

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 State Route 101 and Cardinals Way
Glendale, Arizona 85302

Report Dated:

April 23, 2025

Effective Date:

April 17, 2025

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

602.264-0011
info@azfas.com

**Reference:**

FAS 1.25-2993.00

Project: M6972 01X
Highway: Northwest Outer Loop
Section: Jct I-10 – Glendale Avenue
Parcel: L-C-179



FIRST APPRAISAL SERVICES

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

April 23, 2025

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: Northwest Outer Loop
Section: Jct I-10 – Glendale Avenue
Parcel: L-C-179

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 17, 2025.

The subject property is a 0.837-acre tract of land located southeast of State Route 101 and Cardinals Way in the City of Glendale. A physical inspection of the property was made on April 17, 2025, without 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
April 23, 2025

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 17, 2025, is:

TWENTY THOUSAND DOLLARS

\$20,000.00

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:	Northwest Outer Loop	
	Section:	Jct I-10 – Glendale Avenue	
	Parcel:	L-C-179	
Date of Report	April 23, 2025	Limiting Conditions	See Addendum A
Report Format	Appraisal Report	Certification	See Page 49
Intended Use	Assist in the possible sale or disposal of the subject property		
Intended User(s)	Arizona Department of Transportation and Federal Highway Administration		

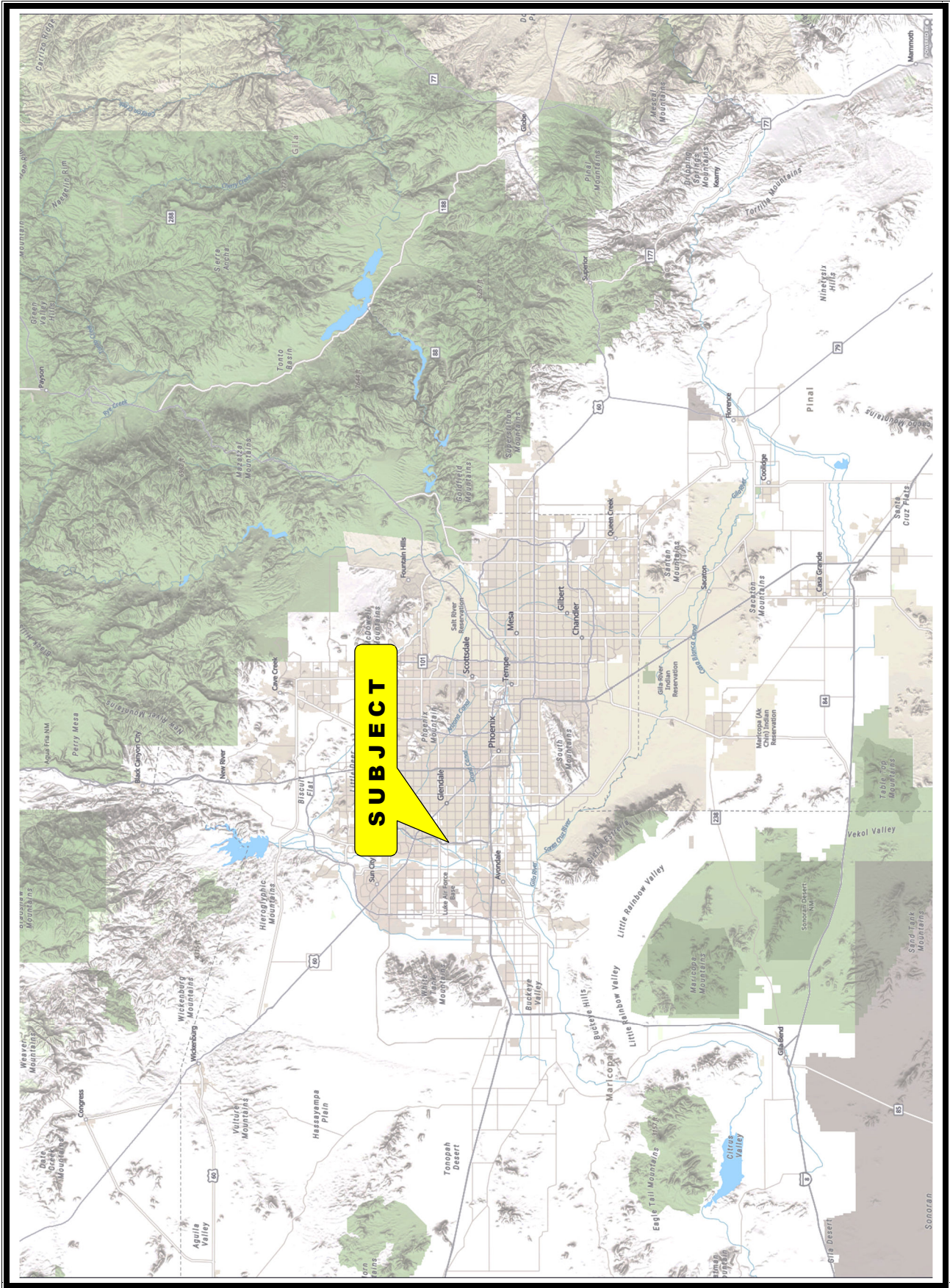
Property Information

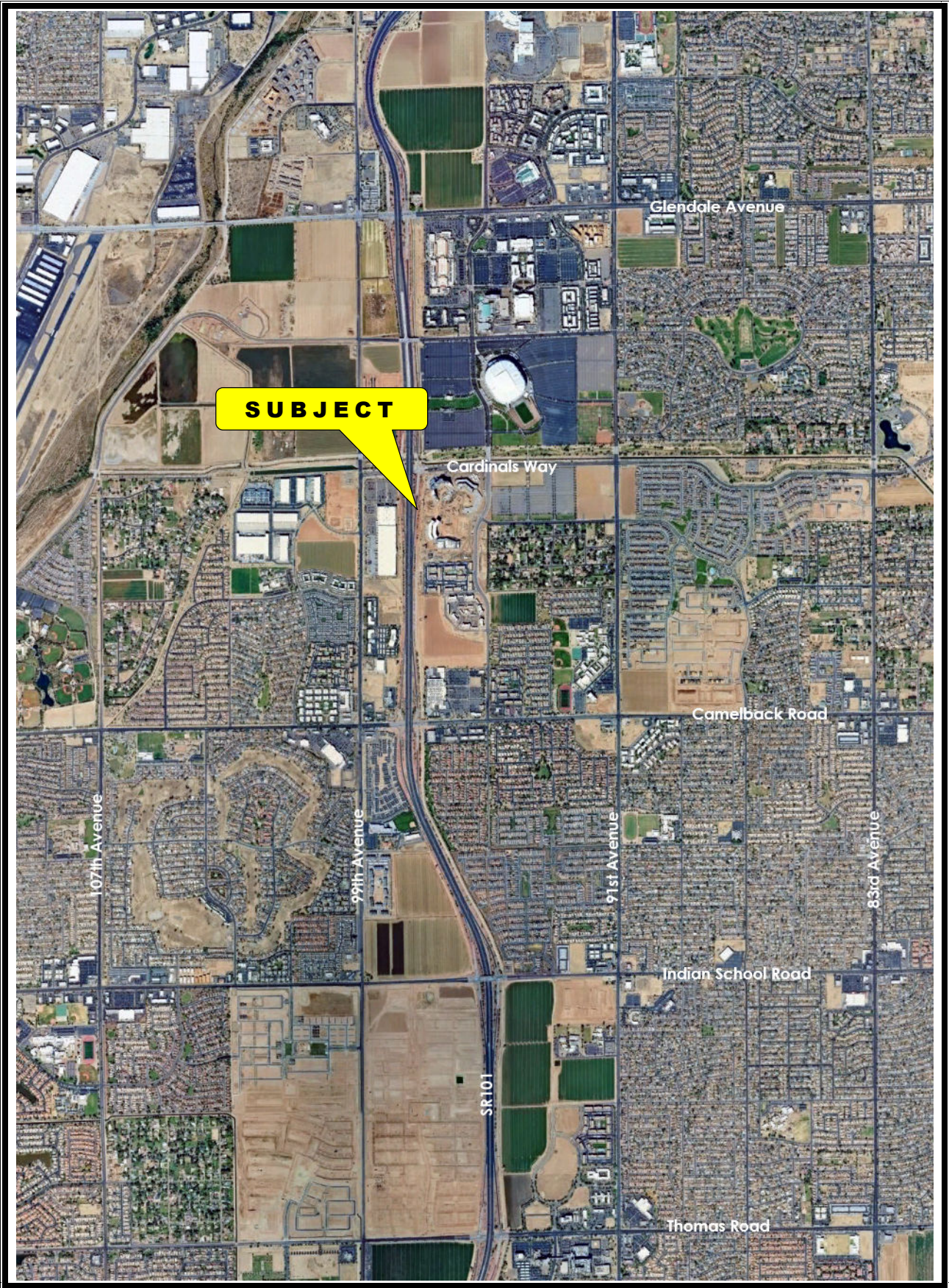
Ostensible Owner	Arizona Department of Transportation		
Location of Property	Southeast of State Route 101 and Cardinals Way		
Street Address	None Given	Township-Range	T2N-R1E
	Glendale, Arizona 85305	Section	16
County	Maricopa	Map Reference	124-153LQ
Assessor Parcel Number(s)	102-14-012G [†] ; 102-14-013E [†]	[†] portion of	
Site Area	36,478 square feet	Zoning District(s)	A-1, Agricultural
	0.837 acres		City of Glendale
		Flood Zone	Zone X
Present Use	Freeway Right-of-Way		
Date of Inspection	April 17, 2025		

Valuation Information

Highest and Best Use			
As If Vacant:	Assemblage		
Effective Date	April 17, 2025		
Extraordinary Assumptions	None		
Hypothetical Conditions	None		
Indications of Value	Sales Comparison Approach.....	\$20,000.00	
	Income Approach.....	Not Developed	
	Cost Approach	Not Developed	
Fee Simple Interest	Conclusion of Value	\$20,000.00	









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 17, 2025

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 17, 2025

The appraiser made a physical inspection of the property at approximately 9:00 am on April 17, 2025.

Date of Report: April 23, 2025

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 17, 2025. The inspection of the site consisted of an observation of the property from on site.

Zoning information and information relating to the availability of utility infrastructure was provided by the City of Phoenix. 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, CoStar Group, the Arizona Regional Multiple Listing Service, and data contained within the appraiser's files. 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 made across the metropolitan Phoenix area. The analysis of the market incorporated both historic and current data.

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

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

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

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

Assignment Conditions

The underlying assumptions and limiting conditions pertaining to this report are contained in the Certificate of Appraiser on page 49 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 31 of this report. The property that is the subject of this report may be commonly identified as follows:

Location.....	Southeast of State Route 101 and Cardinals Way	
Street Address	None Given	
City, State, ZIP	Glendale, Arizona 85305	
Assessor Parcel Number(s)	102-14-012G [†] ; 102-14-013E [†]	[†] <i>portion of</i>

Legal Description⁶

A portion of the Northwest quarter of Section 16, Township 2 North, Range 1 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona

Figure 1 – Aerial Photograph



⁶ A complete legal description is included in the addenda to this report

Ownership and Occupancy

Ostensible Owner

According to public records, the State of Arizona, by and through its Department of Transportation, holds title to the subject property as of the date of valuation. The current vesting of the subject property is established by Warranty Deed recorded on January 15, 1998, as document number 1998-0029686.

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 believed to be as follows:

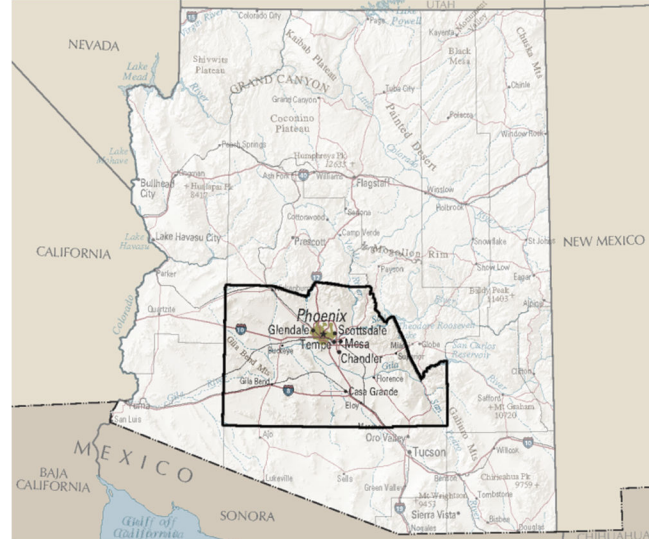
Vacant Land	<input checked="" type="checkbox"/>	Occupant(s): _____	Owner	Tenant
Unoccupied	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Agricultural	<input type="checkbox"/>			

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.

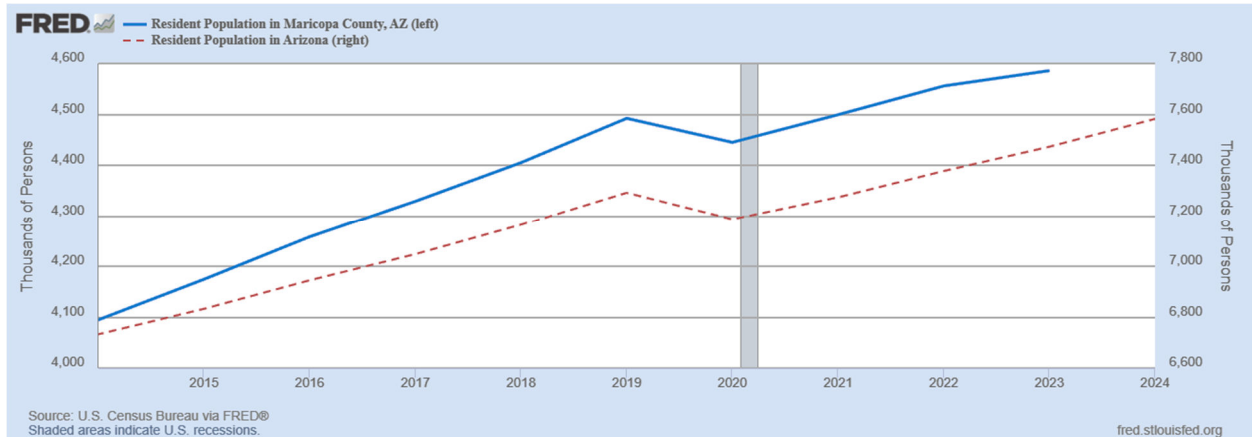
Population

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 2024 population estimate for the State of Arizona is 7,582,384 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 2023 population estimate of 5,132,479 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 2024 estimate of 4,726,247 persons and has grown by approximately 21.9% 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 2024 estimated population of 1,697,696 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																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																		
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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 \$435,345 million in the third fourth quarter of 2024.⁹ According to the Bureau of Economic Analysis website,

Real gross domestic product increased in 46 states and the District of Columbia in the third quarter of 2024, with the percent change ranging from 6.9 percent at an annual rate in Arkansas to -2.3 percent in North Dakota, according to statistics released today by the U.S. Bureau of Economic Analysis

Current-dollar gross domestic product (GDP) increased in 49 states and the District of Columbia, with the percent change ranging from 8.9 percent at an annual rate in Arkansas to -2.6 percent in North Dakota.

In the third quarter of 2024, real GDP for the nation grew at an annual rate of 3.1 percent. Real GDP increased in 16 of the 23 industry groups for which BEA prepares quarterly state estimates. Retail trade, health care and social assistance, and information were the leading contributors to growth in real GDP nationally

- Agriculture, forestry, fishing, and hunting, which increased in 25 states, was the leading contributor to growth in five states including Arkansas, Alabama, and Mississippi, the states with the largest increases in real GDP. In contrast, this industry was the leading offset to growth in 14 states including North Dakota, Nebraska, South Dakota, and Montana, the only states with declines in real GDP.
- Retail trade, which increased in all 50 states and the District of Columbia, was the leading contributor to growth in 39 states including Idaho, the state with the fourth-largest increase in real GDP.
- Mining, which increased in 17 states, was the leading contributor to growth in West Virginia, the fifth-largest growing state.

