

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:

Southeast of Higley Road and Thomas Road
Mesa, Arizona 85201

Report Dated:

May 14, 2024

Effective Date:

April 18, 2024

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
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**Reference:**

FAS 1.24-2947.00

Project: M6972 01X
Highway: Red Mountain Freeway
Section: Gilbert Road –Higley Road
Parcel: L-C-147



FIRST APPRAISAL SERVICES

7227 N. 16th Street, Suite 112 | Phoenix | Arizona | 85020
602.264-0011 | info@azfas.com

May 14, 2024

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: Red Mountain Freeway
Section: Gilbert Road – Higley Road
Parcel: L-C-147

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 April 18, 2024.

The subject property is a 153,677-square foot tract of land located southeast of Higley Road and Thomas Road in the City of Mesa. The property is a part of the State Route 202 right-of-way. A physical inspection of the property was made on April 18, 2024, with representatives of 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
May 14, 2024

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 April 18, 2024, is:

TWO HUNDRED FORTY-SIX THOUSAND DOLLARS

\$246,000.00

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:	Red Mountain Freeway	
	Section:	Gilbert Road – Higley Road	
	Parcel:	L-C-147	
Date of Report	May 14, 2024	Limiting Conditions	See Addendum A
Report Format	Appraisal Report	Certification	See Page 62
Intended Use	Assist in the possible sale or disposal of the subject property		
Intended User(s)	Arizona Department of Transportation and Federal Highway Administration		

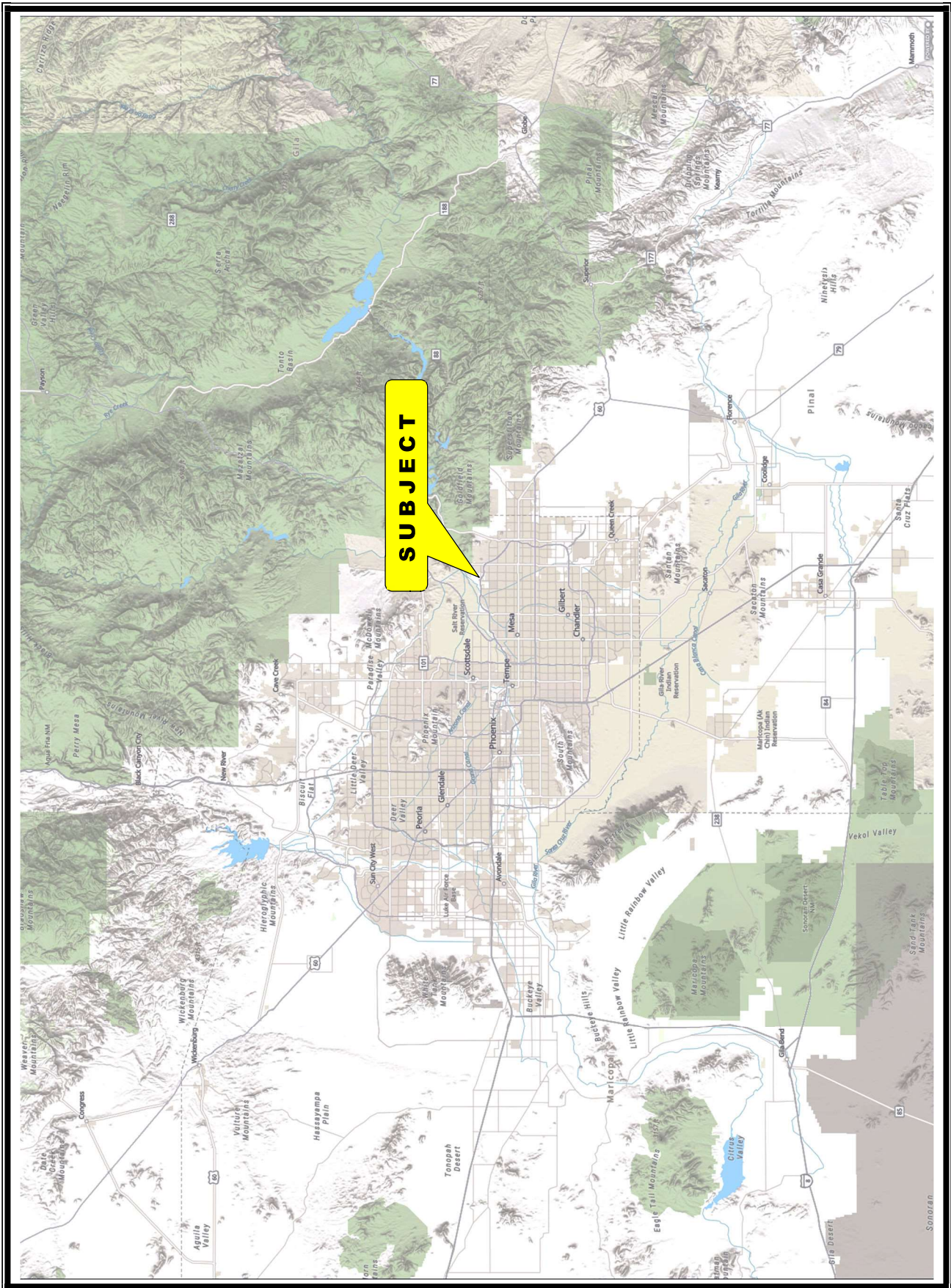
Property Information

Ostensible Owner	Arizona Department of Transportation		
Location of Property	Southeast of Higley Road and Thomas Road		
246000/Street Address	None Given	Township-Range	T2N-R6E
	Mesa, Arizona 85201	Section	35
County	Maricopa	Map Reference	129-185LT
Assessor Parcel Number(s)	Unassessed		
Site Area	153,677 square feet	Zoning District(s)	LI, Light Industrial
	3.528 acres		City of Mesa
		Flood Zone	Zone X
Present Use	Vacant Land		
Date of Inspection	April 18, 2024		

Valuation Information

Highest and Best Use	Assemblage		
As If Vacant:	Assemblage		
Effective Date	April 18, 2024		
Extraordinary Assumptions	None		
Hypothetical Conditions	None		
Indications of Value	Sales Comparison Approach.....		\$246,000.00
	Income Approach.....		Not Applicable
	Cost Approach		Not Applicable
Fee Simple Interest	Conclusion of Value		\$246,000.00









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, 2024 Edition, The Appraisal Foundation

Significant Dates

Effective Date: April 18, 2024

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: April 18, 2024

The appraiser made a physical inspection of the property at approximately 10:30 am on April 18, 2024.

Date of Report: May 14, 2024

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, subject to "Schedule B" of a Right of Way Disposal Report prepared for the subject property. 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 April 18, 2024. 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 Mesa. 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 east Mesa 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 on page 62 and Addendum A to this report. 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, 2024 Edition, The Appraisal Foundation

⁵ Uniform Standards of Professional Appraisal Practice, 2024 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 34 of this report. The property that is the subject of this report may be commonly identified as follows:

Location.....	Southeast of Higley Road and Thomas Road
Street Address	None Given
City, State, ZIP	Mesa, Arizona 85201
Assessor Parcel Number(s)	Unassessed

Legal Description⁶

A portion of the Southwest quarter of Section 26, Township 2 North, Range 6 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona

Figure 1 – Aerial Photograph



⁶ A complete 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.

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:

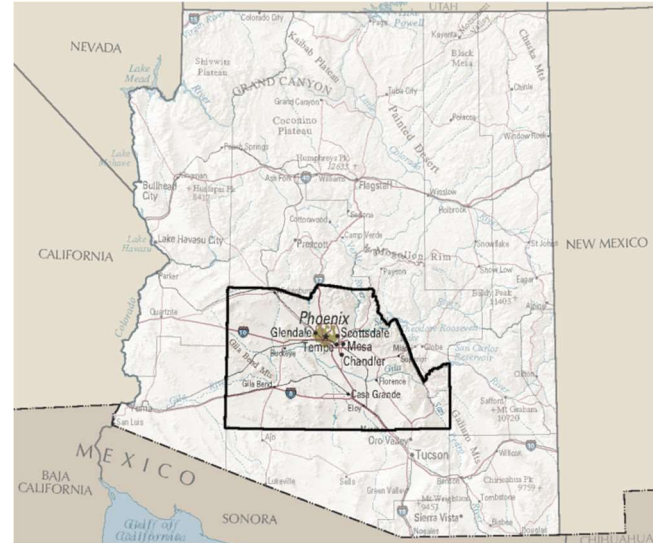
Vacant Land	<input checked="" type="checkbox"/>	Occupant(s): _____	Owner	Tenant
Unoccupied	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Agricultural	<input type="checkbox"/>			

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 with 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.

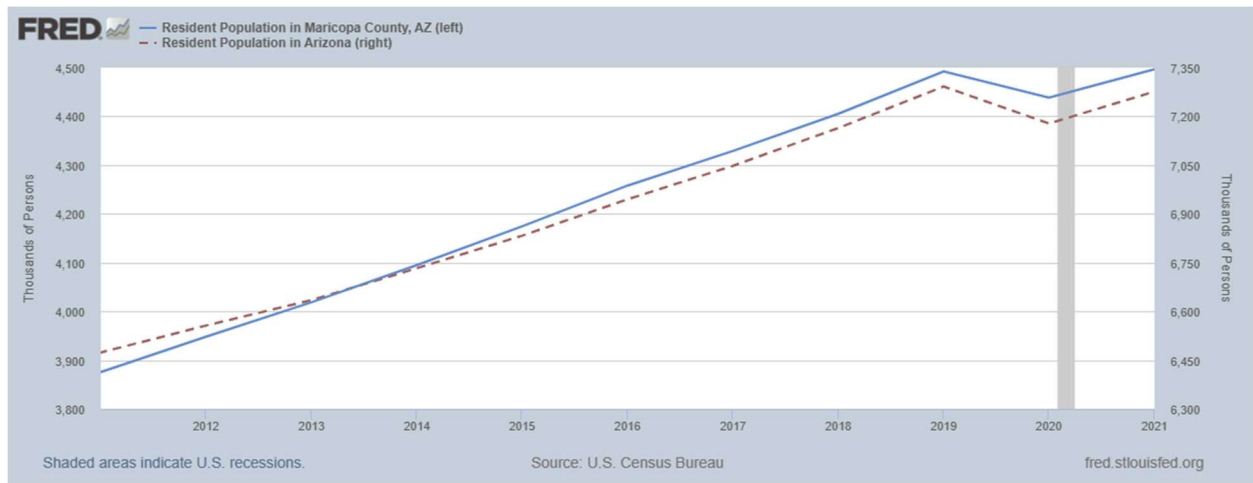
Population

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 2023 population estimate for the State of Arizona is 7,525,113 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 2023 estimated population of 1,682,053 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

Table 1. Gross Domestic Product by State and Region: Level and Percent Change From Preceding Period

	Current-dollar gross domestic product							Real gross domestic product							
	Millions of dollars				Percent change from preceding period ¹			Millions of chained (2017) dollars				Percent change from preceding period ¹			
	2022	Seasonally adjusted at annual rates			2022	2023		2022	Seasonally adjusted at annual rates			2022	2023		2023
		Q1	Q2	Q3 ^p		Q2	Q3 ^p		Q1	Q2	Q3 ^p		Q2	Q3 ^p	
United States	25,744,108	26,813,601	27,063,012	27,610,128	9.1	3.8	8.3	21,822,037	22,112,329	22,225,350	22,490,692	1.9	2.1	4.9	--
New England	1,315,233	1,366,894	1,382,284	1,409,744	7.4	4.6	8.2	1,140,308	1,148,112	1,153,162	1,166,373	2.2	1.8	4.7	--
Mideast	4,450,546	4,610,513	4,652,971	4,736,645	7.7	3.7	7.4	3,814,224	3,829,133	3,841,282	3,879,022	1.9	1.3	4.0	--
Great Lakes	3,340,753	3,462,748	3,490,836	3,555,971	8.7	3.3	7.7	2,825,277	2,832,060	2,841,882	2,871,316	1.3	1.4	4.2	--
Plains	1,598,958	1,666,262	1,677,255	1,710,671	9.1	2.7	8.2	1,335,232	1,353,681	1,360,688	1,377,878	1.1	2.1	5.1	--
Southeast	5,604,605	5,894,134	5,946,551	6,066,132	9.8	3.6	8.3	4,735,643	4,829,724	4,846,562	4,904,756	2.7	1.4	4.9	--
Southwest	3,246,070	3,377,124	3,399,990	3,497,156	13.9	2.7	11.9	2,620,457	2,701,729	2,730,403	2,777,533	2.5	4.3	7.1	--
Arizona	475,654	497,300	502,546	512,504	10.0	4.3	8.2	403,474	409,514	411,009	415,961	3.2	1.5	4.9	20
Rocky Mountain	974,683	1,010,644	1,019,436	1,042,557	10.7	3.5	9.4	812,969	824,637	829,993	841,966	2.3	2.6	5.9	--
Far West	5,066,774	5,277,129	5,345,363	5,444,125	7.1	5.3	7.6	4,385,658	4,439,121	4,468,462	4,521,933	1.0	2.7	4.9	--

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 all 50 states and the District of Columbia in the third quarter of 2023, with the percent change ranging from 9.7 percent in Kansas to 0.7 percent in Arkansas (table 1), 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 12.8 percent in Texas to 4.1 percent in Arkansas (table 1).

In the third quarter of 2023, real GDP for the nation grew at an annual rate of 4.9 percent. Real GDP also increased in 15 of the 23 industry groups for which BEA prepares quarterly state estimates (table 2).

- Agriculture, forestry, fishing, and hunting, which decreased nationally and in 33 states, was the leading contributor to growth in Kansas and Nebraska, the states with the largest and third-largest increases in real GDP. In contrast, this industry was the leading offset to growth in Arkansas and Mississippi, the states with the smallest increases in real GDP.
- Retail trade was the leading contributor to growth in 39 states, including Texas and Idaho, the states with the second- and fourth-largest increases in real GDP.
- Nondurable-goods manufacturing was the leading contributor to growth in three states, including Louisiana, the state with the fifth-largest increase in real GDP.

⁹ United States Department of Commerce, Bureau of Economic Analysis; <https://www.bea.gov/sites/default/files/2023-12/stgdppi3q23.pdf>

Labor Force and Employment

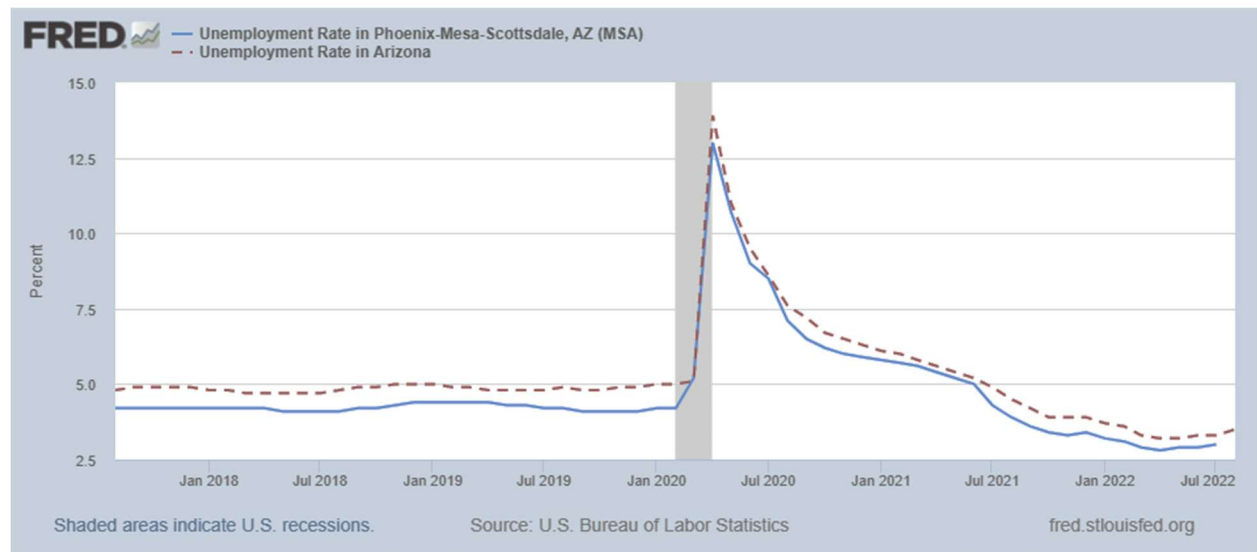
Figure 6 – Civilian Labor Force Profile

2023 Labor Force						
Age Group	Population	Employed	Unemployed	Unemployment Rate	Labor Force Participation Rate	Employment-Population Ratio
16+	3,985,299	2,423,626	93,952	3.7%	63.2%	60.8%
16-24	590,964	353,374	28,280	7.4%	64.6%	59.8%
25-54	1,992,746	1,564,173	50,650	3.1%	81.0%	78.5%
55-64	557,163	354,422	9,571	2.6%	65.3%	63.6%
65+	844,426	151,657	5,451	3.5%	18.6%	18.0%
Male Age 16+	1,972,541	1,332,895	47,685	3.5%	70.0%	67.6%
Female Age 16+	2,012,758	1,090,731	46,267	4.1%	56.5%	54.2%

Economic Dependency Ratio	
Total	107.2
Child (<16)	44.7
Working-Age (16-64)	34.0
Senior (65+)	28.5

Industry	Employed	Percent	US Percent	Location Quotient
Total	2,423,626	100.0%	100.0%	-
Agriculture/Forestry/Fishing	9,941	0.4%	1.1%	0.36
Mining/Quarrying/Oil & Gas	4,494	0.2%	0.4%	0.50
Construction	186,688	7.7%	7.0%	1.10
Manufacturing	204,773	8.4%	10.0%	0.84
Wholesale Trade	42,912	1.8%	1.9%	0.95
Retail Trade	279,492	11.5%	10.4%	1.11
Transportation/Warehousing	132,988	5.5%	5.5%	1.00
Utilities	19,562	0.8%	0.8%	1.00
Information	41,300	1.7%	1.9%	0.89
Finance/Insurance	186,730	7.7%	5.0%	1.54
Real Estate/Rental/Leasing	56,494	2.3%	1.8%	1.28
Professional/Scientific/Tech	203,188	8.4%	8.6%	0.98
Management of Companies	3,746	0.2%	0.1%	2.00
Admin/Support/Waste Management	126,966	5.2%	4.4%	1.18
Educational Services	192,624	7.9%	9.2%	0.86
Health Care/Social Assistance	295,179	12.2%	13.6%	0.90
Arts/Entertainment/Recreation	67,477	2.8%	2.2%	1.27
Accommodation/Food Services	167,818	6.9%	6.7%	1.03
Other Services (Excluding Public)	105,394	4.3%	4.7%	0.91
Public Administration	95,860	4.0%	4.8%	0.85

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

The preliminary average monthly statewide total civilian labor force in December 2023 was estimated to be 3,738,201 persons with an average unemployment rate of 4.3% . The average monthly total civilian labor force was 2,671,984 for the Phoenix-Mesa-Scottsdale MSA, while the average unemployment rate was 3.8%.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

Table 1. Per Capita Personal Income, by County, 2020–2022

	Per capita personal income ¹				Percent change from preceding period		
	Dollars			Rank in state	Percent change		Rank in state
	2020	2021	2022	2022	2021	2022	2022
United States	59,153	64,430	65,470	--	8.9	1.6	--
Arizona	52,133	56,420	58,442	--	8.2	3.6	--
Apache	42,192	45,817	45,633	11	8.6	-0.4	15
Cochise	46,835	49,445	50,195	8	5.6	1.5	12
Coconino	52,890	56,505	58,933	2	6.8	4.3	4
Gila	44,992	49,250	50,505	7	9.5	2.5	10
Graham	35,930	39,014	40,981	15	8.6	5.0	2
Greenlee	43,210	48,193	54,219	4	11.5	12.5	1
La Paz	46,218	51,897	53,997	5	12.3	4.0	5
Maricopa	56,024	61,008	63,461	1	8.9	4.0	6
Mohave	40,229	42,777	44,645	13	6.3	4.4	3
Navajo	38,620	42,102	42,096	14	9.0	0.0	14
Pima	49,601	53,034	54,464	3	6.9	2.7	9
Pinal	41,546	44,574	45,950	10	7.3	3.1	8
Santa Cruz	43,176	47,119	47,898	9	9.1	1.7	11
Yavapai	46,954	50,065	51,747	6	6.6	3.4	7
Yuma	42,177	44,285	44,811	12	5.0	1.2	13

Arizona’s nominal per capita personal income hit \$58,442 in 2022, according to the latest estimates from the U.S. Bureau of Economic Analysis (BEA). National per capita personal income was \$65,470. 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.

