

Type of Appraisal:	Summary Report
ADOT Parcel Number:	7-12290
Owner:	Paul E Boyd & Jacque L Boyd Trust
Property Location:	17046 West Zuni Street (north side of Zuni Street, west of 170 th Avenue) in Goodyear, Arizona
Project Number:	303L MA 100 H6870
Highway:	303L – Bob Stump Memorial Parkway
Section:	MC 85 – Van Buren Street
Date of Report:	August 22, 2024
Effective Date of Appraisal:	May 8, 2024
Appraiser:	J. Douglas Estes, MAI, SR/WA Certified General Real Estate Appraiser No. 30821

AN APPRAISAL REPORT OF

A 6,022 square foot site improved with a single-family residence,
located at 17046 West Zuni Street in Goodyear, Arizona,
owned by the Paul E Boyd & Jacque L Boyd Trust and identified
as Maricopa County Assessor's Parcel Number 500-97-007



PREPARED FOR

Mr. Gerard L. Vick, MAI
Review Appraiser
Right of Way Project Management Section
Arizona Department of Transportation
205 South 17th Avenue, Room 331
Mail Drop 612E, Phoenix, Arizona 85007

EFFECTIVE DATE OF THE APPRAISAL

May 8, 2024

PREPARED BY

J. Douglas Estes, MAI, SR/WA
Landpro Valuation
4710 East Falcon Drive, Suite 119
Mesa, Arizona 85215
www.landprovaluation.com

FILE NUMBER

24.0148



August 22, 2024

Mr. Gerard L. Vick, MAI
Review Appraiser
Right of Way Project Management Section
Arizona Department of Transportation
205 South 17th Avenue, Room 331
Mail Drop 612E, Phoenix, Arizona 85007

Re: An appraisal of a 6,022 square foot site improved with a single-family residence,
located at 17046 West Zuni Street in Goodyear, Arizona
Landpro Valuation File Number 24.0148

Dear Mr. Vick:

At your request, I have appraised the above-referenced real property. The objective of this appraisal is to provide an opinion of the market value of the property. The intended users of this appraisal are the Arizona Department of Transportation and the Federal Highway Administration. The intended use of this appraisal is to assist in acquisition negotiations and/or eminent domain purposes.

As a result of my investigation and analysis, it is my opinion that the market value of the property is **\$391,000***.

***Extraordinary Assumption:** This appraisal is based on the following extraordinary assumption:

In forming my opinion of value, I have disregarded any increase or decrease in the estimated market value of the real property to be acquired, prior to the effective date of valuation, caused by the project for which the property is to be acquired, or by the likelihood that the property would be acquired for such project, other than due to physical deterioration within the owner's reasonable control. In the case of a partial acquisition, using the before and after method of valuation, my opinion of the value of the remaining not-to-be acquired portion of the property shall reflect any increase or decrease in value attributable to the project.

Use of this extraordinary assumption may have affected the assignment results.

This valuation is based upon the attached report and all of the assumptions and limiting conditions contained therein, including the understanding that I have no control of the

use to which the report may be put by a subsequent reader of this report. Disclosure of the contents of this appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which he is connected, nor any reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without prior written consent and approval of the undersigned.

I refer the reader to the Underlying Assumptions and Limiting Conditions. I am not qualified to determine the presence of hazardous substances as they affect the site. This would include, but not be limited to, toxic chemicals, asbestos, radon gas, methane, etc. Unless otherwise stated, the site is assumed to be unaffected by these substances.

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest or bias with respect to the parties involved.
4. I have performed no other 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.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment was not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
9. I have made an on-site inspection of the property that is the subject of this report.
10. Matt Evans provided professional assistance in the preparation of this appraisal. No other person provided significant real property appraisal assistance to the person signing this certification.
11. 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 Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

I appreciate the opportunity to assist you.

Respectfully submitted,



J. Douglas Estes, MAI, SR/WA
Certified General Real Estate Appraiser
Certificate Number 30821, State of Arizona
Expires October 31, 2025

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SUMMARY OF APPRAISAL

Type of Property:	The larger parcel is a 6,022 net square foot (0.1382 acre) residential site improved with a single-family residence.
Acquisition:	The acquisition is the entire property.
Location:	The property is located at 17046 West Zuni Street (north side of Zuni Street, west of 170 th Avenue) in Goodyear, Arizona.
Site Areas:	6,022 Square feet/0.1382 acre
Assessor's Parcel Number:	500-97-007
Purpose of the Appraisal:	To provide an opinion of the market value of the property
Intended Use:	To assist in acquisition negotiations and/or eminent domain purposes
Intended Users:	The Arizona Department of Transportation and the Federal Highway Administration
Client:	The Arizona Department of Transportation
Owner Contact:	I sent a notification letter to Paul & Jacque Boyd regarding the project, acquisition, and appraisal. A copy of the letter is included in the Addenda of this report. I spoke to Paul Boyd by phone at 907-440-4138 and communicated via email at pbiacak@protonmail.com . He resides out of state and was not able to inspect the property with me. I inspected the property unaccompanied by the owner.
Flood Zone:	Flood Zone X per FEMA FIRM 04013C2145N, dated February 8, 2024
Zoning:	PAD Planned Area Development
Building Area:	1,763 Square feet

Highest and Best Use:

As If Vacant:	Development of a residential use
As Improved:	Continued use of the existing improvements as a single-family residence

Final Conclusion of Market Value:

Larger Parcel, As If Vacant:	\$126,462
Larger Parcel, As Improved:	\$391,000

Auditing Breakdown

Land Acquisition:	\$126,462
Improvement Acquisition:	\$264,538
Severance Damages:	\$ 0
Cost to Cure:	\$ 0
Special Benefits:	<u>\$ 0</u>
Total Acquisition:	\$391,000

Date of Inspection:	May 8, 2024
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Effective Date of the Appraisal:	May 8, 2024
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Date of Report:	August 22, 2024
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INTRODUCTION AND SCOPE OF THE APPRAISAL

Appraisal Problem

The Arizona Department of Transportation (ADOT) is acquiring properties for extension of 303L – Bob Stump Memorial Parkway from MC 85 – Van Buren Street. ADOT requires the subject property as a new right of way for the proposed improvements. This appraisal is to provide an opinion of the market value of the property. This appraisal will be used by ADOT in acquisition negotiations and/or eminent domain proceedings.

Identification of Property Appraised

Property Type

The larger parcel is a 6,022 net square foot residential lot improved with a single-family residence.

Location

The property is located at 17046 West Zuni Street (on the north side of Zuni Street west of 170th Avenue) in Goodyear, Arizona.

Property Rights Appraised

This is an appraisal of the fee simple interest in the property.

Larger Parcel

The 6,022 net square foot subject property, as identified in this appraisal report, is owned by Paul E Boyd & Jacque L Boyd Trust, with a unified use as a single-family residence. The property is not used as part of any other property. Thus, for this analysis, the 6,022 square foot parcel as identified in this appraisal meets the larger parcel criteria of unity of ownership, unity of use and contiguity and, therefore, is the larger parcel.

Proposed Acquisition

The proposed acquisition is the entire property.

Legal Description

The larger parcel and acquisition are legally described Lot 7, of Canyon Trail Unit 4 South Parcel B, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 818 of Maps, page 47.

Assessor's Parcel Number

500-97-007

Owner and Ownership History

According to public records and the title report provided by the client, as of the effective date of the appraisal, the property is owned by Paul E Boyd & Jacque L Boyd Trust, who acquired the property from TM Homes of Arizona, Inc. on April 20, 2010, for \$147,500 via a Special Warranty Deed recorded as Document Number 2010-00329392.

No other sales of the property were identified in public records in the five years prior to the effective date of the appraisal.

Lease History

The property is currently leased. Nonetheless, this is an appraisal of the fee simple interest in the larger parcel and acquisition without regard for any leases. Thus, any lease of the property has no impact on the value.

Appraiser's Client

The Arizona Department of Transportation

Intended Users of the Appraisal

The Arizona Department of Transportation and the Federal Highway Administration

Intended Use of the Appraisal

To assist in acquisition negotiations and/or eminent domain purposes

Purpose of the Appraisal

To estimate the market value of the fee simple interest of the acquisition and its effect on the remaining property

Effective Date of the Appraisal

May 8, 2024

Date of Inspection

May 8, 2024

Date of Report

August 22, 2024

Assignment Conditions

Assumptions and Limiting Conditions

I refer the reader to the assumptions and limiting conditions at the end of this report.

Extraordinary Assumptions and Hypothetical Conditions

I refer the reader to the extraordinary assumption(s) and hypothetical condition(s) in the letter of transmittal, if any.

Jurisdictional Exceptions

This appraisal was not completed under any jurisdictional exceptions.

Definitions

Market Value

Market value is defined as “the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements that the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable.”¹

Fee Simple Estate

Fee simple estate is defined as “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.”²

Easement

Easement is defined as “the right to use another’s land for a stated purpose.”³

Scope of Work to Solve the Appraisal Problem

The scope of work to solve the appraisal problem included the following:

¹ Arizona Revised Statute 28-7091.

² Appraisal Institute, *The Dictionary of Real Estate Appraisal, Seventh Edition* (Chicago, Illinois, 2022), page 73.

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal, Seventh Edition* (Chicago, Illinois, 2022), page 58.

Inspection of the Subject Property

I made an onsite interior and exterior inspection of the property.

Owner Contact

I sent a notification letter to Paul & Jacque Boyd regarding the project, acquisition, and appraisal. A copy of the letter is included in the Addenda of this report. I spoke to Paul Boyd by phone at 907-440-4138 and communicated via email at pbjacak@protonmail.com. He resides out of state and was not able to inspect the property with me. I inspected the property unaccompanied by the owner.

Regional and Market Area Analysis

I have researched and analyzed the four forces - geographic, social, economic, and governmental - that influence value for the market area. Where factual information is required, I have used several sources including:

- US Bureau of Economic Analysis
- CensusReporter.org
- Arizona Economic Forecast Update published by University of Arizona Economic and Business Research Center, Eller College of Management
- Federal Reserve Bank of St. Louis (FRED)
- US Bureau of Labor Statistics
- CoStar
- The Greater Phoenix Blue Chip Construction Forecast
- My inspection of the area

Property Description and Analysis

I have researched and analyzed the subject property. Where factual information is required, I have used several sources including:

- City of Goodyear General Plan
- City of Goodyear zoning map and applicable ordinances
- Federal Emergency Management Agency Flood Insurance Rate Maps
- Maricopa County Assessor's and Treasurer's Offices
- Monsoon
- Title report provided by the client
- My inspection of the property

Highest and Best Use Analysis

When the objective of an appraisal is to estimate market value, the highest and best use analysis identifies the most profitable, competitive use to which the property can be put. Therefore, the highest and best use is a market-driven concept. In this appraisal, I have analyzed the highest and best use of the property, as if vacant and as improved.

Valuation Analysis

For valuation of the subject site, as if vacant, only the sales comparison approach is used. The cost approach is not applicable due to the lack of improvements. Moreover, similar sites, as if vacant, are typically not leased at a rate that provides a reasonable rate of return to the land. Therefore, only the sales comparison approach is used.

For valuation of the larger parcel, as improved, I have considered the cost, sales comparison and income approaches, however, have used only the cost and sales comparison approaches. The income approach is not used due to the fact that similar properties are not typically acquired based on their income and not given weight by buyers and sellers.

In the valuation, I made several independent investigations and analyses concerning both the subject property and the subject's market area. The data collected and utilized in the valuation section is referenced in the report and the sources of the data and confirmation are also referenced. The degree of reliance, as well as the significance of the data and each approach, is also presented. I have gathered information from one or more of the following sources:

- CoStar
- Vizzda
- ARMLS Monsoon
- Maricopa County Assessor's and Recorder's data
- Direct contact with market participants
- Inspection of the comparable sales
- Marshall Valuation

Reconciliation

In the reconciliation section of the report, the valuation approaches are evaluated as to their pertinence and reliability to the appraisal problem. This analysis results in a final value conclusion.

Professional Assistance

Matt Evans provided significant professional assistance in preparation of this appraisal. Specifically, he performed the following tasks under the direction of Doug Estes:

- Considered the intended use and user of the report
- Assisted in the research and analysis of the market area and the subject property
- Assisted in the research, verification and analysis of the comparable data
- Assisted in reconciliation of all approaches to value
- Assisted in development of the final opinion of value, and
- Assisted in composition of the appraisal report

Items Not Included in the Scope of Work

I am not qualified to confirm or deny the existence of hazardous conditions, environmental contamination, soil defects, construction defects, other hidden defects, or illegal conditions. The scope of this assignment did not include research, inspection, or analysis of these items. Furthermore, the scope of this assignment does not include analysis or valuation of personal property.

Physical Characteristics

General Description

The Phoenix area is in the south-central portion of the State of Arizona and is called the “Valley of the Sun” by area residents because it is situated in a broad valley just below the point where the Salt River winds into the desert from the mountains to the north and east. In the Greater Phoenix Area, six major cities (Phoenix, Mesa, Tempe, Scottsdale, Glendale, Chandler and Gilbert) contain much of the area’s total population. Other outlying suburbs, including Peoria, Avondale, Tolleson, Goodyear, Buckeye, Queen Creek, Apache Junction, San Tan Valley and Casa Grande, are growing rapidly, and are also becoming major centers of population. The rural areas of Maricopa and Pinal Counties are less densely populated.

Land Use Patterns

Current land use in the Phoenix area is tied to historic development patterns, which are best described by dividing the overall area into five areas: Northeast, Southeast, Southwest, Northwest, and Pinal County.

The Northeast area is the most affluent portion of the metropolitan area and includes Northeast Phoenix (and the Biltmore area), Paradise Valley, Scottsdale and Cave Creek/Carefree. This area is predominantly characterized by residential growth, elegant shopping centers and light industrial development, which are concentrated around the Scottsdale Airpark. It also contains many of the area’s resort hotels, with the City of Scottsdale distinguished as a nationally ranked resort destination.

The Southeast area includes the suburban Cities of Mesa, Tempe, Gilbert, Queen Creek, Chandler and Apache Junction. This area is characterized by residential growth, including numerous, large, master planned residential developments, and commercial and industrial developments along the various freeways. The Southeast area’s economic base has developed a separate identity, which includes various major industrial employers and allows it to compete aggressively with the major industrial and commercial office districts of Phoenix.

The Northwest Area was historically a topographically flat area of farming and moderate-quality housing; however, the outlying northwest suburbs have experienced a substantial amount of new growth, including numerous master-planned residential areas with golf courses, lake amenities, up-scale retail development and luxury homes in the outlying areas. The Northwest Area includes northwest Phoenix, Peoria, Glendale, Surprise and Sun City.

The Southwest Area is a relatively flat, industrial, and agricultural district, which is gradually being developed with a variety of residential, commercial, and industrial uses.

The outlying suburbs include Avondale, Tolleson, Goodyear, Buckeye and Litchfield. Most of the new development extends along the I-10 Freeway, where there are various master-planned developments with attractive housing and upscale retail uses.

The Pinal County Area is generally located south and east of the Southeast Area. Much of the developed area of Pinal County is relatively flat with a large amount of agricultural and desert land. The eastern portions of Pinal County have irregular and mountainous terrain. Developed areas in Pinal County include Apache Junction, Arizona City, Coolidge, Casa Grande, Florence, Eloy, Maricopa, San Tan Valley, Superior and other smaller towns, and communities.

The transportation system, along with other geographical and economic factors, helps to determine the shape of a metropolitan area. A mile-square grid pattern of major streets, perhaps more than any other factor, has contributed to the low-density, omnidirectional pattern of growth in the Phoenix area. On surface streets, private automobiles comprise approximately 95 percent of the traffic volume.

Historically, developed freeways in the Phoenix area have been mostly extensions of the Interstate highways connecting the Phoenix area to other distant areas. Interstate 10 enters Phoenix from the west, passes through central Phoenix and then generally goes southeasterly to the Tucson area and beyond. Interstate 17 enters the Phoenix area from the north, extending south through north central Phoenix, where it turns east and connects with Interstate 10. US 60 enters the Phoenix area from the east, passing through Apache Junction, Mesa and Tempe, where it connects with Interstate 10.

The other freeways throughout the Phoenix area provide linkage from local neighborhoods to these primary freeways. The Loop 101 Freeway encircles most of north and northeast Phoenix area forming an irregular-shaped $\frac{3}{4}$ circle. The Loop 202 Freeway encircles most of the south and southeast suburbs also forming an irregular-shaped $\frac{3}{4}$ circle.

The layout of area transportation has had a significant impact on land use patterns throughout the Phoenix area. Commercial land uses are located mostly along section-line arterials, especially at arterial intersections, and residential uses are located more often along feeder streets. Extensive industrial uses and large office projects have been developed along the freeways.

Area Resources

The greater Phoenix area provides a variety of economic resources including a young and skilled labor force, an abundant supply of water to properties with a 100-year assured water supply, adequate energy, adequate educational and technical schools, a variety of year-round recreational/entertainment activities and some undeveloped land.

According to Arizona Department of Water Resources, projections "show that over a period of 100 years, the Phoenix AMA will experience 4.86 million acre-feet (maf) of

unmet demand for groundwater supplies, given current conditions. The term “unmet demand” refers to the amount of groundwater usage that is simulated to remain unfulfilled as a result of wells running dry in the model. To show the physical availability of groundwater under the Assured Water Supply (AWS) program, existing and assured water supplies need to be fully met.”

“In keeping with these findings of unmet demand, the State will not approve new determinations of Assured Water Supply within the Phoenix AMA based on groundwater supplies. Developments within existing Certificates or Designations of Assured Water Supply may continue, but communities or developers seeking new Assured Water Supply determinations will need to do so based on alternative water sources.” Furthermore, developments within designated water providers may also continue.

Demographic Characteristics

The following are current and historic demographic characteristics of the Phoenix-Mesa-Scottsdale metropolitan statistical area (Maricopa and Pinal Counties):

Phoenix, Mesa, Scottsdale MSA Demographic Data					
Population	<u>Number</u>	<u>% Growth</u>	Household Size (2022)	2.60	
2014	4,389,544				
2015	4,464,393	1.71%	Housing Tenure (2022)		
2016	4,547,622	1.86%	Owner-Occupied	1,382,366	67.00%
2017	4,622,153	1.64%	Renter-Occupied	680,867	33.00%
2018	4,703,295	1.76%	Total	2,063,233	100.00%
2019	4,786,297	1.76%			
2020	4,864,924	1.64%	Median Home Value (2022)	\$454,000	
2021	4,946,547	1.68%			
2022	5,040,355	1.90%	Household Income (2022)		
2023	5,132,479	1.83%	Under \$50,000	530,545	28.1%
			\$50,000 - \$100,000	596,893	31.6%
			\$100,000 - \$200,000	545,506	28.9%
Age Distribution (2022)			Over \$200,000	217,891	11.5%
0-9	587,484	11.7%	Total	1,890,835	100.0%
10-19	660,353	13.2%	Median Household Income	\$82,884	
20-29	707,665	14.1%	Per Capital Income	\$42,286	
30-39	709,306	14.1%			
40-49	625,214	12.5%	Educational Attainment (2022)		
50-59	596,627	11.9%	No Degree	363,048	10.6%
60-69	547,620	10.9%	High School	789,665	23.1%
70-79	399,326	8.0%	Some College	1,076,609	31.5%
80+	182,083	3.6%	Bachelor's	752,987	22.0%
Total	5,015,678	100.0%	Post Grad	439,864	12.9%
Median Age	37.6		Total	3,422,173	100.0%
Gender (2022)	<u>Number</u>	<u>Percentage</u>			
Males	2,508,914	50.02%	Marital Status		
Female	2,506,764	49.98%	Married	2,007,318	48.9%
Total	5,015,678	100.00%	Single	2,094,662	51.1%
			Total	4,101,980	
Sources: U.S. Census Bureau as reported by Arizona's Economy for Population Estimates CensusReporter.org for other data					

Economic Characteristics

According to the University of Arizona Economic and Business Research Center First Quarter 2024 Arizona Economic Forecast Update, published March 6, 2024, “The Arizona economy continues to churn out solid gains. Population growth slowed modestly in 2023, according to estimates from the Arizona Office of Economic Opportunity. U.S. Census Bureau estimates show a more significant slowdown. The state continued to add jobs in 2023, at about the same pace as the U.S. according to preliminary data. Income also continued to rise, outpacing decelerating inflation. Housing affordability remained low with high house prices and increased mortgage interest rates. Housing permit activity declined last year, again according to preliminary data.”

“The baseline outlook for the U.S., Arizona, Phoenix, and Tucson calls for continued near-term growth, although the pace of growth gradually decelerates. Even so, recession risks remain an important consideration. The pessimistic scenario calls for a modest U.S. downturn during the first half of 2024. That generates slower growth across Arizona, but not a significant downturn.”

Arizona Recent Developments

“Arizona’s population increased by 115,900 from July 1, 2022 to July 1, 2023, according to estimates from the Arizona Office of Economic Opportunity. That translated into 1.6% growth, down from 1.7% in 2022 but much faster than the U.S. at 0.5%.”

“The Phoenix MSA (Maricopa and Pinal counties) added 92,100 residents for 1.8% growth, while the Tucson MSA added 8,000 residents for 0.7% growth. The Prescott MSA added 3,500 residents, which translated into growth of 1.4% over the year. For each metropolitan area, population growth decelerated in 2023.”

“Population growth for states and local areas can be decomposed into two components: natural increase (births minus deaths) and net migration. **Exhibit 1** shows these components of change for Arizona, Phoenix, Tucson, and Prescott. We take the population estimates in 2022 and 2023, as well as births and deaths, as given and estimate net migration as the residual. In other words, net migration is equal to the population change from 2022 to 2023 minus natural increase during the period.”

“Net migration remains the dominant source of population growth for Arizona and Phoenix and the only source of population growth for Tucson and Prescott (which both recorded more deaths than births last year). While natural increase was positive for the state as a whole and Phoenix, it was very weak.”

Exhibit 1: Migration Drives Arizona Population Gains, Components of Change, Thousands

	Arizona	Phoenix MSA	Tucson MSA	Prescott MSA
Population, July 1, 2022	7,409.2	5,040.4	1,072.3	245.4
plus:				
Natural Increase	7.7	13.3	-1.5	-1.9
equals:				
Births	78.4	55.8	10.0	1.8
minus:				
Deaths	70.7	42.4	11.5	3.6
plus:				
Net Migration	108.3	78.8	9.5	5.4
equals:				
Population, July 1, 2023	7,525.1	5,132.5	1,080.3	248.9

*total may not sum due to rounding.

Population estimates from Arizona Office of Economic Opportunity.

“The U.S. Census Bureau also generates population estimates for state and local areas. The Census population estimates for Arizona are far lower than the estimates coming from the Arizona Office of Economic Opportunity. The current Census Bureau estimate for July 1, 2023 was 7,431,344, well below the Arizona Office of Economic Opportunity estimate of 7,525,113. Further, from July 1, 2022 to July 1, 2023, the Census Bureau estimates that the state added 65,700 residents for 0.9% growth. That was nearly one-half the pace estimated by the Arizona Office of Economic Opportunity. Estimating net migration from the Census Bureau estimate (using the residual method described above) yields 58,000. Metropolitan area and county population estimates from the Census Bureau for 2023 are not yet available.”

“The Arizona Office of Economic Opportunity and the U.S. Census Bureau generate population estimates using very different methodologies and the results are often different. The EBRC econometric models use the population estimates generated by the Arizona Office of Economic Opportunity on the assumption that local knowledge should improve the estimates. Estimates from both sources tend to generate large estimation errors over the decade between Census counts and both should be used with caution. With the release of the December employment data, we now have preliminary full-year results for 2023 (**Exhibit 2**). On average in 2023, Arizona jobs rose by 64,700 over 2022, which translated into 2.1% growth. That was slightly below the national growth rate of 2.3%.”

“Phoenix MSA jobs rose 49,900 in 2023, up 2.2% from 2022, and Tucson MSA jobs rose 5,400, up 1.4% from 2022. Prescott MSA jobs rose 1,100 over the year for 1.6% growth.”

“Keep in mind that these data are preliminary and will be revised in March. For Tucson, these revisions can be substantial.