⁹ United States Department of Commerce, Bureau of Economic Analysis;
<https://www.bea.gov/sites/default/files/2024-12/stgdppi3q24.xlsx>

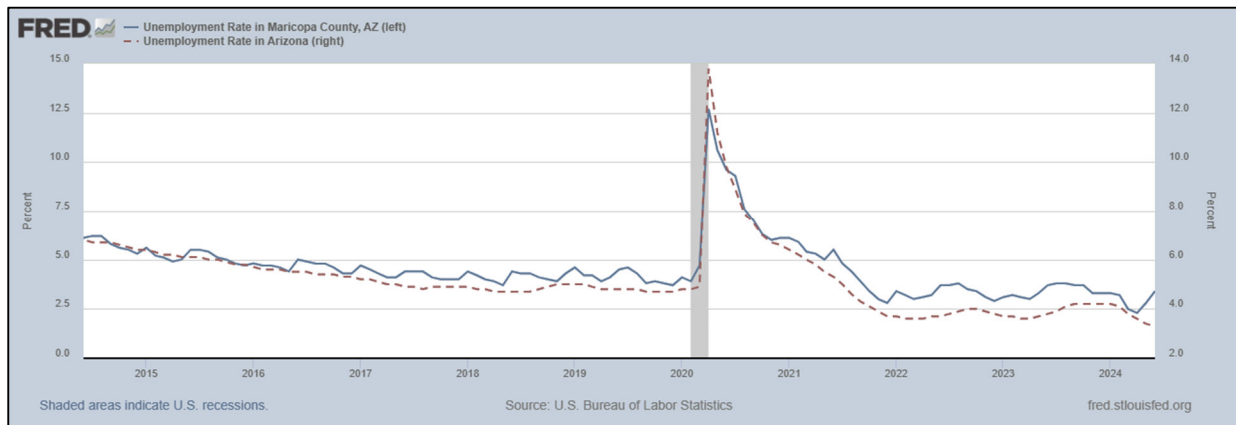
Labor Force and Employment

Figure 6 – Phoenix-Mesa-Chandler MSA Civilian Labor Force Profile

2024 Labor Force						
Age Group	Population	Employed	Unemployed	Unemployment Rate	Labor Force Participation Rate	Employment-Population Ratio
16+	4,146,612	2,553,824	102,579	3.9%	64.1%	61.6%
16-24	630,186	374,124	32,607	8.0%	64.5%	59.4%
25-54	2,018,675	1,630,717	53,466	3.2%	83.4%	80.8%
55-64	579,481	379,287	10,014	2.6%	67.2%	65.5%
65+	918,270	169,696	6,492	3.7%	19.2%	18.5%
Male Age 16+	2,065,469	1,406,376	53,335	3.7%	70.7%	68.1%
Female Age 16+	2,081,143	1,147,448	49,244	4.1%	57.5%	55.1%
White Age 16+	2,541,463	1,505,854	57,190	3.7%	61.5%	59.3%
Black Age 16+	240,729	158,899	9,047	5.4%	69.8%	66.0%
American Indian Age 16+	99,747	60,131	4,744	7.3%	65.0%	60.3%
Asian Age 16+	197,104	129,831	2,903	2.2%	67.3%	65.9%
Pacific Islander Age 16+	10,676	6,976	167	2.3%	66.9%	65.3%
Other Race Age 16+	539,661	352,505	12,814	3.5%	67.7%	65.3%
Multiple Races Age 16+	517,232	339,628	15,714	4.4%	68.7%	65.7%
Economic Dependency Ratio						
Total						99.9
Child (<16)						39.3
Working-Age (16-64)						31.4
Senior (65+)						29.2
Industry						
Total		2,553,824		100.0%	100.0%	-
Agriculture/Forestry/Fishing		12,869		0.5%	1.1%	0.45
Mining/Quarrying/Oil & Gas		5,234		0.2%	0.3%	0.67
Construction		199,820		7.8%	6.9%	1.13
Manufacturing		203,668		8.0%	10.0%	0.80
Wholesale Trade		45,926		1.8%	2.0%	0.90
Retail Trade		297,976		11.7%	10.5%	1.11
Transportation/Warehousing		137,137		5.4%	5.1%	1.06
Utilities		25,425		1.0%	0.9%	1.11
Information		36,860		1.4%	2.0%	0.70
Finance/Insurance		195,271		7.6%	4.8%	1.58
Real Estate/Rental/Leasing		65,139		2.6%	1.8%	1.44
Professional/Scientific/Tech		199,358		7.8%	8.3%	0.94
Management of Companies		5,169		0.2%	0.1%	2.00
Admin/Support/Waste Management		137,992		5.4%	4.3%	1.26
Educational Services		198,521		7.8%	9.1%	0.86
Health Care/Social Assistance		324,241		12.7%	14.1%	0.90
Arts/Entertainment/Recreation		56,708		2.2%	2.3%	0.96
Accommodation/Food Services		182,901		7.2%	6.8%	1.06
Other Services (Excluding Public)		115,399		4.5%	4.6%	0.98
Public Administration		108,210		4.2%	5.0%	0.84

Source: Esri forecasts for 2024 and 2029 (stdb.com)

Figure 7 – 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 health care/social assistance, retail trade, and manufacturing.

The preliminary average monthly statewide total civilian labor force in December 2024 was estimated to be 3,744,081 persons with an average unemployment rate of 3.8% . The average monthly total civilian labor force was 2,690,707 for the Phoenix-Mesa-Scottsdale MSA, while the average unemployment rate was 3.4%.¹⁰ 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, 2021–2023

	Per capita personal income ¹				Percent change from preceding period		
	Dollars			Rank in state	Percent change		Rank in state
	2021	2022	2023		2022	2023	
United States	64,460	66,244	69,810	--	2.8	5.4	--
Arizona	56,976	58,968	62,543	--	3.5	6.1	--
Apache	46,084	46,201	47,885	11	0.3	3.6	12
Cochise	49,715	50,530	53,304	7	1.6	5.5	9
Coconino	58,092	58,396	62,002	2	0.5	6.2	5
Gila	49,597	50,254	52,984	8	1.3	5.4	10
Graham	39,152	41,593	42,787	15	6.2	2.9	15
Greenlee	48,308	54,052	57,359	5	11.9	6.1	7
La Paz	52,938	56,698	58,739	3	7.1	3.6	13
Maricopa	61,611	64,155	68,111	1	4.1	6.2	6
Mohave	42,978	43,657	46,777	12	1.6	7.1	2
Navajo	42,360	42,925	44,667	14	1.3	4.1	11
Pima	53,631	54,776	58,232	4	2.1	6.3	3
Pinal	44,808	46,876	49,829	9	4.6	6.3	4
Santa Cruz	47,893	46,692	49,416	10	-2.5	5.8	8
Yavapai	50,645	51,921	55,913	6	2.5	7.7	1
Yuma	44,461	45,028	46,441	13	1.3	3.1	14

Arizona's nominal per capita personal income hit \$62,543 in 2023, according to the latest estimates from the U.S. Bureau of Economic Analysis (BEA). National per capita personal income was \$69,810. At \$66,365, the 2023 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 Arizona Office of Economic Opportunity (<https://oeo.az.gov/labor-market/unemployment>)

Forecast Data

George W. Hammond, Ph.D., EBR Director with the Eller College of Management at The University of Arizona, reports¹¹

Even with significant headwinds from reduced housing affordability, elevated interest rates, and tight labor markets, Arizona continues to generate solid economic growth. Job gains are far outpacing national growth in the preliminary data and may be growing even faster than the data suggest. Phoenix inflation has decelerated below the national average, leaving real personal income growth in Arizona above the U.S. Taxable retail plus remote and restaurant and bar sales, however, have slowed significantly in 2024.

The baseline outlook calls for Arizona, Phoenix, and Tucson to continue growing, and to outpace the U.S., assuming the U.S. economy avoids recession. Risks to the U.S. outlook remain tilted slightly to the downside. A modest U.S. recession would take the wind out of Arizona's sails, but probably not generate a huge downturn.

This forecast was completed before election day. The results of the election inject significant uncertainty into the outlook. It is unclear as of this writing how the incoming Federal administration will implement policies discussed during the campaign. However, there are significant downside risks to the state and national economies from large and widespread increases in tariffs, as well as mass deportations. Stay tuned to future forecasts as the policy landscape becomes clearer.

ARIZONA RECENT DEVELOPMENTS

Arizona's seasonally-adjusted unemployment rate ticked up to 3.6% in October, up from 3.5% in September. Arizona's rate remained below the national average in October (4.1%).

Overall, according to preliminary data, state jobs were up 65,000 over the year in October, which translated into 2.0% growth. That was above the nation at 1.3%. Year to date through October, jobs were up 68,500, or 2.2%. Again, Arizona outpaced the U.S. at 1.7%.

Keep in mind that the U.S. Bureau of Labor Statistics has indicated that (based on data through March of 2024) they expect to revise Arizona jobs up with the benchmark revisions to be released in March 2025.

Jobs in the Phoenix MSA were up 45,100 over the year in October, for 1.9% growth. Phoenix accounted for 69.4% of state gains. Year to date, Phoenix jobs were up 52,400. That translated into a 2.2% increase.

As for the state, the U.S. Bureau of Labor Statistics expects to revise Phoenix jobs up with the benchmark revision in March 2025.

Tucson MSA jobs were also up over the year in October, rising by 3,800. However, that translated into relatively slow growth of 0.9%. That was below the state and national averages. Year to date, Tucson jobs were up 3,600 or 0.9%.

The U.S. Bureau of Labor Statistics does not release preliminary benchmark analyses for smaller metropolitan areas, like Tucson and Prescott.

Prescott MSA jobs were up 1,400 over the year in October, for 2.0% growth. Year to date, Prescott jobs were up 1.5%.

House prices in Phoenix and Tucson continue to rise at modest rates, at least compared to the explosive growth during 2021-2022. The Phoenix median house price rose 3.4% over the year in October 2024, hitting 449,900. Tucson's median home price was lower, at 352,000, which was down 0.1% over the year. The Phoenix Case-Shiller Index was up 2.1% over the year in August (latest data).

Even so, house prices in the Phoenix MSA were well below their recent peak in 2022, measured either by the median home price or the Case-Shiller index. Tucson's median home price was modestly above 2022 levels.

The U.S. Bureau of Economic Analysis (BEA) has revised data back to 2019. The latest data put Arizona per capita personal income (before adjustment for inflation) at \$62,543 in 2023, using Census population estimates. That was up 6.1% from 2022, outpacing national growth of 5.4%. National per capita personal income was \$69,810 last year. Overall, Arizona's per person income was 89.6% of the national average and ranked 35th in the nation (including the District of Columbia).

¹¹ Excerpts from Arizona's Economy, December 2022, University of Arizona Eller College of Management, Economic and Business Research Center

The Phoenix MSA consumer price index for all items rose just 1.6% over the year in October. That was below the national pace of 2.6%. Phoenix MSA inflation now has been below the U.S. average for more than a year (since September 2023).

Core inflation, all items less food and energy, in Phoenix rose 2.7% over the year in October, below the U.S. rate of 3.3%.

Commodities inflation, which includes tangible goods, like gas, food, new and used cars, furniture, apparel, etc., was -2.5% in Phoenix and -1.0% nationally over the year October. That implies that commodities prices, on average, were lower than a year ago. In fact, Phoenix commodities prices have been falling since October 2023.

Services inflation, which includes intangible goods like health care, travel and tourism, educational services, and, most importantly, housing, rose 3.7% over the year in Phoenix in October. That was below the national pace of 4.7%.

Shelter inflation, which includes rent, imputed owner-occupied rent, and short-term rentals, was 2.4% over the year in Phoenix in October and 4.9% nationally.

Even though inflation has moderated significantly in Phoenix and nationally, prices remain elevated. The all-items consumer price index in Phoenix was up 25.5% in October 2024, compared to October 2020. Nationally, the all-items index was up 21.2%. Phoenix prices were driven up faster than the U.S. by the housing market. In particular, the shelter consumer price index was up 39.6% in Phoenix during the past four years, compared to 23.8% nationally.

Arizona taxable retail sales growth (including remote sellers) has decelerated significantly this year, particularly in the third quarter. Statewide taxable retail plus remote sales were down slightly over the year through September 2024, down 0.4% in Phoenix, and down 0.6% in Tucson. Sales were up 1.3% in Prescott. The performance in the retail plus remote category was buoyed by remote sellers, with sales up between 8.8% and 12.4%, across Phoenix, Tucson, Prescott, and the state. In contrast, sales in the narrowly-defined retail sector were down across all four geographies.

Sales at restaurants and bars have also decelerated. Statewide sales at restaurants and bars were up 1.9% over the year through August 2024, up 2.1% in Phoenix, up 1.2% in Tucson, and up 0.6% in Prescott.

ARIZONA OUTLOOK

The Arizona forecast calls for sustained growth at rates above the U.S. As Exhibit 3 shows, job growth is expected to accelerate to 2.9% in 2024, up from 2.6% in 2023. This is well above current job growth rates in the preliminary nonfarm payroll data, because the U.S. Bureau of Labor Statistics preliminary benchmark suggested that they will revise the Arizona data up significantly next March. In order to accommodate this, the 2024 nonfarm payroll data in the Arizona projections are forecast estimates, not published historical data.

Nonfarm job growth decelerates in 2025 and 2026, reaching 2.0%, as labor force gains slow in response to the aging of the baby boom generation.

Education and health services drive state job gains during the next decade, followed by professional and business services; financial activities, leisure and hospitality; and trade, transportation, and utilities. These five sectors account for 91.1% of total job gains through 2034.

While no goods-producing sector is forecast to make the top five in job gains, manufacturing jobs are expected to rise significantly during the next decade, reflecting gains in high-tech manufacturing (semiconductors and related, batteries, etc.).

Personal income rose strongly in 2023, up 7.0%. It is forecast to decelerate to 6.1% in 2024, 6.2% in 2025 and 5.8% in 2026. Income growth slows this year with decelerating wage gains and slower growth in dividends, interest, and rent as interest rates fall.

Nominal taxable retail (plus remote) sales growth decelerates from 3.4% in 2023 to 1.0% in 2024, reflecting slower income growth and decelerating inflation. Growth rebounds in 2025 to 4.1% and again in 2026 to 4.5%.

Population growth slows gradually during the forecast period, reflecting in part demographic pressures related to the aging of the baby boom generation. Natural increase is very low during the next ten years, which makes net migration the main driver of population gains. Net migration slows in the near term as mortgage interest rates remain well above pre-pandemic levels, locking in some homeowners to their current place of residence. The state unemployment rate is forecast to drop to 3.6% in 2024, down from 3.9% in 2023, reflecting the job growth acceleration. As job growth slows, the unemployment rate trends up to 4.3% by 2026.

Slowing population gains put downward pressure on housing permits during the forecast. Total permits fall from 60,932 in 2024 to 52,175 in 2026.