¹⁰ Source: Copyright 2021 Data Axle, Inc. All rights reserved. Esri Total Residential Population forecasts for 2022. Published by STDB

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

Arizona lost 1,200 seasonally-adjusted jobs over the month in October, its first monthly drop since July. The state added a revised 4,700 jobs in September, down from the preliminary estimate of 8,200.

Over the month in October, professional and business services dropped 3,200 jobs, followed by financial activities (down 2,600), leisure and hospitality (down 2,000), other services (down 800), manufacturing (down 300), information (down 300), and construction (down 100).

Partially offsetting those declines were gains in private education and health services (up 4,400), trade, transportation, and utilities (up 2,500), government (up 1,100), and natural resources and mining (up 100).

Over the year, Arizona jobs were up 51,100, which translated into a 1.6% increase. That was below the U.S. pace of 1.9%. Phoenix MSA jobs were up 1.7% in October and Tucson jobs were up 1.1%.

Arizona's seasonally-adjusted unemployment rate ticked up to 4.2% in October, up from 4.0% in September and up from 3.4% in April and May. The state rate was modestly above the U.S. at 3.9%.

Arizona personal income growth decelerated modestly in the second quarter of 2023, with over-the-year growth decelerating to 6.6%, down from 7.3% in the first quarter. That outpaced the U.S. at 4.8% and the Phoenix MSA rate of inflation of 5.8%.

Growth in the second quarter was driven by net earnings from work, which includes wages and salaries, proprietor's income, and fringe benefits, less contributions for social insurance and adjusted for commuting. Arizona net earnings rose 6.1% in the second quarter, up from 5.6% in the first quarter.

Dividends, interest, and rent rose 9.2% over the year in the second quarter, down from 12.6% in the first quarter. Transfer income, which includes Social Security, Medicare, Medicaid, welfare payments, and other non-market income, rose 5.7% over the year, down from 7.1% in the first quarter.

Phoenix house prices have risen modestly this year. The median house price in Phoenix was \$468,000 in October, up 0.6% over the year. Even so, the Phoenix median price was down 8.2% from its recent peak of \$510,000 in May 2022. The Phoenix Case-Shiller Index (a measure of repeat sales of single-family homes) shows that Phoenix home prices were down 3.9% over the year in August and down 6.1% from their peak in June 2022.

Tucson home prices have remained firm this year. The median home price in Tucson was \$379,500 in October, down from \$381,000 in May but up 5.4% over the year. In contrast to Phoenix, the median home price in Tucson has increased from mid-2022.

Like home prices, rent skyrocketed during the pandemic. Nationally, median new-lease rent (from Apartment List) rose by 21.2% from February 2020 to October 2023. Rent rose faster in Phoenix and Tucson, with increases of 27.1% and 42.0%, respectively. The rent acceleration was particularly noticeable during 2021 and rent growth has softened since. Over the year in October, rent was up 2.0% in Tucson, reaching \$1,359. At \$1,354, rent was down 1.2% nationally and Phoenix rent was down 4.3% to \$1,547.

Single-family housing affordability continued to deteriorate in the third quarter, according to data from the National . Nationally, 37.4% of the homes sold were affordable for a family making the median income. That was down from 63.2% in the last quarter of 2019, or 25.8 percentage points. The drop was bigger in Phoenix, Tucson, and Prescott. In Phoenix, 24.9% of homes sold were affordable, down from 64.9% in the last quarter of 2019. In Tucson, 33.8% of homes sold were affordable, down from 71.2%. For Prescott, the share of affordable homes was down 35.0%, from 55.9% in the last quarter of 2019 to 20.9% in the third quarter of 2023.

Total housing permits in Arizona are on pace to drop 11.0% over the year through the first ten months of 2023. The majority of the decline was driven by single-family permits, down 12.8%, but multi-family permits were down as well, by 7.9%. Keep in mind that these calculations use 2022 data that are benchmarked to the revised annual U.S. Census Bureau data (and that differs from the raw monthly data you see from most sources).

Phoenix housing permits declined 8.9% over the year through the first ten months, with single-family activity down 12.0% and multi-family activity down 4.4%.

¹² Excerpts from Arizona's Economy, November 2023, University of Arizona Eller College of Management, Economic and Business Research Center

The story was similar in Tucson, with total permits down 11.1%, single-family permits down 4.6% and multi-family permits down 24.3%.

Consumer price inflation for all items in Phoenix has decelerated to just below the national rate. In October, prices rose 2.9% over the year in Phoenix. Nationally prices were up 3.2%. That was down significantly from peaks last summer of 13.0% and 9.1% for Phoenix and the U.S., respectively.

While inflation has come down from recent peaks that does not mean that consumer prices have declined. Quite the opposite. In Phoenix, the consumer price index for all items was up 24.4% from October 2019 to October 2023. Core prices were up 23.7%. Commodities prices were up 17.3%, while services prices were up 28.6%. Finally, shelter prices were up 41.1%. In nearly every case, prices have risen more in Phoenix than nationally.

ARIZONA OUTLOOK

Continued, but softer, U.S. growth sets the stage for continued solid gains in Arizona. The forecast calls for Arizona jobs to rise by 2.2% in 2023 (annual average basis), 1.9% in 2024, and 1.8% in 2025. That is close to the U.S. rate in 2023 and well above the U.S. in 2024 and 2025.

Population growth slows from 1.7% in 2022 to 1.4% in 2023 and 1.2% in 2024, as net migration falls from its pandemic surge. The aging of the baby boom generation weighs on natural increase (births minus deaths), which leaves net migration as the major source of population gains.

Personal income growth accelerates in 2023 to 6.0% over the year, up from 4.9% in 2022. Growth slows modestly in 2024, reflecting softer gains in dividends, interest, and rent as well as transfer income.







Retail plus remote sales growth is expected to slow from 8.1% in 2022 to 3.3% in 2023 and 2.0% in 2024, before accelerating to 4.9% in 2025. The softening reflects both the post-pandemic normalization of consumer spending across goods and services as well as slowing income and job gains.







Housing permits are forecast to drop from 60,994 in 2022 to 54,468 in 2023 and again in 2024 to 44,260. That reflects both decelerating population gains as well as significantly reduced housing affordability.

Growth in Phoenix and Tucson follows the same pattern as the state and the nation. Phoenix job growth is forecast to decelerate from 4.4% in 2022 to 2.4% in 2023 and 2.2% in 2024. Population growth slows from 1.9% in 2022 to 1.6% in 2023 and 1.5% in 2024 as net migration slows.

Tucson job growth falls from 3.2% in 2022 to 1.6% in 2023 and again to 1.5% in 2024. Population growth decelerates from 1.3% in 2022 to 0.8% in 2023 and 0.6% in 2024.

Figure 9 – Blue Chip Forecast, Greater Phoenix

2023 ANNUAL PERCENTAGE CHANGE						
	Population	Personal Income	Retail Sales	Wage & Salary Employment	Manufacturing Employment	Construction Employment
ASU Economic Outlook Center	1.5%	5.9%	2.5%	2.1%	2.0%	4.5%
EconLit LLC	1.7%	4.5%	7.2%	3.4%	3.5%	3.2%
Elliott D. Pollack & Co.	1.7%	6.6%	2.9%	2.2%	1.4%	4.3%
Hoyle Cohen	1.5%	5.0%	5.5%	3.5%	2.8%	3.1%
Joint Legislative Budget Committee	1.7%	5.5%	5.1%	2.8%	3.5%	3.0%
Rounds Consulting	1.9%	5.5%	6.5%	2.5%	3.5%	3.0%
Southwest Growth Partners	1.8%	4.2%	6.8%	4.6%	4.0%	3.2%
The Maguire Company	1.7%	5.0%	6.0%	4.0%	4.0%	2.2%
University of Arizona Eller College	1.6%	6.4%	3.2%	2.4%	1.7%	5.2%
CONSENSUS	1.7%	5.4%	5.1%	3.1%	2.9%	3.5%

2024 ANNUAL PERCENTAGE CHANGE						
	Population	Personal Income	Retail Sales	Wage & Salary Employment	Manufacturing Employment	Construction Employment
ASU Economic Outlook Center	1.5%	4.0%	2.0%	1.8%	2.6%	2.0%
EconLit LLC	1.8%	5.2%	5.0%	3.0%	2.7%	2.2%
Elliott D. Pollack & Co.	1.7%	5.9%	2.6%	1.8%	2.2%	2.1%
Hoyle Cohen						
Joint Legislative Budget Committee	1.6%	4.5%	4.2%	2.2%	3.0%	2.5%
Rounds Consulting	1.6%	5.0%	3.5%	2.0%	2.5%	1.5%
Southwest Growth Partners	1.8%	4.2%	5.2%	3.8%	3.0%	2.5%
The Maguire Company	1.6%	5.5%	5.0%	1.5%	3.0%	2.0%
University of Arizona Eller College	1.5%	6.3%	2.5%	2.2%	1.7%	-2.4%
CONSENSUS	1.6%	5.1%	3.8%	2.3%	2.6%	1.6%

<https://seidmaninstitute.com/wp-content/uploads/2024/01/GPBC-2023-Qtr-4.pdf>

Real Estate Market Sectors

Single Family Housing Sector

Figure 10 – ARMLS Quarterly Housing Summary, 2023Q4

	Median Sales Price			Average Sales Price			Pct. of List Price Received			Days on Market			Closed Sales		
	Q4-2023	1-Yr Chg		Q4-2023	1-Yr Chg		Q4-2023	1-Yr Chg		Q4-2023	1-Yr Chg		Q4-2023	1-Yr Chg	
Cochise	\$256,000	▲ 2.4%		\$264,754	▲ 0.3%		94.1%	▼ -0.3%		80	▲ 25.0%		283	▼ -21.8%	
Maricopa	\$459,900	▲ 3.3%		\$601,065	▲ 7.9%		96.1%	▲ 4.4%		56	▼ -8.2%		11,460	▼ -6.9%	
Pinal	\$355,000	■ 0.0%		\$378,626	▲ 1.2%		96.1%	▲ 5.0%		69	▲ 4.5%		1,913	▲ 3.3%	

Figure 11 – ARMLS Monthly Sales



Metric	Monthly Values					Current Month Value vs Prior Monthly Values			
	Current	1M Pr	3M Pr	6M Pr	12M Pr	1M Pr	3M Pr	6M Pr	12M Pr
Listings	4,612	4,290	5,141	6,945	4,855	7.51% ▲	-10.29% ▼	-33.59% ▼	-5.01% ▼
Average \$/SF	\$269.24	\$273.62	\$269.85	\$269.45	\$254.62	-1.60% ▼	-0.23% ▼	-0.08% ▼	5.74% ▲
Median \$/SF	\$249.82	\$255.19	\$252.45	\$250.78	\$240.66	-2.10% ▼	-1.04% ▼	-0.38% ▼	3.81% ▲

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	180,616	11.7%	\$1,790	\$1,757	1,224	1,652	23,764						
3 Star	143,231	10.8%	\$1,403	\$1,384	629	440	10,940						
1 & 2 Star	59,811	8.5%	\$1,148	\$1,137	(27)	0	0						
Market	383,658	10.8%	\$1,560	\$1,536	1,826	2,092	34,704						
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When						
Vacancy Change (YOY)	1.5%	8.7%	10.6%	12.8%	2009 Q4	5.1%	2021 Q3						
Absorption Units	10,232	5,252	9,176	16,401	2021 Q2	(3,937)	2007 Q4						
Delivered Units	17,554	6,408	9,871	17,841	2023 Q3	205	2011 Q1						
Demolished Units	3	177	198	709	2016 Q2	0	2018 Q2						
Asking Rent Growth (YOY)	-1.8%	2.7%	2.7%	19.4%	2021 Q3	-7.1%	2009 Q4						
Effective Rent Growth (YOY)	-2.4%	2.7%	2.6%	20.3%	2021 Q3	-7.0%	2009 Q4						
Sales Volume	\$3.7B	\$4B	N/A	\$19.1B	2022 Q2	\$342.5M	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	265	10,956	2.9%	12	5	171	1.6%	14	2	82	0.7%	15
2	Chandler	164	30,650	8.0%	7	6	704	2.3%	10	3	1,043	3.4%	12
3	Deer Valley	141	35,188	9.2%	6	3	584	1.7%	11	8	1,889	5.4%	7
4	Downtown Phoenix	880	40,933	10.7%	5	10	1,247	3.0%	6	23	5,364	13.1%	2
5	East Valley	525	46,828	12.2%	2	10	1,786	3.8%	4	15	3,674	7.8%	4
6	Gilbert	68	15,495	4.0%	10	4	835	5.4%	9	6	1,472	9.5%	11
7	North Phoenix	625	43,770	11.4%	4	2	438	1.0%	12	7	1,866	4.3%	8
8	North Scottsdale	89	17,791	4.6%	8	2	304	1.7%	13	7	2,058	11.6%	6
9	North West Valley	107	16,229	4.2%	9	12	2,067	12.7%	3	8	1,740	10.7%	9
10	Old Town Scottsdale	188	14,044	3.7%	11	0	0	0%	-	2	379	2.7%	14
11	South Phoenix	150	9,539	2.5%	13	11	1,104	11.6%	7	8	1,694	17.8%	10
12	South West Valley	364	48,500	12.6%	1	15	3,942	8.1%	1	29	6,961	14.4%	1
13	Southeast Valley	87	4,258	1.1%	14	5	938	22.0%	8	2	467	11.0%	13
14	Tempe	455	46,059	12.0%	3	11	2,176	4.7%	2	12	3,834	8.3%	3
15	West Maricopa County	43	3,418	0.9%	15	5	1,264	37.0%	5	10	2,181	63.8%	5

Though renter demand rebounded in 2023, Phoenix's aggressive delivery schedule overwhelmed sturdy leasing activity, causing market conditions to weaken for back-to-back years. Vacancy has been on a steady upward trend over the past eight quarters and now stands at the highest level in over a decade at 10.8% as of early 2024. Amid increased competition, local operators have shifted their focus to maintaining occupancy at the expense of revenue gains, keeping rent growth decidedly negative at -1.8% and concession usage elevated. This persistent imbalance between supply and demand is expected to continue in the coming quarters as the full effect of the construction pipeline is felt.

¹³ CoStar Analytics, Phoenix, AZ, Multi-Family Market Report (generated February 16, 2024)

The Valley recorded 10,000 units of positive net absorption over the past 12 months, the sixth most in the country and more than 35% above the pre-pandemic five-year average. High inflation and economic uncertainty, which were the primary culprits for weak demand in 2022, both improved last year, helping unlock renter household formation. The mid-priced segment in particular saw a turnaround, going from the main drag on demand in 2022 to posting positive performance in 2023.

Though underlying demand has improved, the substantial construction pipeline will likely remain a headwind over the next 12 to 18 months. About 35,000 units are currently underway, representing 9.0% of existing inventory. The wave of supply has already weighed on rent growth and could keep gains tepid in 2024. Supply-heavy areas like Downtown Phoenix and Tempe may be disproportionately impacted as developers continue to pour new supply into these dynamic neighborhoods.

Moving forward, construction starts have eased over the past few quarters, indicating supply pressure could moderate over the midterm once the current glut is digested. Developers are reporting more expensive financing costs, lower revenue growth projections, and higher exit cap rates as barriers to groundbreaking. As a result, by late 2025 or early 2026, market conditions could become more favorable. Phoenix still boasts several long-term structural demand drivers, including nation-leading demographics, relative housing affordability, and a diverse and expanding local economy.

Following a surge in investment activity in 2021 and 2022, sales volume slowed to just \$3.6 billion last year. That total represents more than a 70% decline in deal flow, the most of any of Phoenix's main four property types. A near doubling in borrowing costs, coupled with softer property performance, has made it difficult for buyers to pencil deals at current price points. Cap rates for higher-quality assets have already risen about 200 basis points to the low- to mid-5% range. Large deals that get across the finish line are typically newly delivered assets by merchant developers or those that can offer assumable loans.

Figure 14 – Historical Submarket Data, Multi-Family Market

Period	Asset Value	Vacancy Rate	Market Asking Rent/Unit	Annual Rent Growth	Inventory Units	Under Constr Units	Under Constr % of Inventory	12 Mo Absorp Units	Market Sale Price/Unit	12 Mo Sales Vol	12 Mo Sales Vol Growth	Market Cap Rate
2029	\$142B	9.4%	\$1,840	3.3%	427,204	-	-	8,095	\$325K	-	-	4.5%
2028	\$133B	9.5%	\$1,812	3.3%	425,469	-	-	7,281	\$319K	-	-	4.5%
2027	\$123B	10.0%	\$1,754	3.4%	419,727	-	-	6,462	\$295K	-	-	4.7%
2026	\$113B	10.7%	\$1,696	3.6%	415,763	-	-	8,331	\$270K	-	-	4.9%
2025	\$104B	11.0%	\$1,637	3.4%	407,700	-	-	10,530	\$249K	-	-	5.1%
2024 EST	\$101B	11.2%	\$1,584	2.0%	396,738	-	-	12,345	\$242K	-	-	5.1%
2024 YTD	\$110B	10.8%	\$1,560	-1.8%	383,658	34,704	9.0%	10,229	\$262K	\$3.7B	-69.2%	4.7%
2023	\$109B	10.8%	\$1,552	-2.2%	381,566	36,078	9.5%	10,122	\$261K	\$3.6B	-72.4%	4.7%
2022	\$121B	9.3%	\$1,587	-0.2%	363,909	35,727	9.8%	2,930	\$289K	\$13.1B	-18.7%	4.1%
2021	\$121B	5.9%	\$1,590	19.0%	347,826	30,015	8.6%	11,197	\$288K	\$16.2B	151.4%	3.9%
2020	\$90.4B	6.0%	\$1,337	5.1%	336,174	22,444	6.7%	10,073	\$216K	\$6.4B	-20.3%	4.5%
2019	\$77.8B	6.7%	\$1,272	6.2%	327,809	14,885	4.5%	8,038	\$186K	\$8.1B	28.2%	5.0%
2018	\$68.3B	6.6%	\$1,198	6.1%	318,900	13,395	4.2%	9,792	\$163K	\$6.3B	32.4%	5.3%
2017	\$61.4B	7.1%	\$1,129	4.5%	310,003	15,426	5.0%	6,433	\$147K	\$4.8B	-7.5%	5.5%
2016	\$56.6B	7.3%	\$1,080	4.4%	303,823	9,826	3.2%	4,905	\$135K	\$5.1B	44.4%	5.7%
2015	\$53.1B	7.4%	\$1,034	5.5%	298,940	6,714	2.2%	6,849	\$127K	\$3.6B	33.6%	5.8%
2014	\$48.1B	7.7%	\$980	3.4%	292,513	8,632	3.0%	6,529	\$115K	\$2.7B	4.6%	6.0%

Industrial Sector¹⁴

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

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	322,520,232	10.3%	\$12.89	17.2%	935,623	2,700,198	37,539,216
Specialized Industrial	92,636,388	3.4%	\$13.18	3.5%	(40,809)	302,678	5,272,495
Flex	33,963,644	9.2%	\$18.70	9.9%	(573,354)	0	658,556
Market	449,120,264	8.8%	\$13.35	14.0%	321,460	3,002,876	43,470,267

