computed from date of receipt of materials or date of receipt of correct invoice (whichever is later) to date Buyer's warrant as mailed. Unless freight and other charges are itemized, any discount provided will be taken on full amount of invoice. Payment shall be subject to the provisions of Title 35 of Arizona Revised Statutes (A.R.S.), subject to the requirements and limitations of A.R.S. § 35-154. The Buyer's obligation is payable solely from funds appropriated for the purpose of acquiring the materials or services referred to in this Purchase Order; should Buyer's funding change, no legal liability on the part of the Buyer for any payment may arise under this Purchase Order until funds are made available for performance.

5. Inspection. All materials are subject to final inspection and acceptance by Buyer. Material failing to meet the requirements of this Purchase Order will be held at Seller's risk and may be returned to Seller. If so returned, the cost of transportation, unpacking, inspection, repacking, reshipping, or other similar expenses are the responsibility of the Seller.

6. No Replacement of Defective Tender. Every tender of materials must fully comply with all provisions of Purchase Order as the time of delivery, quantity, quality and the like. If a tender is made which does not fully conform, it shall constitute a breach and Seller shall not have the right to substitute a conforming tender.

7. Gratuities. The buyer may, by written notice to the Seller, cancel this Purchase Order if it is found by Buyer that gratuities, in the form of entertainment, gifts, or otherwise, were offered or given by the Seller, or any agent or representative of the Seller, to any officer or employee of the State of Arizona with the purpose of securing an order or securing favorable treatment with respect to the awarding or amending, or the making of any determinations with the respect to the performing, of such order. In the event this Purchase Order is canceled by Buyer pursuant to this provision, Buyer shall be entitled to recover or withhold from the Seller the amount of the gratuity, in addition to any other rights and remedies available under Arizona state law.

8. Warranties. Seller warrants that all materials and services delivered under this Purchase Order will conform to the requirements of this Purchase Order (including all applicable descriptions, specifications, drawing and samples) will be free from defects in material and workmanship and will be free from defects in design and fill for the intended purposes. Any inspection or acceptance of the materials or services by Buyer shall not alter or affect the obligations of Seller or the right of Buyer under the foregoing warranties.



ARIZONA**PURCHASE ORDER**

9. E-Verify. In accordance with A.R.S. § 41-4401, Seller warrants compliance with all Federal Immigration laws and regulations relating to employees and warrants its compliance with Section A.R.S. § 23- 214, Subsection A.

10. Protection of State Cybersecurity Interests. Seller shall comply with State Executive Order No. 2023-10, which includes, but is not limited to, a prohibition against (a) downloading and installing of TikTok on all State-owned and State-leased information technology; and (b) accessing TikTok through State information technology.

11. Assignment and Delegation. No right or interest in this Purchase Order shall be assigned by Seller without the written permission of Buyer, and no delegation of any duty of Seller shall be made without written permission of Buyer.

12. Third Party Antitrust Violations. Seller assigns to Buyer any claim for overcharges resulting from antitrust violations to the extent that those violations concern materials or services supplied by third parties to the Seller toward fulfillment of this Purchase Order

13. Interpretation – This Purchase Order is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms of their agreement. No course of prior dealings between the parties and no course of dealing or usage of the trade shall supplement or explain any terms used in this document and no other understanding either oral or in writing shall be binding. Whenever a term defined by the Uniform Commercial Code (U.C.C.) is used in the Purchase Order, the definition contained in the U.C.C. is to control.

14. Non-Discrimination. The Seller shall comply with State Executive Orders No. 2023-09, 2023-01, 2009-09, and any and all other applicable Federal and State laws, rules and regulations, including the Americans with Disabilities Act.

15. Indemnity. Seller agrees to indemnify and save Buyer harmless from any loss, damage or expense whatsoever resulting to the Buyer from any and all claims and demands on account of infringement or alleged infringement of any patent in connection with the manufacture or use of any product included in this Purchase Order and upon written request, Seller will defend at its own expense any legal action or suit against Buyer involving any such alleged patent infringement and will pay and satisfy any judgments rendered or settlements reached in any such legal actions or suits. Seller will indemnify Buyer against all claims for damages to persons or property resulting from defects in materials or workmanship

16. Liens. All delivered materials and services performed under this Purchase Order shall be free of all liens and if Buyer requests, a formal release of all liens shall be delivered to Buyer.

17. Contract Number. If an Arizona contract number appears on the face of this Purchase Order or the Purchase Order was placed against an existing Arizona contract, the terms of that contract are incorporated herein by this reference.