Exhibit 2: Arizona and U.S. Job Growth Rates, 2022-2023, Percent

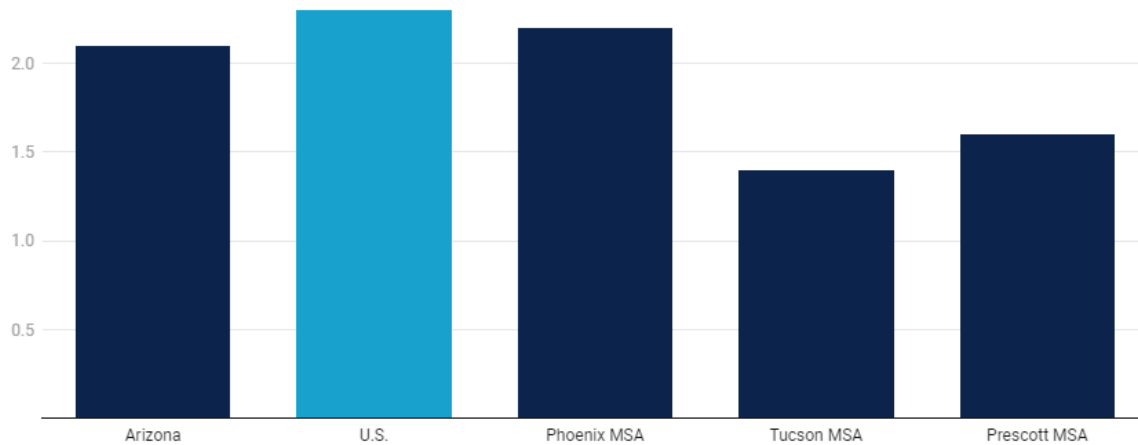


Exhibit 2: Arizona and U.S. Job Growth Rates, 2022-2023, Percent

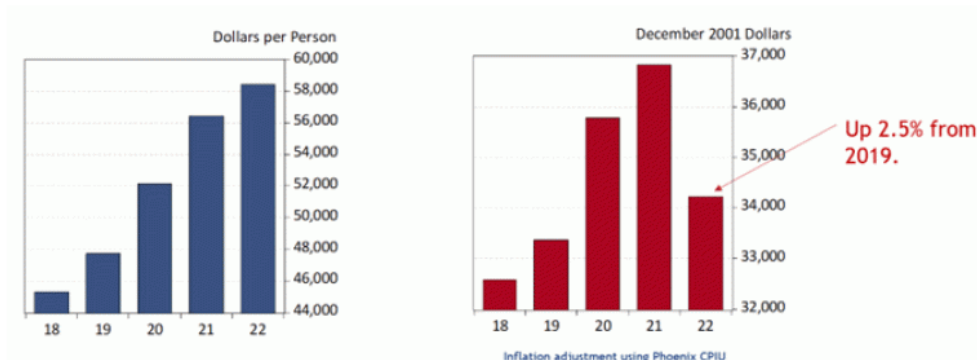
Chart: Economic and Business Research Center, Eller College of Management, The University of Arizona • Source: U.S. BLS • [Get the data](#) • Created with [Datawrapper](#)

“For the state unemployment rate, the preliminary data put the 2023 annual average at 3.9%, up slightly from 2022 at 3.8% and above the U.S. at 3.8% in 2023.”

“Even though inflation has moderated recently, compared to 2022, price levels remain elevated. From December 2019 to December 2023, the Phoenix MSA all-items CPIU increased 24.0% and the national index rose 19.4%.”

“This raises the question about real incomes: are they higher or lower than before the pandemic after we adjust for inflation? **Exhibit 3** provides the answer for Arizona. The state’s per capita personal income, before adjustment for inflation, increased by 22.5% from 2019 to 2022. After adjustment for inflation using the Phoenix CPIU, per capita personal income increases by 2.5%. Arizona income, by this measure, is higher than before the pandemic began, even after we take into account the impact of Phoenix inflation.”

Exhibit 3: Arizona’s Real Per Capita Personal Income Was Above Pre-Pandemic Levels in 2022, Arizona Per Capita Personal Income Before and After Adjustment for Inflation



“The combination of major increases in home prices and a rough doubling of mortgage interest rates has significantly damaged housing affordability. Single-family housing affordability remained weak in the fourth quarter of 2023. For the Phoenix MSA, 21.7% of homes sold were affordable to a family making the local median income, according to the National Association of Homebuilders and Wells Fargo. That was below the national average of 37.4%. Tucson MSA affordability was 32.5% in the fourth quarter and Prescott MSA affordability was 22.1%.”

“Across the board, housing affordability was far below pre-pandemic levels. In the fourth quarter of 2019, 63.2% of homes sold were affordable nationally and 64.9% were affordable in Phoenix. Tucson affordability was 71.2% and Prescott was at 55.9%.”

“While housing affordability has declined across Arizona, housing was much more affordable than in the major metropolitan areas of California. For instance, in San Diego, just 4.0% of homes were affordable, while the estimate was even lower in Los Angeles at 2.7%. San Francisco posted affordability at 5.7% and San Jose was at 7.1%.”

“Housing affordability can impact a wide variety of socio-economic outcomes, including homelessness, non-housing consumption spending, and migration. In the case of migration, Arizona remains a competitive destination, particularly relative to the major markets in California.”

Arizona Outlook

“The baseline forecast for Arizona, Phoenix, and Tucson calls for continued expansion. The state outlook is summarized in **Exhibit 4**. Arizona job growth is projected to decelerate from 2.1% in 2023 to 1.9% in 2024 and 2025 and then to 1.7% in 2026. Even so, Arizona job gains are expected to far outpace the nation.”

Exhibit 4: Arizona Short-Run Outlook

	Actual	Forecast		
	2023	2024	2025	2026
Growth Rate				
Nonfarm Jobs	2.1	1.9	1.9	1.7
Personal Income*	6.7	5.3	5.6	5.7
Retail Plus Remote Sales*	3.7	3.2	4.7	4.8
Population	1.6	1.3	1.3	1.3
Level				
Unempl. Rate	3.8	4.2	4.3	4.4
Housing Permits	56,196	54,479	50,087	46,542

*Personal income and retail sales data are forecast in 2023.

“Population growth is expected to slow from 1.6% in 2023 to 1.3% per year through 2026. The slowdown reflects moderating net migration during the period, as movement across the U.S. normalizes after a pandemic-driven surge and as reduced housing affordability (high home prices and rents, along with increased mortgage interest rates) weighs on mobility.”

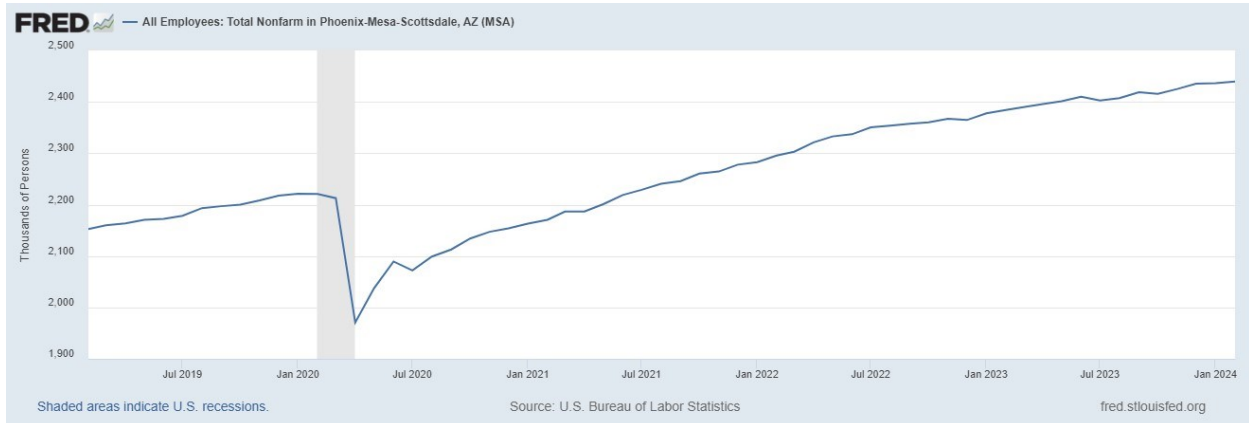
“Housing permits are projected to drop in the near term, following reduced population gains and housing affordability.”

“Gains in Phoenix and Tucson are also expected to moderate a bit during the forecast period.”

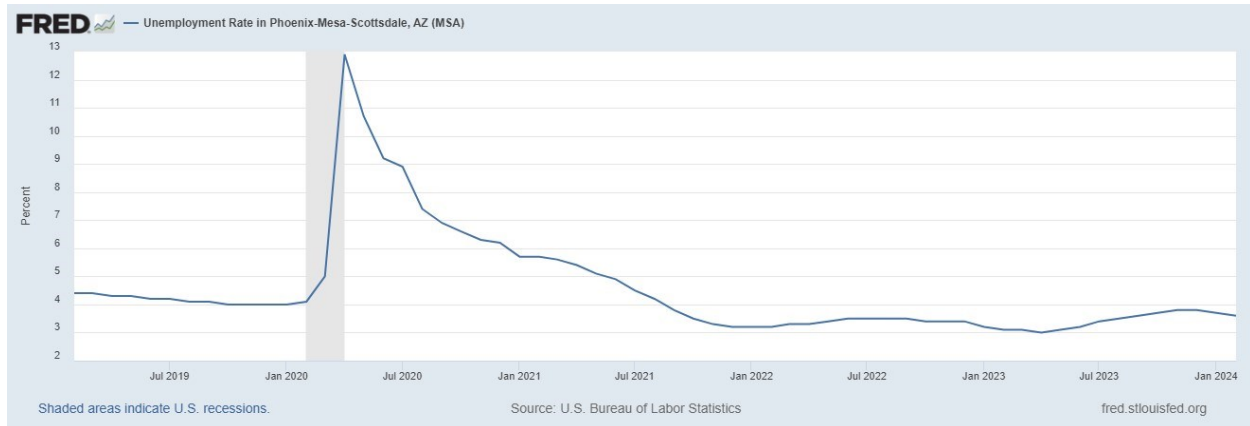
“The forecast calls for Phoenix MSA job growth to decelerate modestly during the next three years. The slowdown is expected to be more significant in population growth, as the rate falls from 1.8% in 2023 to 1.5% by 2025. In contrast, population growth in Tucson dropped significantly in 2023 and is forecast to remain at its 2023 pace through 2026.”

Employment and Unemployment

The following chart shows employment growth for the Phoenix-Mesa-Scottsdale MSA from February 2019 to February 2024. The chart indicates that employment increased from 2,152,600 in February 2019 to 2,221,200 in January 2020, then declined to 1,970,800 in April 2020, then increased to 2,439,400 in February 2024.




The following table shows unemployment in the Phoenix-Mesa-Scottsdale MSA from February 2019 to February 2024. The table indicates that unemployment was generally flat between 4.0% and 4.4% from February 2019 through February 2020, then spiked to 12.9% in April 2020, then declined to 3.2% in December 2021, then was flat between 3.0% and 3.8% to February 2024.



Five-Year Forecast

According to the University of Arizona, the five-year forecast for personal income, retail sales, nonfarm employment, population, and residential permits for the Phoenix-Mesa-Scottsdale MSA are summarized as follows:

Phoenix-Mesa-Scottsdale MSA Forecast*	2022	2023	2024	2025	2026
Personal Income (\$ mil)	310,170.1	329,691.9	350,051.9	372,054.9	395,218.7
% Chg from Year Ago	5.4%	6.3%	6.2%	6.3%	6.2%
Retail Sales (\$mil)	121,529.0	125,411.0	129,573.0	134,502.0	140,881.0
% Chg from Year Ago	11.5%	3.2%	3.3%	3.8%	4.7%
Total Nonfarm Employment (000s)	2,319.2	2,369.1	2,416.3	2,465.8	2,516.4
% Chg from Year Ago	4.4%	2.1%	2.0%	2.0%	2.1%
Population (000s)	5,040.4	5,132.5	5,213.0	5,293.5	5,374.5
% Chg from Year Ago	1.9%	1.8%	1.6%	1.5%	1.5%
Residential Permits (units)	47,267.0	44,677.1	43,930.8	40,695.9	38,210.1
% Chg from Year Ago	-6.6%	-5.5%	-1.7%	-7.4%	-6.1%
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These projections indicate that personal income, retail sales, nonfarm employment, and the population will increase through 2026. Residential permits are projected to be generally flat to slightly declining.

Real Estate Market Conditions

Single-Family Residential Market Conditions

According to Arizona Indicator Data published in Arizona's Economy by the University of Arizona's Eller college of Management and/or the US Census Bureau, residential permits for the Phoenix area over the last 10 years are as follows:

Phoenix, Mesa, Scottsdale MSA Historic Residential Permits						
Year	Single-Family	% Change	Multi-Family	% Change	Total	% Change
2013	12,733		4,128		16,861	
2014	11,729	-8%	8,771	112%	20,500	22%
2015	16,724	43%	7,139	-19%	23,863	16%
2016	18,432	10%	10,260	44%	28,692	20%
2017	20,457	11%	8,983	-12%	29,440	3%
2018	23,511	15%	8,227	-8%	31,738	8%
2019	24,835	6%	10,871	32%	35,706	13%
2020	32,208	30%	13,748	26%	45,956	29%
2021	34,593	7%	16,466	20%	51,059	11%
2022	26,381	-24%	20,220	23%	46,601	-9%
2023	24,551	-7%	19,341	-4%	43,892	-6%

This data indicates that single-family permits increased every year from 2013 to 2021, with the exception of 2014. After the FED started increasing interest rates in the First Quarter of 2022, the number of permits declined in 2022 and 2023. Multi-family permits have increased in eight of the last ten years. And total single and multi-family residential permits have increased every year since 2013, except 2022 and 2023.

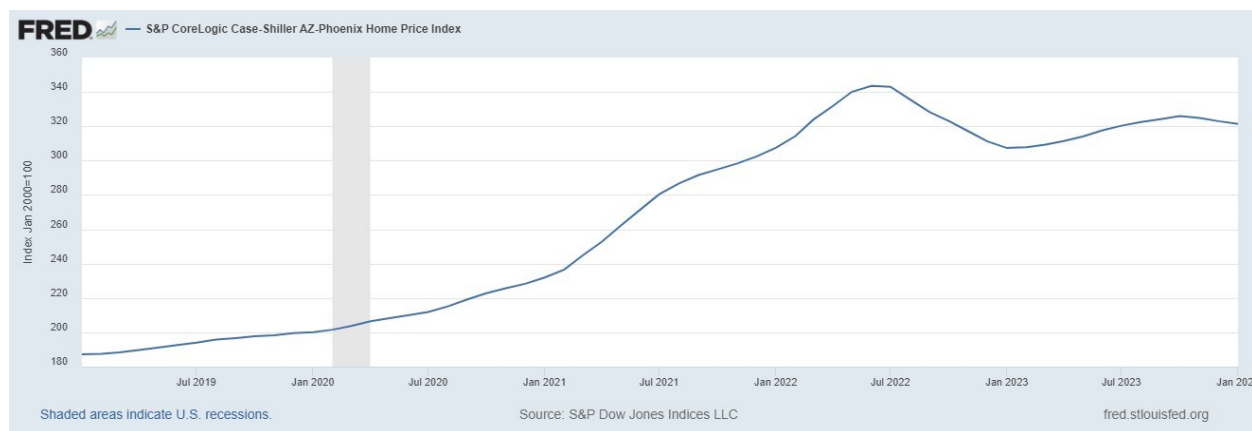
Furthermore, according to Arizona Indicator Data published in Arizona's Economy by the University of Arizona's Eller college of Management, the number of units sold, average home price and total sales for the Phoenix area over the last 10 years are as follows:

Phoenix, Mesa, Scottsdale MSA Historic Residential Sales			
Year	Units	Average Home Price	Total Sales
2013	85,619	\$232,371	\$19,904,264,819
2014	76,440	\$249,406	\$19,086,561,933
2015	84,297	\$262,748	\$22,193,459,224
2016	90,151	\$277,120	\$25,000,253,115
2017	95,661	\$296,678	\$28,412,690,177
2018	95,687	\$323,120	\$30,957,932,303
2019	99,361	\$343,389	\$34,174,331,082
2020	105,384	\$391,642	\$41,571,233,136
2021	110,499	\$493,620	\$54,659,374,306
2022	85,803	\$555,806	\$48,115,174,166
2023	72,285	\$555,456	\$40,216,425,417

This data indicates that the number of sales increased from 76,440 units in 2014 to 110,499 units in 2021, then declined to 72,285 in 2023, average home prices increased every year to 2022, then levelled off in 2023 and aggregate home sales increased every year from 2014 through 2021, then declined in 2022 and 2023.

Moreover, the S&P CoreLogic Case-Shiller AZ-Phoenix Home Price Index increased from 187.21235 in January 2019 to 343.53782 in June 2022 then declined to 307.33341 in January 2023, then increased to 325.96616 in October 2023, then decreased to 321.34456 in January 2024.

The increase from January 2019 to June 2022 was 83.5%, or 2.0% per month over the 41-month period. The decrease from June 2022 to January 2023 was 10.5%, or 1.5% over the seven month period. The increase from January 2023 to October 2023 was 6.1% or 0.7% per month over the nine month period. The decrease from October 2023 to January 2024 was 1.4%, or 0.7% per month over the two month period. This trend is illustrated in the following chart:



Furthermore, “according to the Greater Phoenix Blue Chip Housing Panel, the outlook for single family housing is improving. The 2023 numbers indicated weakness in terms of single-family permits in the first half of the year. The second half of the year showed significant improvement because the comparisons to 2022 were easy due to the weakness in the second half of 2022. Overall, single family permits in 2023 will be down very slightly from 2022 levels. In early 2024, comparisons to 2023 should also be easy. They will become more difficult in late spring 2024. This, combined with an expectation of modestly declining mortgage rates in 2024, should allow permits in 2024 to increase by nearly 12%. Modest gains are also expected in 2025.”

“What makes single family difficult to forecast is that mortgage rates are notoriously difficult to project. Yet, despite the low level of affordability, even by historic standards, new home sales are expected to maintain a larger share of total housing sales than they have for several years. This is because new homebuilders can offer incentives (e.g., to buy down mortgage rates) while existing home sellers have a difficult time doing this on an individual basis. While 2024 could still end up being a slow growth or recession year

for the overall economy, unless something that is now considered a low probability (black swan event) occurs, the outlook remains positive.”

The Greater Phoenix Blue Chip consensus forecast for single-family permits are as follows:

2023:	21,419
2024:	23,937
2025:	25,422

Multifamily Market Conditions

According to CoStar, “though renter demand has rebounded over the past 12 to 18 months, Phoenix's aggressive delivery schedule continues to overwhelm sturdy leasing activity, causing market conditions to weaken. Vacancy has been on a steady upward trend over the past eight quarters and now stands at the highest level in over a decade at 10.3% as of early 2024. Amid increased competition, local operators have shifted their focus to maintaining occupancy at the expense of revenue gains, keeping rent growth decidedly negative at -1.8% and concession usage elevated. This persistent imbalance between supply and demand is expected to continue in the coming quarters as the full effect of the construction pipeline is felt.”

“The Valley recorded 13,000 units of positive net absorption over the past 12 months, the sixth most in the country and more than 35% above the pre-pandemic five-year average. High inflation and economic uncertainty, which were the primary culprits for weak demand in 2022, are both improving, helping unlock renter household formation. The mid-priced segment in particular saw a turnaround, going from the main drag on demand in 2022 to posting positive performance.”

“Though underlying demand has improved, the substantial construction pipeline will likely remain a headwind over the near term. About 38,000 units are currently underway, representing 10.0% of existing inventory. The wave of supply has already weighed on rent growth and could keep gains tepid throughout 2024. Supply-heavy areas like Downtown Phoenix, Tempe, and the West Valley may be disproportionately impacted as developers continue to deliver new supply here.”

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

“Following a surge in investment activity in 2021 and 2022, sales volume slowed to just \$3.6 billion last year. That total represents more than a 70% decline in deal flow year

over year, the most of any of Phoenix's main four property types. A near doubling in borrowing costs, coupled with softer property performance, has made it difficult for buyers to pencil deals at current price points. Cap rates for higher-quality assets have already risen about 200 basis points to the low- to mid-5% range. Large deals that get across the finish line are typically newly delivered assets by merchant developers or those that can offer assumable loans.”

According to information obtained from CoStar, as of the end of the First Quarter 2024, the Phoenix area had 6,936 apartment projects with 502,733 total units of which 49,586 units (9.9%) were vacant. The vacancy rate increased from 5.0% in the Second Quarter 2021 as new units have been delivered. In the last three years, 52,330 units were added, and 42,172 units were under construction at the end of the First Quarter of 2024. Net absorption was positive in ten of the last twelve quarters and positive 25,684 units over the last three years. Deliveries exceed net absorption in ten of the last twelve quarters and exceed net absorption by 26,646 units over the three-year period. The effective rental rate trended upward from \$1,462 per unit in the Second Quarter of 2021 to \$1,589 at the end of the Second Quarter 2022, then declined to \$1,522 at the end of the First Quarter 2024. The historic multi-family statistics for the Phoenix area from CoStar are summarized as follows:

Phoenix Area Multifamily Market Statistics Through First Quarter of 2024									
Quarter	Inventory		Vacant		Deliveries	Absorption	Excess	Units Under	Eff. Rent
	Buildings	Units	Units	Percent	Units	Units (Net)	Deliveries	Construction	Per Unit
2024 Q1	6,936	502,733	49,586	9.9%	5,065	6,033	(968)	42,172	\$1,522
2023 Q4	6,903	497,668	50,562	10.2%	4,946	3,313	1,633	45,766	\$1,510
2023 Q3	6,878	492,722	48,929	10.0%	5,203	2,740	2,463	42,140	\$1,533
2023 Q2	6,849	487,575	46,522	9.6%	4,850	1,244	3,606	43,615	\$1,548
2023 Q1	6,820	482,725	42,916	8.9%	4,611	3,221	1,390	43,831	\$1,550
2022 Q4	6,787	478,120	41,530	8.7%	4,917	1,113	3,804	40,079	\$1,548
2022 Q3	6,758	473,216	37,740	8.0%	3,547	162	3,385	38,796	\$1,571
2022 Q2	6,735	469,676	34,363	7.4%	4,849	(747)	5,596	37,469	\$1,589
2022 Q1	6,704	464,830	28,770	6.2%	3,853	1,164	2,689	36,185	\$1,576
2021 Q4	6,673	460,982	26,088	5.7%	3,276	(88)	3,364	32,641	\$1,553
2021 Q3	6,656	457,706	22,724	5.0%	2,708	2,466	242	32,081	\$1,530
2021 Q2	6,644	455,012	22,544	5.0%	4,505	5,063	(558)	28,728	\$1,462
Total					52,330	25,684	26,646		

Source: CoStar

Furthermore, according to the Greater Phoenix Blue Chip Housing Panel, “as for multifamily, the pipeline of units under construction is at very high levels. This is because they were started in 2020-2022 when the economy was stronger and interest rates much lower. And while it is true that low levels of single-family affordability will push more households into apartments, absorptions are likely to fall behind new supply this year. The good news for renters is that this dynamic should keep rents from escalating much, if at all. The glut of new supply outpacing absorptions expected in 2024-2026 will keep rents in check. A slowdown in new apartment permits is expected in 2024 and beyond, manifesting itself in lower deliveries of products from 2027 onwards. This is true even more today as the entitlement process for new building

continues to lengthen. Look for vacancy rates to increase over the next couple of years, followed by declines in vacancy rates later in the decade.”

the Greater Phoenix Blue Chip consensus forecast for multi-family permits, absorption and vacancy are as follows:

	<u>Permits</u>	<u>Absorption</u>	<u>Vacancy</u>
2023:	16,247	12,991	7.2%
2024:	10,545	15,122	6.5%
2025:	11,438	13,359	6.1%

Office Market Conditions

According to CoStar, “despite being more than four years removed from the onset of COVID, pandemic-catalyzed shifts in demand continue to drive uncertainty in the Phoenix office market. Users are scrutinizing the efficiency and sizing of their space amid these shifting workplace strategies. Some tenants have opted to shrink and consolidate their footprints, while others are no longer leasing bigger blocks in anticipation of future headcount growth. The structural lowering of demand has led to a more than 50% increase in vacant space since 19Q4, with 2023 marking an acceleration of the move-out trend compared to the prior two years.”

“Annual net absorption reached -2.0 million SF last year, representing the worst performance in over a decade. As a result, the steady upward movement in vacancy remains unabated, reaching 16.2% today. Though vacancy remains below the 20% level seen during the Great Recession, fragile demand is expected to further pressure fundamentals in 2024.”

“Vacant space has accumulated quickest in sizeable floorplates and large single-tenant buildings where demand is softest. Market participants indicate that spaces between 2,000 SF and 7,000 SF at well-amenitized buildings are the most sought-after. Some operators have opted to demise larger blocks into smaller spec suites and invest in upgrades to common areas to attract tenants.”

“The steep rise in sublease availability reinforces the headwinds facing the market. The total space available for sublet is now at 7.9 million SF, comprising 4.0% of inventory. That share ranks Phoenix as the country's fourth most heavily impacted sublease market.”

“The subdued construction pipeline has helped avoid a more acute imbalance between supply and demand. Just 310,000 SF completed over the past 12 months, the lowest annual total since 2014. Though some speculative projects remain in the pipeline, supply pressure will likely remain muted over the near term, with just 1.0 million SF underway.”

“While office fundamentals have undoubtedly weakened, rent growth has been remarkably resilient. The average asking rent increased 2.3% over the past 12 months,

outpacing the 0.7% gain at the national level. Factoring in inflation, however, rents are only modestly positive, and when coupled with higher concessions, TI allowances, and vacancy, many owners have seen meaningful NOI loss at the asset level.”

“Declining revenues, higher borrowing costs, and broad-based economic uncertainty have weighed on sales volume. About \$1.2 billion worth of office properties traded hands over the past 12 months, representing a nearly 60% decline from 2022. Owner/user deals for less than \$5 million have taken up a larger share of transaction volume, as have medical office properties. Given the challenging lending climate, well-capitalized buyers with long-term horizons have been comparatively more active, often targeting quality assets in good locations at meaningful discounts.”