Real Estate Market Sectors

Single Family Housing Sector

Figure 9 – ARMLS Quarterly Housing Summary, Maricopa County, 2024Q4

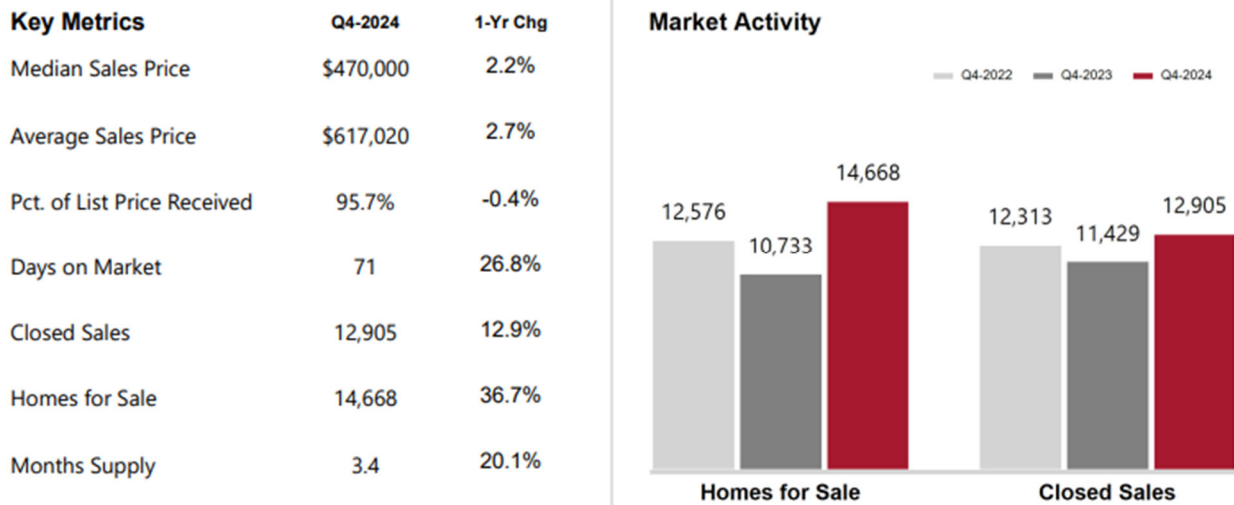
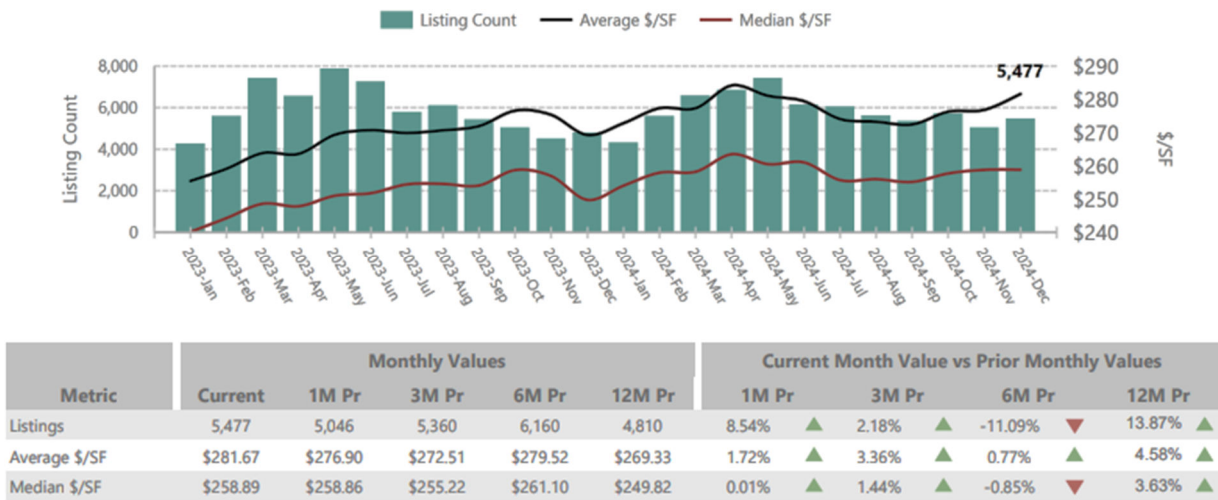


Figure 10 – ARMLS Monthly Sales, December 2024



Multifamily Housing Sector¹²

Figure 11 – CoStar Analytics Key Indicators, Multi-Family Market

KEY INDICATORS							
Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	200,391	13.5%	\$1,806	\$1,762	1,065	844	21,311
3 Star	147,541	10.7%	\$1,423	\$1,402	583	1,259	5,247
1 & 2 Star	62,538	9.0%	\$1,175	\$1,164	(13)	0	25
Market	410,470	11.8%	\$1,587	\$1,555	1,635	2,103	26,583
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	1.0% (YOY)	8.8%	11.2%	12.9%	2009 Q4	5.1%	2021 Q2
Absorption Units	18,374	5,796	10,769	18,837	2024 Q4	(3,994)	2007 Q4
Delivered Units	25,407	7,163	11,244	25,344	2024 Q4	250	2011 Q3
Demolished Units	19	174	217	709	2016 Q2	0	2024 Q1
Asking Rent Growth	-1.7%	2.5%	2.9%	17.3%	2021 Q3	-7.0%	2009 Q4
Effective Rent Growth	-2.0%	2.4%	2.8%	18.3%	2021 Q3	-6.9%	2009 Q4
Sales Volume	\$3.9B	\$4B	N/A	\$19B	2022 Q2	\$342.5M	2009 Q1

The Phoenix multifamily market took another step toward recovery in 2024. Easing inflation and rising consumer confidence have unlocked renter household formation, driving a strong rebound in underlying tenant demand. Though new supply additions continue to outpace leasing activity, the rate of decline in occupancy has begun to flatten out, indicating that the start of a recovery in property performance could take place this year.

The Valley recorded 18,000 units of net absorption over the past 12 months, outpacing the pre-COVID five-year annual average of 7,200 units. Though the lease-up of newly delivered luxury complexes drove the bulk of activity, a turnaround among 3 Star properties has been the most notable trend. Mid-priced communities saw 4,700 units of net absorption over the past 12 months, compared to heavy losses throughout most of 2022 and 2023. These healthy demand figures enabled vacancy to achieve its lowest year-over-year increase since 2021, reaching 11.8% today.

Although demand has improved, the surge in construction remains a formidable headwind impacting the market. Builders completed 25,000 net new units over the past 12 months, more than triple the average annual completion amount from 2015 to 2019. Another 27,000 units are under construction, representing 6.5% of existing inventory. That share ranks Phoenix as the nation's sixth most aggressively built apartment market. Empty units are most likely to accumulate in high-growth areas like Downtown Phoenix and Tempe, as well as the South West Valley, which recently became the top construction submarket.

With most development focused on high-end communities, the workforce housing segment has been more insulated from supply-side pressure. Vacancy at 1 & 2 Star properties has risen about 420 basis points from its post-COVID low, and asking rents saw negative growth of 0.2% over the past year. Meanwhile, at luxury properties, vacancy is over 700 basis points higher than its post-pandemic best, and rents have declined 1.8% year over year.

¹² CoStar Analytics, Phoenix, AZ, Multi-Family Market Report (generated February 8, 2025)

Elevated vacancy and the onslaught of construction have intensified competition. Annual rent growth has been negative since early 2023, and concessions have ramped up. Over the past 12 months, the average asking rent fell 1.7%, and more than 50% of communities offer some form of discount. Prospective renters can expect six to eight weeks of free rent at properties in lease-up and concession usage is expected to be widespread throughout the year.

Moving forward, the outlook is for vacancy to peak in 2025, with a potential recovery forming by the end of the year. A meaningful uptick in rent growth, however, may take longer to materialize as the glut of deliveries from the past few years is still worked through. Another year of tepid rent growth could be in store, with a potential acceleration by 2026 as vacancy begins to recompress.

Figure 12 – Historical Submarket Data, Multi-Family Market

Period	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
2030	9.9%	\$1,893	4.1%	458,693	-	-	9,902	\$352,085	-	-	4.4%
2029	10.0%	\$1,863	4.2%	456,387	-	-	9,817	\$346,493	-	-	4.4%
2028	10.4%	\$1,789	4.8%	447,538	-	-	9,401	\$322,727	-	-	4.6%
2027	11.0%	\$1,706	4.4%	440,205	-	-	9,763	\$299,369	-	-	4.6%
2026	11.7%	\$1,634	2.7%	432,517	-	-	9,031	\$279,972	-	-	4.7%
2025 EST	12.1%	\$1,592	0.7%	424,292	-	-	12,486	\$265,826	-	-	4.8%
2025 YTD	11.8%	\$1,587	-1.7%	410,470	26,583	6.5%	18,371	\$265,302	\$3,839,210,982	7.3%	4.9%
2024	11.8%	\$1,581	-1.8%	408,367	27,653	6.8%	18,835	\$264,232	\$3,816,819,416	4.7%	4.9%
2023	10.8%	\$1,610	-1.7%	383,048	41,218	10.8%	10,516	\$264,410	\$3,644,152,330	-72.2%	4.7%
2022	9.3%	\$1,637	0.8%	364,786	36,849	10.1%	2,780	\$294,102	\$13,109,441,692	-18.9%	4.1%
2021	6.0%	\$1,625	16.8%	349,357	29,755	8.5%	11,286	\$292,374	\$16,160,278,957	152.0%	3.9%
2020	6.0%	\$1,391	5.6%	337,283	22,820	6.8%	10,148	\$220,861	\$6,413,379,321	-20.4%	4.5%
2019	6.7%	\$1,317	6.2%	328,794	15,399	4.7%	7,957	\$190,041	\$8,054,584,654	27.8%	5.0%
2018	6.7%	\$1,241	6.2%	320,201	13,069	4.1%	9,797	\$167,017	\$6,302,612,302	32.5%	5.3%
2017	7.1%	\$1,169	4.4%	311,259	15,128	4.9%	6,672	\$150,501	\$4,756,495,610	-7.5%	5.5%
2016	7.3%	\$1,119	4.4%	304,739	10,187	3.3%	4,591	\$138,948	\$5,140,270,016	44.3%	5.7%
2015	7.5%	\$1,072	5.5%	300,276	6,634	2.2%	6,759	\$130,284	\$3,563,100,442	33.4%	5.7%
2014	7.8%	\$1,016	3.2%	293,849	8,060	2.7%	7,010	\$118,086	\$2,671,794,263	4.8%	6.0%
2013	7.9%	\$985	2.5%	286,592	7,991	2.8%	3,928	\$107,440	\$2,549,071,403	0.5%	6.3%
2012	8.4%	\$960	2.3%	284,028	4,404	1.6%	4,290	\$104,701	\$2,536,592,175	79.4%	6.3%
2011	9.8%	\$938	1.3%	283,473	1,940	0.7%	3,501	\$100,494	\$1,413,677,438	28.7%	6.3%
2010	11.0%	\$926	1.5%	283,382	826	0.3%	5,499	\$92,471	\$1,098,462,747	101.7%	6.5%

Industrial Sector¹³

Figure 13 – 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	361,630,511	14.8%	\$13.06	17.8%	3,617,442	1,199,248	15,587,082
Specialized Industrial	98,553,539	3.9%	\$13.44	3.9%	853,048	960,000	4,994,374
Flex	33,430,909	7.7%	\$19.07	7.9%	(127,636)	0	484,442
Market	493,614,959	12.1%	\$13.53	14.4%	4,342,854	2,159,248	21,065,898

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	3.2% (YOY)	9.2%	12.0%	16.1%	2010 Q1	4.1%	2022 Q2
Net Absorption SF	16.7M	8,285,465	11,960,061	26,737,278	2021 Q3	(6,830,352)	2009 Q3
Deliveries SF	35.7M	10,405,129	13,369,254	45,018,206	2024 Q2	1,028,698	2011 Q4
Market Asking Rent Growth	2.7%	3.5%	4.5%	14.6%	2022 Q4	-9.1%	2009 Q4
Sales Volume	\$4.2B	\$1.6B	N/A	\$6.8B	2022 Q2	\$338.9M	2009 Q3

A deluge of new development completions continues to drive Phoenix's industrial vacancy rate higher, a condition that could persist into 2026. Builders delivered an unprecedented 35.5 million square feet of net new industrial space over the past 12 months, driving a normalization of market conditions. For comparison, Phoenix averaged 8 million square feet of annual net deliveries in the three years leading up to the onset of the pandemic.

The wave of construction overshadows a resilient demand picture. While demand has eased from the frenetic pace seen in 2021 and 2022, leasing volume modestly accelerated in 2024 and is 33% above the average annual level from 2017 to 2019 as occupiers related to logistics, construction, and manufacturing continue to expand. Phoenix's West Valley remains a favorable option for logistics-related tenants, highlighted by Amazon's trio of 1+ million leases in the area last year. These factors, along with advanced manufacturing momentum, drove 16.7 million SQUARE FEET of net absorption over the past 12 months, the third most in the nation.

Though tenant demand has been sturdy, it has not been enough to absorb the remarkable pace of deliveries, keeping vacancy on a swift upward trajectory. Vacancy rose from 4.1% in mid-2022 to 12.1% as of early 2025, and further increases are likely.

With nearly 90% of recent construction focused on buildings larger than 100,000 square feet, vacant space is accumulating most quickly in the Valley's largest properties. The vacancy rate among existing buildings larger than 100,000 square feet has climbed to a 15-year high of 16%, and another 10 million square feet of unleased space is underway in buildings of that size. Small bay product, meanwhile, is more insulated from recent supply, with vacancy among existing properties smaller than 50,000 square feet in the high 4% range, though rates have been rising in this segment too.

¹³ CoStar Analytics, Phoenix, AZ, Industrial Market Report (generated February 8, 2025)

Increased competition from new supply is causing rent growth to decelerate. Average asking rents rose 2.7% over the past year, down from 14.6% in late 2022. Annual rent growth is forecast to slow to the lowest level in over a decade in the coming quarters as further supply additions normalize performance. Landlords of infill assets and small bay product will likely retain greater pricing power than those of big bomber space along the metro's periphery.

The 21.1 million square feet under construction, about 55% of which is being built on spec, is expected to put further upward pressure on vacancy throughout the year. Looking beyond the near-term dislocation, the recent pullback in construction starts indicates that a reprieve of supply could be in store by 2026, setting Phoenix up for a return to tightening vacancies and an eventual reacceleration in rent growth.

Figure 14 – Historical Submarket Data, Industrial Market

Period	Vacancy Rate	Available SF Total	Market Asking Rent/SF	Market Asking Rent Growth	Inventory SF	Under Constr SF	12 Mo Net Absorp SF	Market Sale Price/SF	12 Mo Sales Vol	12 Mo Sales Vol Growth	Market Cap Rate
2030	10.1%	-	\$17.34	5.5%	550,122,520	-	14,301,485	\$244	-	-	6.3%
2029	10.2%	-	\$17.11	5.5%	546,966,982	-	14,730,988	\$240	-	-	6.3%
2028	10.9%	-	\$16.22	6.0%	534,359,845	-	13,986,716	\$224	-	-	6.3%
2027	11.7%	-	\$15.30	6.1%	523,203,717	-	12,377,010	\$207	-	-	6.4%
2026	12.8%	-	\$14.42	4.6%	516,043,597	-	11,741,353	\$190	-	-	6.4%
2025 EST	13.6%	-	\$13.78	2.0%	506,846,149	-	8,288,002	\$177	-	-	6.6%
2025 YTD	12.1%	73,952,426	\$13.53	2.7%	494,118,255	21,135,138	16,685,910	\$176	\$4,251,767,072	80.2%	6.6%
2024	12.6%	75,173,209	\$13.51	3.3%	491,959,007	21,532,836	13,775,008	\$174	\$4,341,754,506	84.4%	6.7%
2023	8.4%	65,897,115	\$13.08	10.9%	454,301,800	44,834,927	13,215,044	\$168	\$2,355,157,891	-46.3%	6.5%
2022	4.7%	49,861,701	\$11.79	14.6%	422,609,266	49,072,525	24,829,321	\$167	\$4,381,784,971	-25.3%	6.0%
2021	4.7%	36,917,681	\$10.29	12.6%	396,823,592	31,620,134	23,643,344	\$152	\$5,866,816,913	100.1%	5.7%
2020	7.2%	32,078,152	\$9.14	7.9%	381,802,627	12,305,734	15,605,919	\$123	\$2,931,708,322	26.7%	6.4%
2019	7.0%	32,073,258	\$8.47	6.9%	364,240,475	10,931,067	6,354,980	\$107	\$2,314,394,306	15.3%	6.8%
2018	6.3%	31,611,715	\$7.93	6.0%	354,887,171	8,389,333	9,933,800	\$96	\$2,007,597,294	51.8%	6.9%
2017	7.0%	32,474,068	\$7.48	4.8%	346,738,138	5,811,659	11,075,194	\$89	\$1,322,677,283	-19.3%	7.0%
2016	8.4%	36,554,382	\$7.13	5.1%	339,941,030	4,561,209	5,788,573	\$88	\$1,639,227,521	26.5%	6.6%
2015	9.2%	40,794,106	\$6.79	4.9%	336,599,357	4,085,084	8,950,240	\$83	\$1,296,006,496	4.6%	6.6%
2014	10.3%	43,585,154	\$6.47	5.0%	330,529,793	5,067,603	9,946,270	\$74	\$1,239,012,558	7.5%	7.0%
2013	11.6%	43,065,388	\$6.16	3.4%	324,102,994	5,211,301	4,391,015	\$67	\$1,152,194,754	7.4%	7.3%
2012	11.3%	44,993,244	\$5.96	2.0%	318,133,006	6,338,077	6,658,857	\$64	\$1,072,909,595	76.6%	7.5%
2011	12.7%	47,190,395	\$5.84	-2.4%	315,456,736	3,385,472	6,957,297	\$62	\$607,579,505	-17.9%	7.7%
2010	14.8%	55,056,351	\$5.98	-6.6%	315,281,538	789,368	4,074,264	\$58	\$740,137,477	96.0%	8.0%

Office Sector¹⁴

Figure 15 – 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	70,765,880	26.5%	\$34.75	27.5%	376,325	0	383,840
3 Star	89,239,332	13.0%	\$28.36	14.6%	(259,358)	30,000	153,365
1 & 2 Star	36,893,109	7.5%	\$23.82	8.0%	(99,891)	0	0
Market	196,898,321	16.9%	\$29.82	18.1%	17,076	30,000	537,205

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	1.0% (YOY)	14.3%	17.1%	19.8%	2011 Q2	8.4%	1999 Q1
Net Absorption SF	(1.8M)	2,412,692	223,385	9,463,469	2006 Q2	(2,940,908)	2024 Q1
Deliveries SF	555K	3,602,039	860,811	9,093,027	2007 Q3	313,679	2013 Q4
Market Asking Rent Growth	1.7%	1.6%	2.4%	11.1%	2006 Q3	-12.9%	2009 Q4
Sales Volume	\$1.8B	\$1.9B	N/A	\$3.9B	2007 Q3	\$343.5M	2010 Q3

Conditions in the Phoenix office market remain dislocated as the new year kicks off. Users continue to scrutinize the effective use of their footprints, often resulting in space reductions or closures. Additionally, job growth has been sluggish in traditionally office-using employment sectors for over two years. This lowering of underlying space demand caused vacancy to climb more than 550 basis points since 19Q4, and expectations are for further increases over the midterm as pre-pandemic leases expire.