18. Taxes. Seller shall be responsible for paying any and all applicable taxes, including but not limited to state and local transaction privilege taxes.

19. Conflict of Interest. Pursuant to A.R.S. § 38-511, this Purchase Order is subject to cancellation by the buyer if any person significantly involved in initiation negotiating securing drafting or creating the contract on behalf of the State is at any time while the contract is in effect, an employee or any other party to the contract in any capacity or a consultant to any other party of the contract will respect to the subject matter of the contract.

20. Remedies and Applicable Law. This Purchase Order shall be governed by the law of the State of Arizona and suits pertaining to this Purchase Order may only be brought under Article 9 of the Arizona Procurement Code (A.R.S. §§ 41-2501 et

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PURCHASE ORDER

seq., and the rules thereunder, A.A.C. R2-7-101 et seq.)

21. Books and Records. Under A.R.S. § 35-214 and § 35-215, the Seller shall retain all books, accounts, reports, files and other records relating to the Purchase Order for five years after completion of the Purchase Order. These books and records shall be available at all reasonable times for inspection and audit by the State at such state offices designated by the State.

22. State Law Certifications. If Seller is a Company as defined in A.R.S. § 35-393, Contractor Seller certifies that it shall comply with A.R.S. § 35-394, regarding use of forced labor of ethnic Uyghurs, as applicable. If this purchase order is over \$100,000, Seller further certifies that it is not currently engaged in a boycott of Israel as described in A.R.S. §§ 35-393 et seq. and will refrain from any such boycott for the duration of this Purchase Order.

23. Arbitration. The Buyer and Seller agree to use arbitration as required by A.R.S. § 12-1518.



Timothy A. Haskins, ASA

APPRAISAL CERTIFICATION, LICENSING AND MEMBERSHIPS

State of Arizona Certified General Real Estate Appraiser; Certificate No. 30668
Recertified through June 30, 2025

Accredited Senior Appraiser, (ASA) American Society of Appraisers (1995)
Recertified through October 30, 2025

- Officer – Phoenix Chapter of American Society of Appraisers (1994-1996)
- President – Phoenix Chapter of American Society of Appraisers (1997-1999)

Member, International Right of Way Association (2001)

PROFESSIONAL AFFILIATIONS

Practicing Affiliate, Appraisal Institute

EXPERIENCE

Owner, First Appraisal Services, PLC (2016-present)
 Senior Appraiser, First Appraisal Services, Inc. (2000-2015)
 Production Director/Senior Analyst, WMF Robert C. Wilson (1998-2000)
 Senior Managing Appraiser, Appraisal Sciences, Ltd. (1997-1998)
 Staff Appraiser, Appraisal Sciences, Ltd. (1990-1997)

SCOPE OF ASSIGNMENTS

<u>Property Types</u>	<u>Purpose</u>	<u>Geographic Areas Covered</u>
Vacant Land	Eminent Domain	Arizona, statewide
Industrial Facilities	Estate Planning	
Office Buildings	Tax Planning	
Retail Buildings	Appraisal Review	
Residential Properties	Litigation Support	
Special Use Properties	Expert Witness	

EDUCATION

University of Arizona, B.S. in Business Administration, 1990

Various Continuing Education Courses, including:

- Business Practices and Ethics
- National Uniform Standards of Professional Appraisal Practice
- Uniform Appraisal Standards for Federal Land Acquisitions
- Ethics and the Right of Way Profession
- Basic Capitalization Course
- The Technical Inspection of Real Estate
- The Appraisal of Partial Acquisitions
- Valuation of Conservation Easements Certificate Program
- Marshall & Swift Commercial Cost Approach Certification
- Office Building Valuation: A Contemporary Perspective
- Principles of Real Estate Negotiation
- Principles of Real Estate Engineering
- Real Estate Finance Statistics and Valuation Modeling
- Marketability Studies: Six-Step Process & Basic Applications
- Forecasting Revenue
- Small Hotel/Motel Valuation
- Subdivision Valuation

3420 E. Shea Boulevard, Suite 200
 Phoenix, Arizona 85028
 602.264-0011
 thaskins@azfas.com



Department of Insurance and Financial Institutions
State of Arizona

CGA - 30668

This document is evidence that:
TIMOTHY A. HASKINS has complied with the provisions of
 Arizona Revised Statutes, relating to the establishment and operation of a:
Certified General Real Estate Appraiser

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

TIMOTHY A. HASKINS

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

Expiration Date : **June 30, 2025**