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	4.3%	9.2%	11.3%	16.3%	2010 Q1	4.1%	2022 Q2
Net Absorption SF	11.1M	7,924,862	13,832,238	27,134,675	2021 Q3	(6,748,853)	2009 Q3
Deliveries SF	31.9M	8,988,373	20,324,431	30,300,232	2023 Q4	1,011,814	2011 Q4
Asking Rent Growth	10.4%	3.4%	4.3%	16.1%	2022 Q4	-9.0%	2009 Q4
Sales Volume	\$2.4B	\$1.6B	N/A	\$6.7B	2022 Q2	\$339.7M	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	365	4,546	1.0%	27	1	10	0.2%	21	0	-	-	-
2	Chandler	414	23,874	5.3%	6	2	320	1.3%	13	8	1,502	6.3%	7
3	Chandler Airport	138	8,007	1.8%	17	3	231	2.9%	14	11	1,177	14.7%	8
4	Chandler N/Gilbert	969	37,419	8.3%	4	66	7,890	21.1%	2	70	10,760	28.8%	2
5	Deer Vly/Pinnacle Pk	752	19,829	4.4%	9	7	363	1.8%	11	21	2,875	14.5%	4
6	Falcon Fld/Apache Jct	288	6,232	1.4%	22	0	0	0%	-	3	298	4.8%	12
7	Glendale	220	41,221	9.2%	2	20	8,351	20.3%	1	34	13,715	33.3%	1
8	Goodyear	244	31,212	6.9%	5	18	6,311	20.2%	3	20	7,511	24.1%	3
9	Grand Avenue	654	14,813	3.3%	13	2	151	1.0%	17	4	433	2.9%	9
10	Mesa	486	7,860	1.7%	18	0	0	0%	-	0	-	-	-
11	North Airport	659	15,092	3.4%	12	2	321	2.1%	12	0	-	-	-
12	North Black Canyon	261	5,584	1.2%	24	2	664	11.9%	7	0	-	-	-
13	North Outlying	22	231	0.1%	29	1	14	6.0%	20	0	-	-	-
14	Northwest Outlying	4	40	0%	31	0	0	0%	-	0	-	-	-
15	Pinal County	448	12,388	2.8%	14	7	861	6.9%	6	6	2,042	16.5%	6
16	S Airport N of Roeser	530	16,293	3.6%	11	1	40	0.2%	19	0	-	-	-
17	S Airport S of Roeser	169	4,742	1.1%	26	2	182	3.8%	15	0	-	-	-
18	SC N of Salt River	704	16,459	3.7%	10	0	0	0%	-	4	301	1.8%	11
19	SC S of Salt River	146	2,735	0.6%	28	0	0	0%	-	0	-	-	-
20	Scottsdale Airpark	374	7,007	1.6%	20	0	0	0%	-	1	9	0.1%	14
21	Scottsdale/Salt River	178	5,747	1.3%	23	4	162	2.8%	16	0	-	-	-
22	Southwest Outlying	4	100	0%	30	0	0	0%	-	0	-	-	-
23	Surprise	167	4,953	1.1%	25	7	537	10.8%	9	11	2,255	45.5%	5
24	SW N of Buckeye Road	747	37,541	8.3%	3	8	2,816	7.5%	4	0	-	-	-
25	SW S of Buckeye Road	345	20,865	4.6%	8	6	649	3.1%	8	2	253	1.2%	13
26	Tempe East	376	6,990	1.6%	21	0	0	0%	-	0	-	-	-
27	Tempe Northwest	343	10,913	2.4%	15	0	0	0%	-	0	-	-	-
28	Tempe Southwest	621	22,515	5.0%	7	3	452	2.0%	10	0	-	-	-
29	Tolleson	291	48,913	10.9%	1	6	1,442	2.9%	5	3	409	0.8%	10
30	W Phx N of Thomas Rd	476	8,310	1.8%	16	1	110	1.3%	18	0	-	-	-
31	W Phx S of Thomas Rd	327	7,222	1.6%	19	0	0	0%	-	0	-	-	-

¹⁴ CoStar Analytics, Phoenix, AZ, Industrial Market Report (generated February 16, 2024)

The Phoenix industrial market is navigating a period of dislocation as record supply overwhelms tenant demand. Builders delivered more than 23 million SF in the second half of 2023, outpacing the cumulative completion total from 2017 to 2019. The substantial supply injection, much of which was built on spec, caused vacancy to spike from the low 4% range in 23Q2 to 8.8% today.

Though underlying space demand has eased from the fervent pace seen in 2021 and 2022, industrial users remain attracted to the Valley's strong labor force, strategic location and positive long-term outlook. About 12.9 million SF was absorbed in 2023, the fourth most in the country and more than 50% above the pre-pandemic five-year average. Tenants in the logistics, manufacturing, food and beverage, and construction industries drove leasing activity, headlined by Cubework's 915,200-SF lease in Glendale.

The aggressive supply pipeline is expected to put further upward pressure on vacancy in the coming year. About 43.5 million SF is currently underway, representing 9.7% of existing inventory. With nearly two thirds of that space available for lease, the Valley is set to receive tens of millions of SF of new unleased space over the next 12 to 18 months. This is on top of the 20 million SF completed in 2023 that remains on the market.

The Loop 303 corridor and the area surrounding the Phoenix-Mesa Gateway Airport are the primary targets of new development and will likely see empty space accumulate more quickly than in more infill locations. On the flip side, a noticeable slowdown in new groundbreakings over the past few quarters indicates supply pressure could begin to ease by early 2025 when the amount of new projects completing each quarter will begin to decline substantially.

Increased competition from new supply coupled with moderating tenant demand is causing Phoenix's rent growth to normalize. Over the past 12 months, average asking rents increased 10.3%, a notable slowdown from late 2022 when annual gains eclipsed 16%. As the impact of high vacancy sets in during 2024, rent growth is expected to slow to the lowest levels recorded in ten years. Owners of smaller properties under 50,000 SF will likely retain more leverage to raise rents given limited new construction of small bay space. However, slowing rent growth will likely be most pronounced among distribution properties larger than 100,000 SF since the vast majority of oncoming unleased supply falls in this category. By 2025-2026, a reprieve from new construction will likely be met by a rebound in tenant demand, setting the stage for stronger performance.

Figure 16 – Historical Submarket Data, Industrial Market

Period	Vacancy Rate	Available SF Direct	Available SF Sublet	Available SF Total	Market Asking Rent/SF	Asking Rent Growth	Inventory SF	Under Constr SF	Under Constr % of Inventory	12 Mo Net Absorp SF	Market Sale Price/SF	12 Mo Sales Vol	12 Mo Sales Vol Growth	Market Cap Rate
2029	10.2%	-	-	-	\$16.11	3.5%	538M	-	-	12,121,960	\$214	-	-	6.3%
2028	10.2%	-	-	-	\$15.98	3.7%	535M	-	-	13,073,230	\$211	-	-	6.3%
2027	10.5%	-	-	-	\$15.41	5.4%	522M	-	-	14,691,956	\$196	-	-	6.5%
2026	11.0%	-	-	-	\$14.61	6.9%	508M	-	-	18,019,121	\$177	-	-	6.7%
2025	12.4%	-	-	-	\$13.68	0.9%	496M	-	-	14,590,561	\$158	-	-	7.0%
2024 EST	12.2%	-	-	-	\$13.55	1.9%	478M	-	-	10,404,077	\$161	-	-	6.9%
2024 YTD	8.8%	65.9M	3.3M	68.9M	\$13.35	10.3%	450M	43.5M	9.7%	11,149,611	\$172	\$2.4B	-40.6%	6.5%
2023	8.3%	65M	3.3M	68.2M	\$13.29	11.7%	447M	45.4M	10.2%	12,900,863	\$171	\$2.4B	-46.7%	6.5%
2022	4.8%	49M	1.5M	50.4M	\$11.90	16.1%	416M	48.7M	11.7%	24,702,534	\$168	\$4.4B	-23.0%	6.0%
2021	4.8%	36.1M	990K	36.9M	\$10.25	12.9%	391M	32.8M	8.4%	23,410,683	\$152	\$5.7B	94.4%	5.8%
2020	7.3%	30.3M	1.8M	32.1M	\$9.08	7.7%	376M	12.1M	3.2%	16,335,155	\$122	\$2.9B	12.7%	6.4%
2019	7.1%	30.2M	1.7M	32M	\$8.43	6.6%	360M	11.6M	3.2%	5,261,977	\$106	\$2.6B	26.9%	6.8%
2018	6.5%	30.4M	1.3M	31.5M	\$7.91	5.7%	352M	6.5M	1.8%	9,468,849	\$96	\$2.1B	55.4%	6.9%
2017	7.0%	30.9M	1.6M	32.4M	\$7.48	4.7%	343M	5.9M	1.7%	10,994,933	\$88	\$1.3B	-23.2%	7.0%
2016	8.5%	34M	2.4M	36.3M	\$7.14	4.9%	336M	4.5M	1.3%	6,192,778	\$88	\$1.7B	34.2%	6.6%
2015	9.3%	38M	2.5M	40.5M	\$6.81	4.7%	333M	4.5M	1.3%	8,471,444	\$83	\$1.3B	3.9%	6.6%
2014	10.3%	41M	2.4M	43.3M	\$6.51	4.8%	327M	5M	1.5%	8,906,574	\$74	\$1.2B	7.1%	7.1%

Office Sector¹⁵

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

KEY INDICATORS													
Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction						
4 & 5 Star	70,312,707	24.9%	\$34.97	28.1%	(142,270)	39,000	758,086						
3 Star	86,247,354	12.7%	\$28.24	15.2%	153,716	20,578	186,655						
1 & 2 Star	39,532,123	7.0%	\$23.27	7.9%	(198,268)	0	0						
Market	196,092,184	15.9%	\$29.67	18.4%	(186,822)	59,578	944,741						
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When						
Vacancy Change (YOY)	1.2%	14.3%	17.0%	19.9%	2011 Q1	8.4%	1999 Q1						
Net Absorption SF	(2.2M)	2,554,029	(105,762)	9,258,568	2006 Q2	(2,902,095)	2009 Q3						
Deliveries SF	868K	3,684,186	952,004	9,084,651	2007 Q4	136,525	2013 Q4						
Asking Rent Growth	2.9%	1.6%	1.3%	11.2%	2006 Q3	-12.8%	2009 Q4						
Sales Volume	\$1.3B	\$2B	N/A	\$4B	2022 Q2	\$346.1M	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	44th Street Corridor	150	4,182	2.1%	19	0	0	0%	-	0	-	-	-
2	Airport Area	123	5,353	2.7%	15	0	0	0%	-	0	-	-	-
3	Arrowhead	382	4,842	2.5%	17	0	0	0%	-	0	-	-	-
4	Camelback Corridor	216	9,521	4.9%	8	1	34	0.4%	7	0	-	-	-
5	Central Scottsdale	400	9,279	4.7%	9	1	80	0.9%	5	0	-	-	-
6	Chandler	545	12,952	6.6%	4	1	3	0%	12	2	125	1.0%	4
7	Deer Valley/Airport	283	12,726	6.5%	5	0	0	0%	-	0	-	-	-
8	Downtown	186	11,426	5.8%	6	0	0	0%	-	0	-	-	-
9	Gateway Airport/Loop 202	311	3,033	1.5%	22	5	132	4.4%	3	3	63	2.1%	6
10	Glendale	213	3,680	1.9%	20	2	50	1.4%	6	4	40	1.1%	7
11	Loop 303/Surprise	169	2,650	1.4%	23	0	0	0%	-	1	10	0.4%	10
12	Mesa Downtown	202	1,493	0.8%	27	0	0	0%	-	0	-	-	-
13	Mesa East	474	4,995	2.5%	16	2	21	0.4%	8	0	-	-	-
14	Midtown	391	13,445	6.9%	3	0	0	0%	-	0	-	-	-
15	Midtown/Central Phoenix	504	6,243	3.2%	13	2	91	1.5%	4	1	13	0.2%	9
16	N Phoenix/Cave Creek	21	159	0.1%	30	0	0	0%	-	0	-	-	-
17	N Scottsdale/Carefree	196	1,886	1.0%	25	0	0	0%	-	0	-	-	-
18	North I-17	64	1,006	0.5%	28	0	0	0%	-	0	-	-	-
19	Northwest Outlying	38	145	0.1%	31	0	0	0%	-	0	-	-	-
20	Northwest Phoenix	848	11,072	5.6%	7	0	0	0%	-	0	-	-	-
21	Paradise Valley	273	5,494	2.8%	14	0	0	0%	-	0	-	-	-
22	Piestewa Peak Corridor	202	3,458	1.8%	21	0	0	0%	-	0	-	-	-
23	Pinal County	283	1,787	0.9%	26	1	6	0.3%	10	1	14	0.8%	8
24	Scottsdale Airpark	395	14,147	7.2%	2	2	182	1.3%	2	1	98	0.7%	5
25	Scottsdale South	516	8,044	4.1%	10	0	0	0%	-	1	7	0.1%	11
26	South Tempe/Ahwatukee	294	7,534	3.8%	11	0	0	0%	-	1	135	1.8%	3
27	Southwest Outlying	35	307	0.2%	29	0	0	0%	-	0	-	-	-
28	Southwest Phoenix	208	4,505	2.3%	18	0	0	0%	-	0	-	-	-
29	Superstition Corridor	440	6,883	3.5%	12	1	8	0.1%	9	0	-	-	-
30	Tempe	523	21,275	10.8%	1	2	258	1.2%	1	2	298	1.4%	1
31	West I-10	168	2,559	1.3%	24	1	4	0.2%	11	5	142	5.5%	2

¹⁵ CoStar Analytics, Phoenix, AZ, Office Market Report (generated February 16, 2024)

Despite being more than four years removed from the onset of COVID, pandemic-catalyzed shifts in demand continue to drive uncertainty in the Phoenix office market. Users are scrutinizing the efficiency and sizing of their existing office space amid these shifting workplace strategies. Some tenants have opted to shrink and consolidate their footprints while others are no longer leasing bigger blocks of space in anticipation of future headcount growth.

Annual net absorption reached -2.1 million SF last year, representing the worst performance in over a decade. As a result, the steady upward movement in vacancy remains unabated, reaching 15.9% by early 2024. Though vacancy remains below the 20% level seen during the worst of the Great Recession, fragile demand is expected to further pressure fundamentals in the coming year. Vacant space has accumulated most quickly in sizeable floorplates or large single-tenant buildings where demand is softest. Indications from local market participants are that spaces between 2,000 SF and 7,000 SF at well-amenitized buildings are the most sought after, reiterating the resilience of local small businesses that are more reliant on their physical footprint. Some operators have opted to demise larger blocks into smaller spec suites and invest in upgrades to common areas to attract tenants.

The precipitous rise in sublease availability reinforces the headwinds facing Phoenix's office market. The total amount of space available for sublet is now at 7.7 million SF, comprising 3.9% of overall inventory. That share ranks Phoenix as the fourth most heavily impacted sublease market in the country. Carvana in particular has made hundreds of thousands of square feet available for sublease as the beleaguered online car retailer faces financial trouble.

The subdued construction pipeline has helped avoid a more acute imbalance between supply and demand. Just 320,000 SF was completed over the past 12 months, the lowest annual total since 2014. Though some speculative projects remain in the pipeline, supply pressure will likely remain muted over the near term with just 940,000 SF underway.

Figure 18 – Historical Submarket Data, Office Market

Period	Vacancy Rate	Available SF Direct	Available SF Sublet	Available SF Total	Market Asking Rent/SF	Asking Rent Growth	Inventory SF	Under Constr SF	Under Constr % of Inventory	12 Mo Net Absorp SF	Market Sale Price/SF	12 Mo Sales Vol	12 Mo Sales Vol Growth	Market Cap Rate
2029	17.2%	-	-	-	\$31.77	2.1%	200M	-	-	1,039,792	\$226	-	-	8.2%
2028	17.2%	-	-	-	\$31.59	2.0%	200M	-	-	852,977	\$224	-	-	8.2%
2027	17.3%	-	-	-	\$30.96	1.8%	199M	-	-	664,314	\$214	-	-	8.4%
2026	17.2%	-	-	-	\$30.41	1.9%	198M	-	-	682,627	\$205	-	-	8.7%
2025	17.2%	-	-	-	\$29.84	0.6%	197M	-	-	(653,064)	\$197	-	-	8.8%
2024 EST	16.7%	-	-	-	\$29.65	0%	197M	-	-	(1,113,993)	\$200	-	-	8.7%
2024 YTD	15.9%	28.9M	7.7M	36.3M	\$29.67	2.9%	196M	945K	0.5%	(2,192,553)	\$216	\$1.3B	-53.8%	8.2%
2023	15.8%	27.9M	7.8M	35.5M	\$29.65	3.7%	196M	961K	0.5%	(2,056,265)	\$216	\$1.3B	-56.9%	8.2%
2022	14.6%	26.7M	7.3M	33.6M	\$28.60	5.4%	196M	969K	0.5%	(1,194,794)	\$222	\$2.9B	-13.6%	7.8%
2021	13.5%	27.7M	4.9M	32.2M	\$27.13	5.2%	195M	1.6M	0.8%	(22,279)	\$232	\$3.4B	120.6%	7.2%
2020	12.4%	28.8M	3.2M	31.8M	\$25.79	1.0%	192M	3.6M	1.9%	(267,992)	\$216	\$1.5B	-50.5%	7.5%
2019	11.1%	24.3M	1.7M	25.8M	\$25.53	4.9%	190M	3.7M	1.9%	4,074,313	\$204	\$3.1B	5.0%	7.7%
2018	11.9%	25.5M	2.3M	27.8M	\$24.34	3.5%	187M	4.5M	2.4%	3,464,812	\$193	\$3B	9.8%	7.6%
2017	13.3%	26.2M	2.5M	28.5M	\$23.51	4.6%	186M	2.5M	1.4%	2,963,233	\$185	\$2.7B	19.9%	7.5%
2016	14.1%	28.2M	2.5M	30.7M	\$22.48	6.4%	184M	2.3M	1.2%	4,094,758	\$184	\$2.3B	-29.5%	7.2%
2015	15.1%	30.2M	1.8M	31.8M	\$21.14	7.5%	181M	3.1M	1.7%	4,226,388	\$177	\$3.2B	78.1%	7.2%
2014	16.0%	32.1M	2M	33.9M	\$19.67	4.9%	178M	4M	2.2%	2,317,856	\$165	\$1.8B	24.0%	7.3%

While office fundamentals have undoubtedly weakened, rent growth has been remarkably resilient. The average asking rent increased 2.9% over the past 12 months, well outpacing the 0.8% gain seen at the national level. Factoring in inflation, however, rents are only modestly positive and when coupled with higher concessions, TI allowances, and vacancy, many owners have seen meaningful NOI loss at the asset level. Declining revenues, higher borrowing costs, and broad-based economic uncertainty have weighed on sales volume. About \$1.3 billion worth of office properties traded hands last year, representing a nearly 60% decline from 2022. Owner/user deals for less than \$5 million have taken up a larger share of transaction volume as have medical office properties. Given the challenging lending climate, well-capitalized buyers with long-term horizons have been comparatively more active, often targeting quality assets in good locations at a meaningful discount to peak pricing.

Retail Sector¹⁶

The Phoenix retail market is firing on cylinders in early 2024, with vacancy, space availability, and rent growth at multi-decade bests. Powerful demographic tailwinds, healthy consumption growth, and the expanding local economy underpin robust retail demand. Additionally, a lack of new construction and limited store closures further contribute to tight market conditions. These dynamics are expected to continue over the near term, setting Phoenix up for another year of outperformance.

The Valley recorded 3.6 million SF of net absorption in 2023, trailing only Chicago in terms of absolute demand. Grocers, gyms, and pickleball-related tenants are taking space in larger format boxes while quick-service restaurants, beverage shops, and service tenants fill smaller blocks. Geographically, the Valley's rapidly growing suburbs boast the strongest demand figures, tracing household formation and available land for new retail developments.

Phoenix's availability rate compressed to 4.4% by the end of 2023, a more than 350-basis-point decline since the onset of the pandemic. That figure puts the Valley below the U.S. average for the first time in 15 years and at the tightest level on record. The shortage of available space presents challenges for retailers looking to sign new leases. Leasing volume has moderated over the past two years as potential tenants face a dwindling inventory of quality options for expansion.

Instead of an upswing in leasing activity, the Valley's strong absorption figures are more the result of a lack of store closures. The amount of space vacated in 2023 was down more than 25% from the pre-pandemic five-year average, as strong balance sheets and healthy profit margins keep most national retailers in a financially sound position. Limited store closures, coupled with declining space availability, indicates the Valley is approaching a structural bound on growth, which may not be remedied until a pickup in speculative construction activity frees up capacity for expansion.

Just 1.5 million SF of net new retail space was delivered over the past 12 months, marking a stark slowdown from the previous expansion. From 2006 to 2008, developers completed 2.6 million SF per quarter, as the looser lending climate stimulated construction. Additionally, the removal of older, obsolete space has helped refine existing stock. About 5.8 million SF was demolished over the past decade, and several enclosed malls are in various stages of redevelopment. Limited supply pressure is expected to continue over the near term, with 2.7 million SF underway, just 15% of which is being built without a tenant in place.