The net amount of space vacated since the onset of COVID has surpassed -5.5 million square feet, well outpacing the total occupancy loss seen during the worst of the Great Recession. More than half of the space givebacks occurred in the past 18 months as weak tenant demand persists even several years removed from the pandemic's start. Empty space is accumulating more quickly in larger suites and single-tenant buildings than in smaller ones.

Market participants indicate that spaces under 5,000 square feet in quality buildings are still in demand and typically get more competitive as suite size shrinks. A decrease in the average lease size reinforces this trend as users adapt to lower space-per-employee requirements and softer headcount growth. Though the number of direct, non-renewal leases is marginally above the pre-pandemic five-year average, the preference for smaller footprints resulted in the total square footage of leasing volume declining 15% from pre-COVID norms.

The increase in sublet availabilities also illustrates the downshift in demand. The total space available for sublease has climbed to 6.7 million square feet, more than triple the pre-COVID historical average. Sublet space now accounts for 3.4% of inventory, making Phoenix the fourth most heavily impacted sublease market in the country.

¹⁴ CoStar Analytics, Phoenix, AZ, Office Market Report (generated February 8, 2025)

The lack of meaningful construction activity has helped avoid a more severe imbalance between supply and demand. Builders completed just 150,000 square feet of net new office space over the past 12 months, the lowest four-quarter total in nearly a decade. Additionally, 540,000 square feet is under construction, representing a third of what Phoenix had on average between 2017 and 2019. While the supply pullback may temporarily act as a counterweight to the sector's broader challenges, it creates a shortage of first-generation office space over the near term.

The swiftly decelerating pace of rent growth is a natural consequence of the sector's slackening demand. Average asking rents rose 1.7% over the past year, down from about 5% per year from 2015 to 2019. Additionally, local leasing professionals report that generous TI packages remain prevalent in most negotiations.

Moving forward, the expiration of pre-pandemic leases during the current environment of softer headcount growth and preference for smaller footprints is expected to contribute to further occupancy and rent loss over the short- to midterm.

Figure 16 – Historical Submarket Data, Office Market

Period	Vacancy Rate	Available SF Total	Market Asking Rent/SF	Market Asking Rent Growth	Inventory SF	Under Constr SF	12 Mo Net Absorp SF	Market Sale Price/SF	12 Mo Sales Vol	12 Mo Sales Vol Growth	Market Cap Rate
2030	17.2%	-	\$33.91	2.6%	200,347,380	-	1,055,039	\$255	-	-	7.9%
2029	17.2%	-	\$33.69	2.6%	200,052,196	-	852,364	\$252	-	-	7.9%
2028	17.2%	-	\$32.84	2.7%	198,950,518	-	642,002	\$238	-	-	8.2%
2027	17.1%	-	\$31.98	2.8%	198,034,190	-	605,556	\$225	-	-	8.4%
2026	17.1%	-	\$31.09	2.5%	197,416,995	-	310,306	\$212	-	-	8.6%
2025 EST	17.2%	-	\$30.33	1.9%	197,231,464	-	(426,659)	\$201	-	-	8.9%
2025 YTD	16.9%	35,644,442	\$29.82	1.7%	196,898,321	537,205	(1,808,614)	\$201	\$1,831,344,684	50.1%	8.8%
2024	16.8%	36,110,850	\$29.78	1.8%	196,868,321	567,205	(2,149,201)	\$200	\$1,842,894,527	46.9%	8.8%
2023	15.7%	35,538,487	\$29.25	4.0%	196,731,738	768,877	(2,293,811)	\$212	\$1,254,615,907	-58.0%	8.4%
2022	14.4%	33,265,542	\$28.12	5.5%	196,446,751	764,553	(935,016)	\$224	\$2,985,006,292	-8.8%	7.8%
2021	13.4%	31,898,403	\$26.64	5.2%	195,284,427	1,720,012	(224,929)	\$234	\$3,273,672,676	112.1%	7.1%
2020	12.3%	31,553,158	\$25.32	1.4%	193,062,813	3,727,951	63,320	\$218	\$1,543,637,913	-49.8%	7.4%
2019	11.1%	25,824,192	\$24.97	4.7%	190,347,994	3,708,209	4,319,086	\$205	\$3,076,253,635	3.6%	7.7%
2018	11.9%	27,783,608	\$23.86	3.3%	187,229,119	4,747,704	3,206,584	\$194	\$2,968,236,405	11.1%	7.6%
2017	13.2%	28,368,891	\$23.10	4.8%	186,180,051	2,726,525	2,933,815	\$186	\$2,670,929,856	14.4%	7.5%
2016	14.1%	30,609,809	\$22.05	6.3%	184,584,261	2,283,516	4,038,877	\$186	\$2,334,524,963	-26.6%	7.2%
2015	15.0%	31,676,712	\$20.74	6.9%	181,885,467	3,175,868	4,098,364	\$177	\$3,180,810,946	77.4%	7.2%
2014	15.8%	33,449,795	\$19.40	4.6%	178,766,134	4,097,454	2,454,089	\$165	\$1,792,570,050	24.3%	7.3%
2013	17.0%	32,909,736	\$18.54	2.7%	178,261,262	2,728,762	1,823,139	\$156	\$1,442,135,619	2.5%	7.5%
2012	18.0%	35,106,589	\$18.06	-0.7%	178,326,466	372,521	3,111,953	\$151	\$1,407,583,667	-1.7%	7.7%
2011	19.2%	37,799,288	\$18.18	-3.5%	177,020,745	1,112,571	1,020,344	\$152	\$1,431,871,158	160.3%	7.7%
2010	19.5%	38,510,042	\$18.83	-8.4%	176,436,394	1,621,180	787,049	\$143	\$549,983,510	54.8%	8.1%

Retail Sector¹⁵

Figure 17 – 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	15,278,853	9.8%	\$31.42	5.8%	(10,948)	0	519,410
Power Center	33,723,386	3.8%	\$28.16	4.2%	71,167	0	184,760
Neighborhood Center	92,310,811	6.3%	\$24.93	6.5%	(317,536)	0	181,259
Strip Center	15,154,170	5.1%	\$23.54	6.2%	2,038	34,555	191,924
General Retail	87,697,192	3.1%	\$25.08	3.2%	(41,170)	78,490	1,390,387
Other	2,314,594	10.8%	\$24.94	11.1%	(8,875)	0	32,670
Market	246,479,006	5.0%	\$25.75	5.0%	(305,324)	113,045	2,500,410

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	0.5% (YOY)	8.0%	5.3%	12.2%	2011 Q1	4.4%	2023 Q4
Net Absorption SF	(396K)	2,753,170	1,007,003	11,363,287	2007 Q3	(2,917,624)	2009 Q4
Deliveries SF	1.9M	3,270,676	2,063,303	13,157,084	2007 Q4	663,810	2011 Q2
Market Asking Rent Growth	5.3%	1.0%	3.7%	7.6%	2023 Q4	-9.3%	2009 Q3
Sales Volume	\$1.8B	\$1.7B	N/A	\$3.9B	2022 Q3	\$436.7M	2010 Q3

Though a pick-up in store closures caused net absorption to decelerate swiftly this year, fundamental tightness in the Phoenix retail market persists as 2025 kicks off. Strong demographics, continued income growth, and healthy job gains fuel robust underlying tenant demand. These stout demand drivers, coupled with the modest construction pipeline, have kept availability low and rent growth elevated.

The availability rate has risen to 5.0% in early 2025, up from 4.3% in late 2023. Bankruptcies by national brands, as well as the closure of some small-business tenants operating on thin profit margins, left several vacant spaces that have yet to be fully backfilled. Despite the modest increase, availability remains well below the low-8% range seen 20Q1 as well as the previous cycle's low of about 5.8% in 2006. Additionally, local market participants report that competition for space is elevated and tenant retention is healthy.

The increase in closures has freed up capacity for other retailers to expand. In the years following the onset of the pandemic, historically low space availability restrained Phoenix leasing activity as retailers found limited quality expansion options. Recently, however, leasing has accelerated swiftly, posting decade-high quarterly volumes in 24Q2 and 24Q3. Off-price retailers, dollar stores, and experiential tenants have helped backfill big box sites, though it could take several quarters for higher absorption to materialize.

¹⁵ CoStar Analytics, Phoenix, AZ, Retail Market (February 8, 2025)

One of the main factors supporting the steady improvement in property fundamentals over the past decade has been the lack of new construction. About 920,000 square feet delivered over the past 12 months, down from an average of 2.1 million square feet from 2015 to 2019. Though the construction pipeline has grown to 2.5 million square feet, only 20% is available for lease, and supply-side pressure remains limited. The bulk of supply additions can be found in rapidly growing suburbs on the outskirts of the metro, like Buckeye, Surprise, and Queen Creek. These areas boast some of the strongest rates of population growth in the Valley while also having a more limited existing retail offering.

Low availability and strong consumption patterns drive nation-leading rent growth. Many retailers have seen sales, profitability, and efficiency increase, enabling landlords to steadily push rents while allowing tenants to maintain comfortable occupancy costs. The average asking rent increased 5.3% over the past 12 months and a staggering 31.8% over the past five years, providing healthy leasing spreads for many landlords.

Though an anticipated slowdown in economic and consumption growth may cause the availability rate and rent growth to normalize further, a meaningful weakening of property performance is not expected this year. Robust demographic tailwinds, continued job gains, and healthy incomes are forecast to keep the fundamental balance between supply and demand intact over the near term.

Figure 18 – Historical Submarket Data, Retail Market

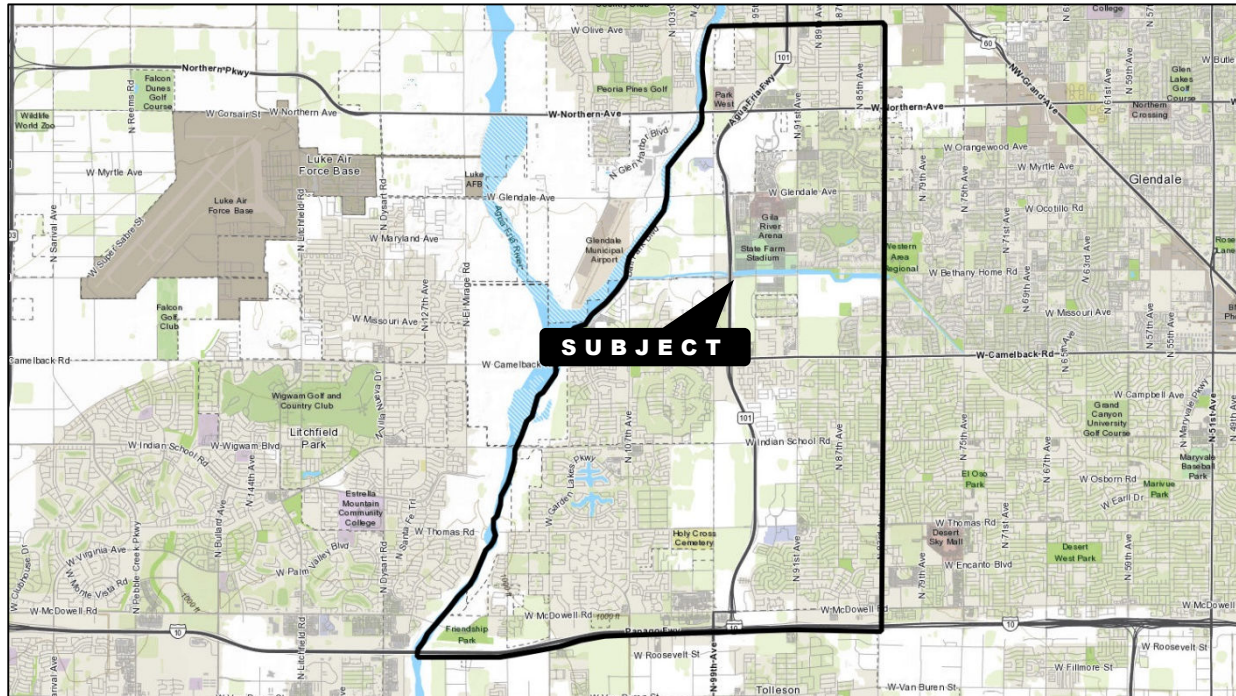
Period	Vacancy Rate	Available SF Total	Market Asking Rent/SF	Market Asking Rent Growth	Inventory SF	Under Constr SF	12 Mo Net Absorp SF	Market Sale Price/SF	12 Mo Sales Vol Growth	Market Cap Rate
2030	5.6%	-	\$30.76	2.4%	254,804,250	-	1,552,799	\$305	-	6.8%
2029	5.6%	-	\$30.58	2.6%	254,345,763	-	1,315,562	\$303	-	6.8%
2028	5.5%	-	\$29.81	2.8%	252,628,255	-	1,053,209	\$295	-	6.8%
2027	5.3%	-	\$29.01	3.4%	251,100,492	-	996,606	\$287	-	6.8%
2026	5.2%	-	\$28.04	4.3%	249,732,879	-	1,334,012	\$277	-	6.8%
2025 EST	5.2%	-	\$26.89	4.4%	248,214,111	-	919,553	\$265	-	6.8%
2025 YTD	5.0%	12,451,661	\$25.75	5.3%	246,479,006	2,500,410	(396,387)	\$256	8.1%	6.7%
2024	4.8%	12,079,661	\$25.75	6.1%	246,365,961	2,554,028	(208,466)	\$255	7.7%	6.7%
2023	4.4%	10,660,744	\$24.27	7.6%	245,427,106	2,621,095	3,725,888	\$244	-51.7%	6.7%
2022	5.1%	12,874,998	\$22.55	6.7%	243,418,123	2,680,859	4,357,348	\$230	3.3%	6.7%
2021	6.4%	16,147,784	\$21.12	5.7%	242,045,893	1,259,578	2,470,530	\$216	121.3%	6.8%
2020	7.4%	19,928,070	\$19.99	2.6%	241,897,061	1,162,751	(164,820)	\$201	-32.8%	6.9%
2019	6.7%	18,847,878	\$19.47	3.9%	240,251,574	1,854,956	1,470,996	\$191	14.8%	7.1%
2018	6.8%	19,216,044	\$18.75	2.8%	239,072,443	1,125,835	2,213,344	\$182	37.4%	7.2%
2017	7.1%	20,132,973	\$18.25	3.1%	237,538,434	1,340,833	4,425,693	\$178	-35.0%	7.2%
2016	7.8%	21,380,289	\$17.70	2.1%	234,375,774	2,489,906	2,882,855	\$174	3.4%	7.2%
2015	8.3%	22,363,122	\$17.33	3.6%	232,526,719	1,737,881	2,771,738	\$174	32.5%	7.0%
2014	9.1%	23,878,638	\$16.72	1.9%	231,460,500	937,975	3,626,520	\$162	33.2%	7.3%
2013	10.0%	25,480,379	\$16.41	-0.4%	229,779,391	2,078,556	2,857,161	\$146	-23.7%	7.7%
2012	10.8%	26,882,748	\$16.47	-2.7%	228,642,528	772,054	2,590,407	\$147	22.7%	7.6%
2011	11.7%	28,015,366	\$16.92	-6.7%	227,894,638	1,159,368	1,016,535	\$141	168.5%	7.8%
2010	11.8%	28,622,800	\$18.13	-8.1%	227,172,969	830,362	(111,011)	\$141	-8.1%	7.9%

Neighborhood Analysis

Location

The subject property is located along the east side of the Agua Fria Freeway south of Cardinals Way in the central portion of the metropolitan Phoenix area. Situated approximately twelve miles northwest of the downtown central business district of the City of Phoenix, the location of the subject property is graphically illustrated on the map in Figure 19.