According to CoStar as of the end of the First Quarter 2024, the Phoenix area had 9,057 office buildings with 196,059,539 square feet of space, of which 31,514,273 square feet (16.1%) were vacant. The vacancy rate has increased steadily from a low of 13.6% in the Second Quarter of 2021. In the last three years, 3,766,632 square feet of office space was added, and 1,065,879 square feet were under construction at the end of the First Quarter 2024. Net absorption of office space was negative in nine of the last twelve quarters and negative 3,390,941 square feet over the last three years. Deliveries have exceeded net absorption in eleven of the last twelve quarters and deliveries exceeded net absorption by 7,157,573 square feet over the last three years. The rental rate for office space has increased from \$25.43 per square foot in the Second Quarter of 2021 to \$27.40 in the First Quarter 2024. The historic office statistics for the Phoenix area from CoStar are summarized as follows:

Phoenix Area Office Market Statistics Through First Quarter 2024									
Quarter	Inventory		Vacant		Deliveries	Absorption	Excess	Sq. Ft. Under	Base
	Buildings	Square Feet	Square Feet	Percent	Sq. Ft.	Net Sq. Ft.	Deliveries	Construction	Rent
2024 Q1	9,057	196,059,539	31,514,273	16.1%	39,000	(562,590)	601,590	1,065,879	\$27.40
2023 Q4	9,057	196,030,839	30,922,983	15.8%	177,426	77,914	99,512	791,875	\$27.19
2023 Q3	9,055	195,941,716	30,918,573	15.8%	323,553	(737,617)	1,061,170	944,901	\$26.89
2023 Q2	9,051	196,066,913	29,976,380	15.3%	276,822	(1,246,912)	1,523,734	1,046,698	\$26.94
2023 Q1	9,045	195,790,091	28,782,419	14.7%	134,074	(78,076)	212,150	988,520	\$26.53
2022 Q4	9,043	195,687,015	28,594,468	14.6%	393,900	(48,279)	442,179	794,202	\$26.40
2022 Q3	9,044	195,399,641	28,258,815	14.5%	466,355	(820,875)	1,287,230	957,622	\$26.26
2022 Q2	9,039	195,032,720	27,071,019	13.9%	471,932	300,727	171,205	1,182,982	\$26.08
2022 Q1	9,034	194,584,744	26,923,770	13.8%	88,611	(626,387)	714,998	1,501,840	\$25.99
2021 Q4	9,037	194,646,734	26,359,373	13.5%	588,300	1,030,516	(442,216)	1,552,836	\$25.75
2021 Q3	9,036	194,159,858	26,902,982	13.9%	503,309	(185,283)	688,592	1,879,109	\$25.54
2021 Q2	9,035	193,831,904	26,383,026	13.6%	303,350	(494,079)	797,429	2,323,136	\$25.43
Total					3,766,632	(3,390,941)	7,157,573		

Source: CoStar

Retail Market Conditions

According to CoStar, “the Phoenix retail market is firing on cylinders in early 2024, with vacancy, space availability, and rent growth at multi-decade bests. Powerful demographics, healthy consumption growth, and the expanding local economy underpin robust retail demand. Additionally, a lack of construction and limited store closures

further contribute to tight market conditions. These dynamics are expected to continue over the near term, setting Phoenix up for another year of outperformance.”

“The Valley recorded 3.8 million SF of net absorption in 2023, trailing only Chicago regarding absolute demand. Grocers, gyms, and pickleball-related tenants take space in larger boxes, while quick-service restaurants, beverage shops, and service tenants fill smaller blocks. Geographically, the Valley's rapidly growing suburbs boast the most robust demand figures, tracing household formation and available land for retail developments.”

“Phoenix's availability rate has compressed to 4.6%, the tightest level on record. The shortage of available space has slowed leasing volume over the past two years as potential tenants face a dwindling inventory of quality options for expansion.”

“Instead of an upswing in leasing activity, the Valley's strong absorption figures are more the result of a lack of store closures. The amount of space vacated in 2023 was down more than 25% from the pre-pandemic five-year average due to most national retailers remaining financially sound. Limited store closures and declining space availability indicate Phoenix is approaching a structural bound on growth, which may not be remedied until speculative construction picks up.”

“Just 1.1 million SF of net retail space was delivered over the past 12 months. This marks a stark slowdown from 2006 to 2008, when developers completed 2.6 million SF per quarter. Additionally, the demolition of about 5.6 million SF over the past decade has helped refine existing stock. Limited supply pressure is expected to continue over the near term, with 3.0 million SF underway, just 15% of which is being built on spec.”

“Historically low vacancy and stout underlying demand have fueled the most aggressive rent gains on record. Additionally, many retailers have increased efficiency and profitability on a per-SF basis, enabling landlords to steadily push rents while allowing tenants to maintain comfortable occupancy costs. Average asking rents rose 8.4% over the past 12 months, ranking Phoenix as one of the top rent growth markets in the nation.”

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

According to CoStar as of the end of the First Quarter 2024, the Phoenix area had 16,562 retail buildings with 242,700,254 square feet of space, of which 11,413,797 square feet (4.7%) were vacant. In the last three years, the vacancy rate has declined from a high of 7.7% in the Second Quarter 2021. In the last three years, 5,506,664

square feet of retail space was added, and 3,005,070 square feet were under construction at the end of the First Quarter 2024. Net absorption of retail space has been positive in ten of the last twelve quarters and total net absorption was positive 9,694,624 square feet over the three-year period. Net absorption exceeded deliveries in ten of the last twelve quarters and exceeded total deliveries by 4,187,960 square feet over the last three years. The rental rate for retail space has increased from a low of \$15.92 per square foot in the Second Quarter 2021 to \$18.25 per square foot in the First Quarter 2024. The historic retail statistics for the Phoenix area from CoStar are summarized as follows:

Phoenix Area Retail Market Statistics Through First Quarter 2024									
Quarter	Inventory		Vacant		Deliveries	Absorption	Excess	Sq. Ft. Under	Base
	Buildings	Square Feet	Square Feet	Percent	Sq. Ft.	Net Sq. Ft.	Deliveries	Construction	Rent
2024 Q1	16,562	242,700,254	11,413,797	4.7%	224,141	(416,761)	640,902	3,005,070	\$18.25
2023 Q4	16,530	242,479,303	10,780,957	4.4%	297,905	509,765	(211,860)	2,649,237	\$18.00
2023 Q3	16,497	242,187,288	10,998,707	4.5%	372,214	569,715	(197,501)	2,015,600	\$17.97
2023 Q2	16,468	241,840,610	11,221,744	4.6%	304,500	1,032,782	(728,282)	2,023,002	\$17.46
2023 Q1	16,422	241,538,842	11,978,971	5.0%	1,204,852	1,626,721	(421,869)	2,066,146	\$17.10
2022 Q4	16,359	240,449,890	12,530,697	5.2%	792,539	1,344,226	(551,687)	2,602,616	\$16.83
2022 Q3	16,310	239,720,685	13,145,718	5.5%	258,731	756,239	(497,508)	2,847,005	\$16.72
2022 Q2	16,273	239,619,801	13,801,073	5.8%	355,380	900,104	(544,724)	2,292,572	\$16.58
2022 Q1	16,244	239,541,808	14,587,754	6.1%	501,371	1,420,538	(919,167)	2,175,375	\$16.67
2021 Q4	16,201	239,081,703	15,553,059	6.5%	436,387	1,149,918	(713,531)	1,246,080	\$16.32
2021 Q3	16,178	238,685,208	16,306,482	6.8%	231,840	1,214,854	(983,014)	1,415,439	\$15.84
2021 Q2	16,155	239,692,269	18,523,525	7.7%	526,804	(413,477)	940,281	1,175,165	\$15.92
Total					5,506,664	9,694,624	(4,187,960)		
Source: CoStar									

Source: CoStar

Industrial Market Conditions

According to CoStar, “The Phoenix industrial market is navigating a period of dislocation as record supply overwhelms tenant demand. Builders delivered more than 23 million SF in the second half of 2023, outpacing the cumulative completion total from 2017 to 2019. The substantial supply injection, much of which was built on spec, caused vacancy to spike from the low 4% range in 23Q2 to 9.8% today.”

“Though underlying space demand has eased from the fervent pace seen in 2021 and 2022, industrial users remain attracted to the Valley's strong labor force, strategic location and positive long-term outlook. About 12.6 million SF was absorbed over the past 12 months, the fourth most in the country and more than 50% above the pre-pandemic five-year average. Tenants in the logistics, manufacturing, food and beverage, and construction industries drove leasing activity, headlined by Cubework's 915,200-SF lease in Glendale.”

“The aggressive supply pipeline is expected to put further upward pressure on vacancy in the coming year. About 36.9 million SF is currently underway, representing 8.0% of existing inventory. With nearly two-thirds of that space available for lease, the Valley is set to receive tens of millions of SF of new unleased space over the next 12 to 18 months. This is on top of the 19 million SF completed in 2023 that remains on the market.”

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

“Increased competition from new supply coupled with moderating tenant demand is causing Phoenix's rent growth to normalize. Over the past 12 months, average asking rents increased 9.6%, a notable slowdown from late 2022 when annual gains eclipsed 16%. As the impact of high vacancy sets in during 2024, rent growth is expected to slow to the lowest levels recorded in ten years. Owners of smaller properties under 50,000 SF will likely retain more leverage to raise rents given limited new construction of small bay space. However, slowing rent growth will likely be most pronounced among distribution properties larger than 100,000 SF since the vast majority of oncoming unleased supply falls in this category. By 2025-2026, a reprieve from new construction will likely be met by a rebound in tenant demand, setting the stage for stronger performance.”

According to CoStar as of the end of the First Quarter 2024, the Phoenix area had 11,772 industrial and flex buildings with 460,700,880 square feet of space, of which 44,113,136 square feet (9.6%) were vacant. The vacancy rate increased from a low of 4.2% in the Second Quarter 2022. In the last three years, 80,381,357 square feet of industrial space was added, and 37,852,158 square feet were under construction at the end of the First Quarter 2023. Net absorption of industrial space has been positive in all of the last twelve quarters and total net absorption was positive 59,420,989 square feet over the three-year period. Deliveries exceeded net absorption six of the last twelve quarters, and exceeded net absorption by 20,960,368 square feet over the last three years. The rental rate for industrial space has increased from \$8.22 per square foot in the Second Quarter of 2021 to \$13.82 in the First Quarter of 2024. The historic industrial statistics for the Phoenix area from CoStar are summarized as follows:

Phoenix Area Industrial and Flex Market Statistics Through First Quarter 2024									
Quarter	Inventory		Vacant		Deliveries	Absorption	Excess	Sq. Ft. Under	Base
	Buildings	Square Feet	Square Feet	Percent	Sq. Ft.	Net Sq. Ft.	Deliveries	Construction	Rent
2024 Q1	11,772	460,700,880	44,113,136	9.6%	10,058,572	4,270,865	5,787,707	37,852,158	\$13.82
2023 Q4	11,721	450,642,308	38,325,429	8.5%	9,988,549	1,145,634	8,842,915	44,182,668	\$12.75
2023 Q3	11,680	440,653,759	29,482,514	6.7%	13,804,018	4,742,387	9,061,631	48,397,290	\$12.55
2023 Q2	11,612	426,849,741	20,260,653	4.7%	5,052,965	2,637,487	2,415,478	56,676,699	\$11.77
2023 Q1	11,589	421,796,776	18,005,405	4.3%	2,796,613	4,561,837	(1,765,224)	52,555,215	\$12.16
2022 Q4	11,556	419,047,412	19,817,878	4.7%	8,975,225	6,967,982	2,007,243	48,817,661	\$11.43
2022 Q3	11,517	410,167,787	17,906,235	4.4%	4,825,612	3,872,557	953,055	48,902,758	\$10.64
2022 Q2	11,481	405,342,175	16,953,180	4.2%	6,504,287	6,851,303	(347,016)	40,190,104	\$9.96
2022 Q1	11,462	399,191,077	17,653,385	4.4%	6,459,270	6,967,593	(508,323)	39,814,879	\$9.22
2021 Q4	11,440	393,265,251	18,695,152	4.8%	4,332,115	4,644,570	(312,455)	32,769,461	\$8.63
2021 Q3	11,419	388,953,685	19,028,156	4.9%	4,992,442	7,196,523	(2,204,081)	26,631,088	\$8.63
2021 Q2	11,394	383,998,610	21,269,604	5.5%	<u>2,591,689</u>	<u>5,562,251</u>	<u>(2,970,562)</u>	24,295,889	\$8.22
Total					80,381,357	59,420,989	20,960,368		

Source: CoStar

Hospitality Market Conditions

According to CoStar, “RevPAR in the Phoenix market declined in the second and fourth quarters of 2023 and is likely to encounter another decline in the first quarter of this year. The first quarter decline is primarily due to a double-digit decline in February as the market normalized after hosting the Super Bowl in February 2023. Starting in March, monthly RevPAR is projected to grow, culminating in an annual growth of approximately 3%.”

“In 2024, occupancy is forecast to lead the RevPAR growth, while ADR is projected to be less than 1%. The market will benefit from reoccurring hotel demand-generating events such as Major League Baseball's Cactus League Spring Training in March. Phoenix will also generate significant tourism by hosting the NCAA's Men's Final Four game at State Farm Stadium in early April, which is expected to generate 300,000 visitors while simultaneously hosting the National Association of Basketball Coaches at the convention center.”

“Occupancy has declined almost every month since April of last year, and ADR growth slowed significantly. Phoenix followed the national trend of normalized leisure travel in the past 12 months. Fewer leisure visitors came as more destinations became available or travelers went on fewer trips. Unlike national trends, fewer occupied hotel room nights were generated through conferences and conventions. Phoenix was an early beneficiary of group demand during the pandemic recovery years, and some of the citywide conventions and conferences could have rotated or returned to different destinations.”

“Transient corporate travel helped offset the weekend and group declines, which was likely driven by the expanding medical research, technology, financial services, and insurance industries. As such, the 12-month average occupancy was 68.4%, near the annual previous peak occupancy of 70%. The occupancy performance is impressive as the Phoenix market added 71 hotels with nearly 8,700 rooms, increasing room inventory by over 13% since 2019.”

“Fewer rooms are under construction compared to last year. Still, Phoenix has the highest under-construction rooms and share of inventory growth in the Western U.S. There are 3,514 hotel rooms under construction, increasing inventory by 4.9% through 2026.”

“Like national trends, hotel investment activity has slowed in the past 12 months. However, Phoenix experienced one of the lowest year-over-year declines in sales volume and with \$667 million in sales, one of the highest hotel investment sales volume levels among the top markets. Although middle-tier class hotels are the primary hotel type to trade in the market, a few high-priced deals transpired. More high-priced deals are expected with the January announcement of Blackstone selling the 705-room Arizona Biltmore, a Waldorf Astoria Resort, for \$705 million, or \$1 million/key.”

According to CoStar as of the end of February 2024 (most recent available), the Phoenix area had 552 hospitality properties with 71,545 rooms. The annual occupancy has fluctuated between 68.0% and 69.6% since September 2022. The annual average daily rate increased from \$111.77 in June 2021 to \$172.10 in December 2023, then declined to \$168.60 in February 2024. Annual RevPar increased from \$60.50 in June 2021 to \$118.58 in September 2023, then declined to \$115.62 in February 2024. The historic hospitality market statistics for the Phoenix area from CoStar are summarized as follows:

Phoenix Area Hospitality Market Statistics Through First Quarter 2024									
Quarter	Inventory		12-Month Statistics					Under Construction	
			Supply	Demand	Occupancy		Deliveries		
Ending	Buildings	Rooms	(Rooms)	(Rooms)	Rate	ADR	RevPar	(Rooms)	(Rooms)
Feb 2024	552	71,545	25,630,123	17,576,897	68.6%	\$168.60	\$115.62	1,279	3,927
Dec 2023	553	71,505	25,587,145	17,497,878	68.4%	\$172.10	\$117.69	1,361	3,880
Sep 2023	552	71,199	25,520,208	17,611,569	69.0%	\$171.83	\$118.58	1,301	3,982
Jun 2023	550	71,131	25,498,748	17,622,318	69.1%	\$171.45	\$118.49	1,191	4,215
Mar 2023	551	70,968	25,488,548	17,730,351	69.6%	\$171.59	\$119.36	867	4,023
Dec 2022	548	70,772	25,512,834	17,472,646	68.5%	\$160.66	\$110.03	834	3,987
Sep 2022	547	70,422	25,544,167	17,367,157	68.0%	\$156.13	\$106.15	1,036	4,110
Jun 2022	546	70,579	25,568,950	17,325,706	67.8%	\$154.26	\$104.53	1,653	3,845
Mar 2022	548	70,748	25,536,069	16,953,164	66.4%	\$146.48	\$97.25	1,879	3,431
Dec 2021	547	70,585	25,331,560	15,913,111	62.8%	\$127.67	\$80.20	2,274	3,491
Sep 2021	546	70,353	25,095,425	14,544,669	58.0%	\$116.91	\$67.76	2,334	2,676
Jun 2021	544	70,019	24,660,886	13,349,055	54.1%	\$111.77	\$60.50	2,138	2,861
Source: CoStar									

Source: CoStar

Political - Governmental (Including Public Utilities):

In addition to federal, state, county, and municipal levels of government, other special districts, such as water irrigation districts and school systems levy taxes and provide services. Primary sources of revenue utilized by the state government include a personal state income tax and a sales tax on retail sales. The state legislature maintains a tight control over the level of taxes imposed by lower levels of government. Funding of the lower levels of government is achieved primarily through property taxes and a retail sales tax.

Growth

Local municipalities within the metropolitan Phoenix area have always been generally supportive of growth. During the expansionary cycle of the 1990's most of the cities in the region implemented strong infrastructure development programs rather than institute slow or anti-growth policies. Although some rapidly growing cities have struggled with providing adequate infrastructure, city governments have typically been willing to re-zone land for higher density residential uses as well as for commercial-industrial land uses.

Education

The Metropolitan Phoenix area is served by 55 school districts with over 300 elementary schools and over 50 high schools. Arizona State University, the state's largest university with an enrollment of nearly 60,000 is in Tempe, a Phoenix suburb. In addition, several private universities and ten community colleges with various branch campuses are also located within the metropolitan area.

Police and Fire Protection

Police and fire protection are typically provided on the municipal and county level and do not differ significantly between the various municipalities.

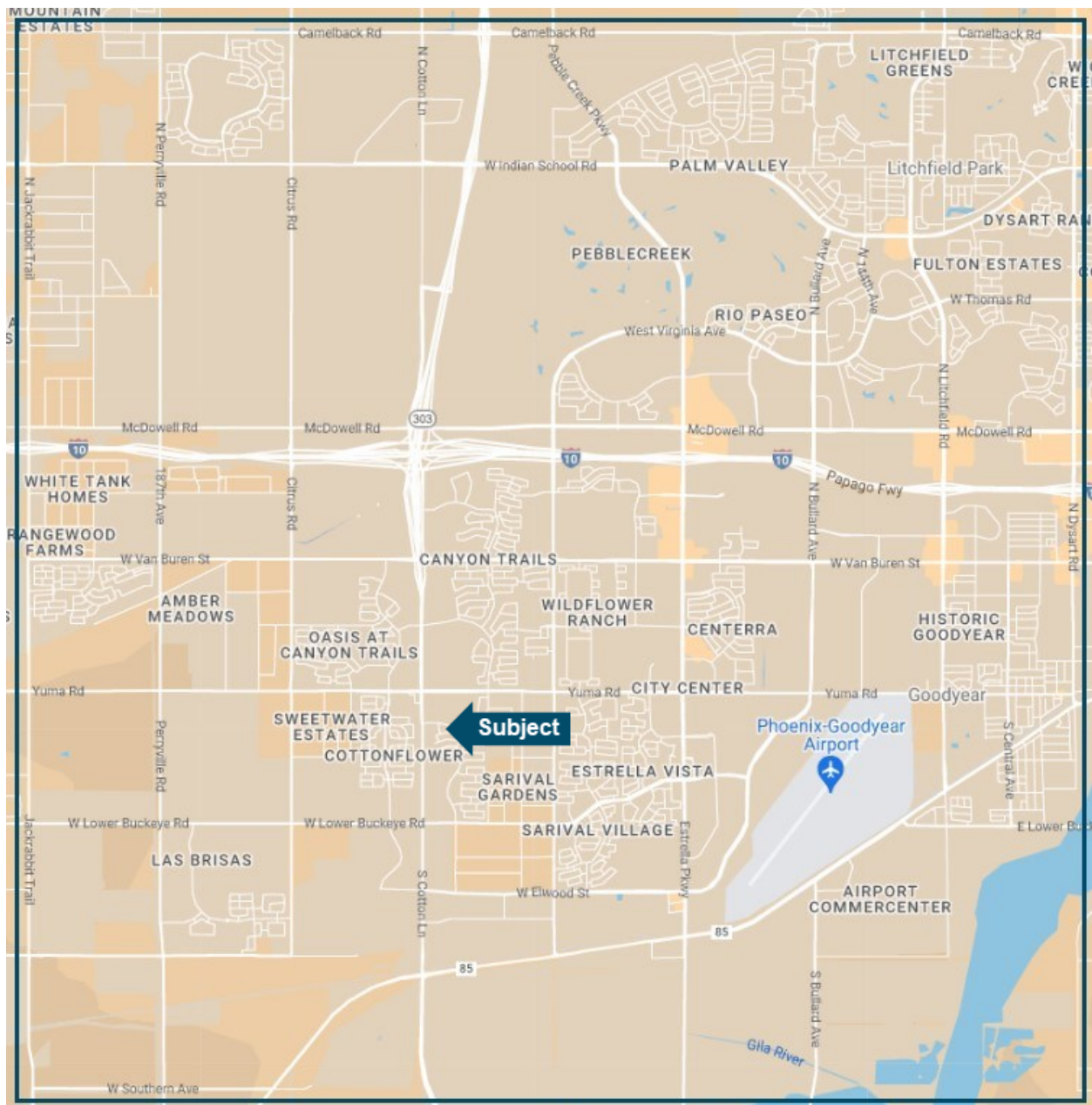
Utilities

Electrical service is provided primarily by two utilities, Arizona Public Service, a privately-owned regulated utility, and Salt River Project, a quasi-governmental agency established by the U.S. Government. Electrical rates, although slightly higher than the national norm, are within a competitive range. Sufficient electrical capacity is available for projected needs. Natural gas is provided by Southwest Gas, a regulated private company or the City of Mesa. Other services such as water, sewer, garbage collection, telephone, and cable TV are provided by the municipalities or by publicly regulated private companies.

Conclusion

With adequate resources to accommodate the anticipated growth in population and employment, a mild climate and affordable housing, the long-term outlook for the Phoenix area is positive.

MARKET AREA ANALYSIS



Delineation and Overview

For purposes of this appraisal, the market area includes areas of the Cities of Goodyear, Avondale, Litchfield Park and Buckeye and unincorporated areas of Maricopa County. The boundaries of the market area are as follows:

North:	Camelback Road
South:	Southern Avenue
East:	Dysart Road
West:	Jackrabbit Trail

Property Types/Land-Use Patterns

Property Types

The market area includes a mix of agricultural, commercial, industrial, residential and public uses.

Golf Courses

Wigwam Resort West Course, Pebble Creek Golf Resort, Tuscany Falls Country Club, Eagles Nest Country Club, and Palm Valley Golf Club Hale Irwin Course

Residential Development

Much of the residential development in the market area has been developed in the last 20 years. The development in this time frame has been mostly average-to-good quality, medium-density, single-family residential development.

Commercial Development

Commercial development within the market area includes a combination of office and retail uses. Most of the current and future retail uses are located along major arterial roadways and freeways.

Industrial Development

The market area currently has some industrial development, generally located along Interstate 10 and Loop 303.

Agricultural Land

Much of the market area was historically used as agricultural land. The market area is in transition from agricultural uses to suburban uses. Nonetheless, some agricultural land remains.

Other Uses

Other land uses in the market area include the Arizona State Prison Complex-Perryville and the Phoenix-Goodyear Municipal Airport.

Undeveloped Land

Based on my review of aerial photographs, there remains a significant amount of undeveloped land, indicating that there is significant available land in the area for future growth.

Quality and Condition

The existing uses in the market area generally have average-to-good quality improvements. Many of the properties were developed in the last 20 years and, therefore, are in good condition. Those developed prior to 1990 have been adequately maintained and are in average-to-good condition, although some are in fair-to-poor condition.

Surrounding Land Uses

Uses surrounding the market area are a combination of vacant land, agricultural land, residential, commercial and industrial. Specific nearby uses include Luke Air Force Base and a large amount of industrial development along Interstate 10.

Market Area Cycle

A typical development cycle of a market area evolves through four stages: growth, stability, decline and revitalization. The market area is within the growth stage.

Basic Transportation/Linkage

Arterial Roadways

Primary transportation routes within the market area are provided by arterial streets arranged in rectangular grids. North/south arterials include Jackrabbit Trail, Perryville Road, Citrus Road, Cotton Lane, Sarival Avenue, Estrella Parkway, Bullard Avenue, Litchfield Road and Dysart Road. East/west arterials include Camelback Road, Indian School Road, Thomas Road, McDowell Road, Van Buren Street, Yuma Road, Lower Buckeye Road and Broadway Road. Some of these arterials are intermittent and do not extend completely through the market area.

Freeway and Highway Access

Interstate 10 bisects the market area from east to west. Loop 303 extends north from Van Buren Street. Highway 85 bisects the southern portion of the market area from east to west.

Airports

Sky Harbor Airport (located near downtown Phoenix) is the primary airport in the Phoenix area. Phoenix-Goodyear Airport is located within the market area.

Rail Linkage

The market area is bisected by railroad tracks generally extending from the northeast to the southwest.