¹⁶ CoStar Analytics, Phoenix, AZ, Retail Market (February 16, 2024)

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

KEY INDICATORS													
Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction						
Malls	16,510,104	7.9%	\$30.39	1.7%	(42,375)	0	92,000						
Power Center	32,323,463	3.8%	\$27.60	4.4%	(6,666)	8,000	43,017						
Neighborhood Center	91,540,318	5.6%	\$24.30	5.6%	(30,299)	29,300	228,945						
Strip Center	14,721,841	5.1%	\$22.60	6.6%	(35,079)	11,250	281,315						
General Retail	85,267,934	2.8%	\$24.01	2.9%	(145,752)	50,204	2,000,827						
Other	2,298,855	10.8%	\$24.41	10.5%	0	0	32,670						
Market	242,662,515	4.6%	\$24.94	4.3%	(260,171)	98,754	2,678,774						
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When						
Vacancy Change (YOY)	-0.5%	8.2%	5.1%	12.3%	2011 Q1	4.4%	2023 Q4						
Net Absorption SF	2.6M	2,813,227	1,138,476	11,240,435	2007 Q3	(2,915,326)	2009 Q3						
Deliveries SF	1.6M	3,253,823	2,094,899	12,931,662	2007 Q4	665,601	2011 Q2						
Asking Rent Growth	9.5%	0.7%	3.6%	9.6%	2023 Q4	-9.5%	2009 Q3						
Sales Volume	\$1.6B	\$1.7B	N/A	\$3.9B	2022 Q3	\$440.1M	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	3,238	1.3%	21	0	0	0%	-	0	-	-	-
2	Airport Area	441	4,472	1.8%	16	0	0	0%	-	0	-	-	-
3	Anthem	152	2,739	1.1%	24	1	7	0.3%	24	1	5	0.2%	22
4	Apache Junction	208	2,410	1.0%	26	11	70	2.9%	7	2	9	0.4%	19
5	Carefree	161	1,862	0.8%	29	0	0	0%	-	0	-	-	-
6	Central Scottsdale	1,023	17,185	7.1%	3	4	20	0.1%	18	2	62	0.4%	12
7	Chandler	860	16,930	7.0%	4	2	18	0.1%	21	0	-	-	-
8	Ctrl Peoria/Arrowhead	498	10,635	4.4%	8	2	48	0.5%	13	1	6	0.1%	21
9	Deer Valley	171	2,367	1.0%	27	2	4	0.2%	26	0	-	-	-
10	Downtown Phoenix	983	8,472	3.5%	12	5	15	0.2%	22	2	138	1.6%	7
11	East Phoenix	813	9,038	3.7%	10	4	59	0.7%	11	1	1	0%	25
12	Fountain Hills	93	764	0.3%	34	0	0	0%	-	0	-	-	-
13	Gateway Airport	203	3,182	1.3%	22	12	81	2.6%	5	7	120	3.8%	9
14	Gila River Outlying	9	357	0.1%	35	0	0	0%	-	0	-	-	-
15	Gilbert	1,003	17,239	7.1%	2	16	113	0.7%	3	10	185	1.1%	4
16	Glendale	911	11,944	4.9%	7	7	153	1.3%	2	6	112	0.9%	10
17	Goodyear	284	4,020	1.7%	17	7	20	0.5%	19	2	181	4.5%	5
18	Laveen	110	1,720	0.7%	30	7	29	1.7%	14	3	18	1.0%	17
19	Loop 101/I-10	173	3,587	1.5%	19	4	7	0.2%	25	6	28	0.8%	16
20	N Goodyear/Litchfield	310	7,226	3.0%	14	15	419	5.8%	1	10	425	5.9%	2
21	N Phoenix/I-17 Corr	937	16,232	6.7%	5	2	4	0%	27	0	-	-	-
22	NE Outlying Maricopa	4	17	0%	37	0	0	0%	-	0	-	-	-
23	North Buckeye	22	279	0.1%	36	4	23	8.1%	16	2	586	210.1%	1
24	North Scottsdale	648	14,246	5.9%	6	5	64	0.4%	9	3	108	0.8%	11
25	Outlying Pinal County	969	9,124	3.8%	9	10	87	0.9%	4	5	61	0.7%	13
26	Queen Creek	161	2,717	1.1%	25	11	77	2.8%	6	13	229	8.4%	3
27	Red Mountain/Mesa	2,030	31,413	12.9%	1	12	65	0.2%	8	9	148	0.5%	6
28	South Buckeye	163	1,657	0.7%	32	1	8	0.5%	23	0	-	-	-
29	South Mountain	118	1,677	0.7%	31	5	55	3.3%	12	1	1	0.1%	24
30	South Phoenix	337	1,957	0.8%	28	0	0	0%	-	1	3	0.1%	23
31	South Scottsdale	361	3,331	1.4%	20	1	3	0.1%	28	2	44	1.3%	15
32	Sun City	265	3,974	1.6%	18	1	1	0%	29	2	6	0.2%	20
33	Surprise/North Peoria	355	5,742	2.4%	15	3	18	0.3%	20	4	54	0.9%	14
34	Tempe	555	8,465	3.5%	13	5	27	0.3%	15	2	131	1.5%	8
35	Tolleson	310	3,153	1.3%	23	4	22	0.7%	17	5	18	0.6%	18
36	W Outlying Maricopa	142	852	0.4%	33	0	0	0%	-	0	-	-	-
37	West Phoenix/Maryvale	550	8,636	3.6%	11	3	61	0.7%	10	0	-	-	-

Historically low vacancy along with stout underlying demand have fueled some of the most aggressive rent gains on record. Additionally, many retailers have increased efficiency and profitability on a per-SF basis, enabling landlords to steadily push rents while allowing tenants to maintain comfortable occupancy costs. Average asking rents rose 9.5% over the past 12 months, ranking Phoenix as the best-performing rent growth market in the nation.

Moving forward, supply and demand are expected to remain in fundamental balance in 2024, sustaining healthy market performance. Though rent growth will likely downshift to a more normal trajectory this year, it is projected to remain above the long-term trend, as space availability remains limited. Though some cracks have emerged in the strength of the consumer, the Valley's numerous tailwinds including population gains, purchasing power growth, and lack of overbuilding should keep fundamentals stable.

Figure 20 – Historical Submarket Data, Retail Market

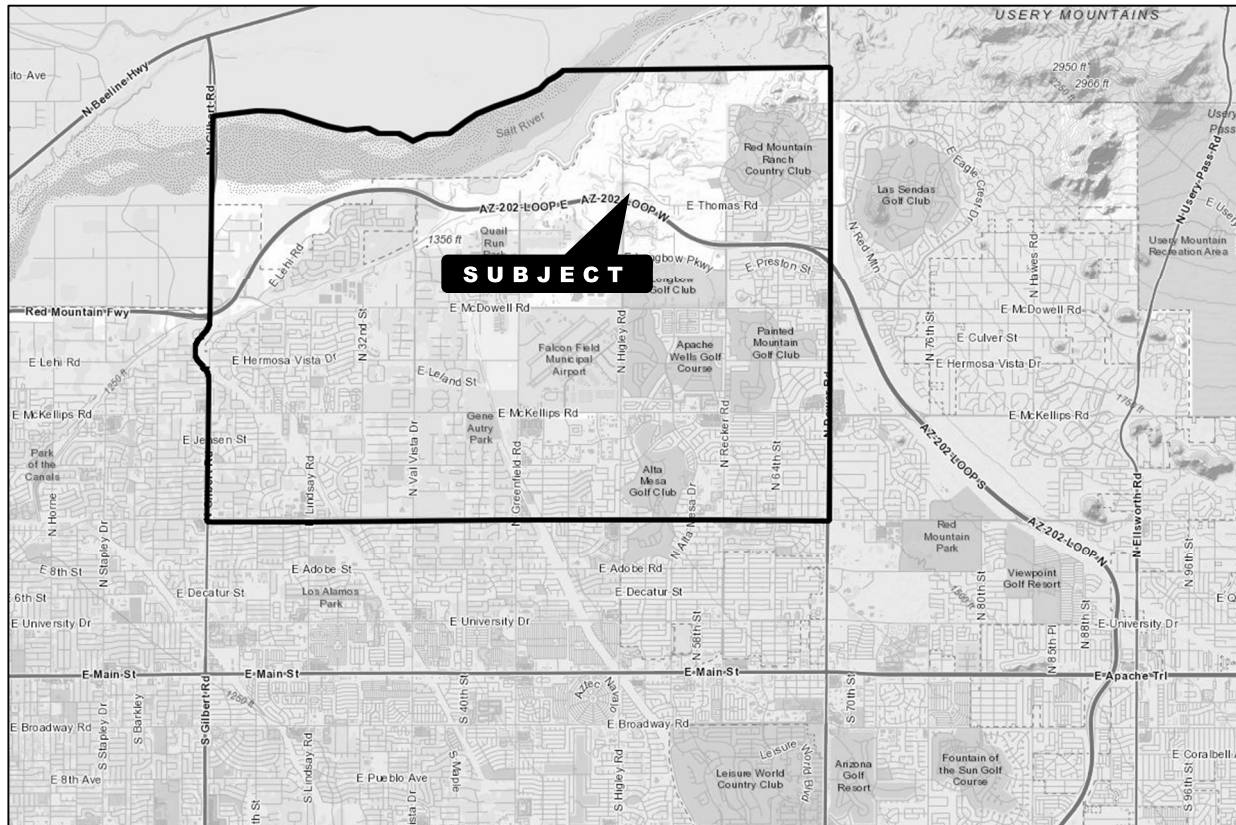
Period	Vacancy Rate	Market Rent/SF	Annual Rent Growth	Inventory SF	Under Construction SF	% of Inventory	12 Month Net Absorp SF	Market Sale Price/SF	12 Month Sales Vol	12 Month Sales Vol Growth	Market Cap Rate
2027	6.0%	\$23.98	0.5%	249,455,835	-	-	1,389,727	\$248	-	-	6.7%
2026	5.7%	\$23.85	0.6%	247,221,141	-	-	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%

Neighborhood Analysis

Location

The subject property is located southeast of Higley Road and Thomas Road in east Mesa. Situated approximately twenty-one miles northeast 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 the Salt River on the north, Brown Road to the south, Gilbert Road on the west, and Power Road to the east. This area covers approximately twenty-five square miles within the incorporated boundaries of the City of Mesa 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.

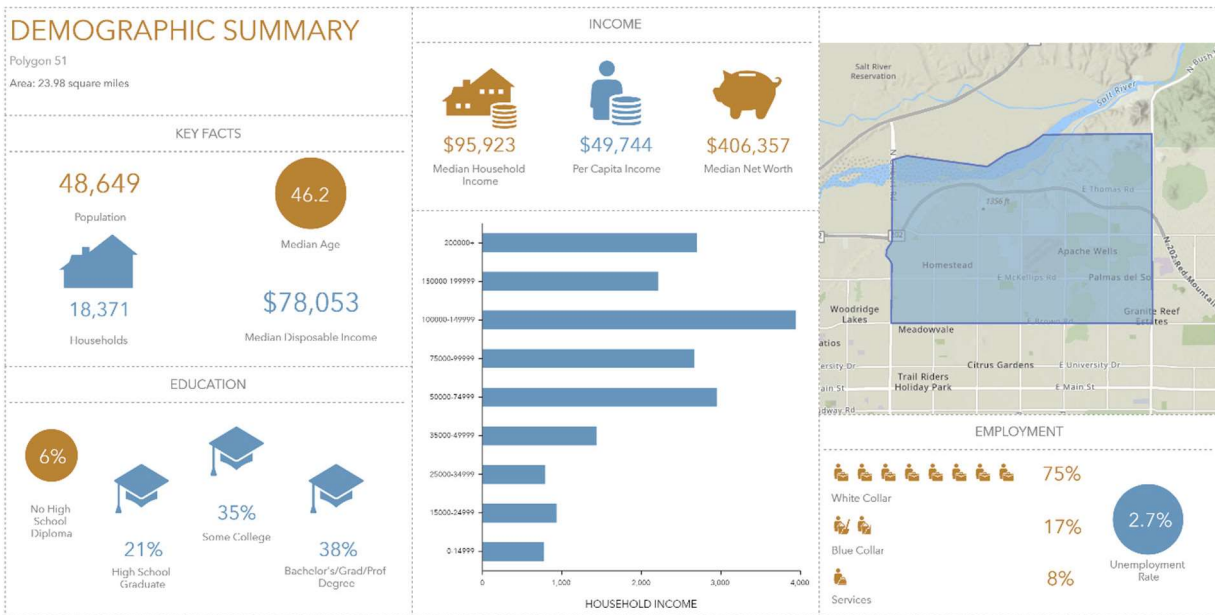
The topography of the area is generally flat with a gradual slope to the north and west. Properties in the area generally drain into the Salt River, which is ephemeral and flows only in response to precipitation events or releases from the Granite Reef Dam just north of Mesa. The Usery Mountains are located south of the Salt River near the northeastern portion of the neighborhood. The Fannin-McFarland Aqueduct of the Central Arizona Project enters the neighborhood through the Usery Mountains and extends in a southeasterly direction. The Eastern Canal and the Roosevelt Water Conservation District Canal also cross the neighborhood.

Demographics

Figure 22 – Demographic Summary

Summary	Census 2010	Census 2020	2022	2027
Population	42,485	48,335	48,649	49,710
Households	16,048	18,202	18,371	18,780
Families	11,663	-	13,042	13,340
Average Household Size	2.62	2.63	2.62	2.62
Owner Occupied Housing Units	13,149	-	15,317	15,853
Renter Occupied Housing Units	2,899	-	3,054	2,927
Median Age	43.9	-	46.2	46.6
Trends: 2022-2027 Annual Rate		Area	State	National
Population		0.43%	0.65%	0.25%
Households		0.44%	0.71%	0.31%
Families		0.45%	0.70%	0.28%
Owner HHs		0.69%	0.97%	0.53%
Median Household Income		3.22%	3.61%	3.12%
Households by Income		2022		2027
		Number	Percent	Number
<\$15,000		769	4.2%	409
\$15,000 - \$24,999		929	5.1%	455
\$25,000 - \$34,999		787	4.3%	564
\$35,000 - \$49,999		1,436	7.8%	1,124
\$50,000 - \$74,999		2,943	16.0%	2,409
\$75,000 - \$99,999		2,665	14.5%	2,813
\$100,000 - \$149,999		3,937	21.4%	4,660
\$150,000 - \$199,999		2,206	12.0%	3,174
\$200,000+		2,699	14.7%	3,172
Median Household Income		\$95,923		\$112,405
Average Household Income		\$131,670		\$154,425
Per Capita Income		\$49,744		\$58,363

Source: Esri forecasts for 2022 and 2027. U.S. Census Bureau 2010 decennial Census data converted by Esri into 2020 geography.



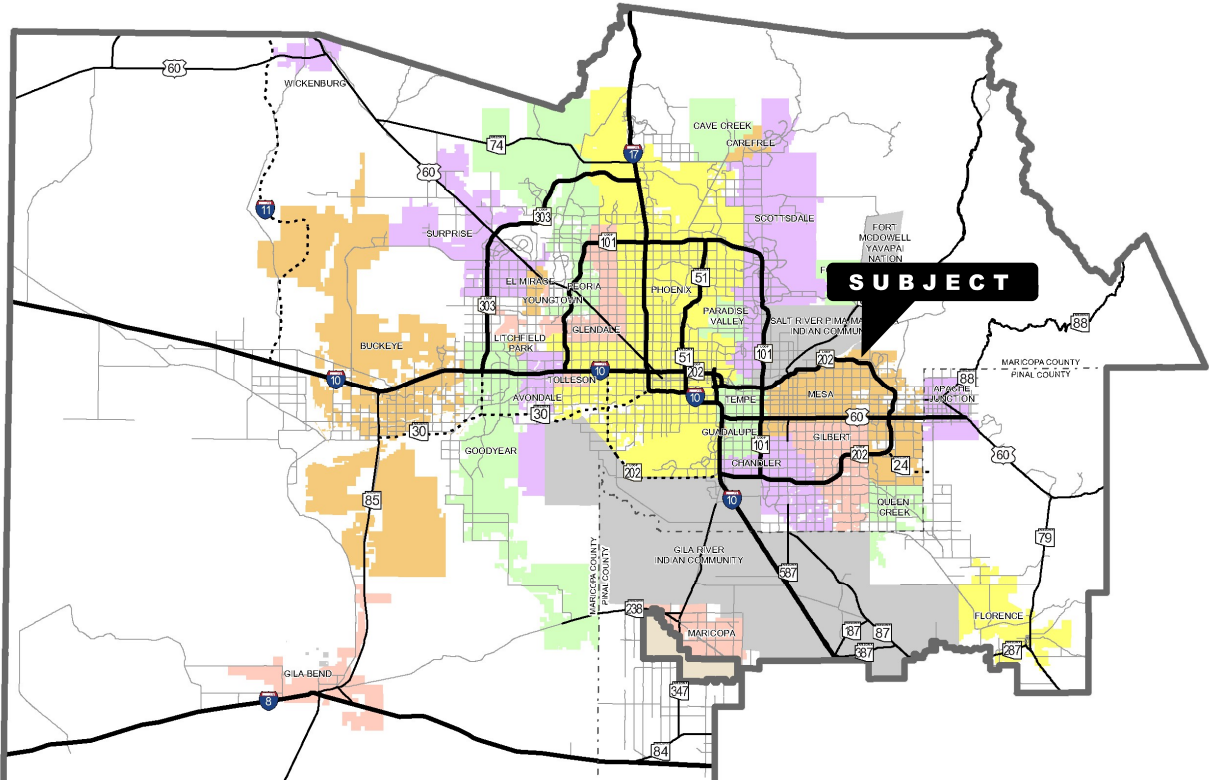
This infographic contains data provided by Esri. The vintage of the data is 2020, 2025.

© 2020 Esri

Transportation

Regional Freeway System

Figure 23 – Regional Freeway System Map



Source: Maricopa Association of Governments RTP 2040

The subject neighborhood is located in the eastern portion of the metropolitan Phoenix area and has excellent access to the regional freeway system. The Red Mountain Freeway (State Route 202) provides access to the regional freeway system and the other communities which comprise the metropolitan area. Access to the freeway from the subject neighborhood is made by interchanges at McDowell Road, Val Vista Drive, Greenfield Road, Higley Road and Power Road. The Red Mountain Freeway extends east from the Pima Freeway (State Route 101) to the Superstition Freeway (US Highway 60) in east Mesa. State Route 202 then continues south as the Santan Freeway and creates a loop around the southeast metropolitan Phoenix area.

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 throughout metropolitan Phoenix 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 north/south arterial roadways through the subject neighborhood are Gilbert Road, Lindsay Road, Val Vista Drive, Greenfield Road, Higley Road, Recker Road and Power Road. Primary east/west arterial roadways are McDowell Road, McKellips Road, and Brown Road. Thomas Road is located one mile north of McDowell Road but extends only two miles between Higley Road and Power Road, and west from Val Vista Drive approximately one mile. The arterial roadways are generally paved with asphalt and carry multiple lanes of traffic.