Figure 19 – Location Map



© Arizona State Land Department Parcel Viewer

The subject neighborhood is generally bounded by Olive Avenue to the north, the Papago Freeway (Interstate 10) to the south, 83rd Avenue to the east, and a combination of New River and Agua Fria River to the west. This area encompasses approximately twenty-five square miles within the cities of Phoenix, Glendale, Avondale, and unincorporated areas of Maricopa County. The boundaries of the subject neighborhood, which represents a portion of the market area, encompass an area considered influential on the property to be appraised, given the types, visibility, accessibility, utility and overall consistency and similarity of uses.

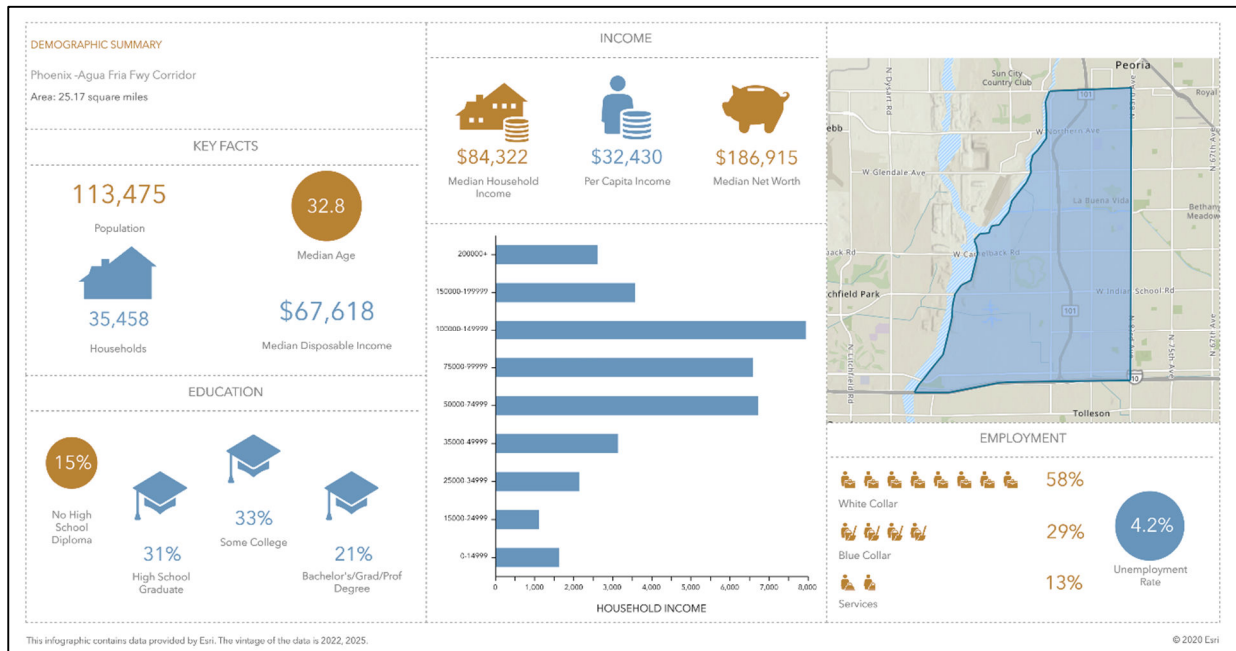
The topography of the area is a relatively flat and level area of the metropolitan Phoenix area. The convergence of the Agua Fria River and New River is located in the western portion of the subject neighborhood, located north of Camelback Road and west of 107th Avenue. These rivers are typically dry, but are ephemeral in nature and flow during periods of heavy rainfall. The Grand Canal crosses the subject area along the Bethany Home Road/Cardinals Way alignment and then veering to the southeast east of 83rd Avenue.

Demographics

Figure 20 – Demographic Summary

Summary	Census 2010	Census 2020	2024	2029
Population	86,884	100,695	113,475	130,930
Households	26,769	30,899	35,458	42,494
Families	20,464	23,509	26,503	30,906
Average Household Size	3.24	3.25	3.19	3.07
Owner Occupied Housing Units	16,854	18,757	21,635	23,623
Renter Occupied Housing Units	9,914	12,142	13,823	18,871
Median Age	28.7	31.4	32.8	34.1
Trends: 2024-2029 Annual Rate	Area	State	National	
Population	2.90%	0.74%	0.38%	
Households	3.69%	1.10%	0.64%	
Families	3.12%	1.08%	0.56%	
Owner HHs	1.77%	1.52%	0.97%	
Median Household Income	3.36%	3.56%	2.95%	
Households by Income		2024	2029	
	Number	Percent	Number	Percent
<\$15,000	1,632	4.6%	1,304	3.1%
\$15,000 - \$24,999	1,113	3.1%	802	1.9%
\$25,000 - \$34,999	2,147	6.1%	1,574	3.7%
\$35,000 - \$49,999	3,132	8.8%	2,761	6.5%
\$50,000 - \$74,999	6,714	18.9%	7,133	16.8%
\$75,000 - \$99,999	6,583	18.6%	7,795	18.3%
\$100,000 - \$149,999	7,939	22.4%	10,802	25.4%
\$150,000 - \$199,999	3,574	10.1%	6,081	14.3%
\$200,000+	2,617	7.4%	4,242	10.0%
Median Household Income		\$84,322	\$99,474	
Average Household Income		\$103,767	\$124,233	
Per Capita Income		\$32,430	\$40,330	

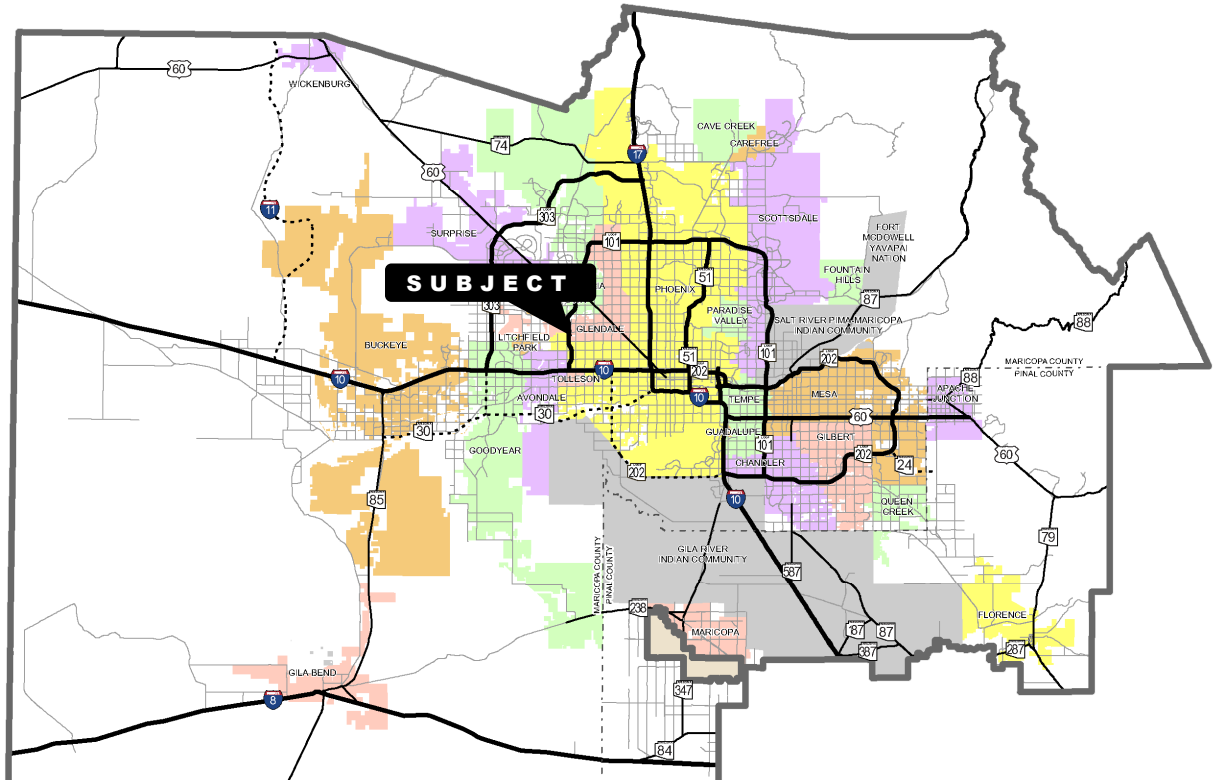
Source: Esri forecasts for 2024 and 2029. U.S. Census Bureau 2020 decennial Census in 2020 geographies.



Transportation

Regional Freeway System

Figure 21 – Regional Freeway System Map



Source: Maricopa Association of Governments RTP 2040

The subject neighborhood is centrally located in the metropolitan Phoenix area and is served by several regional freeways. The Papago Freeway (Interstate 10) forms the southern boundary and is located approximately one-quarter mile south of McDowell Road. To the west, the Agua Fria Freeway (State Route 101) is located approximately one-quarter to one-half mile east of 99th Avenue. These controlled access highways can be accessed from most of the one-mile arterial roadways in the area.

Arterial Roadways

Metropolitan Phoenix streets are generally laid out in a grid system with primary arterial roadways on section lines at one-mile intervals. The network of principal and secondary streets is well developed and provides the neighborhood convenient access to the rest of the city and to the balance of metropolitan Phoenix.

The primary east/west arterial roadways through the subject neighborhood are Olive Avenue, Northern Avenue, Glendale Avenue, Bethany Home Road/Cardinals Way, Camelback Road, Thomas Road, and McDowell Road. The primary north/south arterial roadways are 83rd Avenue, 91st Avenue and 99th Avenue. These major roadways are generally paved multiple lane thoroughfares with traffic control signals as they intersect each other.

Railway

Freight rail service is found in the metropolitan area with railroads operated by Union Pacific Railroad and BNSF Railway. The BNSF Railway crosses the region just east of the subject neighborhood along Grand Avenue through Glendale, Peoria, and other communities northwest of Phoenix.

Commuter rail passenger service is not currently available in the metropolitan area, although long distance intercity rail service is provided by Amtrak with a station in the City of Maricopa. Light rail passenger service in the metropolitan Phoenix area is provided by the Valley Metro light rail system. The first phases of the light rail system extend from north central Phoenix, through the downtown Central Business District of Phoenix and then turn east to serve Phoenix Sky Harbor International Airport, downtown Tempe, Arizona State University and downtown Mesa. The light rail system does not serve 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 fourteenth busiest airport in the nation in terms of passenger traffic with 46,121,791 passengers enplaned and deplaned during 2023, as well as being the tenth busiest airport for all traffic movements.¹⁶

Satellite municipal airports are located in Goodyear, Glendale and the Deer Valley area of north Phoenix also provide service to the subject neighborhood and are used primarily for general aviation purposes. The Glendale Municipal Airport is just west of the subject neighborhood located south of Glendale Avenue and west of New River.

Land Use Patterns

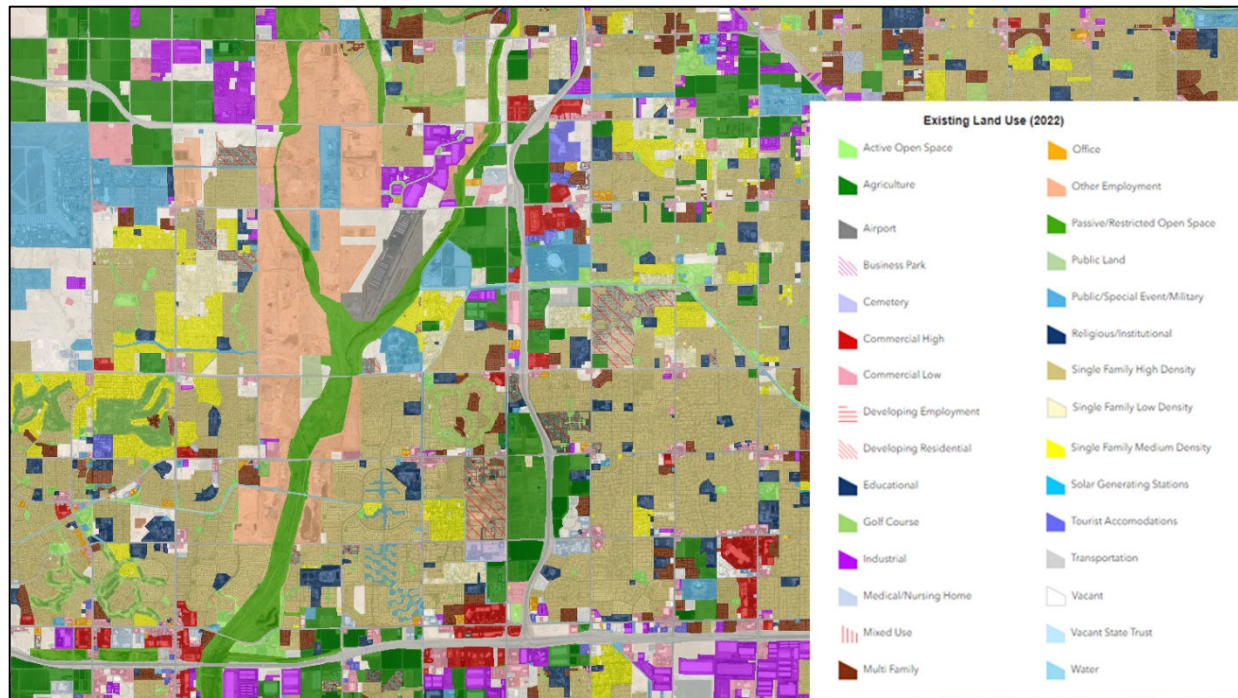
Development patterns tend to be defined by zoning ordinances. The City of Phoenix, City of Glendale, City of Avondale and Maricopa County have successfully coordinated growth by defined zoning ordinances, construction requirements, and environmental requirements. The land use within the subject neighborhood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

The predominant land uses in the subject neighborhood are commercial retail and residential subdivision developments. Single-family residential subdivision developments can be found in the southern and western portion of the neighborhood, as well as along 83rd Avenue in the eastern portion of the neighborhood. Vacant land along the Agua Fria Freeway south of Indian School Road is planned for similar residential subdivision development. The resident population is also served by an number of neighborhood shopping centers, typically found at arterial roadway intersections.

A significant amount of commercial development can be found along the Agua Fria Freeway corridor. The area is anchored on the north by the Glendale sports and entertainment district which includes State Farm Stadium, Desert Diamond Arena and Westgate City Center, a mixed-use project consisting of three million square feet of entertainment, retail, office, residential and other commercial land uses on the south side Glendale Avenue and west of 91st Avenue. Gateway Pavilions, a regional power center at the Agua Fria Freeway interchange with Interstate 10, anchors a significant amount of commercial development in the southern portion of the neighborhood.

¹⁶ North American Airport Traffic Report, Airports Council International (<https://airportscouncil.org/>)

Figure 22 – Existing Land Use Map



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

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

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

Trends

The subject neighborhood is characterized by a mix of residential and commercial land uses and does not exhibit any indication of drastic changes in land use in the near future. The long-term outlook for the metropolitan area is for continued population and job growth which will create demand for residential housing and neighborhood commercial support facilities.

Real Property Description

The following description of the subject property is based upon a physical inspection of the property on April 17, 2025, and on other occasions, in conjunction with an examination of Maricopa County public records. Photographs of the property being appraised are in Addendum B of this report.

Site Data

<i>Location</i>	Southeast of State Route 101 and Cardinals Way		
<i>Street Address</i>	None Given		
<i>City, State ZIP</i>	Glendale, Arizona 853050		
<i>County</i>	<u>Maricopa</u>	<i>Map Reference</i>	<u>124-153LQ</u>
<i>Census Tract</i>	<u>092720</u>	<i>Block</i>	<u>3054</u>
<i>Assessor Parcel No(s)</i>	102-14-012G [†] ; 102-14-013E [†]		[†] <i>portion of</i>
<i>Land Area</i> ¹⁷	<u>36,478</u>	Square Feet	
	<u>0.837</u>	Acres	
<i>Shape/Dimensions</i>	The subject property is irregular in shape, measuring approximately 2,337 feet north to south and varies in width between 2 and 22 feet.		



<i>Surrounding Development</i>	North:	<u>Sports Facility</u>
	South:	<u>Freeway Right-of-Way</u>
	East:	<u>Resort (under construction)</u>
	West:	<u>Freeway Right-of-Way</u>

The subject parcel is located along the State Route 101 corridor in an area which is identified as the Glendale Sports and Entertainment District. State Farm Stadium and Desert Diamond Arena are located to the north, and VAI Resort is under construction immediately east of the subject parcel. Other development along the State Route 101 corridor includes commercial land uses, residential development, and vacant land planned for similar development.