Bus Transportation

Limited public bus transportation is available in the market area.

Estimated Commute Times

The non-rush hour commute times to and from the market area to other areas of the Phoenix area are as follows:

Downtown Goodyear:	Within the market area
Downtown Avondale:	3 Minutes
Litchfield Park:	Within the market area
Downtown Tolleson:	10 Minutes
Downtown Phoenix:	19 Minutes
Downtown Glendale:	21 Minutes
Downtown Buckeye:	9 Minutes

Availability of Support Facilities and Services

Schools

There appears to be an adequate number of public and charter schools in, or near, the market area to support the elementary, middle and high school needs of the current population. However, as the area develops, additional schools will be required. Colleges in, or near, the market area include Rio Salado College near Luke Air Force Base, Rio Salado College Avondale, Northern Arizona University and a number of trade schools. I recognize that the colleges in the market area are typically small branches of larger institutions.

Utilities

As an historically agricultural area, portions of the market area do not have some utilities. Nonetheless, where utilities do exist, they are generally adequate and are provided at costs competitive with the rest of the metropolitan area. Electricity for the market area is furnished by the Arizona Public Service. Natural gas for the market area is supplied by the Southwest Gas Company. Water and sewer utilities are provided by the municipalities or private companies.

Police Protection

Police protection is provided by the municipalities or the Maricopa County Sheriff's Office.

Fire Protection

Fire protection is mostly provided by the municipalities or Rural Metro.

Healthcare

Most of the healthcare facilities serving local residents are located outside of the market area. Nonetheless, adequate healthcare facilities in the surrounding market areas are available. Banner Estrella Medical Center is located southeast of Loop 101 and Thomas Road. Abrazo West Campus is located at the southwest corner of McDowell Road and Palm Valley Boulevard, and Cancer Treatment Centers of America is located southwest of Interstate 10 and Litchfield Road. In addition, a number of urgent care and private doctor's offices are located in or near the market area.

Retail Services

The market area has a variety of retail services, most of which are concentrated at major arterial roadways and near freeways.

Recreational Amenities

Some recreational amenities in, or near, the market area include a number of golf courses, and hiking trails in the White Tanks and Estrella mountains.

Demographic Trends

According to information obtained from CoStar, demographic trends within approximately a one-, three- and five-mile radius near the subject property are as follows:

Population			
	1 mile	3 mile	5 mile
2010 Population	7,893	30,110	66,608
2023 Population	12,211	48,443	102,313
2028 Population Projection	12,849	51,173	107,587
Annual Growth 2010-2023	4.2%	4.7%	4.1%
Annual Growth 2023-2028	1.0%	1.1%	1.0%
Median Age	34	35.9	37.6
Bachelor's Degree or Higher	22%	25%	26%
U.S. Armed Forces	65	215	567

Housing			
	1 mile	3 mile	5 mile
Median Home Value	\$268,847	\$268,936	\$293,195
Median Year Built	2007	2008	2006

Households			
	1 mile	3 mile	5 mile
2010 Households	2,460	9,719	22,174
2023 Households	3,907	16,623	35,556
2028 Household Projection	4,122	17,659	37,545
Annual Growth 2010-2023	4.2%	5.0%	4.1%
Annual Growth 2023-2028	1.1%	1.2%	1.1%
Owner Occupied Households	3,597	13,537	27,778
Renter Occupied Households	525	4,122	9,767
Avg Household Size	3.1	2.9	2.9
Avg Household Vehicles	2	2	2
Total Specified Consumer Spending (\$)	\$149.7M	\$609.1M	\$1.3B

Income			
	1 mile	3 mile	5 mile
Avg Household Income	\$102,527	\$98,393	\$96,413
Median Household Income	\$88,557	\$84,778	\$79,117
< \$25,000	190	1,096	3,428
\$25,000 - 50,000	693	2,735	6,443
\$50,000 - 75,000	673	3,370	7,044
\$75,000 - 100,000	733	2,838	5,240
\$100,000 - 125,000	677	2,515	4,752
\$125,000 - 150,000	339	1,796	3,343
\$150,000 - 200,000	325	1,286	2,952
\$200,000+	277	986	2,354

Real Estate Market Conditions

Multi-Family Market Conditions

According to information obtained from CoStar, as of the end of the First Quarter 2024, the market area had 72 apartment projects with 9,968 total units. In the last three years 16 projects with 3,724 units were added. At the end of the First Quarter 2024, 2,708 units were under construction. Of the total inventory, 1,817 units were vacant at the end of the quarter for a vacancy rate of 18.2%. The vacancy rate has fluctuated between a low of 6.8% and 22.3% over the last three years. The increase in vacancy has been due to the delivery of new units. Net absorption was positive in all twelve quarters.

Overall absorption was positive 2,405 units over the last three years. The effective rental rate trended downward over the last four quarters from a high of \$1,714 per unit in the Second Quarter of 2022 to a low of \$1,559 at the end of First Quarter 2024. The historic statistics for multi-family properties in the market area are as follows:

Market Area Multi-Family Market Statistics Through First Quarter of 2024									
Quarter	Inventory		Vacant		Deliveries	Absorption	Excess	Units Under	Eff. Rent
	Buildings	Units	Units	Percent	Units	Units (Net)	Deliveries	Construction	Per Unit
2024 Q1	72	9,968	1,817	18.2%	100	467	(367)	2,708	\$1,559
2023 Q4	71	9,868	2,184	22.1%	352	289	63	2,808	\$1,570
2023 Q3	70	9,516	2,122	22.3%	741	244	497	2,219	\$1,607
2023 Q2	67	8,775	1,625	18.5%	978	270	708	2,672	\$1,631
2023 Q1	64	7,797	917	11.8%	0	155	(155)	3,215	\$1,643
2022 Q4	64	7,797	1,071	13.7%	0	74	(74)	2,863	\$1,643
2022 Q3	64	7,797	1,145	14.7%	492	222	270	2,533	\$1,667
2022 Q2	61	7,305	875	12.0%	615	192	423	3,025	\$1,714
2022 Q1	58	6,690	452	6.8%	0	90	(90)	2,953	\$1,682
2021 Q4	58	6,690	542	8.1%	183	113	70	2,265	\$1,647
2021 Q3	57	6,507	472	7.3%	0	146	(146)	2,087	\$1,628
2021 Q2	57	6,507	619	9.5%	263	143	120	1,727	\$1,582
Total					3,724	2,405	1,319		

Source: CoStar

Office Market Conditions

According to CoStar as of the end of the First Quarter 2024, the market area had 133 office buildings with 2,134,906 square feet of space, of which 160,969 square feet (7.5%) were vacant. The vacancy rate has fluctuated between a low of 4.8% and 9.8%. In the last three years, 6 buildings with 239,579 square feet have been added and 83,773 square feet were under construction at the end of the First Quarter of 2024. Net absorption of office space has been positive in nine of the last twelve quarters and negative in three. Total net absorption has been positive 250,653 square feet over the last three years. The rental rate for office space has increased from a low of \$26.04 per square foot in the Second Quarter of 2021 to \$32.37 per square foot in the First Quarter of 2024. The historic office statistics for the market area from CoStar are summarized as follows:

Market Area Office Market Statistics Through First Quarter 2024									
Quarter	Inventory		Vacant		Deliveries	Absorption	Excess	Sq. Ft. Under	Base
	Buildings	Square Feet	Square Feet	Percent	Sq. Ft.	Net Sq. Ft.	Deliveries	Construction	Rent
2024 Q1	133	2,134,906	160,969	7.5%	0	23,374	(23,374)	83,773	\$32.37
2023 Q4	133	2,134,906	184,343	8.6%	0	(9,308)	9,308	83,773	\$31.98
2023 Q3	133	2,134,906	175,035	8.2%	0	13,743	(13,743)	83,773	\$31.92
2023 Q2	133	2,134,906	188,778	8.8%	0	5,321	(5,321)	39,773	\$31.42
2023 Q1	133	2,134,906	194,099	9.1%	7,950	22,508	(14,558)	39,773	\$31.01
2022 Q4	132	2,126,956	208,657	9.8%	0	(3,911)	3,911	33,723	\$30.40
2022 Q3	132	2,126,956	204,746	9.6%	231,629	117,642	113,987	33,723	\$30.11
2022 Q2	127	1,895,327	90,759	4.8%	0	52,841	(52,841)	265,352	\$29.56
2022 Q1	127	1,895,327	143,600	7.6%	0	(24,964)	24,964	257,402	\$29.09
2021 Q4	127	1,895,327	118,636	6.3%	0	12,780	(12,780)	257,402	\$28.58
2021 Q3	127	1,895,327	131,416	6.9%	0	31,419	(31,419)	228,629	\$27.16
2021 Q2	127	1,895,327	162,835	8.6%	0	9,208	(9,208)	228,629	\$26.04
Total					239,579	250,653	(11,074)		

Retail Market Conditions

According to CoStar as of end of the First Quarter of 2024, the market area had 389 retail buildings with 5,482,745 square feet of space, of which 115,322 square feet (2.0%) were vacant. In the last three years, 43 buildings with 217,154 square feet have been added. The vacancy rate has fluctuated from 1.7% to 5.5% over the last three years. Net absorption of retail space has been positive in ten of the last twelve quarters and negative in two. Total net absorption has been positive 313,305 square feet over the last three years. The rental rate for retail space increased from a low of \$18.86 per square foot in the Second Quarter 2021 to \$21.28 in the Fourth Quarter of 2022, since that time the rental rate has trended downward to \$17.72 at the end of the First Quarter of 2024. The historic statistics for retail properties in the market area are as follows:

Market Area Retail Market Statistics Through First Quarter 2024									
Quarter	Inventory		Vacant		Deliveries	Absorption	Excess	Sq. Ft. Under	Base
	Buildings	Square Feet	Square Feet	Percent	Sq. Ft.	Net Sq. Ft.	Deliveries	Construction	Rent
2024 Q1	389	5,482,745	115,322	2.0%	29,753	15,454	14,299	212,981	\$17.72
2023 Q4	383	5,452,992	97,285	1.7%	2,325	37,410	(35,085)	229,043	\$17.84
2023 Q3	382	5,450,667	128,393	2.3%	7,690	21,368	(13,678)	210,218	\$20.15
2023 Q2	380	5,442,977	127,936	2.3%	20,386	25,660	(5,274)	207,908	\$21.05
2023 Q1	374	5,422,591	143,991	2.6%	23,398	39,069	(15,671)	221,469	\$20.84
2022 Q4	370	5,399,193	160,194	2.9%	48,709	52,977	(4,268)	58,174	\$21.28
2022 Q3	363	5,350,484	163,917	3.0%	25,396	87,162	(61,766)	89,347	\$20.18
2022 Q2	358	5,325,088	232,487	4.3%	35,199	27,204	7,995	100,742	\$19.34
2022 Q1	354	5,289,889	229,413	4.2%	7,410	77,517	(70,107)	126,051	\$19.73
2021 Q4	351	5,282,479	237,608	4.4%	2,631	24,232	(21,601)	105,396	\$19.39
2021 Q3	350	5,279,848	255,047	4.8%	8,471	(13,643)	22,114	53,531	\$19.26
2021 Q2	348	5,271,377	289,502	5.5%	5,786	(81,105)	86,891	20,702	\$18.86
Total					217,154	313,305	(96,151)		

Source: CoStar

Industrial Market Conditions

According to CoStar, as of the end of the First Quarter of 2024, the subject market area had 163 industrial buildings (including flex buildings) with 34,617,680 square feet of space, of which 811,459 square feet (2.8%) were vacant. Over the last three years, 35 new buildings with 13,820,893 square feet were added. The vacancy rate decreased from a high of 16.2% in the Fourth Quarter of 2021 to a low of 2.8% in the First Quarter of 2024. Net absorption of industrial space has been positive in eleven of the last twelve quarters and negative in one. Total net absorption has been positive 13,519,666 square feet over the last three years. The rental rate for industrial space has fluctuated between a low of \$6.15 per square foot at the end of the third Quarter 2021 to a high of \$10.76 per square foot at the end of the First Quarter of 2024. The historic industrial statistics for the market area from CoStar are summarized as follows:

Market Area Industrial and Flex Market Statistics Through First Quarter 2024									
Quarter	Inventory		Vacant		Deliveries	Absorption	Excess	Sq. Ft. Under	Base
	Buildings	Square Feet	Square Feet	Percent	Sq. Ft.	Net Sq. Ft.	Deliveries	Construction	Rent
2024 Q1	163	34,617,680	811,459	2.8%	276,000	774,814	(498,814)	6,827,885	\$10.76
2023 Q4	158	32,243,721	1,310,273	4.6%	1,029,494	1,293,889	(264,395)	6,274,348	\$10.21
2023 Q3	154	30,899,359	1,574,668	5.7%	239,051	421,564	(182,513)	6,591,659	\$10.46
2023 Q2	148	28,960,962	1,757,181	6.4%	802,439	890,478	(88,039)	4,988,334	\$7.13
2023 Q1	148	28,960,962	1,845,220	6.9%	1,525,927	3,420,083	(1,894,156)	5,751,282	\$9.86
2022 Q4	147	28,684,962	3,739,376	14.9%	1,880,075	1,324,174	555,901	6,421,247	\$8.78
2022 Q3	144	27,655,468	3,183,475	13.7%	0	178,481	(178,481)	5,752,986	\$7.69
2022 Q2	142	27,416,417	3,361,956	14.5%	1,369,520	1,355,324	14,196	5,139,478	\$7.54
2022 Q1	141	26,613,978	3,347,760	15.3%	380,000	498,195	(118,195)	5,273,114	\$6.50
2021 Q4	136	25,088,051	3,465,955	16.2%	4,726,470	3,056,106	1,670,364	2,224,126	\$6.26
2021 Q3	130	23,207,976	1,795,591	10.7%	793,862	(156,863)	950,725	6,666,210	\$6.15
2021 Q2	130	23,207,976	844,866	5.3%	798,055	463,421	334,634	6,090,552	\$6.21
Total					13,820,893	13,519,666	301,227		

Source: CoStar

Governmental Considerations

The market area includes portions of the Cities of Goodyear, Avondale, Litchfield Park and Buckeye and unincorporated areas of Maricopa County. These municipalities and Maricopa County control land uses within the market area. These controls are typical relative to other municipalities in the Phoenix area. The governments are generally supportive of growth.

Conclusion and Relevance to the Subject Property

With adequate resources to accommodate the anticipated growth in population and employment, a mild climate, affordable housing, the long-term outlook for the Phoenix area is positive. Moreover, with available undeveloped land, the market area has potential for continued long-term growth. There will continue to be demand for most property types in the market area. Moreover, with minimal commercial development in some areas, there is demand for well-located commercial properties. Overall, in common with other portions of the Phoenix metropolitan area, as the economy and real estate market continue to recover, the long-term outlook for the subject market area appears good.

SITE DESCRIPTION

The subject site is located at 17046 West Zuni Street (north side of Zuni Street, west of 170th Avenue) in Goodyear, Arizona. The site is further described as follows:

Site Areas: 6,022 Square feet/0.1382 acre

Shape/Dimensions: Irregular

Topography: Near level and at grade with surrounding properties

Soil: Based on my inspection of the subject property and observation of adjacent properties, the soil appears adequate to support potential improvements.

Drainage: Apparently adequate

Lot Type: Cul-de-sac with a common area influence

Frontage and Access: The property has frontage along and access from Zuni Street.

Traffic Estimates: Negligible (not estimated along Zuni Street)

Roadway Improvements:

	<u>Zuni Street</u>
Traffic Lanes	Two (one east and one west)
Median	None
Surface	Asphalt pavement
Curbs	Concrete
Sidewalks	Concrete
Gutters	Concrete
Streetlights	Yes

Flood Zone: According to FEMA FIRM 04013C2145N the property is in Flood Zone X.

General Plan Designation: According to the City of Goodyear general plan land use map, the property is located in areas targeted for Neighborhood Uses. This general plan designation provides areas for the growth and development of neighborhoods. Neighborhoods include a wide range of densities and housing products, public and community facilities such as schools and places of

worship, and commercial uses at appropriate intensities and locations

Zoning:

According to the City of Goodyear zoning map, the property is zoned PAD Planned Area Development. This District is intended to accommodate, encourage and promote developments with innovative design involving residential and nonresidential land uses, which together form an attractive, harmonious unit in the community. Such a planned development may be designed as a large-scale separate entity, able to function as an individual community or neighborhood; as a small-scale project which requires flexibility because of unique circumstances or design characteristics; or as a transitional area between dissimilar land uses. The planned development, if so specified at the time of zoning approval, may include standards or criteria that differ from those regulations pertaining to other districts (including deviations from the development standards prescribed in Section 3-2-7.A) when warranted by circumstances such as but not limited to: alternative residential lot design, innovative architectural or subdivision design features, retirement housing, in-fill development involving a small or irregularly shaped parcel, or other circumstances found by the City through the PAD approval to merit departure from the regulations pertaining to other districts.

The PAD may be used either as an overlay district to provide flexibility in an otherwise established land use district, or it can be used as an independent district. This district, which may only be developed in accordance with an approved development plan, is further established to provide both the developer and the City with reasonable assurances that specific, proposed uses, intensities and phasing are consistent with the adopted General Plan.

All uses permitted within the PAD District are determined by the underlying zoning district, or by an approved development plan for the site.

Likelihood of Zoning Change: Considering the flexibility of the PAD, a zoning change for the property is not likely.

**Easements, Encroachments
And Restrictions:**

According to the recorded plat map, the property is subject to a public utility easement along the front of the lot, a vehicular non-access easement along the west side and a portion of the north side and a building site back line. The property is also apparently subject to the CC&Rs of Canyon Trails Unit 4 South. The property does not appear to be impacted by any other atypical easements, encroachments, or restrictions. Nonetheless, I refer the reader to the Right of Way Title Report in the Addenda of this report for a complete listing of the easements, encroachments, and restrictions.

Utilities:

Water:	City of Goodyear
Sewer:	City of Goodyear
Electricity:	Arizona Public Service Company
Telephone:	Lumen Technologies and Cox Communications

Adjacent Land Uses:

North:	Pima Street followed by undeveloped land being used as agricultural land
East:	Medium-density single-family residential uses
South:	Zuni Street followed by medium-density single-family residential uses
West:	Canyon Trails Unit 4 South common area followed by Cotton Lane

Apparent Adverse Factors: None identified

**Site Utility and
Accessibility:**

The property has adequate utility and accessibility for potential uses.

**Non-apparent Adverse
Factors:**

I again refer the reader to the Underlying Assumptions and Limiting Conditions. I repeat that I am not qualified to determine the presence of hazardous substances as they affect the site. This would include, but not be limited to, toxic chemicals, radon gas, methane, etc. Unless otherwise stated, the site is assumed to be unaffected by these substances.

**Full Cash Values
And Real Estate Taxes:**

The property is identified as a portion of APN 500-97-007. The full cash values and real estate taxes for this parcel are as follows:

	2021 Final	2022 Final	2023 Final	2024 Prelim	2025 Prelim
FCV Improvement	\$163,300	\$180,500	\$238,400	\$290,900	\$259,700
FCV Land	\$40,800	\$45,100	\$59,600	\$72,700	\$64,900
FCV Total	\$204,100	\$225,600	\$298,000	\$363,600	\$324,600
FCV YoY Change	5%	11%	32%	22%	-11%
Assessed FCV	\$20,410	\$22,560	\$29,800	\$36,360	\$32,460
LPV Total	\$158,341	\$166,258	\$174,571	\$183,300	\$192,464
State Aid	\$0	\$0	\$0	\$0	\$0
Tax Amount	\$2,077	\$1,952	\$2,043	\$0	\$0

Back Taxes:

According to the Maricopa County Treasurer's Office, no delinquent prior year taxes are owed on this parcel.

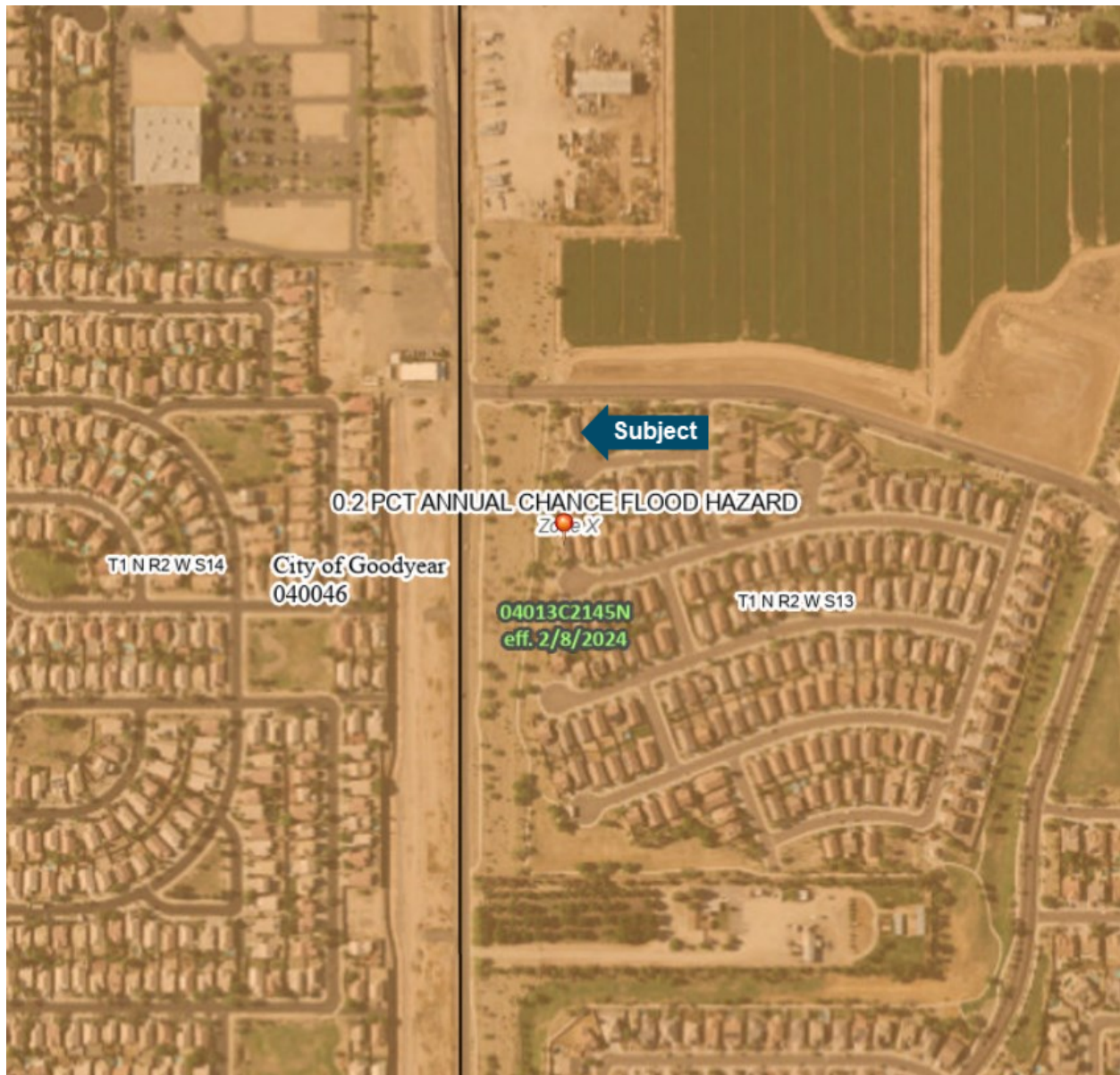
Special Assessments:

None Identified

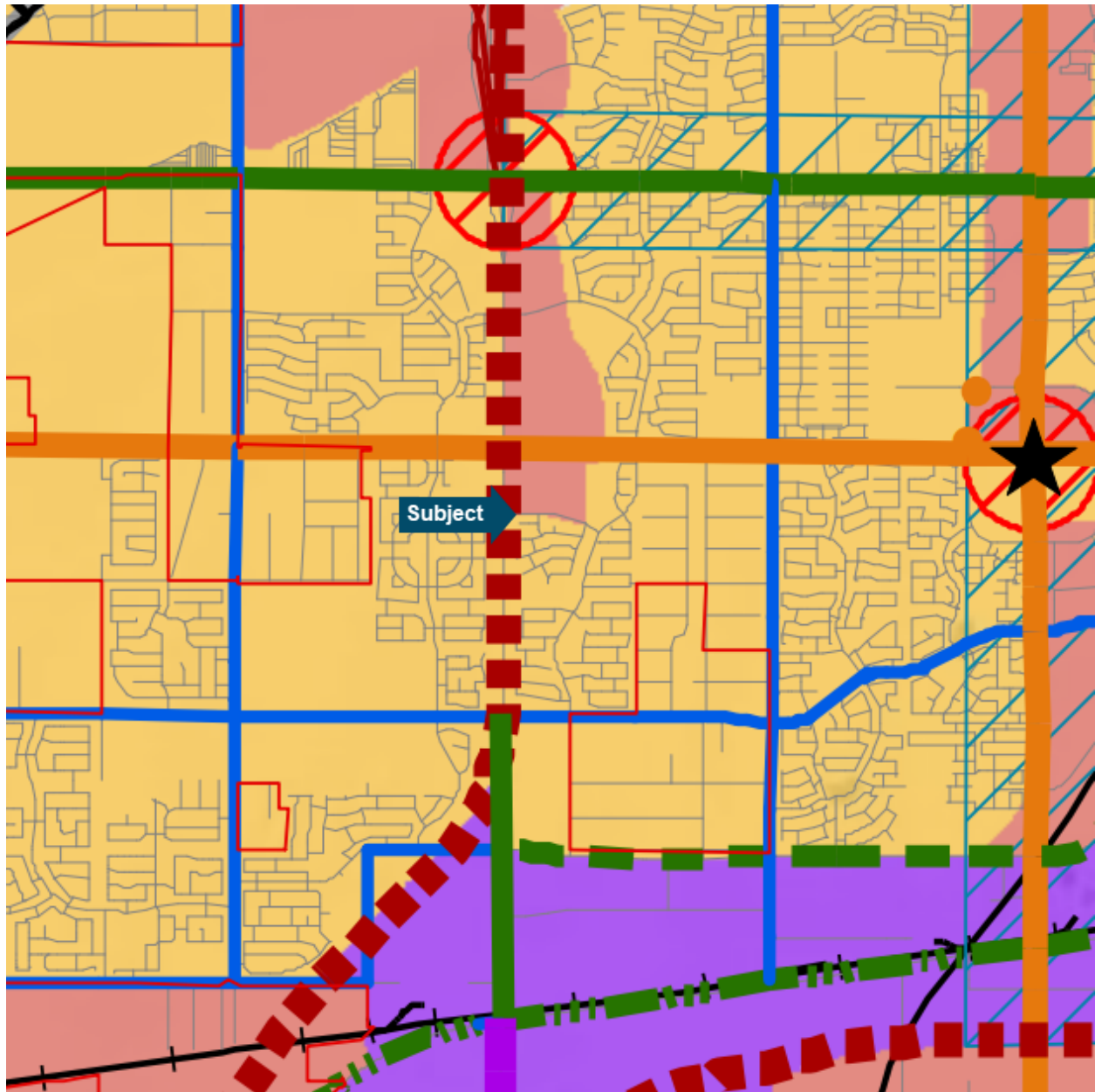
Aerial Photograph



Flood Map

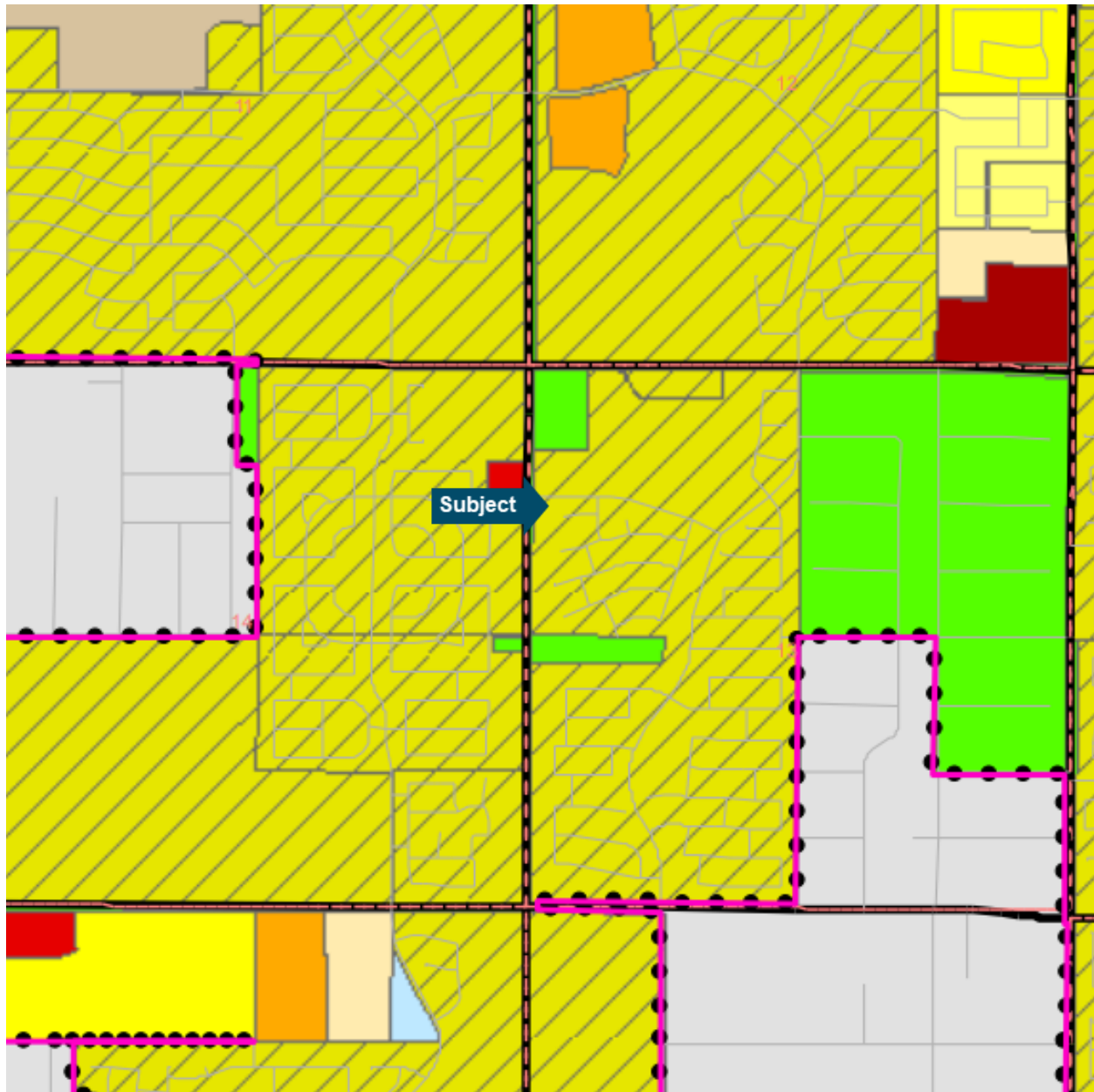


City of Goodyear General Plan Land Use Map



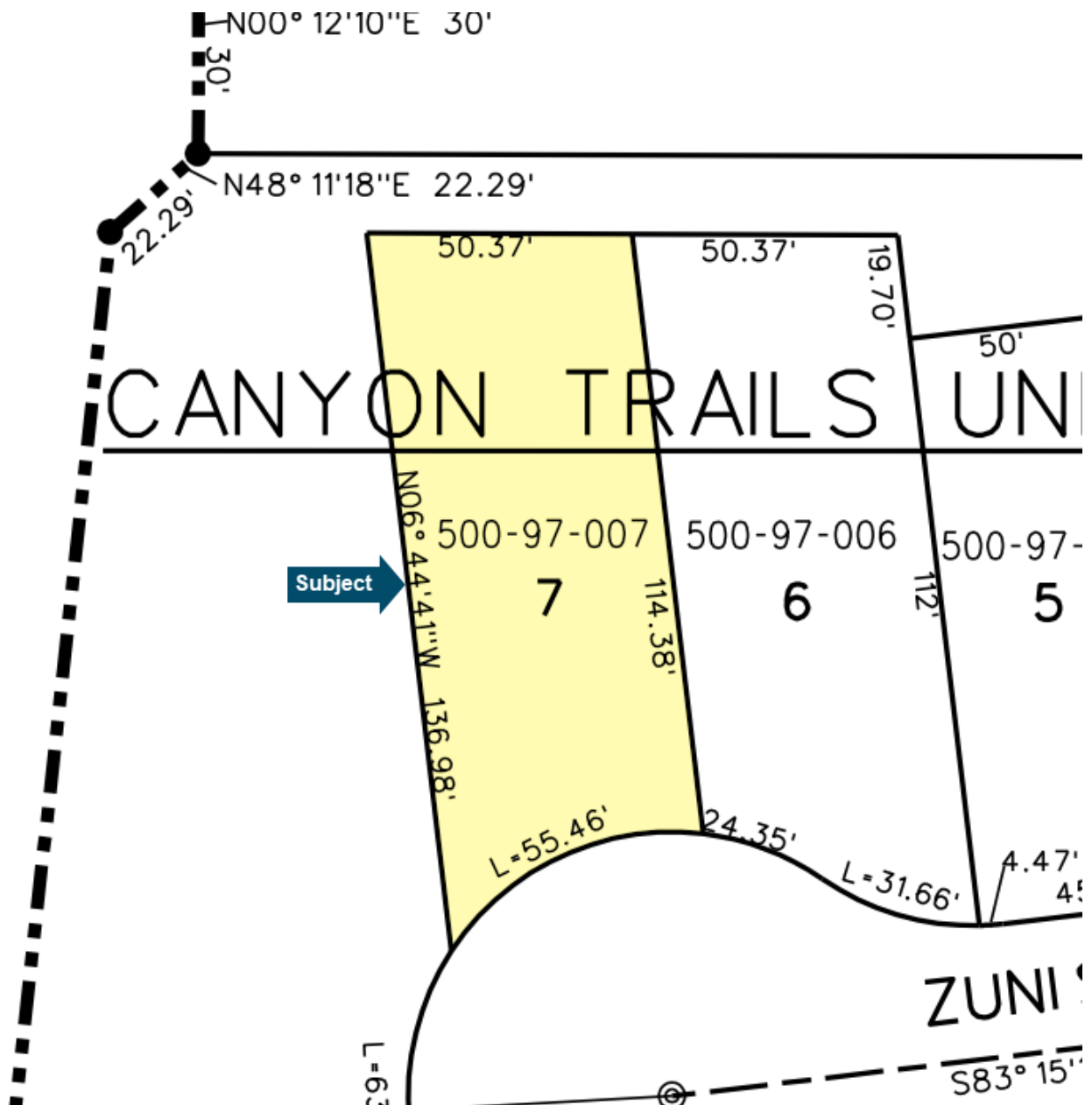
Land Use Categories

- Open Space
- Agriculture
- Scenic Neighborhood
- Neighborhood
- Business & Commerce
- Industrial



PAD Planned Area Development

Plat Map



IMPROVEMENT DESCRIPTION

The subject property is improved with a 1,763 square foot, single-family residence and supporting site improvements. The improvements are described as follows:

Building Areas:

Living Area:	1,763 Square feet
Attached Garage:	420 Square feet
Covered Patio:	132 Square feet
Covered Porch:	29 Square feet

Land-to-Building Ratio: 3.4:1 (6,022 / 1,763) based on area of residence

Site Coverage: 29.3% (1,763 / 6,022) based on area of residence

Foundations and Floors: Concrete

Year Built: 2009 (Per assessor's data)

Chronological Age: Approximately 15 years

Exterior Walls: Wood frame, stucco

Roof System: Wood trusses and roof, covered with concrete tile shingles

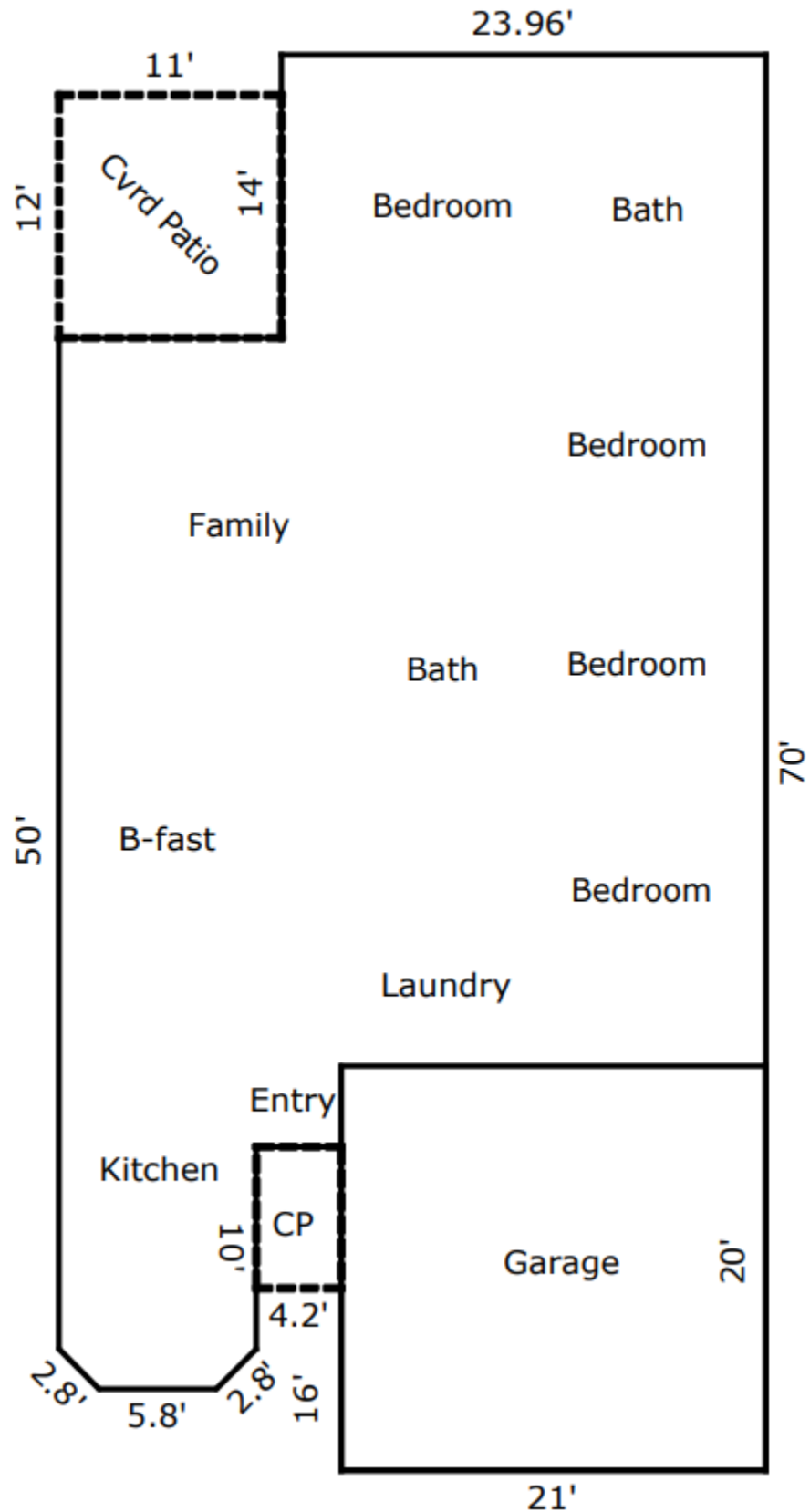
Heating, Cooling, Air Conditioning: Force warm air heating and central air conditioning

Interior Finish of Residence:

Floor Coverings:	Carpet and tile
Interior Walls:	Wood frame finished with taped, textured and painted sheet rock
Ceiling Finishes:	Taped, textured and painted sheet rock
Ceiling Height:	Varies with raised ceilings
Interior Doors:	Wood doors in wood frames
Exterior Doors:	Wood or metal front doors in wood frames
Windows:	Dual-pane glass in metal frames
Lighting:	A combination of surface-mounted fixtures and ceiling fans
Room Count:	6 Total/4 bedrooms/2 bathrooms

Kitchen:	The kitchen has wood cabinets, Formica countertops, stainless steel appliances, a sink with garbage disposal, a gas range, fan/hood, microwave, dishwasher, and refrigerator.
Bathrooms:	The master bathroom has a toilet, sink, Roman tub and separate shower. The guest bathroom has a toilet, sink and combined tub/shower.
Other Equipment/ Amenities:	The residence has a laundry room, faux wood blinds, ceiling fans, alarm system and walk-in closet.
Parking:	Attached two-car garage
Electrical:	Apparently adequate
Insulation:	None visible/unknown
Layout:	Typical for similar properties in the area.
Quality and Condition:	The improvements are of good quality for the age of the improvements and are in average/good condition.
Design:	Spanish
Apparent Adverse Conditions:	No significant adverse conditions were identified.
Unapparent Adverse Conditions:	I again refer the reader to the Underlying Assumptions and Contingent Conditions. I am not qualified to determine the presence of hazardous conditions within the structure(s) described. This would include, but would not be limited to, urea formaldehyde, asbestos, toxic chemicals of all kinds, dangerous electromagnetic fields, etc. Unless otherwise stated, the structure(s) is assumed to be unaffected.
Site and Other Improvements:	The property has block fencing, concrete driveway, garage service door, garage door opener, covered porch, covered patio and drip system.

Improvement Sketch



Living Area		Calculation Details		
First Floor	2182.84 Sq ft	21×16	=	336
		23.96×14	=	335.44
		34.96×40	=	1398.39
		$0.5 \times 0 \times 40$	=	0
		9.76×10	=	97.6
		5.8×1.98	=	11.48
		$0.5 \times 1.98 \times 1.98$	=	1.96
		$0.5 \times 1.98 \times 1.98$	=	1.96
Garage	-420 Sq ft	20×21	=	420
Total Living Area (Rounded):		1763 Sq ft		
Non-living Area				
Covered Patio	132 Sq ft	12×11	=	132
Covered Porch	29.4 Sq ft	4.2×7	=	29.4

HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined as “the reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity”.⁴

This definition applies specifically to the highest and best use of land. It is to be recognized that in cases where a site has existing improvements, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless the land value in its highest and best use exceeds the total value of the property in its existing use. Implied within this definition is recognition of the contribution of that specific use to community environment or to community development goals in addition to the wealth maximization of individual property owners. Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, and that the use determined from analysis represents an opinion, not a fact to be found.

On the basis of the preceding sections, a general discussion will follow analyzing the highest and best use of the subject property, as if vacant and as improved.

As if Vacant

Legally Permissible

The property is zoned PAD Planned Area Development. Considering the flexibility of the PAD zoning, a zoning change for the property is not likely. The property is not subject to any atypical easements, encroachments or restrictions. Based on this information, it is my opinion that the most likely legally permissible use of the subject site, as if vacant, is for development of a residential use consistent with the PAD.

Physically Possible

The property is a 6,022 square foot residential site with near-level topography. Electricity, telephone, water and sewer services are available to the property. The property has frontage along and access from Zuni Street. The property has adequate utility for development of potential uses. Recognizing these physical characteristics, development of the legally permissible uses is physically possible. Thus, it is my opinion that the most likely, legally permissible, and physically possible use of the subject property is for development of a residential use consistent with the PAD zoning.

Financially Feasible

The economy and real estate market conditions have supported development of residential uses in the Phoenix area over the last few years. Vacant sites are being

⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal, Sixth Edition* (Chicago, Illinois, 2015), page 109.

acquired and developed with a variety of uses including residential uses. Thus, recognizing these market conditions, it is my opinion that the most likely financially feasible use of the subject property is for development of a residential use consistent with the PAD zoning.

Maximally Productive

The most likely financially feasible use of the subject site is for development of a residential use consistent with the PAD zoning. It is my opinion that no other use would provide a greater return to the property. Therefore, it is my opinion that the maximally productive and highest and best use of the subject property, as if vacant, is for development of a residential use consistent with the PAD zoning.

As Improved

The property is improved with a single-family residence and supporting site improvements. Based on the current and historic use of the property, continued use of the existing improvements as a single-family residence is legally permissible, physically possible and financially feasible. Furthermore, it is my opinion that no other use would provide a greater return to the property. Therefore, it is my opinion that the maximally productive and highest and best use of the property, as improved, is for continued use as a single-family residence.

Typically, real estate can be valued by applying three approaches, i.e., the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach. Each of these approaches are defined and discussed as follows:

Cost Approach

The Cost Approach is defined as “a set of procedures through which a value indication is derived for the fee simple estate by estimating the cost new as of the effective date of the appraisal to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. The contributory value of any site improvements that have not already been considered in the total cost can be added on a depreciated-cost basis. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property rights being appraised”.⁵

This approach in appraisal analysis is based on the proposition that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject property. It is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land or when relatively unique or specialized improvements are located on the site and for which there exist no comparable properties on the market. This is sometimes referred to as Value in Use or the value of a particular property for a specific use, i.e., Special Purpose Value.

Sales Comparison Approach

The sales comparison approach is defined 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”.⁶

Traditionally, this is an appraisal procedure in which the market value estimate is predicated upon prices paid in actual market transactions and prices asked in current listings. It is a process of analyzing sales of similar recently sold properties in order to derive an indication of the most probable sales price of the property being appraised. The reliability of this technique is dependent upon (a) the availability of comparable sales data; (b) the verification of the sales data; (c) the degree of comparability or extent

⁵ Appraisal Institute, *The Dictionary of Real Estate Appraisal, Seventh Edition* (Chicago, Illinois, 2022), page 43.

⁶ Appraisal Institute, *The Dictionary of Real Estate Appraisal, Seventh Edition* (Chicago, Illinois, 2022), page 170.

of adjustment necessary for time differences; and (d) the absence of atypical conditions affecting the sales price. It is sometimes referred to as Value in Exchange or the value, in terms of money, of real estate in a typical market.

Income Capitalization Approach

The Income Capitalization Approach is defined as “specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.”⁷

The Discounted Cash Flow Analysis is defined as “the procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate”.⁸

Final Reconciliation

Final Reconciliation is defined as “the last phase in the development of a value opinion in which two or more value indications derived from market data are resolved into a final value opinion, which may be either a range of value, in relation to a benchmark, or a single point estimate”.⁹ In the final reconciliation section of the report, the valuation approaches are evaluated as to their pertinence and reliability to the appraisal problem. This analysis results in a final value estimate.

For valuation of the subject site, as if vacant, only the sales comparison approach is used. The cost approach is not applicable due to the lack of improvements. Moreover, similar sites, as if vacant, are typically not leased at a rate that provides a reasonable rate of return to the land. Therefore, only the sales comparison approach is used.

For valuation of the larger parcel, as improved, I have considered the cost, sales comparison and income approaches, however, have used only the cost and sales comparison approaches. The income approach is not used due to the fact that similar properties are not typically acquired based on their income and not given weight by buyers and sellers.

⁷ Appraisal Institute, *The Dictionary of Real Estate Appraisal, Seventh Edition* (Chicago, Illinois, 2022), page 94.

⁸ Appraisal Institute, *The Dictionary of Real Estate Appraisal, Seventh Edition* (Chicago, Illinois, 2022), page 54.

⁹ Appraisal Institute, *The Dictionary of Real Estate Appraisal, Seventh Edition* (Chicago, Illinois, 2022), page 74.

The Cost Approach to Value is based upon the Principle of Substitution. This is a valuation principle that states a prudent purchaser would pay no more for real property than the cost of acquiring an equally desirable substitute on the open market. The Principle of Substitution presumes that the purchaser will consider the alternatives available to him, that he will act rationally or prudently on the basis of his information about these alternatives, and that time is not a significant factor. Substitution may assume the form of the purchase of an existing property with the same utility or the acquiring of a vacant lot and the building of a structure upon that lot having the same general utility as the property being appraised.

The Cost Approach consists of the following steps.

1. Estimate the value of the site as though vacant and available to be developed to its highest and best use.
2. Determine which cost basis is most applicable to the assignment: reproduction cost or replacement cost.
3. Estimate the direct (hard) and indirect (soft) costs of the improvements as of the effective appraisal date.
4. Estimate an appropriate entrepreneurial incentive from analysis of the market.
5. Add the estimated direct costs, indirect costs, and entrepreneurial incentive to arrive at the total cost of the improvements.
6. Estimate the amount of depreciation in the improvements and, if necessary, allocate it among the three major categories:
 - Physical deterioration
 - Functional obsolescence
 - External obsolescence
7. Deduct estimated depreciation from the total cost of the improvements to derive an estimate of their depreciated cost.
8. Estimate the contributory value of any site improvements that have not already been considered. (Site improvements may be appraised at their contributory value—i.e., directly on a depreciated-cost basis—but may be included in the overall cost calculated in Step 3 and depreciated if necessary.)
9. Add land value to the total depreciated cost of all the improvements to develop an indication of the market value of the fee simple interest in the real property.
10. If appropriate, adjust for the property interest being appraised to derive the indicated value of the specified interest in the property.
11. If the property will experience net income shortfalls during a lease-up period, then calculate a rent-up adjustment to account for the cost of leasing (distinct from leasing commissions).
12. Adjust for personal property (e.g., furniture, fixtures, and equipment) or intangible assets that are included in the appraisal.¹⁰

¹⁰ Appraisal Institute, *The Appraisal of Real Estate, Fifteen Edition* (Chicago, Illinois, 2020), page 532-533.

Site Valuation

The first step in the Cost Approach to Value is to develop an opinion of the value of the underlying land. To develop an opinion of the value of the subject site, I have used the sales comparison approach. The sales comparison approach is an approach through which an appraiser derives a value indication by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison and making adjustments, based on the elements of comparison, to the sale prices of the comparables.

Traditionally, this is an appraisal procedure in which the market value estimate is predicated upon prices paid in actual market transactions and prices asked in current listings. It is a process of analyzing sales of similar recently sold properties in order to derive an indication of the most probable sales price of the property being appraised. The reliability of this technique is dependent upon (a) the availability of comparable sales data; (b) the verification of the data; (c) the degree of comparability or extent of adjustment necessary for time differences; and (d) the absence of non-typical conditions affecting the sales price. It is sometimes referred to as Value in Exchange or the value, in terms of money, of real estate in a typical market.

The appraisal of land focuses on valuing the property rights attached to the land. In addition, the physical characteristics of land, the availability of utilities, and site improvements affect land use and value. The physical characteristics of a parcel of land that an appraiser may consider are size, topography, view amenity, access and utilities. Topographical characteristics include the land's contour, grade, and drainage. Land value must always be considered in terms of highest and best use.