Railway

Freight rail service is found in the metropolitan area with railroads operated by Union Pacific Railroad and BNSF Railway. Freight rail service does not extend into 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 the subject neighborhood, 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. The current eastern terminus of the light rail line is located at Gilbert Road and Main Street a short distance south of 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 twelfth busiest airport in the nation in terms of passenger traffic with 44,397,854 passengers enplaned and deplaned during 2022, as well as being the tenth busiest airport for all traffic movements.¹⁷

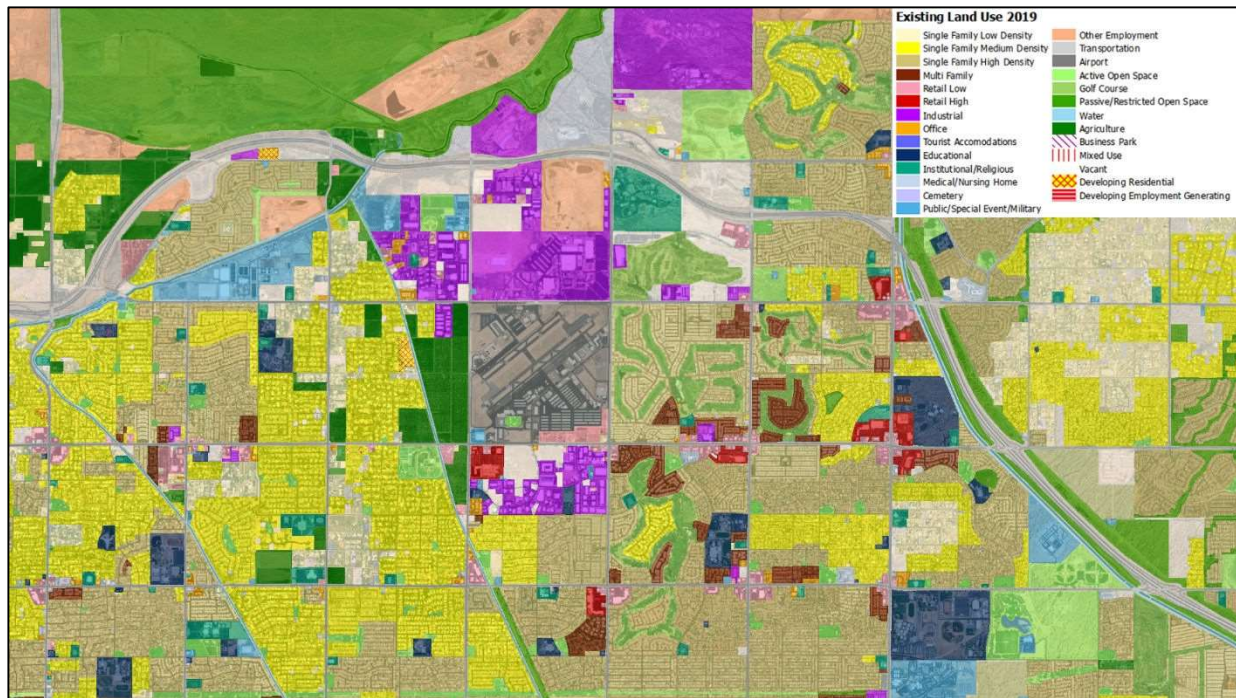
Cargo air service and limited passenger air service is also provided by Phoenix-Mesa Gateway Airport, the former Williams Air Force Base located in the eastern portion of the subject neighborhood. The airport has three runways and is a reliever airport for Phoenix Sky Harbor International Airport. Mesa Falcon Field Municipal Airport located at Higley Road and McDowell Road also provides service to the subject neighborhood and is used primarily for general aviation purposes.

Land Use Patterns

Development patterns tend to be defined by zoning ordinances. The City of Mesa and Maricopa County have successfully coordinated city growth by defined zoning ordinances, construction requirements, and environmental requirements. The land use within the subject neighborhood is a variety of industrial, residential and commercial developments.

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/)

Land uses within the subject neighborhood are typical of that found throughout metropolitan Phoenix, with commercial and multi-family residential uses at or near arterial road intersections. Single family residential subdivision development is found on more interior parcels away from these intersections. There are several master-planned communities in and around the subject neighborhood, particularly east of Higley Road, including Red Mountain Ranch, Las Sendas, Painted Mountain, Apache Wells and Alta Mesa.

Commercial development within the neighborhood includes anchored retail centers, commercial office buildings, small residential service businesses, convenience stores, and service stations. The largest concentration of retail development within the neighborhood is found along Power Road at the intersections of McDowell Road and McKellips Road. Some of the retail users in the subject neighborhood include Walgreen’s, Target, Albertson’s/Osco, Basha’s, and Big 5 Sports.

Industrial users in the area are found around Mesa Falcon Field, and are generally light industrial and business park developments. Boeing Helicopters has a large facility at the northwest corner of Higley Road and McDowell Road. Additional industrial users are for the most part found within the several industrial/business parks surrounding the airport.

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 City of Mesa, Southwest Gas Company provides natural gas service, and CenturyLink and Cox Communications provide local telecom services. Electric service is provided by Salt River Project. Utility rates are equitable when compared to other areas of the city and do not adversely impact property values.

Fire and police protection are provided by the City of Mesa. Major medical facilities that serve the neighborhood include Banner Heart Hospital and Banner Baywood Medical Center located northwest of Power Road and Broadway Road, and Banner Desert Medical Center located at the southwest corner of Dobson Road and Southern Avenue.

Public educational facilities are located in and around the subject area, and include a number of K-12 schools within the Mesa Unified School District. Higher education facilities that serve the neighborhood include Mesa Community College at Red Mountain located at the northeast corner of Power Road and McKellips Road. The main campus of Arizona State University is located approximately fifteen miles to the west in Tempe.

Other amenities serving the subject neighborhood include a number of local city parks throughout the region, as are a number of public and private golf courses. The Uesry Mountain Recreation Area is located a short distance to the east and is surrounded to the north and east by the Tonto National Forest. Superstition Springs Mall is a regional shopping center is located a short distance to the south at the southwest corner of Power Road and Southern Avenue.

Trends

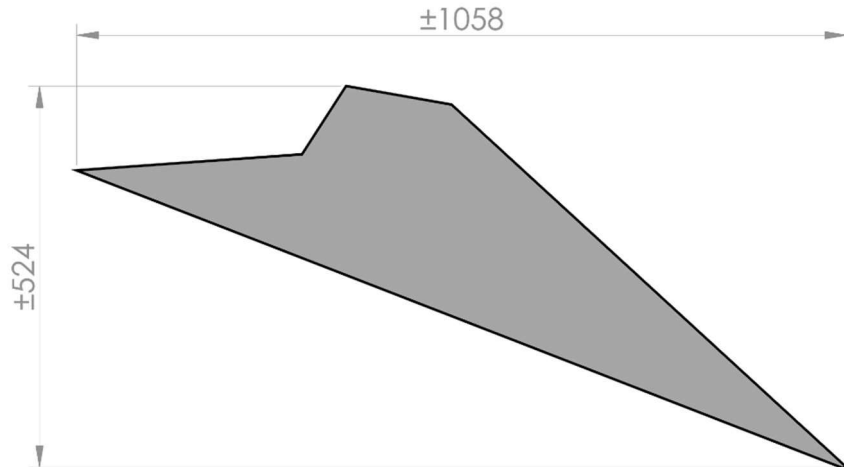
The subject neighborhood is characterized by a mix of residential, commercial and industrial users. The area is predominantly residential in character, although industrial uses are predominant around Falcon Field and extending north to the city limits. No drastic change in these land uses is likely to take place in the foreseeable future. The long-term outlook is for continued demand for residential housing and neighborhood commercial support facilities.

Real Property Description

The following description of the subject property is based upon a physical inspection of the property on April 18, 2024, 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>	Southeast of Higley Road and Thomas Road		
<i>Street Address</i>	None Given		
<i>City, State ZIP</i>	Mesa, Arizona 85201		
<i>County</i>	<u>Maricopa</u>	<i>Map Reference</i>	<u>129-185LT</u>
<i>Census Tract</i>	<u>420206</u>	<i>Block</i>	<u>1000</u>
<i>Assessor Parcel No(s)</i>	Unassessed		
<i>Land Area¹⁸</i>	<u>153,677</u>	Square Feet	
	<u>3.528</u>	Acres	
<i>Shape/Dimensions</i>	The subject property is irregular in shape, measuring approximately 1,058 feet east to west and 524 feet north to south.		



<i>Surrounding Development</i>	North:	<u>Vacant Land</u>
	South:	<u>Mixed Uses</u>
	East:	<u>Vacant Land</u>
	West:	<u>Vacant Land</u>

The subject property is located in an area of vacant land and industrial land uses north of Mesa Falcon Field Airport which is located approximately one mile southwest of the property being appraised. A few low-density residential uses are found north of the subject site, but industrial development is found further north including the Nammo Talley ammunition manufacturing headquarters. There are significant sand and gravel operations in close proximity on the land to the west and southwest of the subject site. A children's home compound, which includes residential and commercial components, and the Longbow Golf Club are located south of the subject site and across State Route 202.

¹⁸ Source: Arizona Department of Transportation

<i>Utilities</i>	In Use		Available from:
	Yes	No	
Electricity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Salt River Project
Water	<input type="checkbox"/>	<input checked="" type="checkbox"/>	City of Mesa
Sanitary Sewer	<input type="checkbox"/>	<input checked="" type="checkbox"/>	City of Mesa
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 is a part of the right-of-way of State Route 202. Access is not legally permitted from State Route 202 and lacks access from any other public roadway. Access to the property is considered poor.

<i>Street Improvements</i>	Street Name	Higley Road	Thomas Road
		Lanes (# Direction)	3 North 2 South
	Street Width	Varies	±100 feet
	Center Lane/Median	Median	Lane
	Surface	Asphalt	Asphalt
	Curb	Yes	Yes
	Gutter	Yes	Yes
	Sidewalk	Yes	Yes
	Lighting	Yes	Yes
	Frontage	None	None

The intersection at Higley Road and Thomas Road northwest of the subject site is a signalized intersection. Both roadways are section line arterial roadways, although Higley Road north of Thomas Road becomes a two-lane collector roadway. Thomas Road west of Higley Road is on State Trust Land and is effectively a driveway to a sand and gravel operation. State Route 202 (Red Mountain Freeway) is located south of the subject site and has a full interchange at Higley Road.

Topography The parcel generally slopes toward the center of the site to a drainage ditch.

Drainage The subject parcel has historically been a low-lying area that has been used for drainage/flowage purposes, and a concrete ditch extends southeast from the central portion of the parcel.

<i>Flood Hazard</i>	FEMA Flood Insurance Rate Map(s):		
	Flood Zone(s)	Panel	Effective Date
	X	04013C2280L	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*

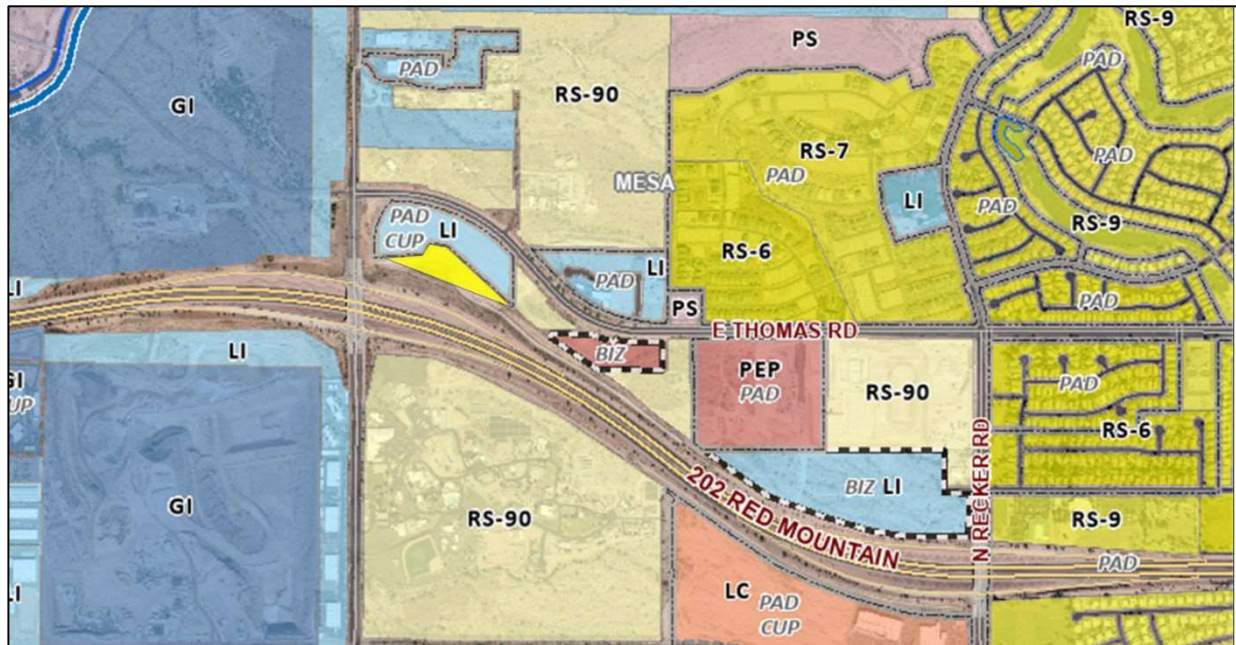
The appraiser is not aware of any soils report or other environmental study having been conducted for the property, nor has any such report been requested or supplied to the appraiser. Furthermore, the appraiser has not performed any background investigation or testing for indications of contamination, 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 signs on the property.

Zoning

Figure 25 – Zoning Map



Portion of City of Mesa Zoning Map

The subject property is located in an area categorized for employment land use as shown on the general plan for the City of Mesa. The property to be appraised is shown on the City of Mesa zoning maps as being a part of the right-of-way for State Route 202 (Red Mountain Freeway) and not within any specific zoning district. Properties to the west fall within the Light Industrial (LI) and General Industrial (GI) districts. Properties to the north are within the RS-90 Residential Single Dwelling District and the LI district. Properties to the east are PEP (Planned Employment Park), RS-90, LI and PS (Public and Semi-Public).

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 considered to be 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 21, 2023, prepared by the Arizona Department of Transportation does not refer to any specific easements. A physical inspection did not reveal the presence of any obvious easements, restrictions or adverse uses which would affect the development potential, utility, or marketability of the property to be appraised.

Taxes and Assessments

Since 1980, the State of Arizona has operated under two distinct valuation bases for levying ad valorem property taxes. Taxes levied against the net assessed amount of limited property valuation are referred to as primary taxes, and the dollars generated are used for the maintenance and operation of counties, cities, school districts, community college districts, and the state. Taxes levied against the net assessed amount of full cash value are referred to as secondary taxes, and the dollars generated are used for retirement of bonded indebtedness, voter-approved budget overrides, and the maintenance and operation of special service districts, such as sanitary, fire, and road improvement districts.

Real estate taxes in Arizona are assessed on a calendar year. The first installment, equal to one-half of the total tax liability, is due and payable on the first day of October and delinquent on the first day of November of the tax year. The second installment is payable on the first day of October of the tax year, but not due until the first day of March of the year following the tax year. The second installment becomes delinquent on the first day of May of the year following the tax year.

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. In this instance, the subject property is unassessed and exempt from real property taxes because it is owned by the State of Arizona.

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.)¹⁹

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.

¹⁹ 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."²⁰

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

As indicated in the site analysis, the subject property is not presently within any zoning district, but is adjacent to the Light Industrial district which is consistent with the general plan for the City of Mesa. Any future zoning of the subject site would need to be consistent with the Employment designation on the general plan.

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 land. 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.

In light of the existing land uses in the area and the general plan for the City of Mesa, a change in zoning is likely to occur that would allow land uses consistent with the Light Industrial (LI) or Planned Employment Park (PEP) zoning districts.

²⁰ *The Appraisal of Real Estate*, 15th ed. (Chicago: Appraisal Institute, 2020) p305

Physically Possible

The size of the subject parcel is adequate for its potentially legally permissible land uses, although other physical characteristics of the parcel present some challenges for development. The parcel is irregular in shape with acute angles at both the eastern and western ends of the parcel which reduces the utility of the parcel. A soils report has not been provided, and it is assumed that the soil is adequate for its legally permissible uses.

Other than shape, there are other physical characteristics that could limit its development potential. Access to the site is impeded by control of access along State Route 202, and property to the north, east and west owned by a private party prevents access from Higley Road and Thomas Road. As a result, the subject parcel lacks any access from a public roadway.

The lack of access to the subject site would require that access be obtained in some form prior to any development as a separate economic unit. Access might be obtained through a private easement across an adjacent property, or through the public dedication of a roadway. The difficulty in obtaining access arises because the adjacent property owner is under no obligation to provide the access easement. The City of Mesa could require a public roadway be dedicated but only as part of an approved development plan on the adjacent property. Without a plan of development, the adjacent property owner is not compelled to dedicate any rights-of-way which might provide access to the subject.

The subject property 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.

Any development of the subject parcel as a separate economic entity would be impossible without some type of assemblage or development in conjunction with other properties due to the landlocked nature of the site. The only property with which the subject parcel could be reasonably assembled is the vacant parcel to the north. The adjoining property owner, however, may or may not have any desire to assemble their property with 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.

Development of the subject parcel as assembled with an adjoining property would mitigate many of the physical limitations of the subject site. As a practical matter, an assemblage of the subject site is not likely to add significantly to the value of the adjoining property beyond the additional land area of the assembled parcel.

Given existing development patterns, the location of the subject site, the current economic climate and the market in which the subject property competes, it is my opinion that development of the subject site as a separate economic unit would not 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.

The site is landlocked and the development potential of the subject site as a separate economic unit is not physically possible. The opportunities to assemble the subject site are limited to essentially one adjoining property, and the subject parcel does not offer much to significantly add to the value of the adjoining property beyond additional land area.

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 assemblage purposes.

Summary and Conclusion

After examining the reasonably probable use of the property that results in the highest value, both as if vacant and as improved, it is my conclusion that the highest and best use of the subject property is as follows:

As If Vacant: Assemblage

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

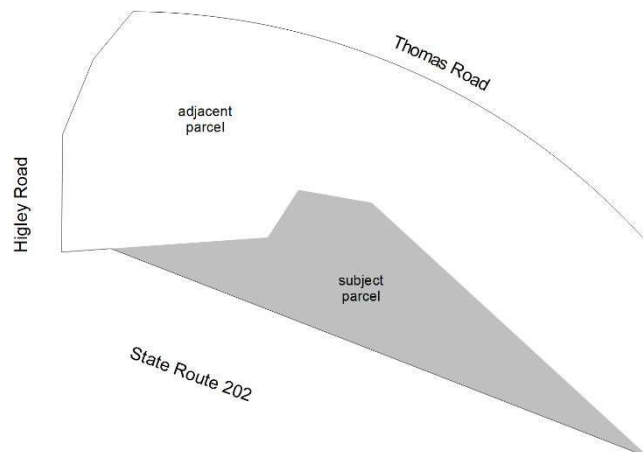
This approach to value is based upon the principle of substitution which states that no one is justified in paying more for a property than the cost of acquiring an equally desirable substitute property, assuming no undue or costly delay. To implement this approach, a search is made in the market to 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.²¹

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 parcel encompassed a search of similar properties in the subject's market area. In this instance, the highest and best use of the subject parcel is concluded to be for assemblage purposes and, for this reason, the search was made for properties similar to the subject parcel assembled with the parcel to the west of the subject parcel. 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.

Figure 26 –Assembled Parcel



²¹ 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	Frontage	Land Area Square Feet	Price	Price per Square Foot
1	Mixed-Use Development	04/21	LI	Comer	870,983	\$ 6,532,431.00	\$7.50
2	Mixed-Use Development	04/21	LI	Comer	1,083,729	\$ 6,600,000.00	\$6.09
3	Industrial Development	12/21	PEP	Mid-Block	886,091	\$ 5,900,000.00	\$6.66
4	Industrial Development	08/22	LI	Mid-Block	375,091	\$ 2,102,020.00	\$5.60
ASSEMBLAGE			LI	Comer	601,463		



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 land 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 land, 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 land.

- *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.

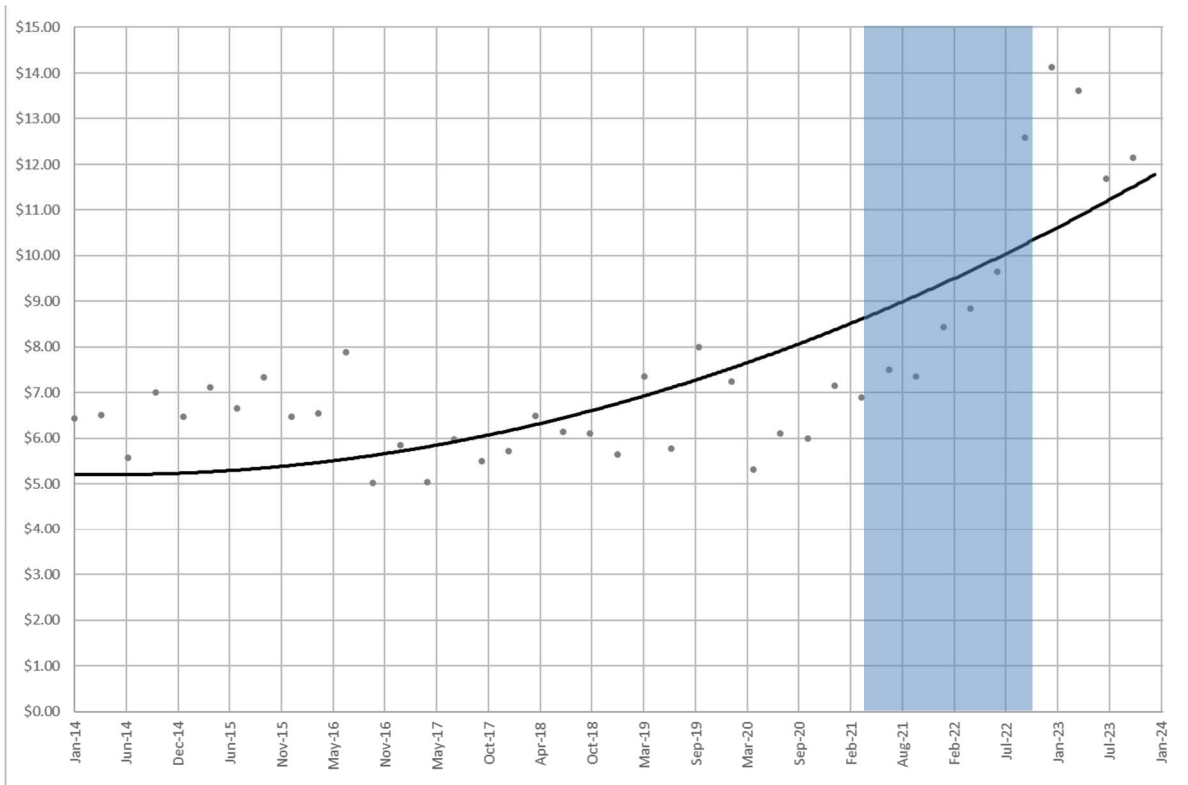
- *Market Conditions*

There are two measures of the prevailing market conditions that are pertinent to the valuation of the subject land. 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 early 2021 to mid-2022.