<i>Utilities</i>	In Use		Available from:
	Yes	No	
Electricity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Salt River Project</u>
Water	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>City of Glendale</u>
Sanitary Sewer	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>City of Glendale</u>
Natural Gas	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Southwest Gas Company</u>
Telecom	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<u>Cox Communications</u>
			<u>CenturyLink</u>

¹⁷ Source: Arizona Department of Transportation

<i>Frontage/Access</i>	The subject parcel does not have any frontage along a public roadway except State Route 101 and is currently a part of the State Route 101 right-of-way. Control of access along the western parcel boundary will prohibit direct access to State Route 101. Access to the property is considered poor.		
<i>Topography</i>	The site is generally level and at grade with surrounding properties.		
<i>Drainage</i>	No apparent drainage problems were observed during a physical inspection of the site by the appraiser.		
<i>Flood Hazard</i>	FEMA Flood Insurance Rate Map(s):		
	Flood Zone(s)	Panel	Effective Date
	X	04013C1695M	September 18, 2020
	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.		
<i>Soil Conditions and Environmental Conditions</i>	<p>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.</p> <p>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.</p>		

Zoning

The subject property is located in an area categorized for commercial land uses as shown on the general plan for the City of Glendale. More specifically, the subject property is located within the Agricultural (A-1) zoning district as defined by the City of Glendale zoning authorities. According to the Unified Development Code,

The purpose of this district is to accommodate semi-rural or vacant lands, which may be suitable for interim agricultural uses and which may not require the full range of urban services. The district provides for agricultural uses, single-residences, public uses and multi-purpose arenas until transition to suburban or urban land uses in accordance with the General Plan.¹⁸

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

The appraiser has not found any evidence that there are pending zoning changes involving the property being appraised. The current use of the property as public right-of-way 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 title report would reveal the presence of any easements and legal restrictions placed upon the subject property, although such a report has not been provided in conjunction with this appraisal assignment. 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

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

¹⁸ City of Glendale Unified Development Code, Section 35.2.101

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

The City of Glendale zoning ordinance requirements are the only significant legal restrictions limiting the use of the property. As indicated in the site analysis, the subject property is presently within the Agricultural (A-1) district. This zone allows for primarily agricultural and lower density residential uses as set forth in the zoning ordinance for the City of Glendale. Thus, only these uses and those specifically mentioned in the zoning ordinance could currently be considered legally permissible.

The reasonable probability of a change in zoning that would allow different uses of the land, other than those allowed under the current zoning classification, can also be important in giving an opinion as to the highest and best use of the property. In analyzing any possible change in zoning, the existing development of surrounding properties can be considered to determine what other land uses might be appropriate for the subject 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.

The general plan for the City of Glendale indicates that the subject property is in an area planned for commercial land use. Considering the existing land uses in the area and those allowed under the current zoning of the subject property, a change in zoning consistent with existing development and zoning in the area would appear to be reasonable.

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

Physically Possible

The size and shape of the subject parcel are inadequate for its legally permissible land uses. The parcel is irregular in shape with more than 2,300 feet of frontage along the State Route 101 right-of-way and a depth that varies between 2 feet and approximately 22 feet, resulting in a long and narrow parcel. Additionally, the subject parcel is part of a transportation corridor, landlocked by public rights-of-way to the west, south and north, and private landowners to the east. A soils report has not been provided, although it is noted from a physical inspection of the subject property and existing development on properties in the immediate area, that the soil appears to be adequate for its legally permissible uses.

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. Any development of the legally permissible uses on the subject parcel as a separate economic entity would be impossible without some type of assemblage or development in conjunction with other properties.

The only property with which the subject parcel could be reasonably assembled is the parcel to the east. 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, the adjoining parcel would gain some additional land area but is not likely to add significantly to the value of the adjoining property beyond the additional land area. For this reason, the adjoining property owner does not have a compelling reason for such an assemblage.

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 development potential of the subject site as a separate economic unit is not physically possible, and the site is landlocked despite its frontage along State Route 101. 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. For these reasons, the property being appraised is considered to be a remnant parcel.

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

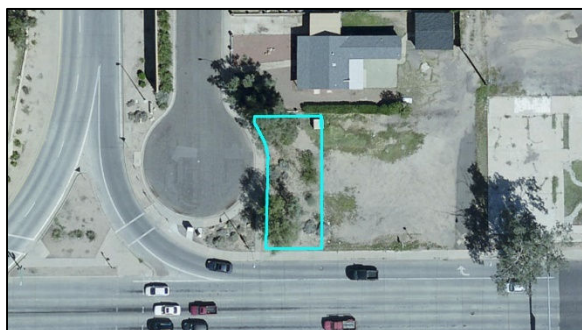
Land Value Analysis

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. Since the subject parcel is considered to be a remnant, the total sale price is believed to be most meaningful for this analysis. Table 1 summarizes the significant information extracted from the comparable sales believed to be most pertinent in the valuation of the subject land.

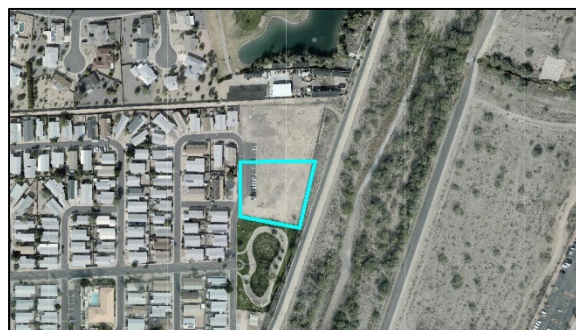
²¹ The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022) p170

Table 1 – Land Sales Summary Table and Photographs

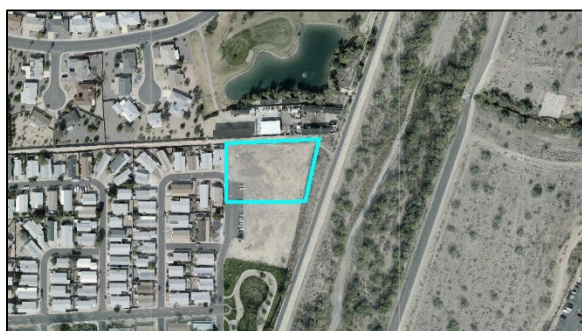
Comp No.	Intended Use	Sale Date	Zoning	Flood Zone	Frontage	Land Area Square Feet	Price
1	Land Investment	05/17	C-2	X	Mid-Block	2,766	\$ 7,500.00
2	Land Investment	02/20	PAD	X	Interior	57,622	\$ 25,000.00
3	Land Investment	03/20	PAD	X	Interior	50,454	\$ 22,000.00
4	Land Investment	06/21	SHD-RO	X	Corner	2,763	\$ 520.00
5	Land Investment	10/21	PCD	X	Interior	3,358	\$ 17,500.00
SUBJECT			A-1	X	Corner	36,478	



Comparable No. 1



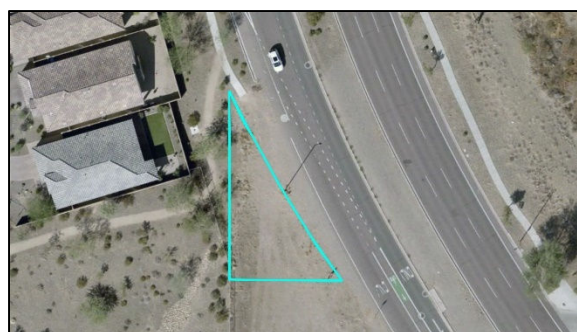
Comparable No. 2



Comparable No. 3



Comparable No. 4



Comparable No. 5

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. Based upon my analysis of the market data and my professional judgment, no adjustment will be made in this analysis when considering the amount of time that may have elapsed between the date of purchase of the comparable property and the date of valuation of the property to be appraised.

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.

The search for comparable properties in this analysis included an expanded geographic area due to the lack of remnant parcel sales in the subject neighborhood. Comparable No. 1 is on Indian School Road east of State Route 51 in Phoenix. Comparable Nos. 2 and 3 are landlocked parcels northeast of 99th Avenue and Peoria Avenue in Peoria. Comparable No. 4 is located southwest of El Mirage Road and Bell Road in Surprise. Comparable No. 5 is located along North Valley Parkway north of Norterra Parkway in Phoenix.

- *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.

- *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.

Use/Zoning – The location of a property within a given zoning district, in some instances, may warrant adjustment. A tract of land with a more restrictive zoning classification might develop a lower price per unit than a similar tract with a more liberal classification. After examination of the subject market, however, it is my opinion that zoning does not play a significant role in the prices developed by these properties.

It is noted that Comparable No. 4 was partially improved with a roadway and was purchased by a municipality for additional roadway right-of-way. The purchase price of this property is at the low end of the range in sales because, at least in part, the property was not purchased with the intent to assemble the property for potential development.

- *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.

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 \$520 to a high indication of \$25,000. The comparable sales examined each have some characteristics in common with the subject site.

The comparable properties are all remnant parcels with a highest and best use of assemblage purposes similar to the subject parcel. Comparable Nos. 2 and 3 are most similar in terms of size and lack of access. The resulting possible assemblages of the comparable parcels with their adjoining properties have been examined and vary in the utility and development potential of their assembled parcels.

Based upon the preceding analysis, it is my opinion the subject parcel could reasonably be assigned a nominal value within the upper portion of the range in indicated values provided by the comparable properties examined in this analysis. Therefore, the indication of value for the subject land, as of the current date of valuation and given a reasonable period of exposure, is concluded to be a nominal value of **\$20,000.00**.

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 developed 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	\$20,000.00
Income Capitalization Approach	Not Applicable
Cost Approach	Not Applicable

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

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

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

Based on the analyses presented herein and the indications of value provided by the traditional approaches to value, it is my final conclusion that the market value of the fee simple interest of the subject parcel, as of April 17, 2025, is:

TWENTY THOUSAND DOLLARS
\$20,000.00

Certification

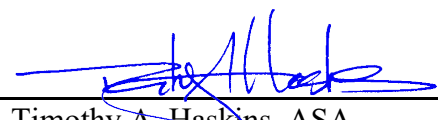
I hereby certify that, to the best of my knowledge and belief:

- 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 17, 2025, is:

TWENTY THOUSAND DOLLARS

\$20,000.00



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-179

I hereby certify:

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

That I have given consideration to the value of the property the damages and benefits to the remainder, if any; and accept to liability for matters of title or survey. That, to the best of my knowledge and belief, the statements contained in said appraisal are true and the opinions, as expressed, therein, are based upon correct information; subject to the limiting conditions therein set forth.

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

That my analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the ADOT ROW Procedures Manual, Chapter 4, Appraisal Standards and Specifications (2018); the Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24; and the Uniform Standards of Professional Appraisal Practice (USPAP 2024) guidelines.

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

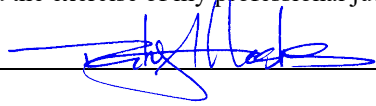
That I understand this appraisal may be used in connection with the acquisition of right of way for a highway to be constructed by the State of Arizona with the assistance of federal aid highway funds or other federal funds.

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

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

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

That my opinion of the Market Value of the property as of April 17, 2025, is TWENTY THOUSAND DOLLARS (\$20,000.00), based on my independent appraisal and the exercise of my professional judgment.

DATE: 4/23/2025 SIGNATURE: 