Overview of the Search for Comparable Sales Information

Emphasis was placed upon selecting relatively recent transactions involving comparables which were considered to be similar to the subject property in terms of property rights conveyed, market conditions (sale date), location and physical characteristics. Thus, although differing in certain respects, the comparables used within this analysis are representative of the range of indications of value within which the subject property could be placed.

I specifically attempted to find sales of lots in residential subdivisions that are similar in age and similar in physical characteristics and amenities. However, due to the lack of sales that meet those criteria, I have used one sale with superior amenities (golf course lot in a gated community) and other sales from older subdivisions with inferior amenities.

Selection of Appropriate Units of Comparison

Although alternative units might be employed, when utilizing the sales comparison approach for parcels of land of this size, the predominant unit of comparison is the sales

price per net square foot of land area. During the research process, market participants clearly indicated that this unit of comparison is the primary unit used in the negotiation process. Accordingly, for the purpose of this report, the sale price per net square foot of land area is used.

Analysis and Comparison of Comparable Sales

Typically, comparable sales are analyzed based on a variety of value influencing criteria. For this analysis, the factors that have been considered are as follows:

Transaction Adjustments

- Real Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Expenditures Immediately After the Sale
- Market Conditions (Date of Sale)

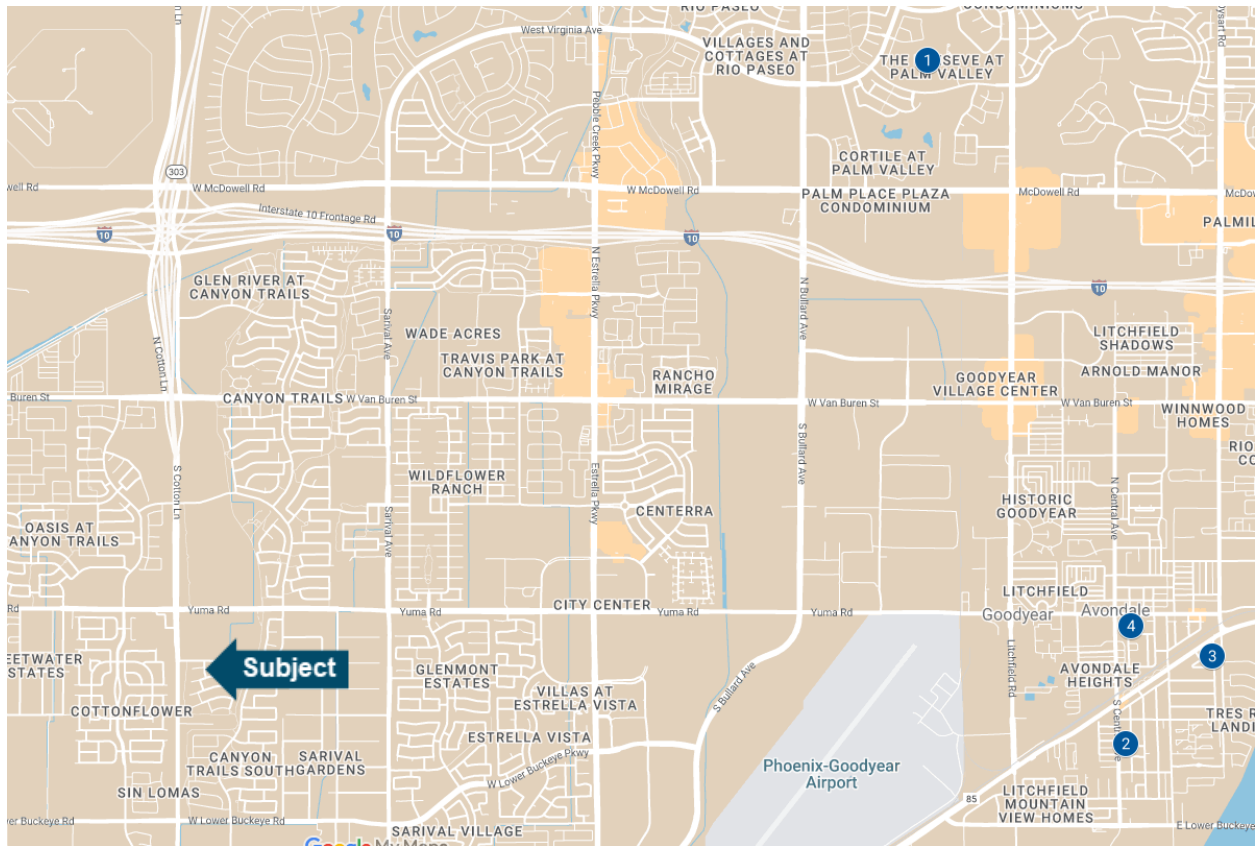
Property Adjustments

- Location
- Physical Characteristics (size, topography, off-site improvements, etc...)
- Intended Use
- Economic Characteristics
- Non-Realty Components of Value

Description of Vacant Land Comparables

Presented on the following pages are a map showing the locations of the subject property and comparables sales, data sheets for each of the comparables examined. Following the comparable data sheets are a summary of the comparable sales and adjustments and a detailed discussion of the adjustments and conclusion of value for the property.

Comparable Land Sales Map



Comparable Land Sale One



Photo of gated entrance

Identification

Property Type:	Residential lot
Location:	14282 West Wilshire Drive in Goodyear
Tax Parcel No.:	501-76-864

Sale Data

Sales Price:	\$135,000
Terms:	All cash to the seller
Unit Price:	\$26.79 Per net square foot
Date of Recordation:	May 20, 2021 (April 2021 escrow)
Grantor/Seller:	Anne Saillant
Grantee/Buyer:	DGZ Property Holdings, LLC
Instrument:	Warranty Deed
Instrument Number:	2021-0565477
Conditions of Sale:	Typical
Marketing Period:	Approximately 35 days
Confirmation:	ARMLS, Monsoon, public records and limited inspection

Site Data

Shape/Dimensions:	Rectangular
Site Area:	5,040 Net square feet/0.1157 net acres
Topography:	Near level
Zoning:	PAD Planned Area Development
Easements/Restrictions:	No atypical easements were identified.
Off-Sites Improvements:	Paved road and concrete curb, gutter and sidewalk
MPSI Traffic Estimate:	Not estimated
Flood Zone:	Flood Zone X
Utilities:	Electricity, water and sewer
Intended Use:	Development of a single-family residence
Unique Amenity:	Golf course lot
Improvements:	None
One-Mile Demographics (2023):	10,500 Total population; \$87,087 median household income; \$348,395 median home value
Highest and Best Use:	Development of a single-family residence

Aerial Photo



Comparable Land Sale Two



Identification

Property Type:	Residential lot
Location:	On the north side of Davis Lane, east of Central Avenue in Avondale
Tax Parcel No.:	500-51-057C

Sale Data

Sales Price:	\$107,000
Terms:	All cash to the seller
Unit Price:	\$14.04 Per net square foot
Date of Recordation:	May 23, 2022 (May 2022 escrow)
Grantor/Seller:	Juan S Hernandez
Grantee/Buyer:	David Donelli
Instrument:	Warranty Deed
Instrument Number:	2022-0442801
Conditions of Sale:	Typical
Marketing Period:	Approximately 20 days
Confirmation:	ARMLS, Monsoon, public records and inspection

Shape/Dimensions:	Rectangular
Area:	7,623 Net square feet/0.1750 net acres
Topography:	Level and at grade with surrounding properties
Zoning:	R-3
Easements/Restrictions:	No atypical easements were identified.
Off-Sites Improvements:	Paved road, concrete curb, gutter and sidewalk
MPSI Traffic Estimate:	Not estimated
Flood Zone:	Flood Zone X
Utilities:	Electricity, telephone, water, and sewer
Intended Use:	Development of a single-family residence
Unique Amenity:	Typical
Improvements:	None
One-Mile Demographics (2023):	13,284 Total population; \$46,113 median household income; \$160,872 median home value
Highest and Best Use:	Development of a single-family residence

[illegible]

Comparable Land Sale Three



Identification

Property Type:	Residential lot
Location:	On the west side of 7 th Street, south of Main Street in Avondale
Tax Parcel No.:	500-43-116

Sale Data

Sales Price:	\$95,000
Terms:	All cash to the seller
Unit Price:	\$18.43 Per net square foot
Date of Recordation:	July 14, 2023 (July 2023 escrow)
Grantor/Seller:	Alejandro Parra Valdez
Grantee/Buyer:	Alfonso C Garcia & Estela G Leyva
Instrument:	Warranty Deed
Instrument Number:	2023-0366729
Conditions of Sale:	Typical
Marketing Period:	Approximately 13 days
Confirmation:	ARMLS, monsoon, public records and inspection

Site Data

Shape/Dimensions:	Rectangular
Site Area:	5,154 Net square feet/0.1183 net acres
Topography:	Near level
Zoning:	R-3 Multiple Family Residential-3
Easements/Restrictions:	No atypical easements were identified.
Off-Sites Improvements:	Paved road, concrete curb, gutter and sidewalk
MPSI Traffic Estimate:	Not estimated
Flood Zone:	Flood Zone X
Utilities:	Electricity, water and sewer
Intended Use:	Development of a single-family residence
Unique Amenity:	Typical
Improvements:	None
One-Mile Demographics (2023):	13,284 Total population; \$46,113 median household income; \$160,872 median home value
Highest and Best Use:	Development of a single-family residence

Aerial Photo



Comparable Land Sale Four



Identification

Property Type:	Residential lot
Location:	On the east side of 1 st Street, south of Belmont Drive in Avondale
Tax Parcel No.:	500-44-017

Sale Data

Sales Price:	\$86,000
Terms:	All cash to the seller
Unit Price:	\$25.31 Per net square foot
Date of Recordation:	January 31, 2024 (January 2024 escrow)
Grantor/Seller:	Hilda B Velasquez
Grantee/Buyer:	Jose R & Angel Iris Lopez Mejia
Instrument:	Warranty Deed
Instrument Number:	2024-0049216
Conditions of Sale:	Typical
Marketing Period:	Approximately 4 days
Confirmation:	ARMLS, Monsoon, public records and inspection

Site Data

Shape/Dimensions:	Rectangular
Site Area:	3,398 Net square feet/0.0780 net acres
Topography:	Near level
Zoning:	R-3 Multiple Family Residential-3
Easements/Restrictions:	No atypical easements were identified.
Off-Sites Improvements:	Paved road, concrete sidewalk, gutter and curb
MPSI Traffic Estimate:	Not estimated
Flood Zone:	Flood Zone X
Utilities:	Electricity, water, phone and sewer
Intended Use:	Development of a single-family residence
Unique Amenity:	Typical
Improvements:	None
One-Mile Demographics (2023):	17,122 Total population; \$46,286 median household income; \$161,380 median home value
Highest and Best Use:	Development of a single-family residence

Aerial Photo



Land Sales Summary and Adjustment Grid					
	Subject	Comparable Land Sales			
		1	2	3	4
Sale Price		\$135,000	\$107,000	\$95,000	\$86,000
Size in Net Sq Ft	6,022	5,040	7,623	5,154	3,398
Size in Acres	0.1382	0.1157	0.1750	0.1183	0.0780
Price Per Sq Ft		\$26.79	\$14.04	\$18.43	\$25.31
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Total Adjustment	-	\$0	\$0	\$0	\$0
Price Adjusted For Rights Conveyed	-	\$135,000	\$107,000	\$95,000	\$86,000
Financing	All Cash	All Cash	All Cash	All Cash	All Cash
Total Adjustment	-	\$0	\$0	\$0	\$0
Price Adjusted. For Financing	-	\$135,000	\$107,000	\$95,000	\$86,000
Conditions of Sale	Typical	Typical	Typical	Typical	Typical
Total Adjustment	-	\$0	\$0	\$0	\$0
Price Adjusted For Conditions	-	\$135,000	\$107,000	\$95,000	\$86,000
Market Conditions (Sale Date)	May-24	Apr-21	May-22	Jul-23	Jan-24
Close of Escrow		20-May-21	23-May-22	14-Jul-23	31-Jan-24
Adjustment Factor	-	14.00%	0.00%	0.00%	0.00%
Total Adjustment	-	\$18,900	\$0	\$0	\$0
Price Adjusted for Market	-	\$153,900	\$107,000	\$95,000	\$86,000
Adjusted Price Per Sq Ft	-	\$30.54	\$14.04	\$18.43	\$25.31
Location	Typical	Superior	Inferior	Inferior	Inferior
Adjustment Factor	-	-10%	10%	10%	10%
Lot Type	Cul-de-Sac	Midblock	Midblock	Midblock	Midblock
Adjustment Factor	-	0%	0%	0%	0%
Configuration	Typical	Typical	Typical	Typical	Typical
Adjustment Factor	-	0%	0%	0%	0%
Flood Zone	X	X	X	X	X
Adjustment Factor	-	0%	0%	0%	0%
Size in Square Feet	6,022	5,040	7,623	5,154	3,398
Adjustment Factor	-	-5%	5%	-5%	-20%
Utilities	E, T, W, S	E, T, W, S	E, T, W, S	E, T, W, S	E, T, W, S
Adjustment Factor	-	0%	0%	0%	0%
Off-Site Improvements	All Installed	All Installed	All Installed	All Installed	All Installed
Adjustment Factor	-	0%	0%	0%	0%
Improvements	As if Vacant	None	None	None	None
Adjustment Factor	-	0%	0%	0%	0%
View Amenity	Common Area	Golf Course	Typical	Typical	Typical
Adjustment Factor	-	-10%	0%	0%	0%
Zoning/Potential Use	PAD / Res	PAD / Res	R-3 / Res	R-3 / Res	R-3 / Res
Adjustment Factor	-	0%	0%	0%	0%
Net Percentage Adjustment		-25%	15%	5%	-10%
Net Adjustment Per Sq Ft		(\$7.63)	\$2.11	\$0.92	(\$2.53)
Final Adjusted Price Per Sq Ft		\$22.90	\$16.14	\$19.35	\$22.78
Utilities: E = Electricity; T = Telephone; W = Water; S = Sewer;					

Discussion of Transaction Adjustments

Property Rights Conveyed

This is an appraisal of the fee simple interest of the property. The fee simple interest was conveyed in each of the comparable sales, indicating no adjustments.

Financing Terms

This appraisal assumes an all-cash transaction. All of the comparables, sold for all cash to the seller or with cash equivalent terms, indicating no adjustments for financing terms.

Conditions of Sale

The comparables sold under typical conditions of sale, indicating no adjustments.

Market Conditions

The effective date of the appraisal is May 8, 2024. The comparable sales closed between May 2021 and January 2024 and had escrow dates between April 2021 and January 2024.

According to Arizona Indicator Data published in Arizona's Economy by the University of Arizona's Eller college of Management, the number of units sold, average home price and total sales for the Phoenix area over the last 10 years are as follows:

Phoenix, Mesa, Scottsdale MSA Historic Residential Sales			
Year	Units	Average Home Price	Total Sales
2013	85,619	\$232,371	\$19,904,264,819
2014	76,440	\$249,406	\$19,086,561,933
2015	84,297	\$262,748	\$22,193,459,224
2016	90,151	\$277,120	\$25,000,253,115
2017	95,661	\$296,678	\$28,412,690,177
2018	95,687	\$323,120	\$30,957,932,303
2019	99,361	\$343,389	\$34,174,331,082
2020	105,384	\$391,642	\$41,571,233,136
2021	110,499	\$493,620	\$54,659,374,306
2022	85,803	\$555,806	\$48,115,174,166
2023	72,285	\$555,456	\$40,216,425,417

This data indicates that the number of sales of single-family residences in the Phoenix area increased from 76,440 units in 2014 to 110,499 units in 2021, then declined to 72,285 in 2023 and the average home prices and total sales have increased every year to 2021, then declined in 2022.

Moreover, the S&P/Case-Shiller AZ-Phoenix Home Price Index increased from 200.143 in January 2020 to 343.538 in June 2022, then declined to 307.319 in January 2023, then increased to 325.990 in October 2023, then decreased to 311.173 in December 2023. This trend is illustrated in the following chart:

S&P/Case-Shiller AZ-Phoenix Home Price Index											
Month	Index	% Change	Month	Index	% Change	Month	Index	% Change	Month	Index	% Change
Jan-20	200.143		Jan-21	231.90	1.60%	Jan-22	307.471	1.70%	Jan-23	307.319	-1.24%
Feb-20	201.530	0.69%	Feb-21	236.59	2.02%	Feb-22	314.314	2.23%	Feb-23	307.827	0.17%
Mar-20	203.667	1.06%	Mar-21	244.55	3.37%	Mar-22	323.775	3.01%	Mar-23	309.230	0.46%
Apr-20	206.489	1.39%	Apr-21	252.66	3.32%	Apr-22	331.741	2.46%	Apr-23	311.458	0.72%
May-20	208.295	0.88%	May-21	262.12	3.74%	May-22	340.041	2.50%	May-23	314.037	0.83%
Jun-20	210.011	0.82%	Jun-21	271.47	3.57%	Jun-22	343.538	1.03%	Jun-23	317.599	1.13%
Jul-20	211.840	0.87%	Jul-21	280.47	3.32%	Jul-22	342.980	-0.16%	Jul-23	320.341	0.86%
Aug-20	215.095	1.54%	Aug-21	286.73	2.23%	Aug-22	335.518	-2.18%	Aug-23	322.483	0.67%
Sep-20	219.161	1.89%	Sep-21	291.57	1.69%	Sep-22	328.198	-2.18%	Sep-23	324.186	0.53%
Oct-20	222.821	1.67%	Oct-21	294.84	1.12%	Oct-22	323.057	-1.57%	Oct-23	325.990	0.56%
Nov-20	225.645	1.27%	Nov-21	298.32	1.18%	Nov-22	317.073	-1.85%	Nov-23	324.910	-0.33%
Dec-20	228.256	1.16%	Dec-21	302.33	1.35%	Dec-22	311.173	-1.86%	Dec-23	311.173	-1.86%

Recognizing these market conditions, the comparables are adjusted upward 1.0% per month through June 2022 and not adjusted after June 2022.

Discussion of Property Adjustments

Location

The location adjustment considers surrounding development (built out nature of the area, availability of competing sites, quality of development, etc.), demographic characteristics, gated access, arterial influence and proximity to services. Considering all of these factors, Comparable 1 has a superior location, indicating a downward adjustment, and Comparables 2, 3 and 4 have inferior locations, indicating upward adjustments.

Lot Type

The subject property is a cul-de-sac lot. All of the comparables are mid-block lots. Based on the comparable sales there does not appear to be a difference in sale prices based on this difference, indicating no adjustment.

Configuration

The subject property and all of the comparables have a sufficiently typical configuration to not require adjustments.

Flood Zone

The subject property is located in Flood Zone X. All of the comparables are located in Flood Zone X, indicating no adjustments.

Size in Square Feet

The subject property has 6,022 square feet of site area. Comparables 1, 3 and 4 are smaller and are adjusted downward. Comparable 2 is larger and is adjusted upward.

Utilities

The subject property has electricity, water and sewer to the property. The comparables have sufficiently similar utilities to not require adjustments.

Offsite Improvements

The subject and all of the comparables have frontage along roadways with all offsite improvements, indicating no adjustments.

Improvements

The subject site is being appraised, as if vacant. All of the comparable sales were vacant land or had no significant improvements, indicating no adjustments.

View Amenity

The subject site has a view of the common area, which is offset by the proximity to Cotton Lane. Comparable 1 has a golf course view, which is superior to the subject property indicating a downward adjustment. Comparables 2, 3 and 4 have typical views and are not adjusted.

Zoning/Potential Use

The subject site is zoned PAD and has a highest and best use for development of a single-family residence. All of the comparables have similar zoning and were acquired for development of sufficiently similar residential uses, indicating no adjustments.

Reconciliation of Value Indications

The comparable sales have an unadjusted sale price range of \$14.04 to \$26.79 per square foot and an adjusted sale price range of \$16.14 to \$22.90 per square foot. The adjusted sale prices have an average of \$20.29 per square foot and a median of \$21.07 per square foot. Based on these indications, it is my opinion that the subject site has a value of \$21.00 per square foot, as if vacant.

With a site area of 6,022 square feet and a unit value of \$21.00 per square foot, the value of the property is calculated as follows:

$$6,022 \text{ SF} \times \$21.00 = \$126,462$$

Therefore, based on the sales comparison approach, it is my opinion that the market value of the subject property, as if vacant, as of the effective date of the appraisal, is \$126,462.

Improvements Valuation

Reproduction Versus Replacement Cost

The cost to construct an improvement, as of the effective date of the appraisal, may be developed as the cost to reproduce the improvement, or the cost to replace it. Presented below are definitions of these two cost estimation techniques:

Reproduction Cost is defined as “the estimated cost to construct, at current prices as of the effective date of the appraisal, a duplicate or replica of the building being appraised, using the same or similar materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.”¹¹

Replacement Cost is defined as “The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.”¹²

The decision to use replacement or reproduction cost is related to the purpose of the appraisal. For the purpose of valuing the subject property, replacement cost is most appropriate.

Source of Cost Data

To estimate the replacement cost of the subject improvements, I have relied on cost information obtained from the Marshall Valuation Service. Compiled and published by Marshall and Swift, the Marshall Valuation Service (MVS) provides cost data for estimating the replacement costs of buildings and other types of improvements throughout the United States and Canada. According to information published by Marshall & Swift, the cost data presented within the MVS are based on years of valuation experience, thousands of appraisals, and continual analysis of new improvements.

The cost information contained within the MVS is presented in the form of per unit cost estimates for typical improvements classified by seven occupancy groups, five classes of construction, and four categories of construction quality. Further, within each building class there may be many various sub-classifications and variations of costs based upon specific attributes and improvement types. Various multipliers are also used to adjust for differences with respect to perimeter measurements and story height. The refined cost estimates are then finally adjusted by the application of current cost and local multipliers. The MVS cost estimates are intended to be representative of final costs to the owner and include the following indirect costs:

¹¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal, Seventh Edition*, (Chicago, Illinois, 2022), page 163.

¹² Appraisal Institute, *The Dictionary of Real Estate Appraisal, Seventh Edition*, (Chicago, Illinois, 2022), page 163.

- Average architect's and engineer's fees
- Normal interest on the actual building funds during construction and processing fee
- Appropriate local, state and federal sales taxes
- Normal site preparation
- Utilities from structure to lot line, assuming a typical setback
- Contractor's overhead and profit

Indirect costs not included in the Marshall Valuation cost estimates are as follows:

- Costs of buying or assembling land such as escrow fees, legal fees, property taxes, right-of-way costs, demolition, storm drains, rough grading or land improvement costs
- Pilings, hillside foundations, soil compaction and vibrations, and terracing
- Costs of land planning or preliminary concept and layout for large developments, interest or taxes on land, feasibility studies, certificate of need, environmental impact report, hazardous material testing, appraisal or consulting fees, etc.
- Discounts or bonuses paid for financing, funds, project bonds, permanent financing, development overhead, fixture and equipment purchases
- Yard improvements, including septic systems, signs, landscaping, paving, walls, yard lighting, pools, or other recreational facilities
- Off-site costs including roads, utilities, park fees, jurisdictional hook-up, tap-in, impact or entitlement fees and assessments
- Furnishings and fixtures, usually not found in the general contract that are peculiar to a definite tenant, such as seating or kitchen equipment
- Marketing costs to create first occupancy including model or advertising expenses, leasing or broker's commissions, temporary operation of property owner's associations, fill-up or membership sales costs or fees
- Allowance for entrepreneurial profit

Analysis Of Elements Of Depreciation

Depreciation is defined as follows: "In appraisal, a loss in the value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date."¹³

The loss in value may emanate from physical deterioration, functional obsolescence, external obsolescence, or any combination of these sources. These terms are defined in this section of the report and the reader is directed to these descriptions for further reference.

Depreciation can be estimated utilizing the economic age-life method, the modified economic age-life method, or the breakdown method. However, for the purpose of this analysis and within the scope of this report, the breakdown method will be utilized to provide an appropriate indication of value for the subject property.

¹³ Appraisal Institute, *The Dictionary of Real Estate Appraisal, Seventh Edition*, (Chicago, Illinois, 2022), page 51.

To apply the breakdown method of estimating accrued depreciation, an appraiser analyzes each cause of depreciation separately, estimates the amount of each component, and then totals the various components to derive an overall estimated depreciation figure, which is deducted from the estimated total cost of the improvements. The following analysis considers each of the various components utilized in the application of this technique and appropriate depreciation estimates are derived if applicable.

Curable Physical Deterioration is defined as “a form of physical deterioration that can be practically and economically corrected as of the effective date of appraisal; excludes vandalism and damage, which are curable conditions but are not accounted for in an estimate of replacement cost or reproduction cost.”¹⁴ The estimate of curable physical deterioration applies only to those items in need of repair as of the effective date of appraisal. Curable physical deterioration is measured as the cost of restoring the item in question to either new, or reasonably new, condition.

As noted within the Improvements Description section of this report, observation of the subject indicates that as of the date of inspection, the existing improvements are in good condition. Nonetheless, virtually all properties suffer from some curable physical deterioration. For this analysis, a nominal amount is deducted for curable physical deterioration.

Incurable Physical Deterioration is defined as “A form of physical deterioration that cannot be practically or economically corrected as of the effective date of appraisal (e.g., a one-year-old water heater or two-year old roof cover, which is not economically feasible to replace but does not contribute to value equal to the cost new).”