A survey of land sales throughout metropolitan Phoenix 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 27 –Median Land Sale Price Trend, 2014-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 Recker Road north of McDowell Road and Comparable No. 2 on Recker Road south of Thomas Road. Comparable No. 3 is on Thomas Road west of Recker Road. Comparable No. 4 is northeast of Higley Road and Thomas Road. All of the comparable properties are in close proximity and considered similar to the property being appraised.

In terms of more site-specific locational characteristics, the assembled parcel has a freeway interchange and arterial corner location. Comparable Nos. 1, 3 and 4 lack either a corner location or freeway frontage, or both, and upward adjustment is warranted. Comparable No. 2 shares a similar freeway interchange location and an adjustment for this factor is not necessary.

- *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 property being appraised and those of the comparable properties, an adjustment will be made to each of the comparable properties in this analysis for land area.

Offsite Improvements – Offsite improvements are those which are located off the property being appraised but can influence value, including streets, sidewalks, curbing, traffic signals, and water and sewer mains to name a few. Comparable Nos. 1 and 2 are in closer proximity to city sewer services and a downward adjustment will be applied. An upward adjustment will be applied to Comparable No. 4 for inferior roadway improvements.

- *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*

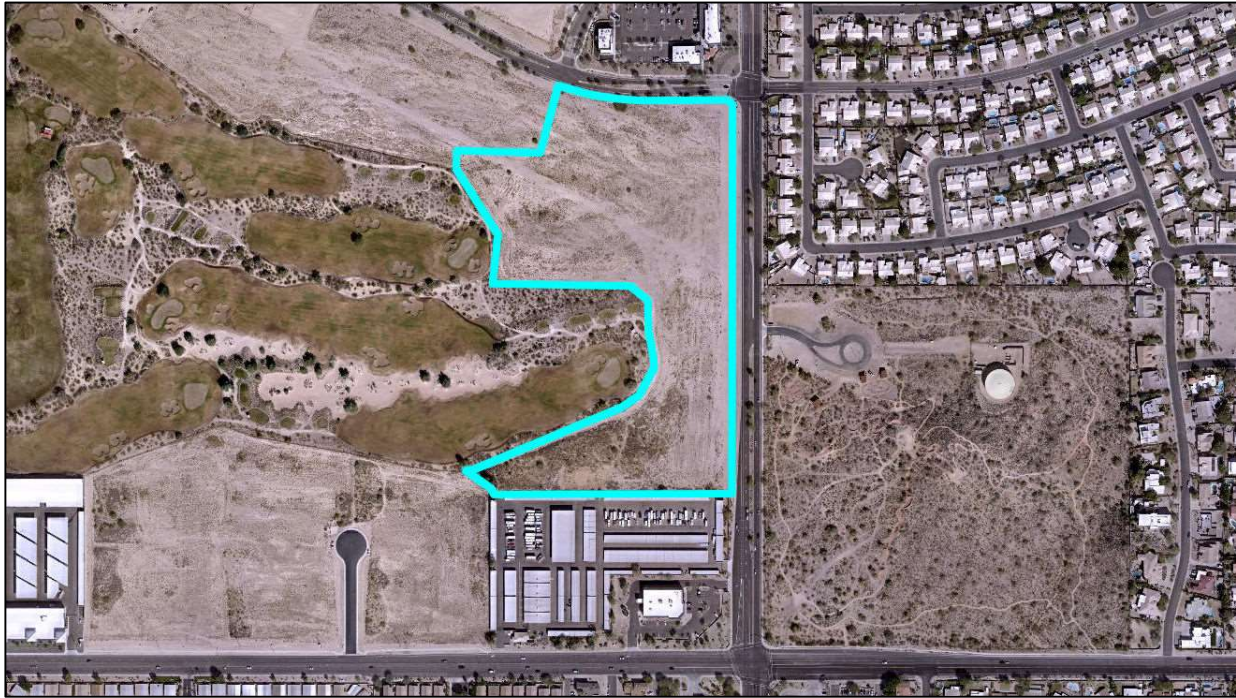
The highest and best use of the comparable properties should be similar to that of the subject property. Legal characteristics such as zoning, environmental regulations, building codes and flood zones are factors which contribute to the highest and best use of a property. In this instance, there are no legal characteristics of the comparable properties which need to be addressed in the valuation of the subject land.

- *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			
Recker Road north of McDowell Road			
Grantor	Dover Associates, LLC	Land Area	870,983 Square Feet
Grantee	DHIC-Longbow, LLC		19.995 Acres
Sale Date	April 2021	Zoning	LI
Sale Price	\$6,532,431.00		Light Industrial
	\$7.50 per Square Foot		



Comparable No. 1 is a site located on Recker Road north of McDowell Road, situated approximately one mile southeast of the subject property. Surrounding land uses include residential development and vacant land planned for commercial and industrial development. The Longbow Golf Club is also just west of this property. This site is generally level and at grade with the abutting properties and roadways. This parcel has been rezoned to the Limited Commercial (LC) district to allow for mixed use development, including a multifamily project in the southern portion of the property.

An upward adjustment of 31% will be applied to account for the amount of time between the date of sale and the date of valuation. The overall location of this property is similar to the property being appraised although a 5% upward adjustment will be applied since this site does not have freeway frontage. In terms of physical characteristics, this property is larger than the subject property, and a 5% upward adjustment will be applied in this instance. This property is closer to city sewer services and a 10% downward adjustment will be applied for superior offsite improvements. After the adjustments indicated, this sale suggests a value of \$9.83 per square foot for the subject land.

Comparable No. 2			
Recker Road south of Thomas Road			
Grantor	East Angel Properties, LLC	Land Area	1,083,729 Square Feet
Grantee	Sun City 115, LLC		24.879 Acres
Sale Date	April 2021	Zoning	LI
Sale Price	\$6,600,000.00		Light Industrial
	\$6.09 per Square Foot		



Comparable No. 2 is a site located on Recker Road south of Thomas Road and along State Route 202, situated less than one mile southeast of the subject property. Surrounding land uses include residential development and vacant land planned for commercial and industrial development. This parcel was purchased for future mixed-use development.

An upward adjustment of 31% will be applied to account for the amount of time between the date of sale and the date of valuation. The overall location of this property is similar enough to the property being appraised that an adjustment will not be necessary. In terms of physical characteristics, this property is larger than the subject property, and a 5% upward adjustment will be applied in this instance. This property is closer to city sewer services and a 10% downward adjustment will be applied for superior offsite improvements. After the adjustments indicated, this sale suggests a value of \$7.58 per square foot for the subject land.

Comparable No. 3			
Thomas Road west of Recker Road			
Grantor	Red Mountain Commerce Park, LLC	Land Area	886,091 Square Feet
Grantee	Recker & Thomas West 23.5, LLC		20.342 Acres
Sale Date	December 2021	Zoning	PEP
Sale Price	\$5,900,000.00		Planned Employment Park
	\$6.66 per Square Foot		



Comparable No. 3 is a site located on Thomas Road west of Recker Road, situated less than one-half mile east of the subject property. Surrounding land uses include residential development and vacant land planned for commercial and industrial development. This parcel was purchased for future development.

An upward adjustment of 24% will be applied to account for the amount of time between the date of sale and the date of valuation. The overall location of this property is similar to the property being appraised although a 10% upward adjustment will be applied for inferior freeway frontage and a mid-block location. 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 \$9.50 per square foot for the subject land.

Comparable No. 4			
Northeast of Higley Road and Thomas Road			
Grantor	Boyle Family Limited Partnership	Land Area	375,091 Square Feet
Grantee	Higley/202 Industrial, LLC		8.611 Acres
Sale Date	August 2022	Zoning	LI
Sale Price	\$2,102,020.00		Light Industrial
	\$5.60 per Square Foot		



Comparable No. 4 is a site located on Higley Road north of Thomas Road, situated less than one-half mile north of the subject property. Surrounding land uses include residential development and vacant land planned for commercial and industrial development. This parcel was purchased for development.

An upward adjustment of 18% will be applied to account for the amount of time between the date of sale and the date of valuation. The overall location of this property is similar to the property being appraised although a 10% upward adjustment will be applied since this site does not have freeway frontage or a corner location. 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 will require a 5% upward adjustment will be applied for offsite improvements to reflect the inferior roadway improvements. After the adjustments indicated, this sale suggests a value of \$7.27 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 \$5.60 per square foot to a high indication of \$7.50 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 as assembled with the parcel to its north.

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 \$7.27 per square foot to \$9.83 per square foot, with a mean value of \$8.55 per square foot. I believe that the property being appraised may be reasonably and fairly placed within this range. All things considered, it is my opinion the property being appraised could reasonably be placed in the middle to lower portion of the range in indicated values provided by these comparable properties.

Based upon the preceding analysis, a value of \$8.00 per square foot represents a reasonable expectation of the probable market value of the subject land as if assembled with the property to the north. As a practical matter, however, the property being appraised is not assembled and further analysis is needed to estimate the value of the subject property without an assemblage.

Mr. J.D. Eaton, MAI, SRA, author of Real Estate Valuation in Litigation provides a brief discussion on the difficulties of appraising landlocked properties, and his discussion can provide some insight into the valuation problem in this assignment. A landlocked property, defined as a property without access, may actually lack a market value, in the true sense of the word. The number of potential buyers for such property is often so severely limited that the property cannot, for all practical purposes, be placed on the open market. The number of abutting owners to a landlocked remainder property will often have a bearing on its value because these individuals are often the only potential buyers for the property. In this instance, there is only one property which could be assembled with the subject parcel to create a useable contiguous parcel and the adjoining property owner is under no obligation to assemble their property with the subject parcel.

Table 2 – Land Sales Adjustment Grid

Comparable No.	1		2		3		4		ASSEMBLAGE	
	Sale Price	Date of Sale	Sale Price	Date of Sale	Sale Price	Date of Sale	Sale Price	Date of Sale		
	\$6,532,431.00	04/21	\$6,600,000.00	04/21	\$5,900,000.00	12/21	\$2,102,020.00	08/22	Corner Paved Road 601,463 LI X	
Elapsed Time (months)	37	37	37	29	21	21				
Frontage	Corner	Corner	Mid-Block	Mid-Block	Mid-Block	Mid-Block				
Access	Paved Road	Paved Road	Paved Road	Paved Road	Paved Road	Paved Road				
Land Area – Square Feet	870,983	1,083,729	886,091	886,091	375,091	375,091				
Zoning	LI	LI	PEP	PEP	LI	LI				
Flood Zone	X	X	X	X	X	X				
Sale Price per Square Foot of Land	\$7.50	\$6.09	\$6.66	\$6.66	\$5.60	\$5.60				
Transactional Adjustments										
Property Rights	0%	0%	0%	0%	0%	0%	0%	0%		
Adjusted Price	\$7.50	\$6.09	\$6.66	\$6.66	\$5.60	\$5.60	\$5.60	\$5.60		
Financing	0%	0%	0%	0%	0%	0%	0%	0%		
Adjusted Price	\$7.50	\$6.09	\$6.66	\$6.66	\$5.60	\$5.60	\$5.60	\$5.60		
Conditions of Sale	0%	0%	0%	0%	0%	0%	0%	0%		
Adjusted Price	\$7.50	\$6.09	\$6.66	\$6.66	\$5.60	\$5.60	\$5.60	\$5.60		
Immediate Expenditures	0%	0%	0%	0%	0%	0%	0%	0%		
Adjusted Price	\$7.50	\$6.09	\$6.66	\$6.66	\$5.60	\$5.60	\$5.60	\$5.60		
Market Conditions	+31%	+31%	+24%	+24%	+18%	+18%	+18%	+18%		
Adjusted Price	\$9.83	\$7.98	\$8.26	\$8.26	\$6.61	\$6.61	\$6.61	\$6.61		
Property Adjustments										
Location										
Frontage	+5%	0%	+10%	0%	+10%	0%	+10%	+10%		
Physical Characteristics										
Land Area	+5%	+5%	+5%	+5%	+5%	+5%	+5%	+5%		
Offsite Improvements	-10%	-10%	0%	0%	0%	0%	0%	0%		
Economic Characteristics	0%	0%	0%	0%	0%	0%	0%	0%		
Legal Characteristics	0%	0%	0%	0%	0%	0%	0%	0%		
Non-Reality Components	0%	0%	0%	0%	0%	0%	0%	0%		
Net Adjustment	0%	-5%	+15%	+15%	+10%	+10%	+10%	+10%		
Indicated Unit Value	\$9.83	\$7.58	\$9.50	\$9.50	\$7.27	\$7.27	\$7.27	\$7.27		
Gross Property Adjustment	20%	15%	15%	15%	20%	20%	20%	20%		
Total Adjustment	\$2.33	\$1.49	\$2.84	\$2.84	\$1.67	\$1.67	\$1.67	\$1.67		
Total Adjustment as % of Sale Price	+31%	+24%	+43%	+43%	+30%	+30%	+30%	+30%		

A search was made in the market to find sales of properties that have no legal access so that they might be compared with sales of similar properties with legal access. There are few properties that do not have some form of legal access, but several sales of such properties have been identified and cited in Table 3 below as sale numbers A1, B1, C1, D1 and E1. In each instance, at least one sale of a property with legal access similar to the one without legal access was identified in order to measure any difference in prices paid. These sales are summarized below.

Table 3 – Paired Sales Analysis for No Legal Access

Ref	Sale Date	Assessor Parcel Number(s)	Acreage	Access	Sale Price	Price per Acre	% Difference	Average % Difference
A1	Jul-05	401-84-010	40.00	No	\$ 69,990.00	\$1,750		-51.7%
A2	Mar-06	401-84-014	80.00	Yes	\$ 280,000.00	\$3,500	-50.0%	
A3	Jul-06	401-84-012B	40.00	Yes	\$ 150,000.00	\$3,750	-53.3%	
B1	Jul-01	216-19-004F	5.00	No	\$ 80,000.00	\$16,000		-67.2%
B2	Mar-01	216-19-005C	5.00	Yes	\$ 185,000.00	\$37,000	-56.8%	
B3	Jan-02	216-19-007C	10.00	Yes	\$ 265,000.00	\$26,500	-39.6%	
B4	Jan-02	216-19-041	1.66	Yes	\$ 187,500.00	\$112,952	-85.8%	
B5	Feb-02	216-16-005B, -005E	15.00	Yes	\$ 650,000.00	\$43,333	-63.1%	
B6	May-02	216-19-053	4.69	Yes	\$ 300,000.00	\$63,966	-75.0%	
B7	May-02	216-19-055	4.43	Yes	\$ 412,500.00	\$93,115	-82.8%	
C1	Feb-05	502-51-006	5.68	No	\$ 105,000.00	\$18,486		-58.6%
C2	Sep-04	502-51-003J, -003K	11.19	Yes	\$ 500,000.00	\$44,683	-58.6%	
D1	Sep-05	506-34-005B	5.00	No	\$ 200,000.00	\$40,000		-21.8%
D2	May-05	506-34-048, -049	7.57	Yes	\$ 815,000.00	\$107,662	-62.8%	
D3	May-05	506-34-006D	4.82	Yes	\$ 250,000.00	\$51,867	-22.9%	
D4	Apr-06	506-34-051D	4.70	Yes	\$ 250,000.00	\$53,191	-24.8%	
D5	May-06	506-34-019E	7.85	Yes	\$ 255,000.00	\$32,484	23.1%	
E1	Dec-01	202-17-002M	40.00	No	\$ 320,000.00	\$8,000		-81.5%
E2	May-01	202-17-011A	10.12	Yes	\$ 504,000.00	\$49,802	-83.9%	
E3	Apr-02	202-17-017A	19.70	Yes	\$ 750,000.00	\$38,071	-79.0%	

The “A” and “D” group of properties are located in western Maricopa County west of Gila Bend and near Tonopah, respectively. The “B”, “C” and “E” groups are in the metropolitan Phoenix area. Groups B and E are in the Cave Creek and Carefree area, and Group C is located in Buckeye. These properties are not directly comparable to the subject site, and although the data in this study is somewhat dated, the relationship between properties with and without legal access is pertinent. As a group, the properties that do not have legal access developed prices between 21.8% and 81.5% less than properties with legal access.

When an appraisal of a partial or fractional interest is made in real property, discounts are not uncommon for the lack of typical mortgage financing, lack of typical sale channels, and the lack of typical real estate buyers (i.e., a relatively illiquid market). The discounts are generally referred to as Discounts for Lack of Control (DLOC) and Discounts for Lack of Marketability (DLOM). There have been a number of empirical studies done to quantify discounts associated with the sale of partial interests, and the central tendency for these discounts has been between 15 and 35 percent but have been as high as over 80 percent.

Although the studies referenced above were done to measure discounts on partial interests in real estate, some correlation can be made to the value of remnant and landlocked parcels due to the similarity in the reasons the discount is being made. Primarily, these would be the lack of typical real estate buyers and, to a lesser extent, lack of typical sale channels. This is pertinent to this analysis since the subject parcel consists of a landlocked parcel.

When the highest and best use of a parcel is concluded to be for assemblage purposes, there are a small and finite number of potential buyers of the property. These are generally limited to the adjacent property owners with which the subject parcel might be assembled but could also include third parties looking for assemblage opportunities. As a result, there is a relatively illiquid market due to the lack of typical real estate buyers and a discount to the value of the assembled subject site is warranted to reflect the costs and risks of making an assemblage.

Based upon the preceding analyses and discussion, it is my opinion that a discount of 80% would be reasonable to reflect the incentive necessary to attract an assemblage of the adjoining property with the subject site. Therefore, the indication of value for the subject land, as of the date of valuation and given a reasonable period of exposure, is \$246,000.00, and can be calculated as follows:

Pro Rata as Assembled	153,677 square feet at	\$8.00 per square foot =	\$ 1,229,416.00
Incentive Discount for Assemblage		80%	<u>(983,532.80)</u>
Indicated Value			\$ 245,883.20
rounded to,			\$ 246,000.00

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.²²

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.²³

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.²⁴

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.

²² *The Appraisal of Real Estate*, 15th ed. (Chicago: Appraisal Institute, 2020) p413

²³ *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022) p53

²⁴ *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.²⁵

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.

²⁵ 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	\$246,000.00
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 property results in a reasonable indication of value for the property to be appraised. Since the subject property 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 developed for this appraisal assignment.

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 developed for this appraisal assignment.

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 property, as of April 18, 2024, is:

TWO HUNDRED FORTY-SIX THOUSAND DOLLARS
\$246,000.00

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.
- 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 April 18, 2024, is:

TWO HUNDRED FORTY-SIX THOUSAND DOLLARS

\$246,000.00



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-147

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 Uniform Standards of Professional Appraisal Practice.

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

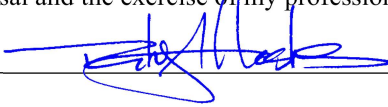
That I understand this appraisal may be used in connection with the acquisition of right of way for a highway to be constructed by the State of Arizona with the assistance of federal aid highway funds or other federal funds.

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 April 18, 2024, is Two HUNDRED FORTY-SIX THOUSAND DOLLARS (\$246,000.00), based on my independent appraisal and the exercise of my professional judgment.