Underlying Assumptions and Limiting Conditions

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

1



View south along the subject property

2



View north along the subject property

3

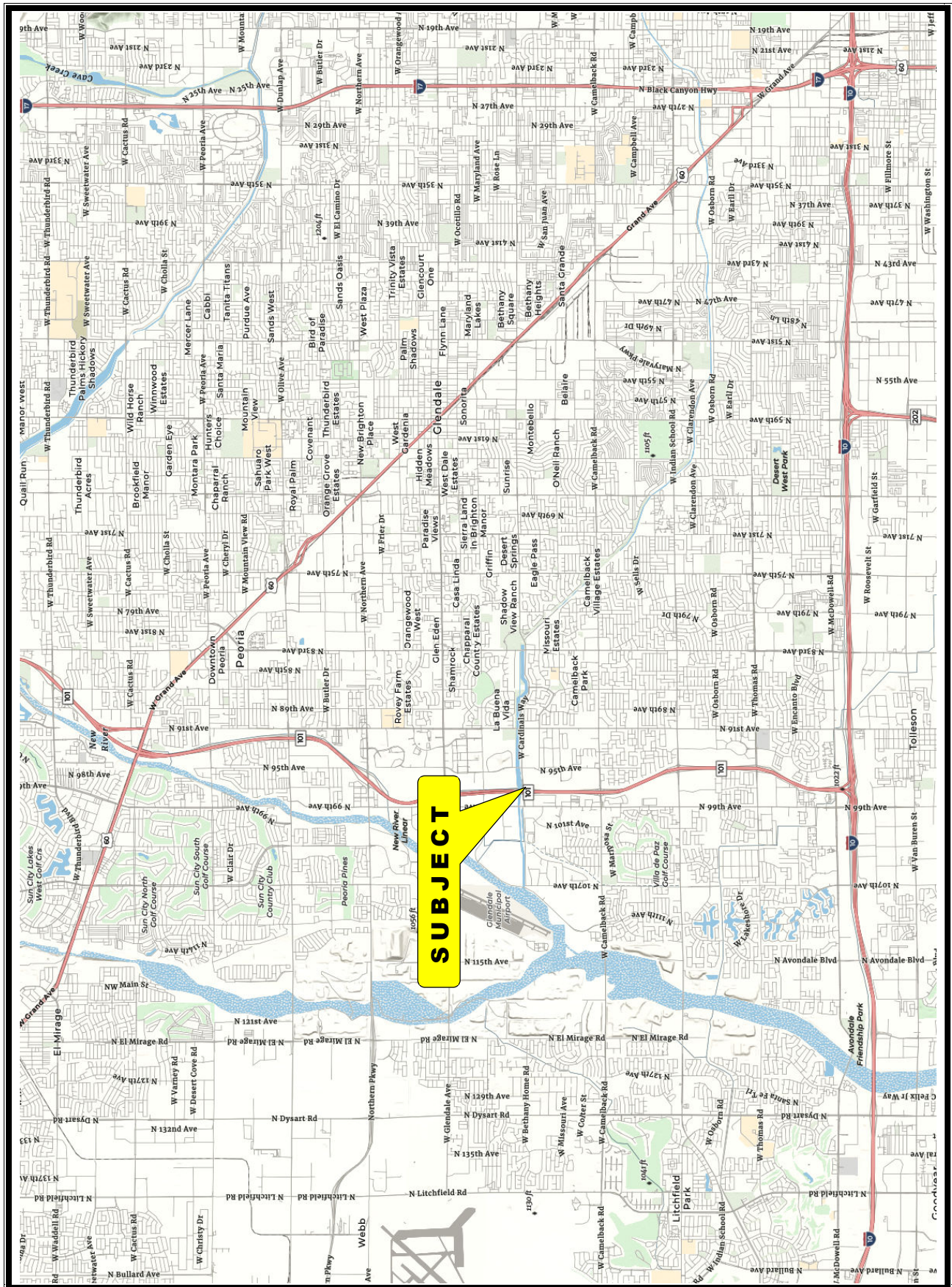


View south along the subject property

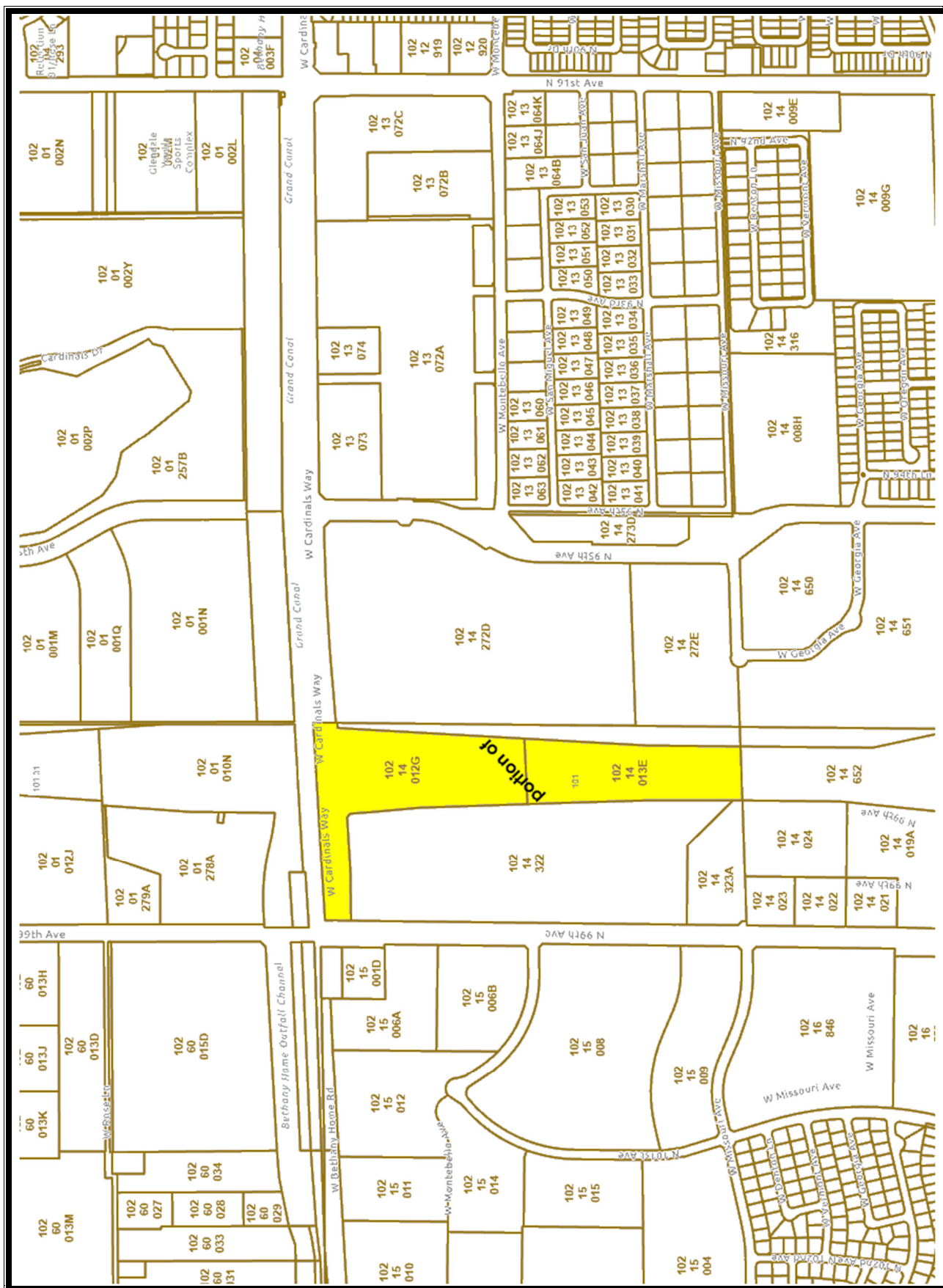
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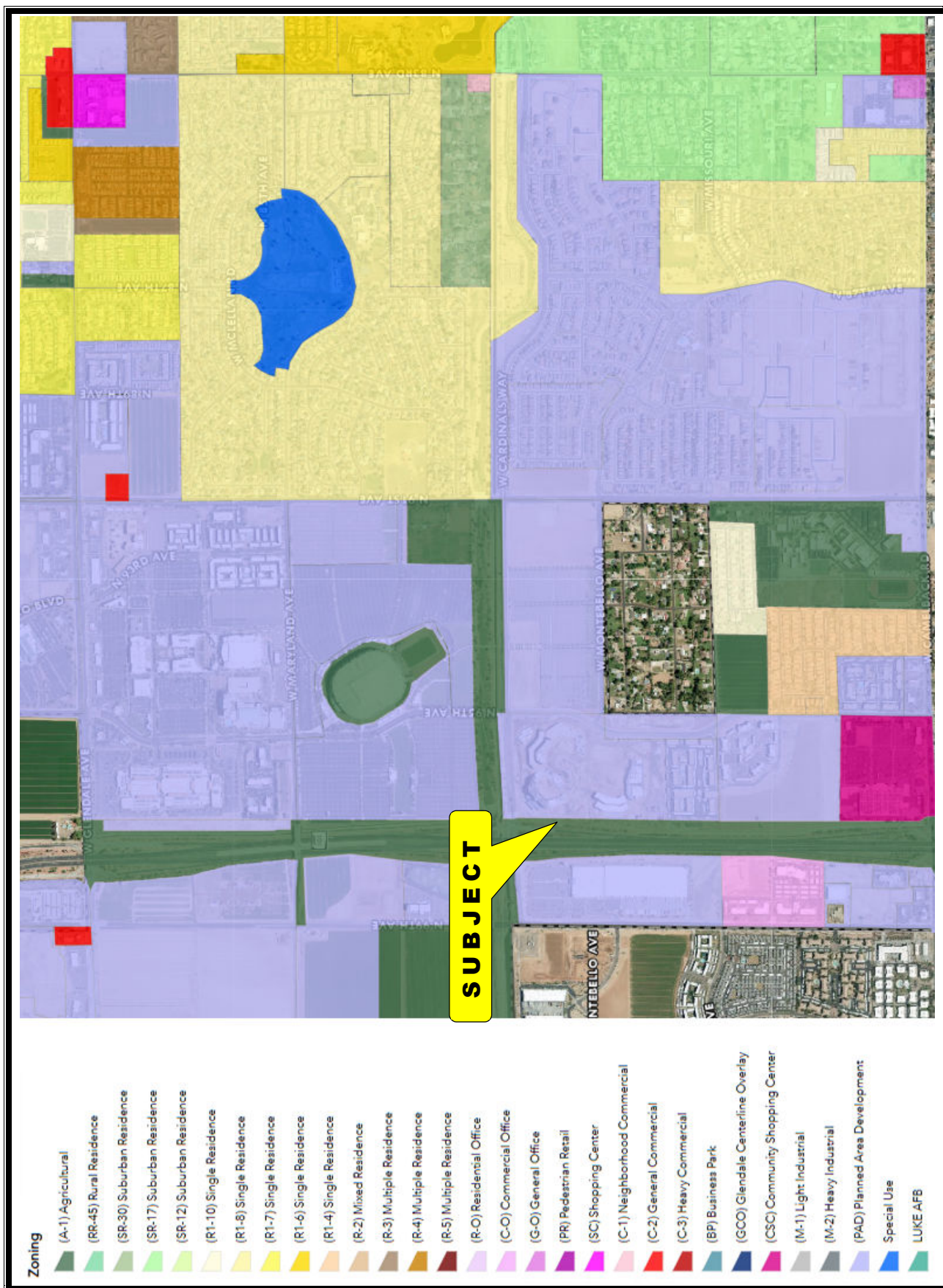


View north along the subject property

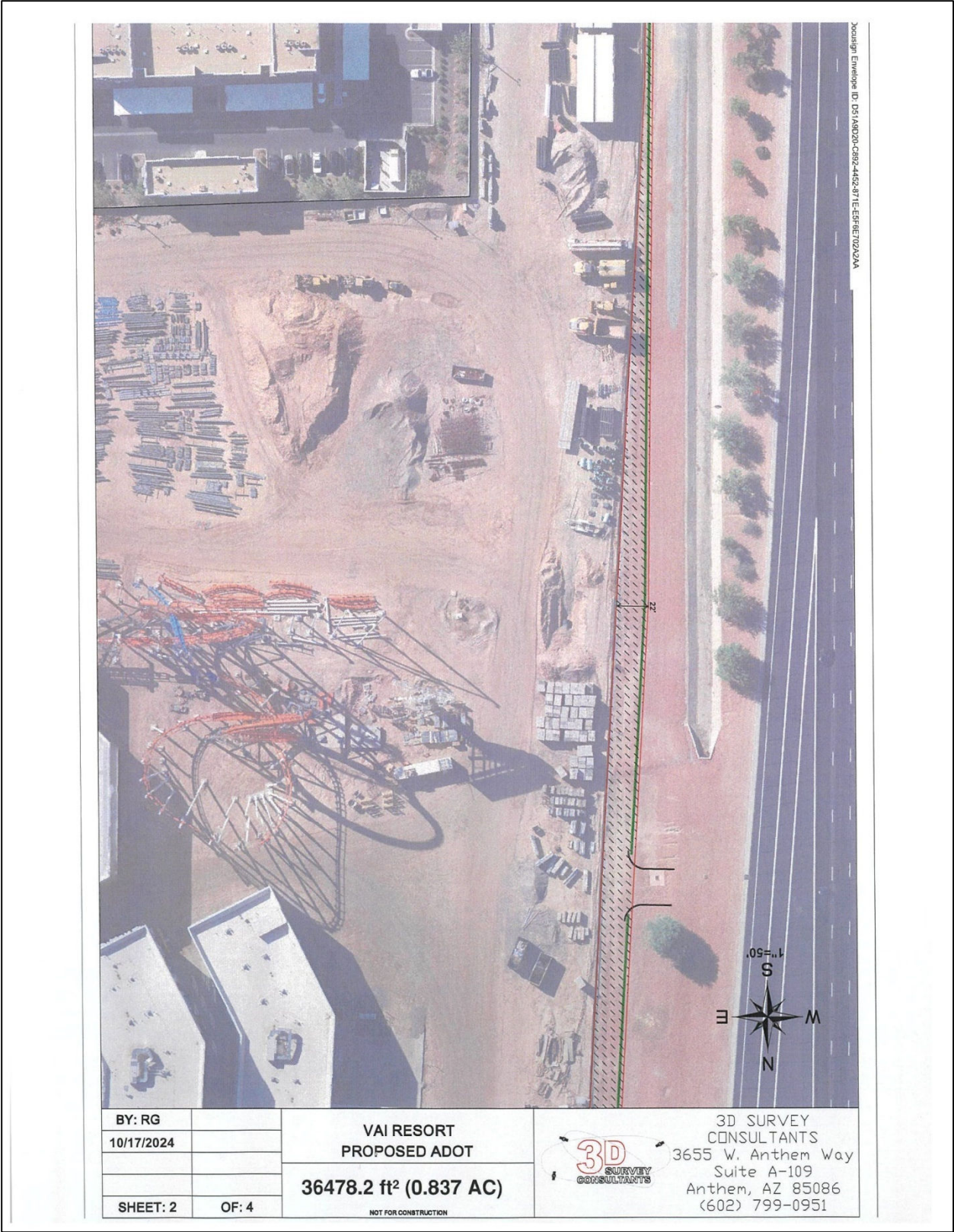


© Arizona State Land Department Parcel Viewer











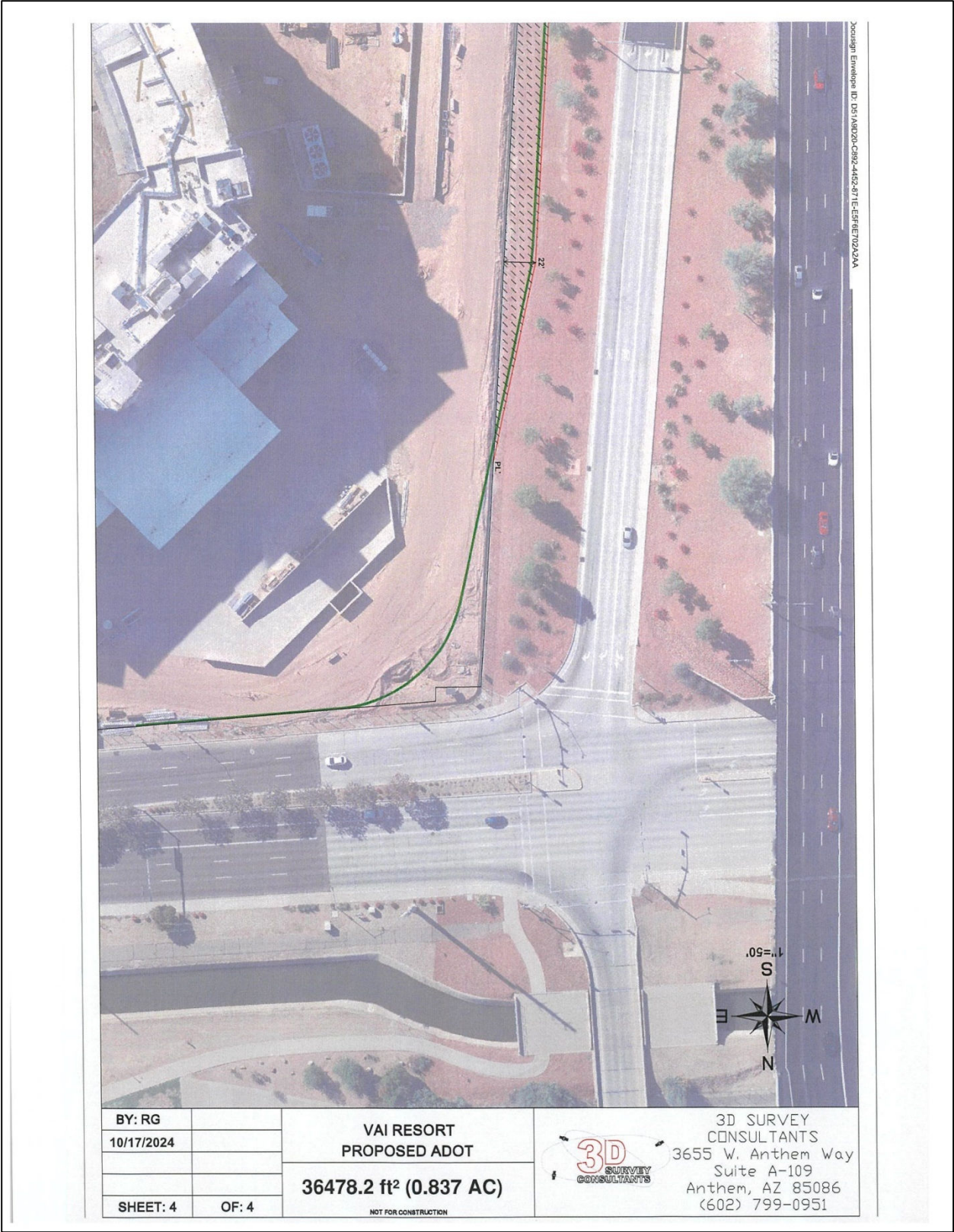


EXHIBIT "A"

That portion of existing right of way of State Route 101L (AGUA FRIA FREEWAY) (formerly State Route 417 NORTHWEST OUTER LOOP) in the West half of the Northwest quarter (W½NW¼) of Section 16, Township 2 North, Range 1 East, Gila and Salt River Meridian, Maricopa County, Arizona, described as follows:

Commencing at a MCHD brass cap in handhole marking the Northwest corner of said Section 16, being North 00°53'10" East 2637.60 feet from a City of Glendale brass cap marking the West quarter corner of said Section 16;

thence along the North line of said Section 16, North 86°40'20" East 1303.22 feet;

thence South 03°52'52" West 185.46 feet to a rebar with cap stamped "RLS 54404" at the corner common to the West line of the property described in Document 2022-0295786, Maricopa County Records and the existing easterly right of way line of said State Route 101L;

thence along the West property line of said property, common with said existing easterly right of way line continuing South 03°52'52" West 63.97 feet;

thence continuing along said common line South 03°27'52" West 80.41 feet;

thence continuing along said common line South 03°26'45" West 9.61 feet to the POINT OF BEGINNING;

thence continuing along said common line South 03°26'45" West 345.36 feet;

thence continuing along said common line South 03°26'16" West 987.81 feet;

thence continuing along said common line South 03°25'55" West 431.66 feet;

thence continuing along said common line South 00°44'45" West 575.27 feet;

thence South 88°13'35" West 2.00 feet;

thence North 00°44'45" East 308.36 feet;

(continued)

PAGE 1

PROJECT: 101L MA 002 H0811	LOCATION: Jct I-10 – Glendale Ave	PARCEL: L-C-179
Unassigned	Disposal	cg 03-20-2025

thence North 89°13'40" West 3.67 feet;
 thence North 00°46'20" East 621.73 feet;
 thence North 03°25'55" East 77.56 feet;
 thence North 03°26'16" East 987.81 feet;
 thence North 03°26'45" East 204.44 feet;
 thence North 12°19'09" East 142.63 feet to the POINT OF BEGINNING.