To estimate the amount of depreciation applicable to incurable physical deterioration, the total replacement cost of the curable physical items must be deducted from the estimated replacement cost of the structure. After subtracting this figure, the appraiser can then use one of two methods to estimate incurable physical deterioration. However, in this particular case, available data more clearly supports the use of the ratio of effective age to estimated economic life. The estimated economic life and effective age of the subject improvements are stated in the improvement description section. Appropriate estimates of incurable physical deterioration have been made with respect to the existing subject improvements based upon these figures by dividing the estimated effective age by the estimated economic life.

Curable Functional Obsolescence is defined as “an element of depreciation; a curable defect caused by a flaw in the structure, materials, or design, which can be practically and economically corrected.”¹⁵

¹⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal, Seventh Edition*, (Chicago, Illinois, 2022), page 47.

¹⁵ Appraisal Institute, *The Dictionary of Real Estate Appraisal, Seventh Edition*, (Chicago, Illinois, 2022), page 94.

However, within the scope of this report, the replacement cost of the subject improvements has been estimated based upon an analysis of improvements considered to be equivalent to the subject in terms of overall utility, rather than upon an analysis of the existing improvements themselves. Thus, for the purpose of this analysis, as of the date of valuation, the amount of any curable functional obsolescence is considered to be essentially immaterial.

Incurable Functional Obsolescence is defined as “an element of depreciation; a defect caused by a deficiency or superadequacy in the structure, materials, or design, that cannot be practically or economically corrected as of the effective date of the appraisal.”¹⁶

The subject improvement’s size, shape, utility and site utilization conform to current market requirements. Furthermore, I did not observe any factors that would cause a loss in utility or income; therefore, for the purpose of this analysis, as of the date of valuation, the amount of any incurable functional obsolescence is considered to be essentially immaterial.

External Obsolescence is defined as “A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent. There are two forms of external obsolescence: economic and locational.”¹⁷

Based upon the above definition, external obsolescence is viewed as the diminished utility of a structure due to negative influences emanating from outside the property. Such obsolescence can be caused by a variety of factors including adverse local and national economic conditions.

In my research, I did not identify any external conditions that impact the value of the subject property, as improved. Therefore, no deduction is made for external obsolescence.

Based on Marshall Valuation for direct costs, and other market data for indirect costs and entrepreneurial profit and the break-down method for an estimate of depreciation, I have constructed the following Cost Approach Summary.

¹⁶Appraisal Institute, *The Dictionary of Real Estate Appraisal, Seventh Edition*, (Chicago, Illinois, 2022), page 94.

¹⁷Appraisal Institute, *The Dictionary of Real Estate Appraisal, Seventh Edition*, (Chicago, Illinois, 2022), page 68

Cost Approach Summary			
Building Type (SFR Section 12, Page 25)		Single-family Residence	
Class of Construction:		D	
Quality of Construction:		Average	
Direct Costs			
Building Improvements - Livable Area		Unit Price	
Base Cost Per Square Foot		\$	170.00
Floor Area-Shape Multiplier		x	1.020
Ceiling Height Multiplier		x	1.060
Total Adjusted Base Cost		= \$	183.80
Current Cost Multiplier		x	0.980
Local Cost Multiplier		x	0.960
Final Cost Per Square Foot		= \$	172.92
Square Feet of Building Area		x	1,763
Total Direct Livable Building Costs:		=	\$ 304,863
Garage (435 sf x \$40/sf)		+	17,400
Covered Porch Areas (103 sf x \$35/sf)		+	3,605
Covered Patio Areas (88 sf x \$35/sf)		+	\$ 3,080
Total Direct Building Costs		=	\$ 328,948
Indirect Costs			
Architectural		Included	
Project Overhead (1% of Direct Costs)		+	3,049
Professional Fees (1% of Direct Costs)		+	3,049
Permanent Loan Fees (1% of Direct Costs)		+	3,049
Interest During Construction		+	Included
Marketing & Leasing (3% of Direct Costs)		+	9,146
Total Indirect Costs		=	\$ 18,292
Total Direct and Indirect Costs			\$ 347,240
Entrepreneurial Profit (10%)		+	34,724
Total Replacement Cost		=	\$ 381,964
Depreciation			
Physical Depreciation			
Curable		\$	20,000
Incurable (27%)		+	103,130
Functional Obsolescence		+	0
External Obsolescence		+	0
Total Depreciation		=	\$ 123,130
Depreciated Value of Building			\$ 258,833
Site Improvements (4,254 sf x \$7.00/sf)			\$ 29,778
Plus Site Value			\$ 126,462
Value Indication by The Cost Approach			\$ 415,073

Therefore, based on this analysis using the cost approach to value, it is my opinion that the market value of the subject property is \$415,073.

SALES COMPARISON APPROACH TO VALUE – AS IMPROVED

The sales comparison approach is an approach through which an appraiser derives a value indication by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison and making adjustments, based on the elements of comparison, to the sale prices of the comparables.

Traditionally, this is an appraisal procedure in which the market value estimate is predicated upon prices paid in actual market transactions and prices asked in current listings. It is a process of analyzing sales of similar recently sold properties in order to derive an indication of the most probable sales price of the property being appraised. The reliability of this technique is dependent upon (a) the availability of comparable sales data; (b) the verification of the data; (c) the degree of comparability or extent of adjustment necessary for time differences; and (d) the absence of non-typical conditions affecting the sales price. It is sometimes referred to as Value in Exchange or the value, in terms of money, of real estate in a typical market.

Overview of the Search for Comparable Sales Information

Emphasis was placed upon selecting relatively recent transactions involving comparables which were similar to the subject property in terms of property rights conveyed, location and physical characteristics. Each of the comparable sales has been confirmed in ARMLS and public records.

Selection of Appropriate Units of Comparison

For this analysis, I have used sale price per residence as the unit of comparison. This unit of comparison appears to best fit the market data.

Analysis and Comparison of Comparable Sales

Typically, comparable sales are analyzed based on a variety of value influencing criteria. For this analysis, the factors that have been considered are as follows:

Transaction Adjustments

- Real Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Expenditures Immediately After the Sale
- Market Conditions (Date of Sale)

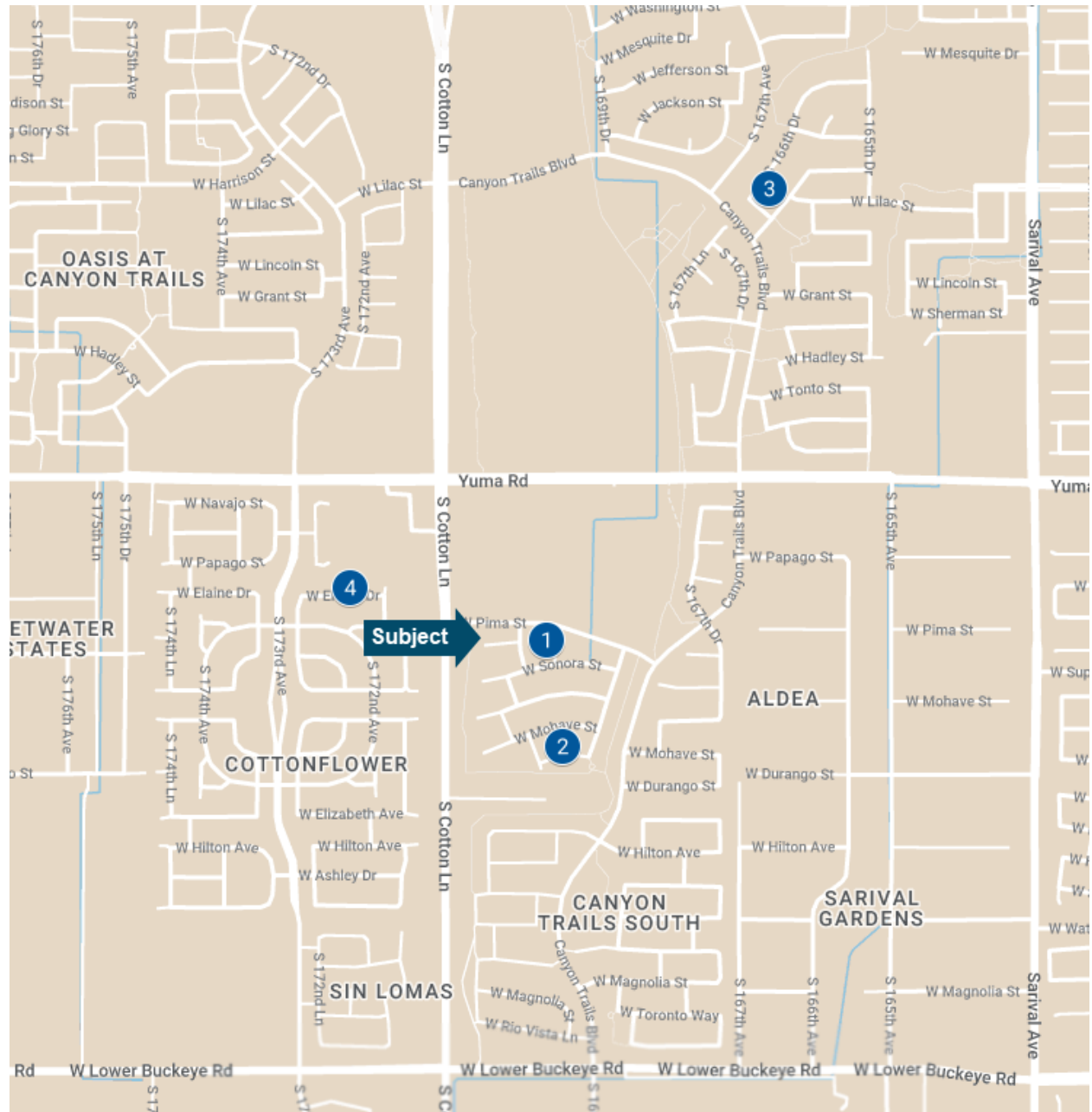
Property Adjustments

- Location
- Physical Characteristics
- Intended Use
- Economic Characteristics
- Non-Realty Components of Value

Description and Adjustment of Comparable Improved Sales

A location map of the comparables is on the following page. Following the map are descriptions of the comparable sales, an improved sales summary and adjustment grid, and a discussion of the adjustments to the comparable sales. Following the discussion of the adjustments is a reconciliation of the value indications to provide a value conclusion for the subject property.

Improved Sales Map



Improved Comparable Sale One



Property Identification

Property Type:	Single-family residence
Location:	1648 South 169 th Drive, Goodyear, AZ 85338
Tax Parcel Number:	500-97-084

Sale Data

Sale Price:	\$401,990
Terms:	All cash to the seller
Unit Value(s):	\$228.79 Per square foot of living area
Date of Recordation:	October 13, 2023 (August 21023 escrow)
Grantor/Seller:	Jeffery M & Valerie N Ocenas
Grantee/Buyer:	Kristopher & Sidney Foster & Norma Reese
Instrument:	Warranty Deed
Instrument Number:	2023-0535507
Conditions of Sale:	\$12,060 in seller concessions
Marketing Time:	Approximately 5 days
Confirmation:	Public records, MLS, Monsoon and inspection

Site Data

Shape/Dimensions:	Irregular
Area:	±9,755 Net square feet
Frontage and Access:	169 th Drive
Zoning/Restrictions:	PAD Planned Area Development
Utilities:	Electricity, water, sewer, gas and telephone

Improvement Data

Livable Building Area:	1,757 Square feet
Site Coverage:	18.0% ($1,757 / 9,755 = 18.0\%$)
Construction Type:	Frame, stucco, wood trusses and tile roofing
Design:	Spanish
Quality of Construction:	Good
Year Built/Age at Sale:	2009/14 Years at sale date
Condition:	Average/Good
Total Rooms:	6
Bedrooms:	4
Bathrooms:	2.0
Functional Utility:	Functional
Heating/Cooling:	Forced warm air/central air conditioning
Energy Efficiency Items:	None
Garage/Carport/Driveway:	Two-car garage
Porch, Patio, Deck:	Covered patio, covered porch
Fireplace:	None
Fence:	Block
Pool/Spa:	No pool
Other Amenities:	None

Improved Comparable Sale Two



Property Identification

Property Type:	Single-family residence
Location:	16952 West Durango Street, Goodyear, AZ 85338
Tax Parcel Number:	500-97-173

Sale Data

Sale Price:	\$395,000
Terms:	All cash to the seller
Unit Value(s):	\$243.38 Per square foot of living area
Date of Recordation:	October 11, 2023 (September 2023 escrow)
Grantor/Seller:	Chad Susnik
Grantee/Buyer:	Rikki A Garcia & Julianna Cortez
Instrument:	Warranty Deed
Instrument Number:	2023-0530568
Conditions of Sale:	Typical
Marketing Time:	Approximately 5 days
Confirmation:	Public records, MLS, Monsoon and inspection

Site Data

Shape/Dimensions:	Nearly rectangular
Area:	±6,216 Net square feet
Frontage and Access:	Durango Street
Zoning/Restrictions:	PAD Planned Area Development
Utilities:	Electricity, gas, water, sewer and telephone

Improvement Data

Livable Building Area:	1,623 Square feet
Site Coverage:	26.1% (1,623 / 6,216 = 26.1%)
Construction Type:	Frame, stucco, wood trusses and tile roofing
Design:	Spanish
Quality of Construction:	Good
Year Built/Age at Sale:	2012/ 11 Years at sale date
Condition:	Good
Total Rooms:	6
Bedrooms:	3
Bathrooms:	2.0
Functional Utility:	Functional
Heating/Cooling:	Forced warm air/central air conditioning
Energy Efficiency Items:	None
Garage/Carport/Driveway:	Two-car attached garage
Porch, Patio, Deck:	Covered patio and covered porch
Fireplace:	None
Fence:	Block
Pool/Spa:	No pool
Other Amenities:	None

Improved Comparable Sale Three



Property Identification

Property Type:	Single-family residence
Location:	437 S 166 th Drive, Goodyear, AZ 85338
Tax Parcel Number:	500-96-325

Sale Data

Sale Price:	\$405,000
Terms:	All cash to the seller
Unit Value(s):	\$226.38 Per square foot of living area
Date of Recordation:	February 23, 2024 (January 2024 escrow)
Grantor/Seller:	James Rogers
Grantee/Buyer:	Kassandra E Kosmal
Instrument:	Warranty Deed
Instrument Number:	2024-0091601
Conditions of Sale:	Typical
Marketing Time:	Approximately 41 days
Confirmation:	Public records, MLS, Monsoon and inspection

Site Data

Shape/Dimensions:	Rectangular
Area:	±6,900 Net square feet
Frontage and Access:	166 th Drive
Zoning/Restrictions:	PAD Planned Area Development
Utilities:	Electricity, water, sewer, gas and telephone

Improvement Data

Livable Building Area:	1,789 Square feet
Site Coverage:	25.9% (1,789 / 6,900 = 25.9%)
Construction Type:	Frame, stucco, wood trusses and tile roofing
Design:	Spanish
Quality of Construction:	Good
Year Built/Age at Sale:	2006/18 Years at sale date
Condition:	Good
Total Rooms:	6
Bedrooms:	4
Bathrooms:	2.0
Functional Utility:	Functional
Heating/Cooling:	Forced warm air/central air conditioning
Energy Efficiency Items:	None
Garage/Carport/Driveway:	Two-car attached garage
Porch, Patio, Deck:	Covered patio and covered porch
Fireplace:	None
Fence:	Block
Pool/Spa:	No pool
Other Amenities:	None

Improved Comparable Sale Four



Property Identification

Property Type:	Single-family residence
Location:	17226 West Elaine Drive, Goodyear, AZ 85338
Tax Parcel Number:	502-43-150

Sale Data

Sale Price:	\$385,000
Terms:	All cash to the seller
Unit Value(s):	\$252.13 Per square foot of living area
Date of Recordation:	March 7, 2024 (January 2024 escrow)
Grantor/Seller:	Consuelo Alvarez
Grantee/Buyer:	Rosa M Martinez
Instrument:	Warranty Deed
Instrument Number:	2024-0118601
Conditions of Sale:	\$3,500 in seller concessions
Marketing Time:	Approximately 4 days
Confirmation:	Public records, MLS, Monsoon and inspection

Site Data

Shape/Dimensions:	Rectangular
Area:	±5,500 Net square feet
Frontage and Access:	Elaine Drive
Zoning/Restrictions:	PAD Planned Area Development
Utilities:	Electricity, water, sewer, gas and telephone

Improvement Data

Livable Building Area:	1,527 Square feet
Site Coverage:	27.8% (1,527 / 5,500 = 27.8%)
Construction Type:	Frame, stucco, wood trusses and tile roofing
Design:	Spanish
Quality of Construction:	Good
Year Built/Age at Sale:	2002/22 Years at sale date
Condition:	Good
Total Rooms:	6
Bedrooms:	4
Bathrooms:	2.0
Functional Utility:	Functional
Heating/Cooling:	Forced warm air/central air conditioning
Energy Efficiency Items:	None
Garage/Carport/Driveway:	Two-car attached garage
Porch, Patio, Deck:	Covered patio and covered porch
Fireplace:	None
Fence:	Block
Pool/Spa:	No pool
Other Amenities:	None

Improved Sales Summary and Adjustment Grid - Before Acquisition					
	Subject	Comparable Sales			
		1	2	3	4
Sale Price	-	\$401,990	\$395,000	\$405,000	\$385,000
Size in Square Feet	1,763	1,757	1,623	1,789	1,527
Price Per Square Foot	-	\$228.79	\$243.38	\$226.38	\$252.13
<u>Transaction Characteristics</u>					
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment					
Financing (Effective)	All Cash	All Cash	All Cash	All Cash	All Cash
Adjustment					
Conditions	Typical	Seller Concessions	Typical	Typical	Seller Concessions
Adjustment		(\$12,000)			(\$3,500)
Market Conditions (Sale Date)	May-24	Aug-23	Sep-23	Jan-24	Jan-24
Close of Escrow		13-Oct-23	11-Oct-23	23-Feb-24	7-Mar-24
Adjustment (None)		\$0	\$0	\$0	\$0
Adjusted Price		\$389,990	\$395,000	\$405,000	\$381,500
<u>Locational/Physical Characteristics</u>					
Location	CDS/Common	CDS/Common	Typical	Typical	Typical
Adjustment					
Site Area	6,022	9,755	6,216	6,900	5,500
Adjustment		(\$7,500)		(\$1,800)	\$1,000
Design	Spanish	Spanish	Spanish	Spanish	Spanish
Adjustment					
Quality of Construction	Good	Good	Good	Good	Good
Adjustment					
Age at Sale	15 Years	14 Years	11 Years	14 Years	22 Years
Adjustment					
Condition	Average/Good	Average/Good	Good	Good	Good
Adjustment			(\$10,000)	(\$10,000)	(\$10,000)
Room Count (Total/Bed/Bath)	6 / 4 / 2.0	6 / 4 / 2.0	6 / 3 / 2.0	6 / 4 / 2.0	6 / 4 / 2.0
Adjustment					
Gross Living Area	1,763	1,757	1,623	1,789	1,527
Adjustment			\$10,500		\$17,700
Basement & Below Grade Area	0	0	0	0	0
Adjustment					
Functional Utility	Good	Good	Good	Good	Good
Adjustment					
Heating/Cooling	FWA / CAC	FWA / CAC	FWA / CAC	FWA / CAC	FWA / CAC
Adjustment					
Energy Efficient Items	None	None	None	None	None
Adjustment					
Parking	2 - Garage	2 - Garage	2 - Garage	2 - Garage	2 - Garage
Adjustment					
Porch, Patio, Deck	Covered Patio	Covered Patio	Covered Patio	Covered Patio	Covered Patio
Adjustment					
Fencing, Pool, Etc.	Blk, No Pool	Blk, No Pool	Blk, No Pool	Blk, No Pool	Blk, No Pool
Adjustment					
Other Amenities	None	None	None	None	None
Adjustment					
Net Locational/Physical Adjustments		-\$7,500	\$500	-\$11,800	\$8,700
Adjusted Sales Price		\$382,490	\$395,500	\$393,200	\$390,200
Adjusted Price Per Square Foot		\$217.69	\$243.68	\$219.79	\$255.53

Discussion of Transaction Adjustments

Property Rights Conveyed

This is an appraisal of the fee simple interest. The fee-simple interest was conveyed in each of the comparable sales; therefore, no adjustments are indicated for property rights conveyed.

Financing Terms

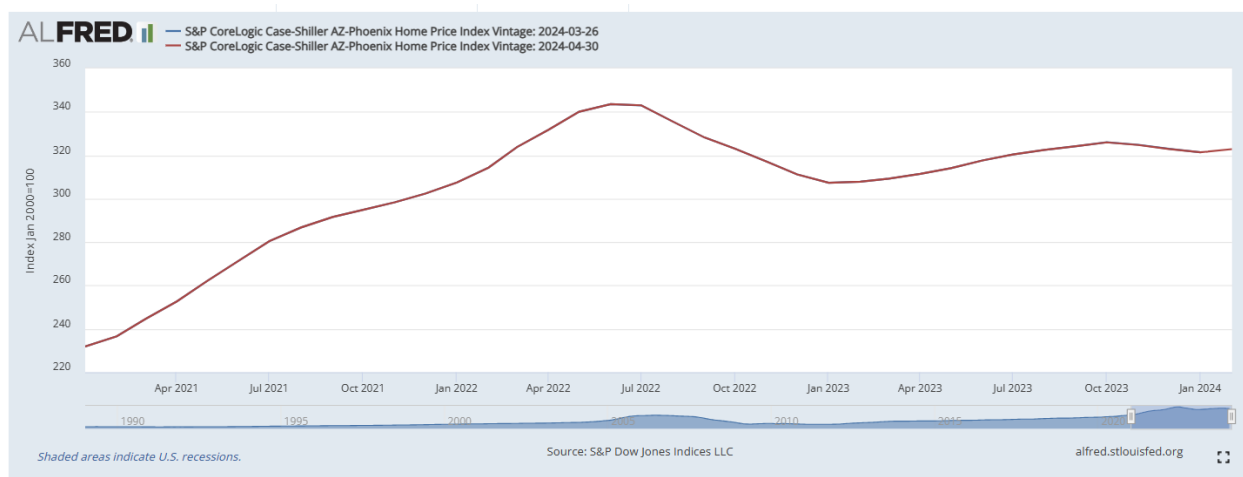
All of the comparables, sold for all cash to the seller or with cash equivalent financing, indicating no adjustments.

Conditions of Sale

Comparables 2 and 3 sold under typical conditions of sale, indicating no adjustments. Comparables 1 and 4 included seller concessions, indicating downward adjustments.

Market Conditions

The effective date of the appraisal is May 8, 2024. The comparable sales closed between October 2023 and March 2024 and went into escrow within one month or less of the closing. The following table shows the S&P/Case-Shiller AZ-Phoenix Home Price Index and monthly change in the index from January 2021 to February 2024:



This chart indicates that home have remained relatively stable since October 2023. Recognizing these market conditions, no adjustments for market conditions were warranted.

Discussion of Property Adjustments

Adjustments for the location and physical differences between the subject and comparables sales are discussed below. These characteristics for which the subject and comparables are sufficiently similar to not require an adjustment are not discussed.

Location

The subject site has a view of the common area, which is offset by the proximity to Cotton Lane. Comparable 1 has a similar location. Comparables 2, 3 and 4 have sufficiently similar locations to not warrant adjustments.

Site Area

The subject property has a site area of 6,022 square feet. Comparables 1 and 3 have larger site areas, which is superior to the subject, indicating downward adjustments.

Comparables 2 has a sufficiently similar site area to not warrant adjustments. Comparable 4 is smaller and is adjusted upward.

Condition

The subject property is in average/good condition. Comparable 1 is in sufficiently similar condition to not warrant adjustment. Comparables 2, 3 and 4 and are in superior condition, indicating downward adjustments.

Room Count

The subject has four bedrooms and two bathrooms. The comparables have similar bathroom counts, indicating no adjustments.

Gross Living Area

The subject property has 1,763 square feet of above grade living area. Comparables 1 and 3 have sufficiently similar living areas to not warrant adjustments. Comparables 2 and 4 have smaller living areas, indicating upward adjustments.

Energy Efficient Items

The subject has typical energy efficient items. The comparables have typical energy efficient items and are not adjusted.

Parking

The subject has a two-car garage. The comparables have similar parking, indicating no adjustments.

Porch, Patio, Deck

The subject and comparable have covered patios, indicating no adjustments.

Pool/Spa

The subject and comparables do not have pools, indicating no adjustments.

Fencing

The subject and comparables have similar fencing, indicating no adjustments.

Other Amenities

The subject and comparables have typical amenities, indicating no adjustments.

Reconciliation of Value Indications

The comparable sales have an unadjusted sale price range of \$385,000 to \$405,000 and indicate an adjusted value range of \$382,490 to \$395,500. The comparables have an average adjusted sale price of \$390,348 and a median adjusted sale price of \$391,700. Based on these indications, it is my opinion that the subject property has a value, as improved, of **\$391,000**.

RECONCILIATION AND VALUATION CONCLUSION

Reconciliation is the process whereby the appraiser evaluates and selects from among alternative conclusions or indications, a single conclusion of value. An orderly connection of interdependent elements is a prerequisite of proper reconciliation. This requires a re-examination of specific data, procedures, and techniques within the framework of the approaches used to derive preliminary estimates. Each approach is reviewed separately by comparing it to the other approaches to value in terms of adequacy, accuracy, completeness of reasoning, and overall reliability.