DATE: 5/14/2024 SIGNATURE: 

Underlying Assumptions and Limiting Conditions

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.
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 east toward subject property from Higley Road



View northwest across the subject property from near the southeast corner



View south along the eastern boundary



View south across drainage channel



View east across the subject property



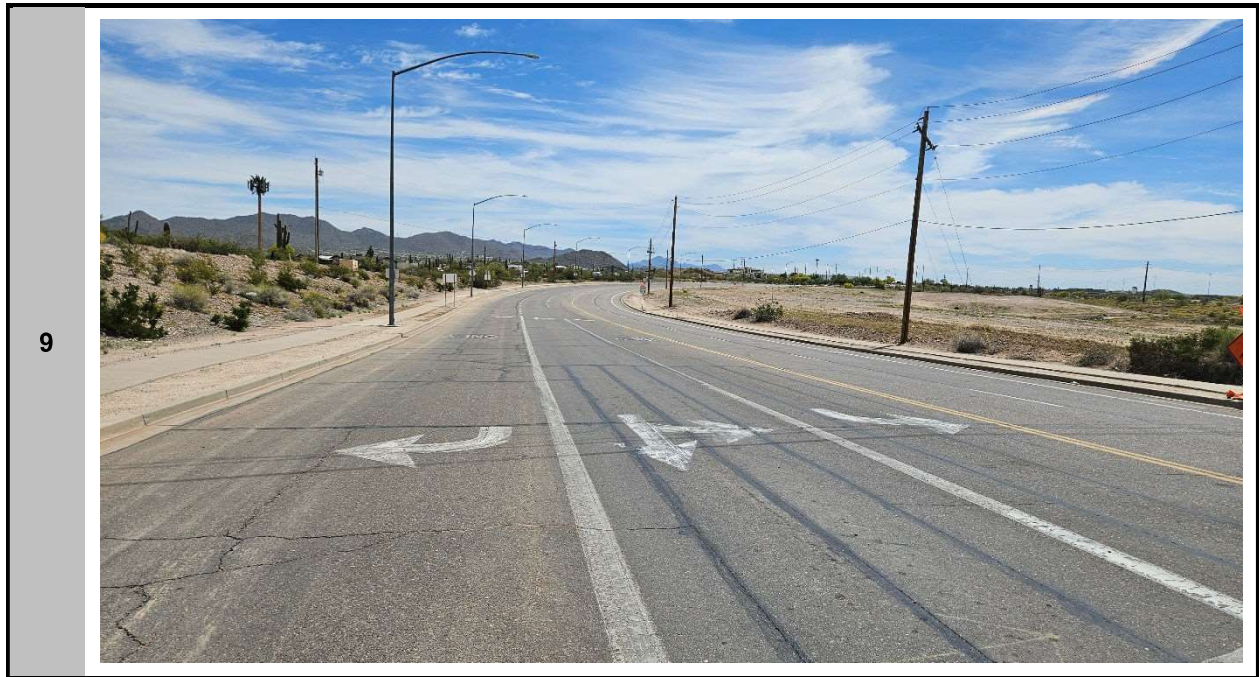
View north across the subject property



View north along Higley Road at SR202



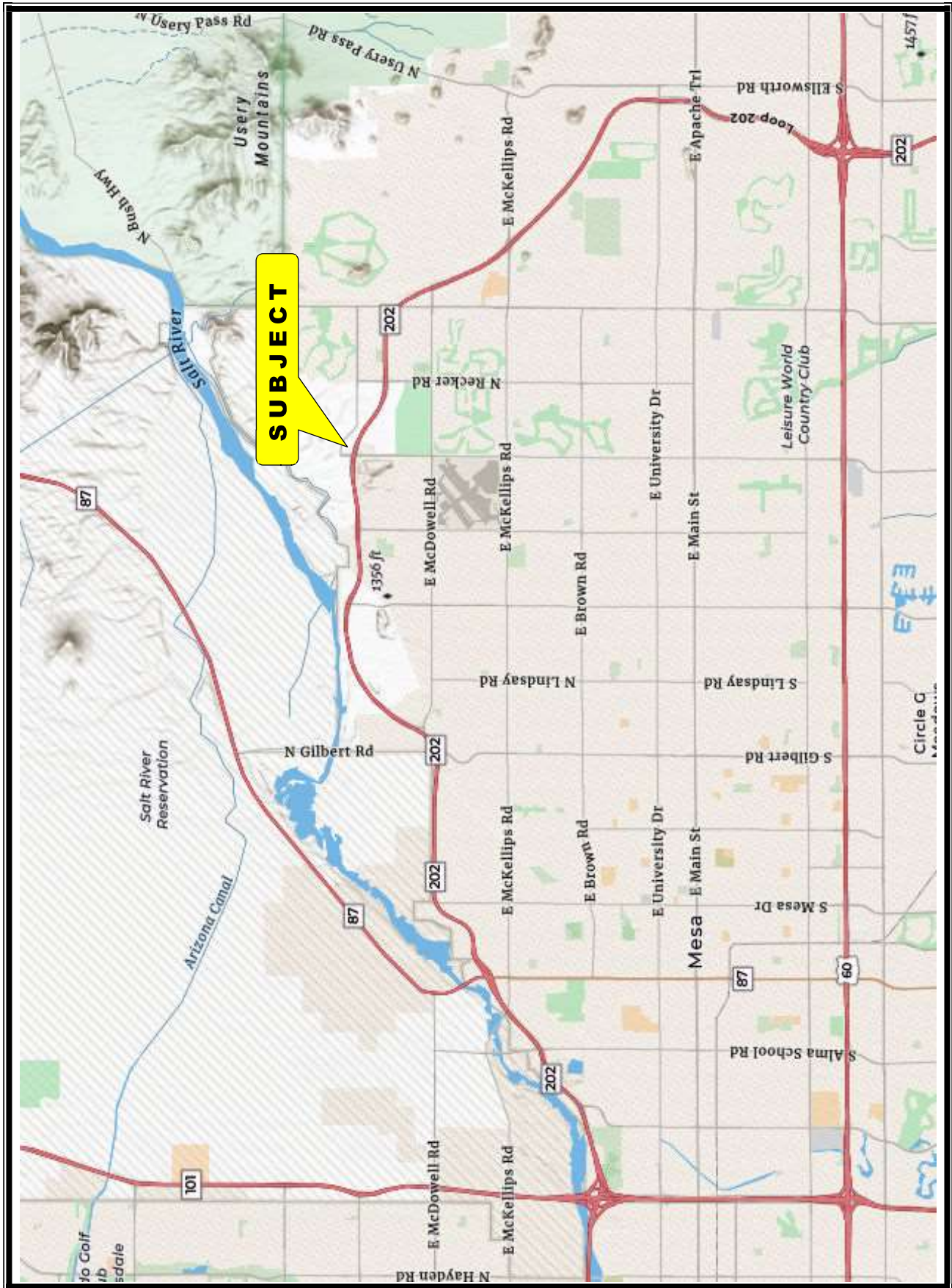
View south along Higley Road at Thomas Road



View east along Thomas Road at Higley Road

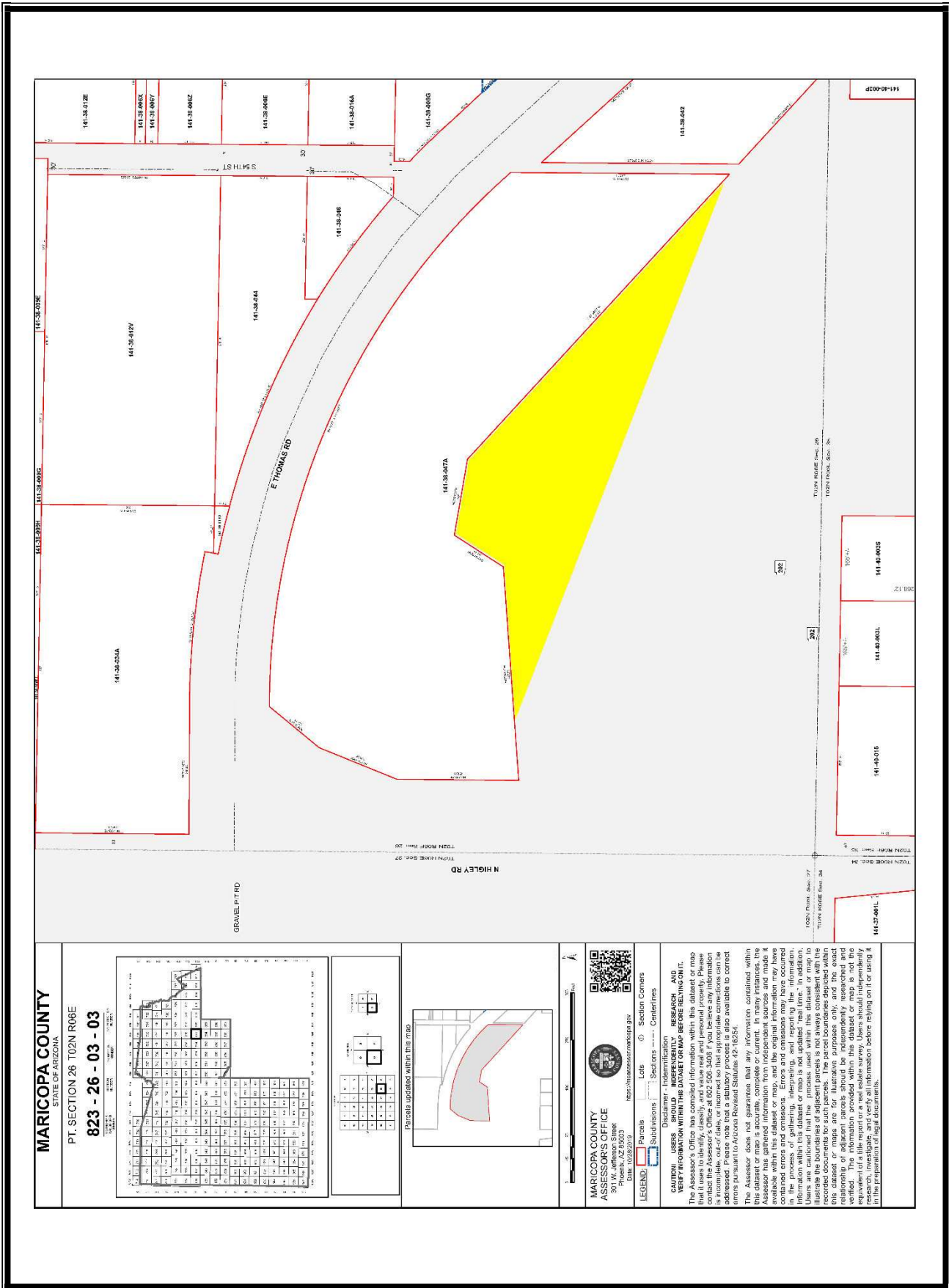


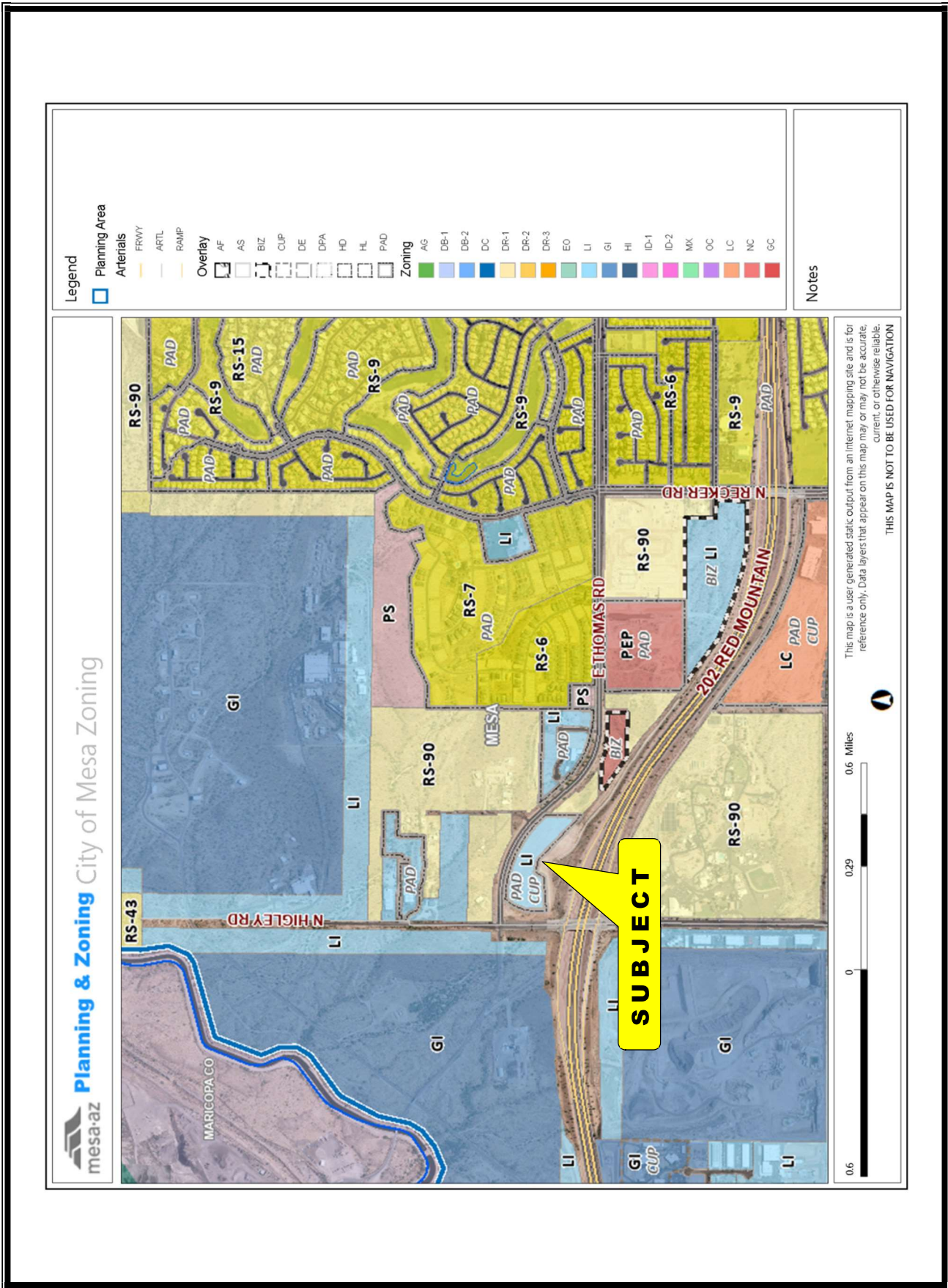
View west along Thomas Road

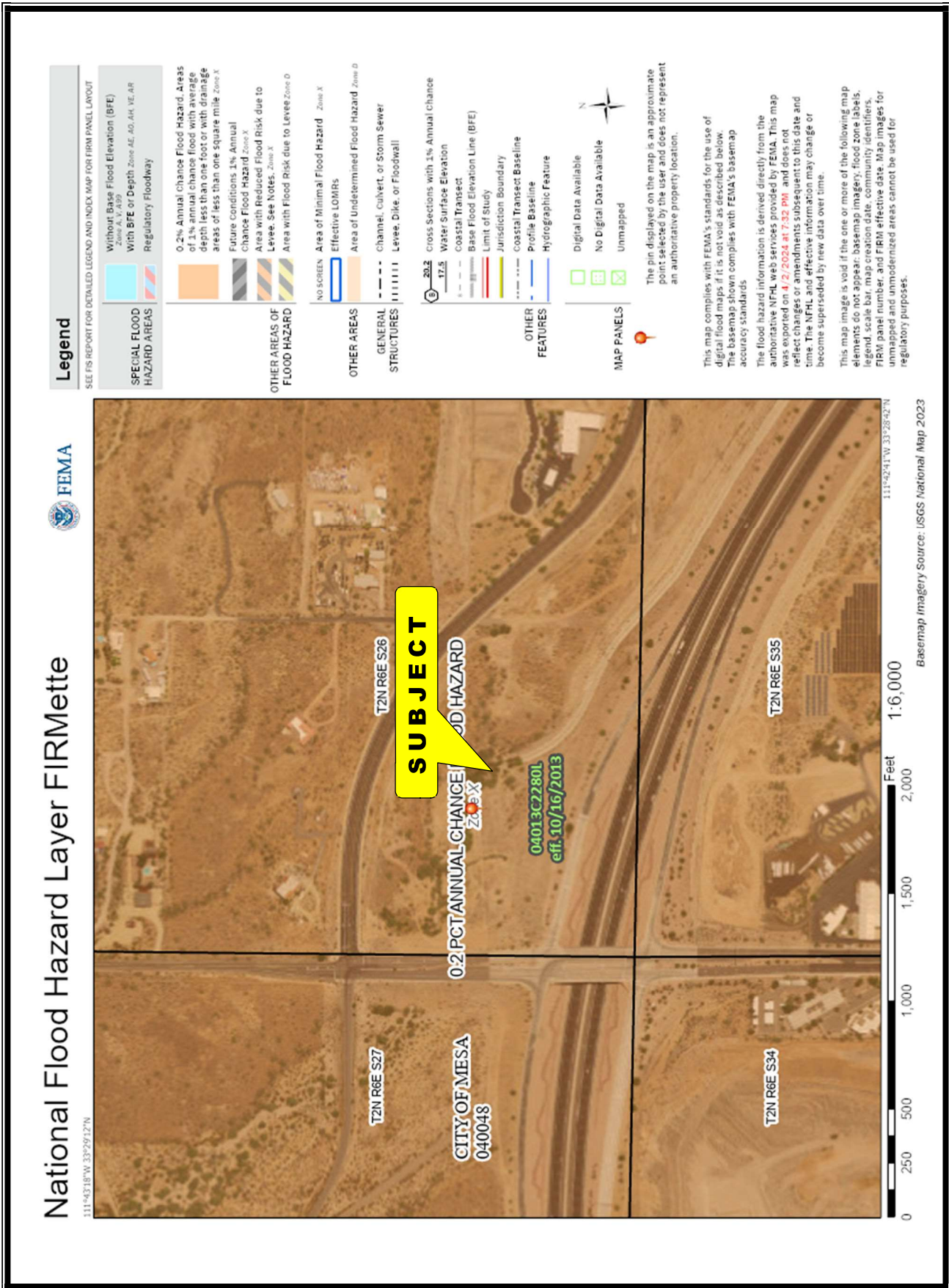


© Arizona State Land Department Parcel Viewer

6







**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. ****AMENDED** - 7/31/2023 to include ADOT Parcel 7-8929 - no other changes (SLK)**

Date of Search: 07/21/2023	Examiner: Sherry L Kinsella	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:
Update to:	Examiner:	Reviewer:

County: Maricopa	Tax Arb: 141-38-N/A	Disposal: N/A
Tracs No.: 202LMA000H5400 RAM 600-8-803	Highway: Red Mountain Freeway	Excess Land: L-C-147
Fed. No.: N/A	Section: Gilbert Rd. - Higley Rd.	Parcel No.: 7-8925, 7-8927, 7-8928, 7-8930, 7-8929-1 & 7-8929-2 7-8929

**SCHEDULE A-1
LEGAL DESCRIPTION**

That portion of the Southwest quarter of Section 26, Township 2 North, Range 6 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona shown as portions of ADOT Parcel 7-8925, ADOT Parcel 7-8927, ADOT Parcel 7-8928, ADOT Parcel 7-8929-1, ADOT Parcel 7-8929-2, ADOT Parcel 7-8930 and ADOT Parcel 7-8929 as depicted on Exhibit "A" attached, Sheets P-24, P-27, P-28 and P-29 of ADOT Drawing D-7-T-915, the Right of Way Plans of RED MOUNTAIN FREEWAY, Gilbert Road – Higley Road, Project 202LMA000H5400/RAM 600-8-803.