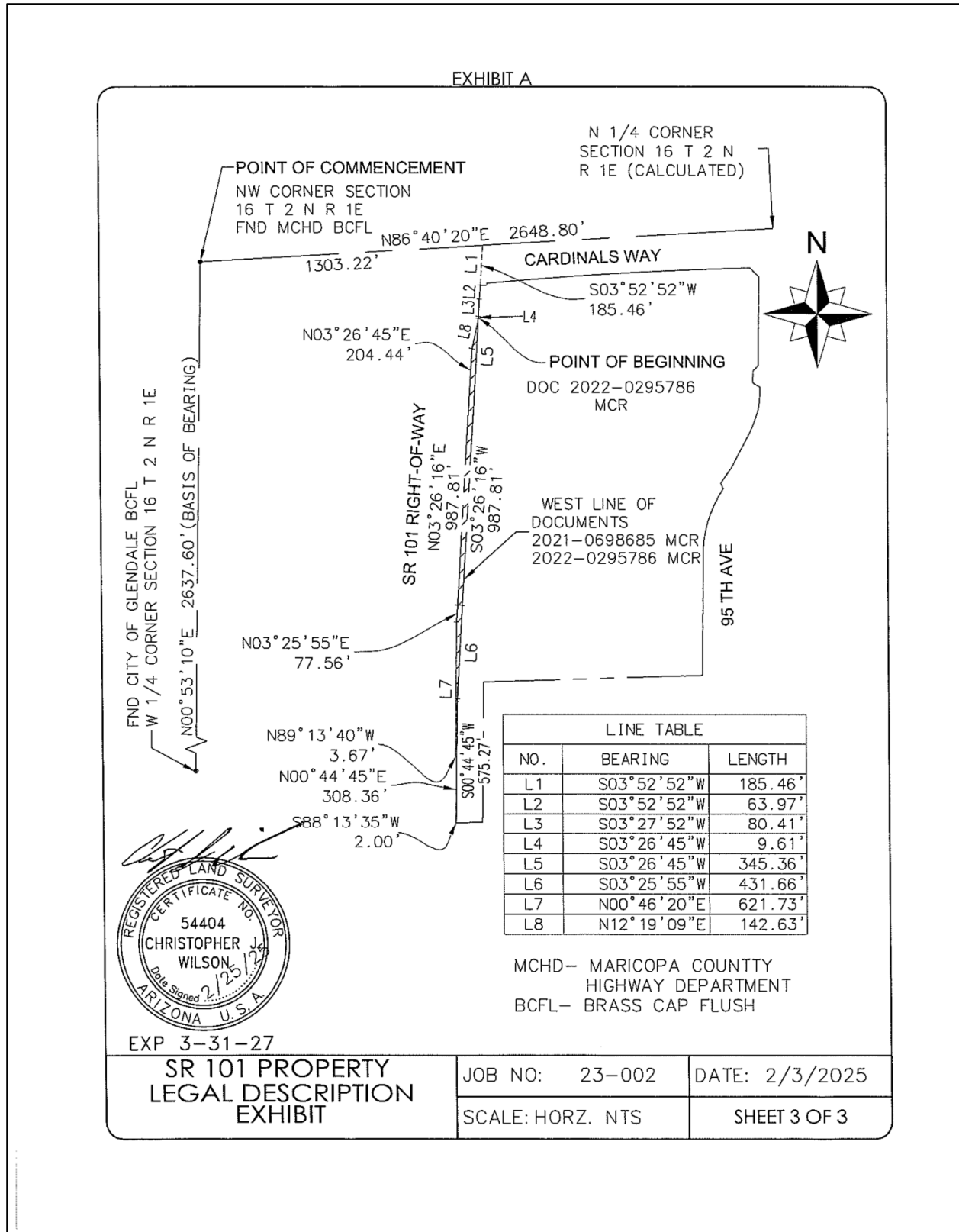
The parcel of land herein conveyed shall have no right or easement of access to or from said State Route 101L.

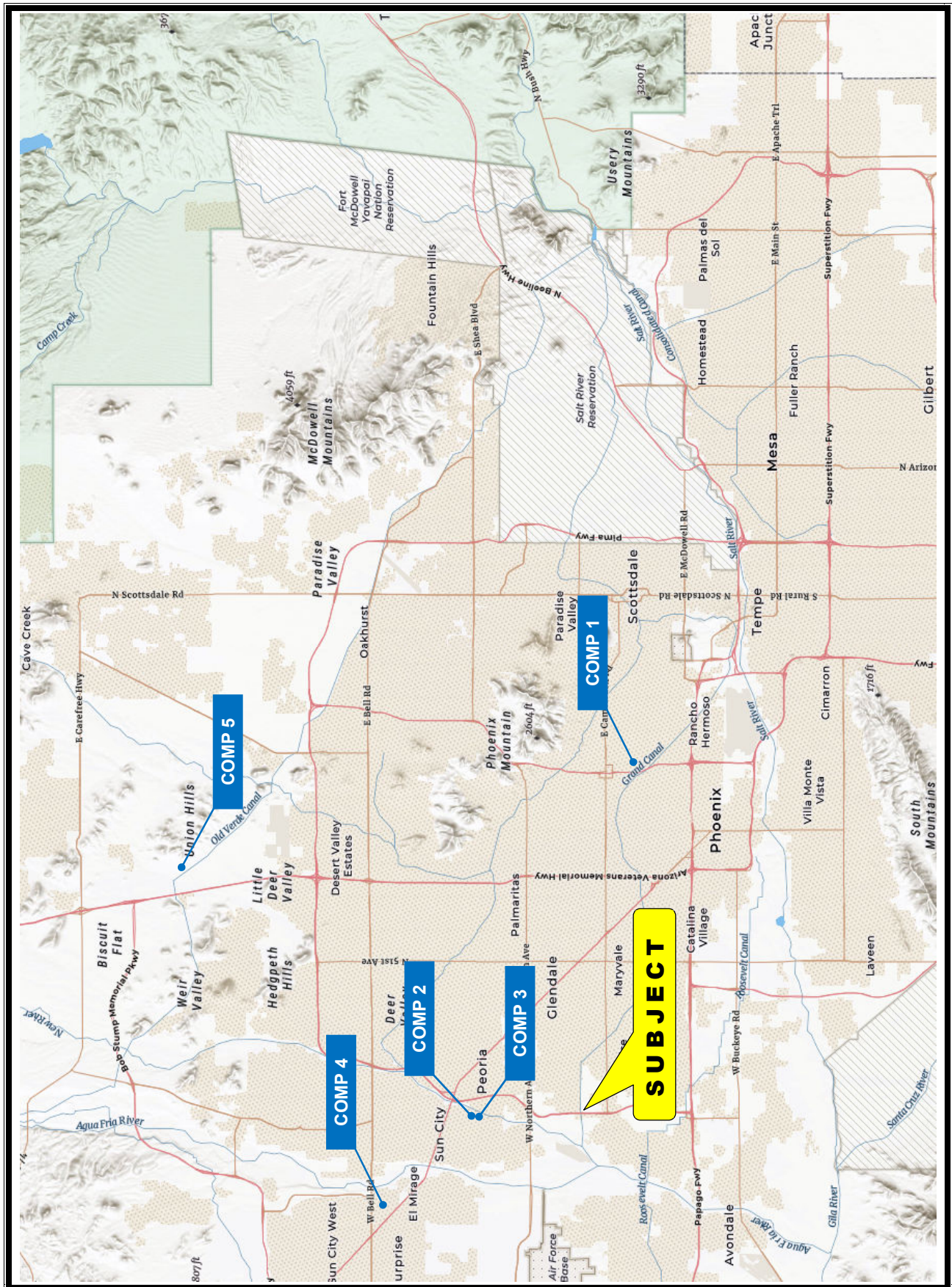
GRANTOR RESERVES unto the public and various utility companies, easements for existing utilities, if any, within the above described property, in accordance with Arizona Revised Statute 28-7210. Access to the existing utilities will be by way of what exists at the time of this conveyance and shall be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

The parcel of land described above is landlocked, having no means of access to or from any public way. By acceptance of this deed, the Grantee acknowledges awareness of the landlocked condition of this parcel prior to purchase and further acknowledges that it is the Grantee's expressed intention to acquire a landlocked parcel of land. The Grantor makes no warranty, covenant or assurance, expressed or implied, concerning the suitability or usability of this parcel of land for any purpose.

PAGE 2

PROJECT: 101L MA 002 H0811	LOCATION: Jct I-10 – Glendale Ave	PARCEL: L-C-179
Unassigned	Disposal	cg 03-20-2025





© Arizona State Land Department Parcel Viewer

C

Comparable No. 1**Property Information****Property Type:** Remnant**Location:** Indian School Road east of State Route 51**Address:** None Given**City, State ZIP:** Phoenix, Arizona 85016**Map Reference:** 126-166LR**County:** Maricopa**Land Area:** 2,766 square feet
0.063 acres**Legal Description:** Part of the SW¼ of Section 22, Township 2 North, Range 3 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona**Parcel Number(s):** 163-29-058J**Zoning Authority:** City of Phoenix**Zoning District(s):** C-2, Intermediate Commercial**Flood Hazard Zone(s):** X
Topography: Level
Access: Paved Road
Utilities: At property**Building Area:** NA
Year Built: NA
No. of Stories: NA
Occupancy: NA**LBR:** NA
Parking / 1,000 sf: NA
Clear Height: NA
Percent Office: NA**Sale Information****Grantor:** City of Phoenix
Grantee: Salem Brothers, LLC**Date of Sale:** May 2017**Sales Price:** \$7,500.00**Terms:** Cash to seller**Recordation:** 5/5/2017
Special Warranty Deed
2017-0350500**Three Year Sales History:** None**Source/Confirmation:** City of Phoenix; Recorded Documents**Comments:**

Surrounding land uses include a mix of residential land uses and supporting commercial development.



Comparable No. 2**Property Information****Property Type:** Remnant**Location:** Northeast of 99th Avenue and Peoria Avenue**Address:** None Given**City, State ZIP:** Peoria, Arizona 85345**Map Reference:** 102-153LK
County: Maricopa**Land Area:** 57,622 square feet
1.323 acres**Legal Description:** Part of the SW¼ of Section 21, Township 3 North, Range 1 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona**Parcel Number(s):** 145-52-286C**Zoning Authority:** City of Peoria**Zoning District(s):** PAD, Planned Community District**Flood Hazard Zone(s):** X
Topography: Level
Access: No Access
Utilities: At property**Building Area:** NA
Year Built: NA
No. of Stories: NA
Occupancy: NA**LBR:** NA
Parking / 1,000 sf: NA
Clear Height: NA
Percent Office: NA**Sale Information****Grantor:** PTL RE Corp.
Grantee: Coombs Investments, LLC**Date of Sale:** February 2020**Sales Price:** \$25,000.00**Terms:** \$25,000.00 (100%) cash down
Cash to seller**Recordation:** 2/28/2020
Special Warranty Deed
2020-0172265**Three Year Sales History:** None**Source/Confirmation:** Arizona Regional Multiple Listing Service; Recorded Affidavit of Property Value**Comments:**

Surrounding land uses include a residential land uses. The adjacent mobile home park has an easement across a portion of this parcel for driveway and parking purposes. The Agua Fria River is located along the eastern parcel boundary. This parcel has no legal access.



Comparable No. 3**Property Information****Property Type:** Remnant**Location:** Northeast of 99th Avenue and Peoria Avenue**Address:** None Given**City, State ZIP:** Peoria, Arizona 85345**Map Reference:** 102-153LK
County: Maricopa**Land Area:** 50,454 square feet
1.158 acres**Legal Description:** Part of the SW¼ of Section 21, Township 3 North, Range 1 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona**Parcel Number(s):** 145-52-286D**Zoning Authority:** City of Peoria**Zoning District(s):** PAD, Planned Community District**Flood Hazard Zone(s):** X
Topography: Level
Access: No Access
Utilities: At property**Building Area:** NA
Year Built: NA
No. of Stories: NA
Occupancy: NA**LBR:** NA
Parking / 1,000 sf: NA
Clear Height: NA
Percent Office: NA**Sale Information****Grantor:** Beor Fund 1, LLC
Grantee: Coombs Investments, LLC**Date of Sale:** March 2020**Sales Price:** \$22,000.00**Terms:** \$22,000.00 (100%) cash down
Cash to seller**Recordation:** 3/6/2020
Special Warranty Deed
2020-0198602**Three Year Sales History:** None**Source/Confirmation:** Arizona Regional Multiple Listing Service; Recorded Affidavit of Property Value**Comments:**

Surrounding land uses include a residential land uses. The adjacent mobile home park has an easement across a portion of this parcel for driveway and parking purposes. The Agua Fria River is located along the eastern parcel boundary. This parcel has no legal access.



Comparable No. 4**Property Information**

Property Type: Remnant
Location: Southwest of El Mirage Road and Bell Road
Address: None Given
City, State ZIP: Surprise, Arizona 85378

Map Reference: 101-149LG
County: Maricopa

Land Area: 2,763 square feet
 0.063 acres

Legal Description: Part of the NE¼ of Section 2, Township 3 North, Range 1 West, Gila and Salt River Base and Meridian, Maricopa County, Arizona

Parcel Number(s): 501-81-045B

Zoning Authority: City of Surprise
Zoning District(s): SHD-RO, Surprise Heritage District

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: Hanne Inman
Grantee: Canabus, LLC

Date of Sale: June 2021

Sales Price: \$520.00

Terms: \$520.00 (100%) cash down
 All cash sale

Recordation: 6/3/2021
 Quit Claim Deed
 2021-0613480

Three Year Sales History: None

Source/Confirmation: City of Phoenix; Recorded Affidavit of Property Value

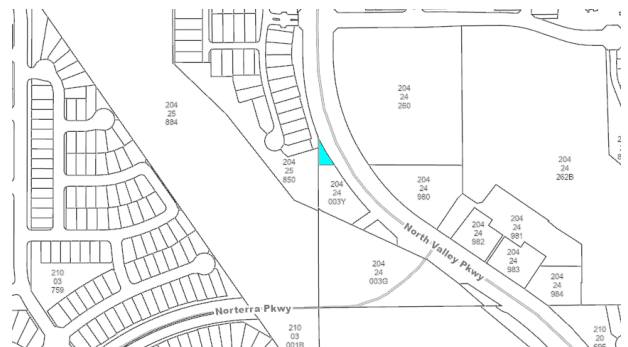
Comments:

Surrounding land uses include a mix of residential land uses and supporting commercial development. The parcel will be utilized as additional right of way for Hollyhock Street.



Comparable No. 5**Property Information****Property Type:** Remnant**Location:** Northwest of North Valley Parkway and Norterra Parkway**Address:** None Given**City, State ZIP:** Phoenix, Arizona 85085**Map Reference:** 64-162KY**County:** Maricopa**Land Area:** 3,358 square feet
0.077 acres**Legal Description:** Part of the SE¼ of Section 25, Township 5 North, Range 2 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona**Parcel Number(s):** 204-24-003U**Zoning Authority:** City of Phoenix**Zoning District(s):** PCD, Planned Community District**Flood Hazard Zone(s):** X
Topography: Level
Access: Paved Road
Utilities: At property**Building Area:** NA
Year Built: NA
No. of Stories: NA
Occupancy: NA**LBR:** NA
Parking / 1,000 sf: NA
Clear Height: NA
Percent Office: NA**Sale Information****Grantor:** Van Buren 67, LLC
Grantee: Elysium Infinitum, LLC**Date of Sale:** October 2021**Sales Price:** \$17,500.00**Terms:** \$17,500.00 (100%) cash down
All cash sale**Recordation:** 10/29/2021
Special Warranty Deed
2021-1165802**Three Year Sales History:** None**Source/Confirmation:** City of Phoenix; Recorded Affidavit of Property Value**Comments:**

Surrounding land uses include a mix of residential land uses and supporting commercial development.



ARIZONA**PURCHASE ORDER**

PHOENIX, on 2/26/2025

CTR054966/ JW-25-028/ M697201X/ L-C-179/ Appraisal due in 60 days-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. PO0000746065*(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	CTR054966-3	879967-2	CTR054966/ JW-25-028/ M697201X/ L-C-179/ Appraisal due in 60 days Commentaire : L-C-179	1.0000	Total Cost		

Total before Tax **2,000.00 USD**

Non-Taxable - 0 % **0.00 USD**

Total after Tax **2,000.00 USD**

ARIZONA

ARIZONA**PURCHASE ORDER****DELIVERY CONDITIONS**

Delivery Conditions	Date	Type	%	Amount	Item

ARIZONA

Page 2 of 5



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)

Practicing Affiliate, Appraisal Institute

Member, International Right of Way Association (2001)

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



<p align="center">Department of Insurance and Financial Institutions State of Arizona</p>	
<p>CGA - 30668</p>	<p>TIMOTHY A. HASKINS</p>
<p>This document is evidence that: Arizona Revised Statutes, relating to the establishment and operation of a:</p>	<p>has complied with the provisions of</p>
<p align="center">Certified General Real Estate Appraiser</p>	
<p>and that the Deputy Director of Financial Institutions of the State of Arizona has granted this license to transact the business of a:</p>	
<p align="center">Certified General Real Estate Appraiser</p>	
<p align="center">TIMOTHY A. HASKINS</p>	
<p>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.</p>	
<p align="right">Expiration Date : June 30, 2025</p>	