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.) Special Warranty Deed from J. Frank Wood and Clara C. Wood, husband and wife to the State of Arizona, Department of Transportation, dated February 25, 2000, recorded March 20, 2000, in Document No. 2000-0207108.
[Project 202L MA 000 H5400 / RAM 600-8-803 / Parcel 7-8927]
- 2.) Special Warranty Deed from Steven Michael Zeman, an unmarried man to the State of Arizona, Department of Transportation, dated May 3, 2000, recorded May 30, 2000, in Document No. 2000-0408899.
[Project 202L MA 000 H5400 / RAM 600-8-803 / Parcel 7-8928]
- 3.) Special Warranty Deed from William G. Cummard, II and Diana S. Cummard, husband and wife to the State of Arizona, Department of Transportation, dated July 10, 2000, recorded July 28, 2000, in Document No. 2000-0576872.
[Project 202L MA 000 H5400 / RAM 600-8-803 / Parcel 7-8930]
- 4.) Special Warranty Deed from Rockford Eaton, LLC, an Arizona limited liability company, Michael L. Wirth, a married man dealing with his sole and separate property and Allan L. Wirth, a married man, dealing with his sole and separate property, as Tenants in Common to the State of Arizona, Department of Transportation, dated August 10, 2000, recorded September 29, 2000, in Document No. 2000-0751766.
[Project 202L MA 000 H5400 / RAM 600-8-803 / Parcel 7-8929-1]
- 5.) Special Warranty Deed from Alan L. Wirth and Diane E. Wirth, husband and wife to the State of Arizona, Department of Transportation, dated August 9, 2000, recorded September 29, 2000, in Document No. 2000-0751769.
[Project 202L MA 000 H5400 / RAM 600-8-803 / Parcel 7-8925]
- 6.) Special Warranty Deed from Mark L. Wirth, a married man dealing with sole and separate property; Michael L. Wirth, a married man dealing with sole and separate property; and Alan L. Wirth, a married man dealing with sole and separate property, all as Tenants in Common to the State of Arizona, Department of Transportation, dated August 30, 2000, recorded September 29, 2000, in Document No. 2000-0751787.
[Project 202L MA 000 H5400 / RAM 600-8-803 / Parcel 7-8929-2]
- 7.) Special Warranty Deed from Mark L. Wirth, a married man as his sole and separate property; Michael L. Wirth, a married man as his sole and separate property; Alan L. Wirth, a married man as his sole and separate property, all as Tenants in Common to the State of Arizona, Department of Transportation dated August 30, 2000, recorded September 29, 2000 in Document No. 2000-0751782
[Project 202L MA 000 H5400 / RAM 600-8-803 / Parcel 7-8929]

END OF RIGHT OF WAY / VESTING

REQUIREMENTS

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

NOTE: Repurchase rights **do not** apply due to property being obtained more than eight years prior to this transaction, see item No. 1 of Right of Way / Vestings.
[Project 202L MA 000 H5400 / RAM 600-8-803 / Parcel 7-8927]

NOTE: Repurchase rights **do not** apply due to property being obtained more than eight years prior to this transaction, see item No. 2 of Right of Way / Vestings.
[Project 202L MA 000 H5400 / RAM 600-8-803 / Parcel 7-8928]

NOTE: Repurchase rights **do not** apply due to property being obtained more than eight years prior to this transaction, see item No. 3 of Right of Way / Vestings.
[Project 202L MA 000 H5400 / RAM 600-8-803 / Parcel 7-8930]

NOTE: Repurchase rights **do not** apply due to property being obtained more than eight years prior to this transaction, see item No. 4 of Right of Way / Vestings.
[Project 202L MA 000 H5400 / RAM 600-8-803 / Parcel 7-8929-1]

NOTE: Repurchase rights **do not** apply due to property being obtained more than eight years prior to this transaction, see item No. 5 of Right of Way / Vestings.
[Project 202L MA 000 H5400 / RAM 600-8-803 / Parcel 7-8925]

NOTE: Repurchase rights **do not** apply due to property being obtained more than eight years prior to this transaction, see item No. 6 of Right of Way / Vestings.
[Project 202L MA 000 H5400 / RAM 600-8-803 / Parcel 7-8929-2]

NOTE: Repurchase rights **do not** apply due to property being obtained more than eight years prior to this transaction, see item No. 6 of Right of Way / Vestings.
[Project 202L MA 000 H5400 / RAM 600-8-803 / Parcel 7-8929]

END OF REQUIREMENTS

SCHEDULE B

1. Resolution No. 2000-03-A-028 by Mary E. Peters, Director, Arizona Department of Transportation to acquire and establish a portion of the State Route Plan for the Red Mountain Corridor, dated March 17, 2000, recorded March 29, 2000 in Document No. 2000-0232638.
2. Resolution No. 2001-02-A-007 by Mary E. Peters, Director, Arizona Department of Transportation to establish a portion of the State Route Preliminary Transportation Corridor of the Red Mountain Freeway, State Route 202 Loop as a State Highway, dated February 16, 2001, recorded March 16, 2001 in Document No. 2001-0207167; thereafter re-recorded to delete Recker Road from Appendix "A", recorded May 11, 2001 in Document No. 2001-0398085.
3. Map of Sound Contours and Primary Flight Tracks for Falcon Field Airport by the City of Mesa dated February 14, 2001, recorded April 10, 2001 in Document No. 2001-0285395.
4. Resolution No. 2003-05-A-025 by Victor M. Mendez, Director, Arizona Department of Transportation to establish a portion of the State Route Preliminary Transportation Corridor of the Red Mountain Freeway, State Route 202 Loop, as a State Highway, dated May 9, 2003, recorded May 27, 2003 in Document No. 2003-0663258; thereafter Amended by Resolution No. 2003-12-A-076 to show a design change, dated December 19, 2003, recorded January 2, 2004 in Document No. 2004-0000108.
5. Resolution No. 2017-11-A-062 by John S. Halikowski, Director of the Arizona Department of Transportation by abandon portions of Thomas and Higley Roads to the City of Mesa, dated November 17, 2017, recorded November 27, 2017 in Document No. 2017-0874324.
6. Affects of Results of Survey for R & S Development Group, LLC of a portion of the SW ¼ SW ¼ Section 26, Township 2 North, Range 6 East, recorded October 7, 2019 in Book 1488, Page 5.

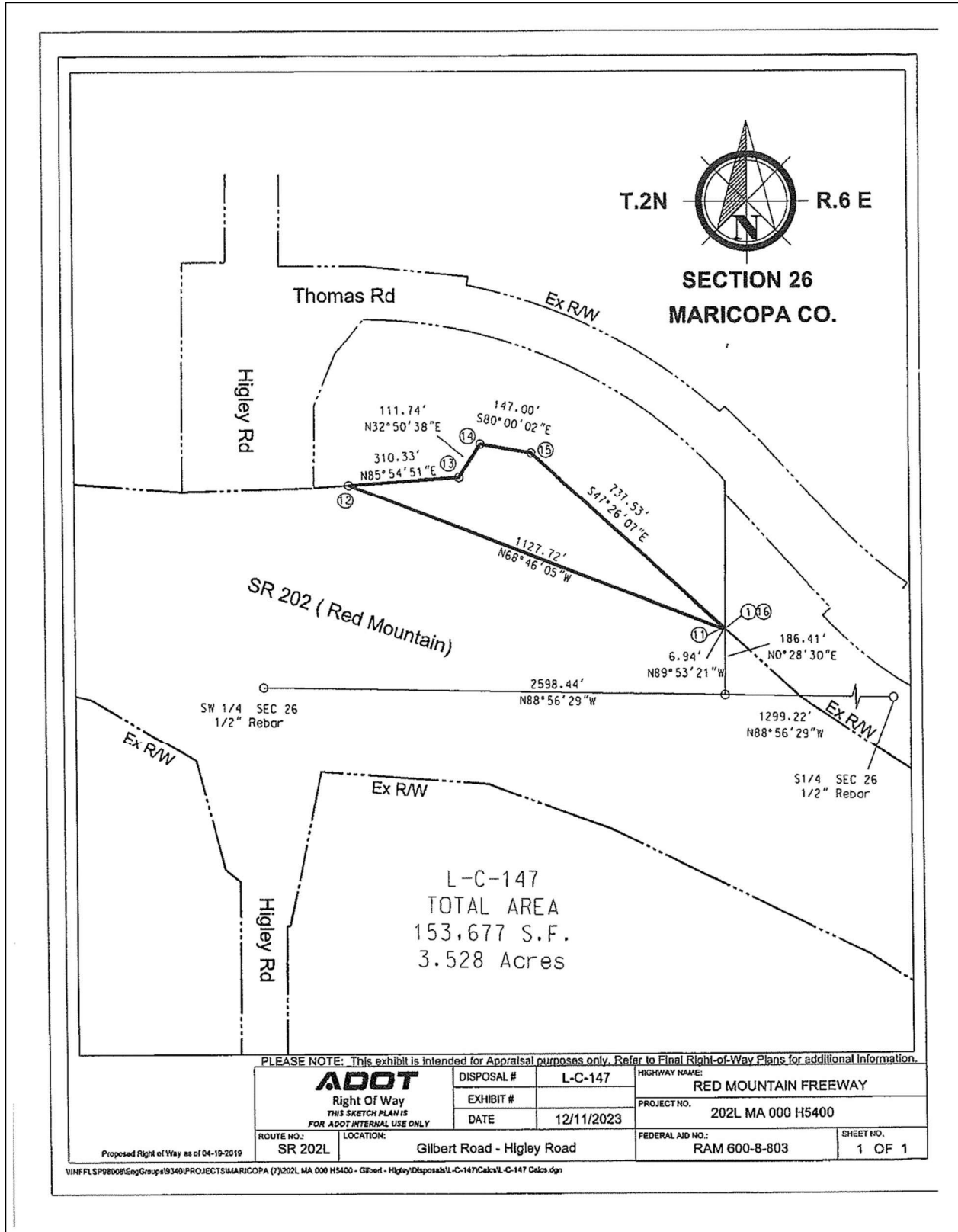
END OF SCHEDULE B



PLEASE NOTE: This exhibit is intended for Appraisal purposes only. Refer to Final Right-of-Way Plans for additional information.

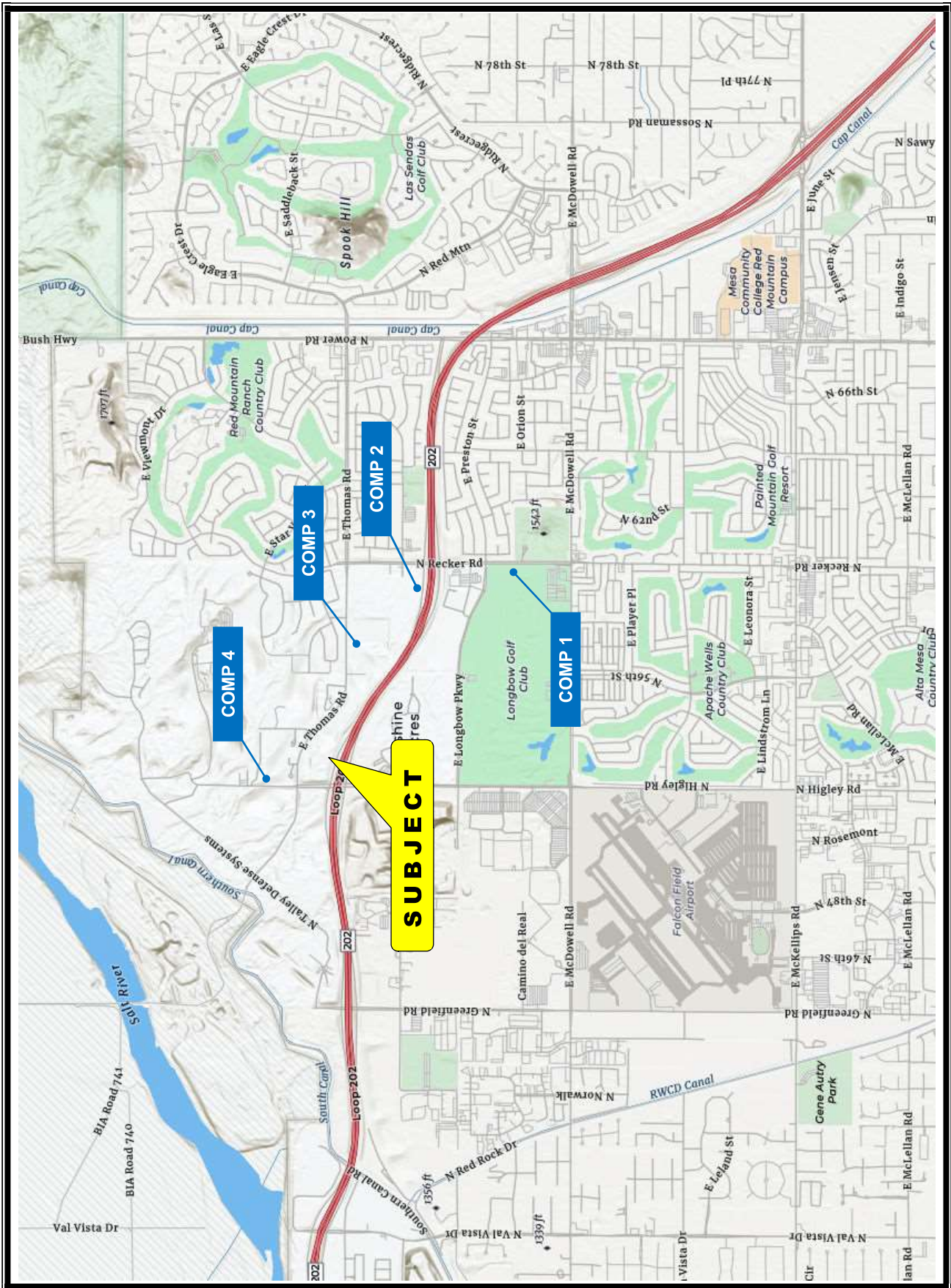
ADOT Right Of Way <small>THIS SKETCH PLAN IS FOR ADOT INTERNAL USE ONLY</small>	DISPOSAL #	L-C-147	HIGHWAY NAME	RED MOUNTAIN FREEWAY
	EXHIBIT #		PROJECT NO.	202L MA 000 H5400
	DATE	12/11/2023	FEDERAL AID NO.	RAM 600-8-803
ROUTE NO.: SR 202L	LOCATION:	Gilbert Road - Higley Road		SHEET NO. 1 OF 1

\\NF\FS\98008\Eng\Groups\9348\PROJECTS\26\NR\COPIA (7)202L MA 000 H5400 - Gilbert - Higley\Disposal\L-C-147-L-C-147 Exhibit.dgn



Traverse View - L-C-148 Area Calcs-R1 (Grid Bearing, Grid Dist, Feet)
 153676.74SqFt 3.528Acres Grid Dist (inverse grid coordinates)
 Grid Bearing (inverse grid coordinates)
 File: L-C-147 CALCS Date:12-8-2023

Point	Type	Grid Bearing	Grid Dist	Radius	Arc Length	Delta	Northing	Easting	Description
1							902900.071	761862.637	
11		N89°53'21"W	6.94				902900.084	761855.697	
12		N68°46'05"W	1127.72				903308.482	760804.524	
13		N85°54'51"E	310.33				903330.593	761114.066	
14		N32°50'38"E	111.74				903424.472	761174.668	
15		S80°00'02"E	147.00				903398.947	761319.435	
16		S47°26'07"E	737.53				902900.065	761862.636	
17									



© Arizona State Land Department Parcel Viewer



Comparable No. 1



Property Information

Property Type:	Vacant Land		
Location:	Recker Road north of McDowell Road		
Address:	None Given	Map Reference:	129-185LT
City, State ZIP:	Mesa, Arizona 85215	County:	Maricopa
Land Area:	870,983 square feet 19.995 acres		
Legal Description:	Part of the SE¼ of Section 36, Township 2 North, Range 6 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona		
Parcel Number(s):	141-10-010		
Zoning Authority:	City of Mesa		
Zoning District(s):	LI, Light Industrial		

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

Sale Information

Grantor:	Dover Associates, LLC		
Grantee:	DHIC-Longbow, LLC		
Date of Sale:	April 2021		
Sales Price:	\$6,532,431.00	Terms:	\$6,532,431.00 (100%) cash down
	\$7.50 per square foot		Cash to seller
Recordation:	6/10/2022	Three Year Sales History:	None
	Special Warranty Deed		
	2022-0793213		
Source/Confirmation:	CoStar Group; Recorded Affidavit of Property Value		

Comments:
Surrounding land uses include residential development and vacant land planned for commercial and industrial development. The Longbow Golf Club is also just west of this property. This site is generally level and at grade with the abutting properties and roadways. This parcel has been rezoned to the Limited Commercial (LC) district to allow for mixed use development, including a multifamily project in the southern portion of the property.



Comparable No. 2



Property Information

Property Type:	Vacant Land		
Location:	Recker Road south of Thomas Road		
Address:	3358 N. Recker Road		
City, State ZIP:	Mesa, Arizona 85215	Map Reference:	129-185LT
		County:	Maricopa
Land Area:	1,083,729 square feet 24.879 acres		
Legal Description:	Part of the NE¼ of Section 35, Township 2 North, Range 6 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona		
Parcel Number(s):	141-41-002N		
Zoning Authority:	City of Mesa		
Zoning District(s):	LI, Light Industrial		

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

Sale Information

Grantor:	East Angel Properties, LLC		
Grantee:	Sun City 115, LLC		
Date of Sale:	April 2021		
Sales Price:	\$6,600,000.00	Terms:	\$6,600,000.00 (100%) cash down
	\$6.09 per square foot		Cash to seller
Recordation:	12/21/2021	Three Year Sales History:	None
	Special Warranty Deed		
	2021-1352302		
Source/Confirmation:	CoStar Group; Recorded Affidavit of Property Value		

Comments:
Surrounding land uses include residential development and vacant land planned for commercial and industrial development. This parcel was purchased for future mixed-use development.



Comparable No. 3



Property Information

Property Type:	Vacant Land	
Location:	Thomas Road west of Recker Road	
Address:	5609 E. Thomas Road	
City, State ZIP:	Mesa, Arizona 85215	Map Reference: 129-185LT
		County: Maricopa
Land Area:	886,091 square feet 20.342 acres	
Legal Description:	Part of the NE¼ of Section 35, Township 2 North, Range 6 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona	
Parcel Number(s):	141-41-003A; 141-41-005B; 141-41-006H	
Zoning Authority:	City of Mesa	
Zoning District(s):	PEP, Planned Employment Park	

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

Sale Information

Grantor:	Red Mountain Commerce Park, LLC	
Grantee:	Recker & Thomas West 23.5, LLC	
Date of Sale:	December 2021	
Sales Price:	\$5,900,000.00	Terms: \$500,000.00 (8%) cash down
	\$6.66 per square foot	Seller carried balance on undisclosed terms
Recordation:	2/1/2022	Three Year Sales History: None
	Special Warranty Deed	
	2022-0097128	
Source/Confirmation:	Recorded Affidavit of Property Value	

Comments:
Surrounding land uses include residential development and vacant land planned for commercial and industrial development. This parcel was purchased for future development.



Comparable No. 4



Property Information

Property Type:	Vacant Land		
Location:	Northeast of Higley Road and Thomas Road		
Address:	None Given		
City, State ZIP:	Mesa, Arizona 85215	Map Reference:	129-185LS
		County:	Maricopa
Land Area:	375,091 square feet 8.611 acres		
Legal Description:	Part of the SW¼ of Section 26, Township 2 North, Range 6 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona		
Parcel Number(s):	141-38-009E; 141-38-009F; 141-38-009G; 141-38-009H; 141-38-009K; 141-38-009L; 141-38-009M; 141-38-009N		
Zoning Authority:	City of Mesa		
Zoning District(s):	LI, Light Industrial		

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

Sale Information

Grantor:	Boyle Family Limited Partnership		
Grantee:	Higley/202 Industrial, LLC		
Date of Sale:	August 2022		
Sales Price:	\$2,102,020.00	Terms:	\$737,020.00 (35%) cash down
	\$5.60 per square foot		Balance from third party lender on undisclosed terms
Recordation:	8/25/2022	Three Year Sales History:	None
	Special Warranty Deed		
	2022-0651719		
Source/Confirmation:	CoStar Group; Recorded Affidavit of Property Value		

Comments:
Surrounding land uses include residential development and vacant land planned for commercial and industrial development. This parcel was purchased for development.





PURCHASE ORDER

PHOENIX, on 2/27/2024
CTR054966/ JW-24-017/ M697201X/ L-C-147/ Appraisal due 60 days from approval -FIRST APPRAISAL SERVICES INC

SUPPLIER

FIRST APPRAISAL SERVICES INC
Attn: TIMOTHY HASKINS
Address: Legal Address
 7227 N. 16th Street
 UNITED STATES
 PHOENIX, Arizona 85020
Phone: 6022640011
E-mail: THASKINS@AZFAS.COM

ORDER No. PO0000639901

(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	758951-1	CTR054966/ JW-24-017/ M697201X/ L-C-147/ Appraisal due 60 days from approval Commentaire : L-C-147	1.0000	Total Cost		

Total before Tax **3,000.00 USD**
 Non-Taxable - 0 % **0.00 USD**
Total after Tax **3,000.00 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.





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





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

7227 N. 16th Street, Suite 112
 Phoenix, Arizona 85020
 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**