Within the scope of this report, only the cost approach and sales comparison approaches to value were used. The reasoning for excluding the income approach was explained previously. As part of the cost approach, the sales comparison approach was used to develop an opinion of value for the subject site, as if vacant. The value indications from these approaches to value for the subject property are as follows:

Sales Comparison Approach, As If Vacant:	\$126,462 (\$21.00/SF)
Cost Approach, As Improved;	\$415,073
Sales Comparison Approach, As Improved:	\$391,000

In the sales comparison approach for the subject site, as if vacant, I analyzed sales of four comparable properties. Although differing slightly in terms of market conditions and some physical characteristics, it is my opinion that the comparables used are indicative of the value range for the subject property as if vacant. Moreover, it is my opinion that no other comparables in the area provide a more reliable indication of value for the subject property. Thus, with all weight on the sales comparison approach, it is my opinion that the market value of the subject site, as if vacant, as of the effective date of the appraisal is \$126,462, or \$21.00 per square foot.

The replacement cost of the improvements was then estimated and depreciated. The replacement cost was estimated using Marshall Valuation Service, a well-known and accepted source of improvement cost information. Additional indirect costs were estimated using adequate market data and are reliable. It is my opinion that the cost approach provides a reliable indication of value for the property.

In estimating the market value of the subject property as improved via the sales comparison approach, sales of four comparable properties were analyzed, compared, and adjusted to provide a value indication for the subject property. In the analysis, quantitative and qualitative adjustments were considered and applied to each comparable. The strength of this approach to value is that it is reflective of current sales activity and the actions of market participants. This approach to value has the greatest reliability when the available market data and comparative sales do not differ from the property being valued. The comparables sales are sufficiently similar to the subject property to provide a reasonably reliable indication of value. Furthermore, the sales

comparison approach generally supports the value conclusion based on the cost approach.

Thus, with greatest weight on the sales comparison approach, and with support from the cost approach, it is my opinion that the market value of the subject property, as improved, as of the effective date of the appraisal, is \$391,000.

Exposure Time

Exposure time is defined as “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.”¹⁸ Based on other sales in the area, it is my opinion that the subject property could have been sold in two months or less.

Final Valuation Summary

Based on this analysis, the final valuation summary for the proposed acquisition is as follows:

Larger Parcel, As If Vacant:	\$126,462
Larger Parcel, As Improved:	\$391,000

Auditing Breakdown

Land Acquisition:	\$126,462
Improvement Acquisition:	\$264,538
Severance Damages:	\$ 0
Cost to Cure:	\$ 0
Special Benefits:	\$ 0
Total Acquisition:	\$391,000

Therefore, based on this analysis, it is my opinion that the market value of the proposed acquisition, as of the effective date of the appraisal, is **\$391,000**.

¹⁸Appraisal Standards Board of The Appraisal Foundation, *2020-2021 Uniform Standards of Professional Appraisal Practice* (United States of America, 2020), page 4.

ADOT RIGHT OF WAY SECTION CERTIFICATE OF APPRAISER

Project Number: 303L MA 100 H6870

Parcel Number: 7-12290

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 represented by the photographs contained in the appraisal.

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

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

That my analysis, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.

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

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

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

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

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

That my opinion of the market value of the partial acquisition, as of May 8, 2024, is **\$391,000** based on my independent appraisal and the exercise of my professional judgment.

Date: August 22, 2024



Signature:
Arizona Certified General Real Estate Appraiser #30821

ASSUMPTIONS AND LIMITING CONDITIONS

1. The legal description for the larger parcel and acquisition as stated in this report is assumed to be accurate. I assume that the larger parcel and acquisition are accurately identified in this report.
2. I was provided with a title report but not a survey for the subject property. This appraisal assumes that any easements affecting the site are disclosed in the title report and/or recorded plat map or are apparent based on an inspection.
3. Title to the property is marketable, free, and clear of all liens.
4. The fee simple estate in the property contains the sum of all fractional interests that may exist.
5. The property is appraised as if owned in fee simple title without encumbrances, unless otherwise mentioned in this report.
6. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this appraisal report.
7. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
8. Responsible ownership and competent management exist for the property, unless otherwise stated.
9. The appraiser is not responsible for the accuracy of the opinions furnished by others and contained in this report, nor is he responsible for the reliability of government data used in the report.
10. Compensation for appraisal services is dependent only upon the production of this report and is not contingent upon the values estimated.
11. This report considers nothing of a legal character, is not considered to be a legal document and the appraiser assumes no responsibility for matters of a legal nature.
12. Testimony or attendance in court may be required by reason of this appraisal.
13. Hidden defects within the materials of the structures, property or subsoil or defects which are inaccessible to normal inspection, are not the responsibility of the appraiser.

14. Information furnished by the property owner, lender, agent, or management is correct as received.
15. 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. No part of this appraisal may be reproduced without the permission of the appraiser.
16. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser.
18. This report is the confidential and private property of the client and the appraiser. Any person other than the appraiser or the client who obtains and/or uses this report or its contents for any purpose not so authorized by the appraiser or the client is hereby forewarned that all legal means to obtain redress may be employed against him.
19. Utility services are available, as detailed in this report, for the subject property and they will continue to be so in the foreseeable future, unless otherwise noted in this report.
20. Subsurface rights (mineral, oil, etc.) and their potential impact upon value were not considered in this appraisal, unless stated otherwise.
21. The appraiser cannot predict or evaluate the possible effects of future wage price control actions of the government upon rental 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.
22. The subject property is not, nor will it be, in violation of the National Environmental Policy Act, the State Environmental or Clean Air Act, or any and all similar government regulations or laws pertaining to the environment.
23. This appraisal assumes that the subject property, as vacant, has no historical or archaeological significance. The value estimate is predicated on the assumption that no such condition exists. Should the client have a concern over the subject's status, he or she is urged to retain the services of a qualified independent specialist to determine the extent of either significance, if any, and the cost to study the condition

or the benefit or detriment such a condition brings to the property. The cost of the inspection and study must be borne by the client or owner of the property. Should the development of the property be restricted or enhanced in any way, the appraiser reserves the right to modify the opinion of value indicated by the market.

24. Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous materials, which may or may not be present on, or below, the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances as asbestos, PCB transformers, urea-formaldehyde foam insulation, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (containing hazardous materials). The value estimate is predicated on the assumption that there are no such materials on, or in, the property that would cause a loss in value. No responsibility is assumed for such conditions, or for any expertise or engineering knowledge required to discover them. Thus, the value estimated herein is as if unaffected by any such cause and/or substance. Should the client have concern over the existence of such substances, he or she is urged to retain the services of a qualified independent environmental specialist to determine the extent of contamination, if any, and the cost of treatment or removal. The cost of detection, treatment or removal and permanent storage must be borne by the client or owner of the property. This cost can be deducted from the estimate of market value of the subject property if so indicated by the market.

- Subject Photographs
- Right of Way Title Report
- Acquisition Exhibits
- Notification Letter
- Appraiser's Qualifications
- Purchase Order



SUBJECT PHOTOGRAPHS



Residence looking north from Zuni Street



Residence looking southeast



Zuni Street looking east



Open space area looking west from Zuni Street



Kitchen



Family Room



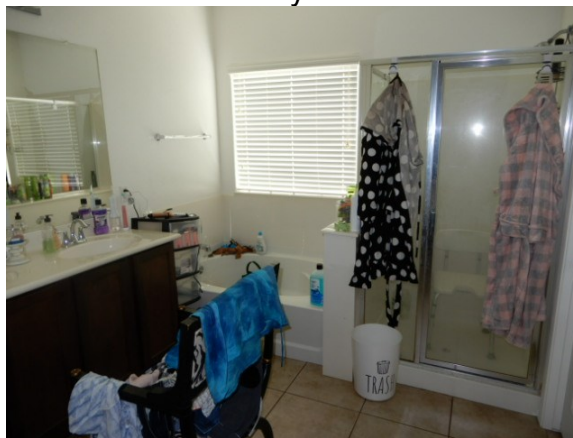
Breakfast Area



Laundry Room



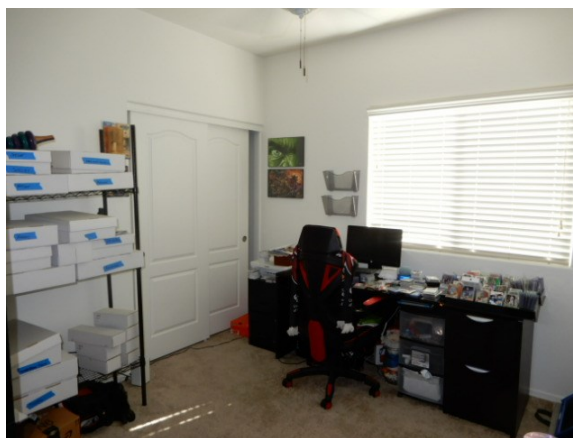
Bathroom



Bathroom



Bedroom



Bedroom



Bedroom



Bedroom

RIGHT OF WAY TITLE REPORT SCHEDULES A AND B

ARIZONA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY GROUP
RIGHT OF WAY TITLE REPORT

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

Paul E. Boyd and Jacque L. Boyd, Trustees of the Paul E. Boyd and Jacque L. Boyd Trust, dated July 11, 2016

Situs Address: 17046 W. Zuni St., Goodyear, AZ 85338

Mailing Address: 588 Bottles St., North Pole, AZ 99705-5218

By virtue of that certain: SEE ATTACHED FOR CHAIN OF TITLE

Upon compliance with REQUIREMENTS herein, satisfactory title will vest in the State of Arizona subject to encumbrances set forth in SCHEDULE B.

SCHEDULE A-1

Lot 7, of Canyon Trails Unit 4 South Parcel B, according to Book 818 of Maps, page 47, records of Maricopa County, Arizona.

Contiguous Property: None: ☒ **See Schedule A-2:** ☐ **Not Searched:** ☐ **Not Applicable:** ☐

Encumbrances and Requirements are not included for property in Schedule A-2.

REMARKS: Staff Title Report

NOTICE TO THE PROJECT MANAGEMENT MANAGER, PROJECT COORDINATOR AND CONDEMNATION LIAISON: SAID PROPERTY IS SUBJECT TO HOME OWNER'S ASSOCIATION FEES AND POTENTIAL SPECIAL ASSESSMENTS THAT ARE NOT EXEMPT BY THE OWNERSHIP OF GOVERNMENT ENTITIES.

Date of Search: 01/10/2022

Examiner: Randy Figueroa

Reviewer: N/A

Update to:

Examiner:

Reviewer:

Update to:

Examiner:

Reviewer:

Tax Assr No: 500-97-007

Tracs #:303LMA105H6870 01D **Section:** LOWER BUCKEYE ROAD – VAN BUREN STREET **County:** Maricopa

Highway: BOB STUMP MEMORIAL PARKWAY

ADOT Parcel: 07-12290

Federal Proj #: 303-A(ASO)S

SCHEDULE B

1. The liabilities and obligations imposed upon the land by its inclusion within the boundaries of the Roosevelt Irrigation District.
2. The liabilities and obligations imposed upon the land by its inclusion within the boundaries of the Canyon Trails Homeowners Association.
3. The liabilities and obligations imposed upon the land by its inclusion within the boundaries of the Canyon Trails Unit 4 South Homeowners Association.
4. Any vested and accrued water rights for mining, agricultural, manufacturing, or other purposes, and rights to ditches and reservoirs used in connection with such water rights as may be recognized and acknowledged by the local customs, laws and decisions of courts; and there is reserved from the lands hereby granted, a right of way thereon for ditches or canals constructed by the authority of the United States of America in Patent recorded 05/04/1916, in Book 115 of Deeds, page 604.
5. Easement for Right of Way, for canals, laterals and ditches, granted to Roosevelt Irrigation, an Arizona corporation, dated 08/23/1926, recorded 08/07/1929, in Book 238 of Deeds, page 238, thereafter Partial Release and Restatement of Easement, recorded 05/30/2007, in Document No. 2007-621463.
6. Easement for Right of Way, for canals, laterals and ditches, granted to Roosevelt Irrigation, an Arizona corporation, dated 06/07/1927, recorded 09/14/1929 in Book 238 of Deeds, page 475, thereafter Partial Release and Restatement of Easement, recorded 05/30/2007, in Document No. 2007-621464.
7. Easement for Right of Way, for canals, laterals and ditches, granted to Roosevelt Irrigation, an Arizona corporation, dated 08/22/1926, recorded 11/19/1929 in Book 240, page 390, thereafter Partial Release and Restatement of Easement, recorded 05/30/2007, in Document No. 2007-621465.
8. Resolution of Establishment and Advance Acquisition, # 88-05-A-51, dated 05/20/1988, recorded 06/17/1988, in Document No. 1988-294264. (Estrella Loop 303 Loop SR85 - I-10)
9. Intergovernmental Agreement between Maricopa County and the City of Peoria for the Estrella Corridor Study, recorded 05/22/1998, in Document No. 1998-430928.
10. Development Agreement for Canyon Trails, by and between the City of Goodyear, a municipal corporation and Chi Construction Company, an Arizona corporation, recorded 08/18/1999, in Document No. 1999-780645; thereafter Assumption of Developers Right, recorded 01/06/2005, in Document No. 2005-0021899, Correction recorded 01/11/2005 in Document 2005-041001; thereafter Assumption of Developers Right recorded 02/03/2005, in Document No. 2005-141127; thereafter Withdrawal and Termination of Assumption of Developers Rights, recorded 02/24/2005, in Document No. 2005-226950. (See Requirement No. 6)
11. Declaration of Covenants, Conditions, Restrictions and Easements Canyon Trails, recorded 11/09/2000, in Document No. 2000-862877; First Amendment recorded 04/30/2001, in Document No. 2001-267015; Designation of Designated Builder under Declaration of CC&R, recorded 07/18/2006, in Document No. 2006-958782; Designation of Designated Builder under Declaration of CC&R, recorded 12/26/2006, in Document No. 2006-1679973; Designation of Designated Builder under Declaration of CC&R, recorded 02/05/2010, in Document No. 2010-099137; Notice of Contact Information for Canyon Trails Homeowners' Association, recorded 06/11/2014, in Document No. 2014-381371.
12. Recorded Disclosure for Territory in the Vicinity of a Military Airport, recorded 08/14/2001, in Document No. 2001-743413.

13. Declaration of Covenants, Conditions and Restrictions for Canyon Trails Unit 4 South, recorded 11/14/2005, in Document No. 2005-1719425; First Amendment recorded 01/30/2009, in Document No. 2009-080302; Designation of Designated Builder under Declaration of CC&R, recorded 07/18/2006, in Document No. 2006-958782; Designation of Designated Builder under Declaration of CC&R, recorded 12/26/2006, in Document No. 2006-1679973; Designation of Designated Builder under Declaration of CC&R, recorded 02/05/2010, in Document No. 2010-099137; Designation of Designated Builder under Declaration of CC&R, recorded 07/16/2010, in Document No. 2010-606273, Designation of Designated Builder, recorded 01/11/2006, in Document No. 2006-049273, and recorded 09/29/2009, in Document No. 2009-901286; Notice by Canyon Trails Unit 4 South, recorded 10/231/2014, in Document No. 2014-697064.
14. Resolution FCD 2005R017 Loop 303 Drainage Improvements, by the Flood Control District of Maricopa County, to update the White Tanks Area Drainage Master Plan, recorded 12/19/2005, in Document No. 2005-1909415.
15. Conditions covenants and restrictions, as shown on the plat for Canyon Trails Unit 4 South, recorded 03/01/2006, in Book 818 of Maps, page 44.
16. Easements for public utilities and vehicular non access and conditions covenants and restrictions, including building setbacks, as shown on the plat for Canyon Trails Unit 4 South Parcel B, recorded 03/01/2006, in Book 818 of Maps, page 47.
17. Reimbursement Agreement for Special Public Improvements Cost Recovery for Regional Wastewater Trunk Lines, by and between City of Goodyear, an Arizona municipal corporation and Taylor Morrison/Arizona corporation, dated 08/26/2013, recorded 09/03/2013, in Document No. 2013-795151. (See Requirement No. 9)
18. Reimbursement Agreement for Special Public Improvements Cost Recovery for Regional Water Delivery Lines, by and between City of Goodyear, an Arizona municipal corporation and Taylor Morrison/Arizona corporation, dated 08/26/2013, recorded 09/03/2013, in Document No. 2013-795267. (See Requirement No. 11)
19. Notice of possible well site(s) on this parcel, as filed with the Arizona Department of Water Resources. (Registration No(s). 55-608850)

END OF SCHEDULE B

REQUIREMENTS

The following are the requirements to be complied with:

NOTICE:

Pursuant to Arizona Revised Statutes 11-480, effective January 1, 1991, the County Recorder may not accept documents for recording that do not; (a) contain print at least ten-point type (pica) or larger, (b) Have margins of at least one-half inch along the left and right sides, one-half inch across the bottom and at least two inches on top for recording and return address information, and (c) Each instrument shall be no larger than 8-1/2 inches in width and 14 inches in length.

1. PROPER SHOWING that all regular and special assessments levied by Roosevelt Irrigation, now due and payable are paid in full.
2. PROPER SHOWING that all assessments levied by the Canyon Trails Homeowners Association have been paid in full.
3. PROPER SHOWING that all assessments levied by the Canyon Trails Unit 4 South Homeowners Association have been paid in full.
4. PAYMENT OR PRORATION, as applicable, of all taxes, penalties and/or interest, if any, which may be due at the date of acquisition.
5. PROPER SHOWING as to any Permits, Lessees, Tenants or Parties in Possession of said premises or any portion thereof, and disposition of the rights of said parties.
6. RECORD Partial Termination of Development Agreement for Canyon Trails, by and between the City of Goodyear, a municipal corporation and Chi Construction Company, an Arizona corporation, recorded 08/18/1999, in Document No. 1999-780645; thereafter Assumption of Developers Right, recorded 01/06/2005, in Document No. 2005-0021899, Correction recorded 01/11/2005, in Document No. 2005-0041001, thereafter Assumption of Developers Right recorded 02/03/2005, in Document No. 2005-141127; thereafter Withdrawal and Termination of Developers Rights, recorded 02/24/2005, in Document No. 2005-226950. (See Schedule B Item No. 10)
7. RECORD Deannexation, by the Declarant of the subject property shown in Schedule A-1 herein to the Declaration of Covenants, Conditions, Restrictions and Easements Canyon Trails, recorded 11/09/2000, in Document No. 2000-862877, pursuant to Section 3.4 of said Declaration.
8. RECORD Deannexation, by the Declarant of the subject property shown in Schedule A-1 herein to the Declaration of Covenants, Conditions, Restrictions and Easements Canyon Trails, recorded 11/14/2005, in Document No. 2005-1719425, pursuant to Section 12.6 of said Declaration.
9. RECORD Partial Release of Reimbursement Agreement for Special Public Improvements Cost Recovery for Regional Wastewater Trunk Lines, by and between City of Goodyear, an Arizona municipal corporation and Taylor Morrison/Arizona corporation, dated 08/26/2013, recorded 09/03/2013, in Document No. 2013-795151. (See Schedule B, Item No. 17)

10. RECORD Partial Release of Reimbursement Agreement for Special Public Improvements Cost Recovery for Regional Water Delivery Lines, by and between City of Goodyear, an Arizona municipal corporation and Taylor Morrison/Arizona corporation, dated 08/26/2013, recorded 09/03/2013, in Document No. 2013-795267. (See Schedule B, Item No. 18)
11. RECORD Satisfaction of Judgment for Jury Fees, #CV2005-053120, in the principal amount of \$369.36; Jacqueline Boyd, Judgment Debtor; vs Tracy Blue, Judgment Creditor Address: Maricopa County Superior Court Collections Unit/Jury Fees P.O. Box 53236, Phoenix, AZ 85072; an Abstract of Judgment dated 08/30/2007, recorded 09/05/2007, in Document No. 2007-991425, Maricopa County records.
12. FURNISH an Arizona Department of Transportation approved Certificate of Trust for the Paul E. Boyd and Jacque L. Boyd Trust, dated July 11, 2016, in accordance with ARS 14-11013.

NOTE: Rights are reserved to make additional Requirements based upon our examination of said Certification of Trust.

13. RECORD Corrective Special Warranty Deed from Paul E. Boyd and Jacque L. Boyd, husband and wife to Paul E. Boyd and Jacque L. Boyd, Trustees of the Paul E. Boyd and Jacque L. Boyd Trust, dated July 11, 2016, or their successors, dated 07/20/2016, recorded 08/09/2016, in Document No. 2016-565686; reason for correction is to disclose the names and addresses of beneficiaries of the trust acquiring title, pursuant to ARS 33-404.
14. RECORD a Resolution of Advance Acquisition for this ADOT Parcel.
15. RECORD Warranty Deed from vestee to the State of Arizona by and through its Department of Transportation.

NOTE: Said Instrument must be in compliance with ARS 33-404 which requires identification of the trust, and names and addresses of all beneficiaries.

NOTE TO ACQUISITION AGENT: There is/are possible well sites on this parcel, shown as Schedule B Item No. 19 herein. Agent should obtain registration information, if any, from owner herein or from the Irrigation Company for whom the well site is benefiting.

END OF REQUIREMENTS

CHAIN OF TITLE

1. Special Warranty Deed from Cotton Lane 660, LLLP, an Arizona limited liability partnership, to Taylor Woodrow/Arizona, Inc., an Arizona corporation, dated 06/23/2005, recorded 07/01/2005, in Document No. 2005-913601. (Covers more property)
2. Special Warranty Deed from Taylor Morrison / Arizona, Inc., Arizona corporation formerly known as Taylor Woodrow / Arizona, Inc., an Arizona corporation, to TM Homes of Arizona, Inc., an Arizona corporation, dated 04/06/2010, recorded 04/20/2010, in Document No. 2010-329391. (NOTE: Consummates Option Agreement recorded 04/20/2006, in Document No. 2006-532407)
3. Special Warranty Deed from TM Homes of Arizona, Inc., an Arizona corporation, to Paul Boyd and Jacque Boyd, husband and wife, dated 04/06/2010, recorded 04/20/2010, in Document No. 2010-329392.
4. Special Warranty Deed from Paul E. Boyd and Jacque L. Boyd, husband and wife to Paul E. Boyd and Jacque L. Boyd, Trustees of the Paul E. Boyd and Jacque L. Boyd Trust, dated July 11, 2016, or their successors, dated 07/20/2016, recorded 08/09/2016, in Document No. 2016-565686.

END OF CHAIN OF TITLE

ACQUISITION EXHIBITS

TOTAL AREA	AREA REQUIRED			REMAINDER	
	UNDERLYING FEE (EXISTING ROW)	NET EXCLUDING (EXISTING R/W)	EASEMENTS	LEFT	RIGHT
6,022 Sq. Ft.		±453 Sq. Ft.	TCE ±392 Sq. Ft.		±5,569 Sq. Ft.



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

ADOT Right Of Way <small>THIS SKETCH PLAN IS FOR ADOT INTERNAL USE ONLY</small>	Exhibit #	7-12290	HIGHWAY NAME: BOB STUMP MEMORIAL PARKWAY	
	DATE	04/15/2024	PROJECT NO. 303L MA 100 H6870	
ROUTE NO.: SR 303L	LOCATION: LOWER BUCKEYE RD - VAN BUREN ST		FEDERAL AID NO.: UNASSIGNED	SHEET NO. 1 OF 1

Proposed Right of Way as of 04-02-24

\\NFFLSP98006\Groups\ITD\ENG\9340\PROJECTS\MARICOPA (7)\303L MA 100 H6870 - MC85 - VAN BUREN\EXHIBITS\Parcels\7-12290\7-12290 Parcel Exhibit.dgn

NOTIFICATION LETTER



April 5, 2024

Paul E. & Jacque L. Boyd
Paul E. Boyd & Jacque L. Boyd Trust
588 Bottles Street
North Pole, Alaska 99705

RE: Appraisal of a proposed partial acquisition of your property located at 17046 W Zuni Street in Goodyear, Arizona, identified as Maricopa County Assessor's Parcel Number 500-97-007

Paul E. & Jacque L. Boyd,

The Arizona Department of Transportation (ADOT) is interested in acquiring a portion of your property identified above for the project to extend the Bob Stump Memorial Parkway (Loop 303) from Lower Buckeye Road to Van Buren Street, in Goodyear, Arizona (ADOT Project 303L MA 100 H6870).

I am an independent real estate appraiser and have been asked to appraise the proposed acquisition for ADOT. My appraisal will conclude an opinion of the current market value of the proposed acquisition, which will assist you and a representative from ADOT to negotiate a fair price.

Please contact me at 602-525-8972 or doug@landprovaluation.com so that we can arrange for an inspection of the property. Your information regarding the property will help me conclude a fair value. I am looking forward to hearing from you soon.

Sincerely,

A handwritten signature in blue ink, appearing to read 'J. Douglas Estes'.

J. Douglas Estes, MAI, SR/WA
Arizona Certified General
Real Estate Appraiser No. 30821
Expiration Date: October 31, 2025

APPRAISER'S QUALIFICATIONS

Professional Qualifications of J. Douglas Estes, MAI, SR/WA

Professional Certification, Designations and Associations

- Arizona Certified General Real Estate Appraiser Number 30821
- MAI, Appraisal Institute, Certificate Number 11429
- SR/WA, International Right of Way Association, Designation Number 5641

Experience

Firms

- 2014—Present, Real Estate Appraiser and Owner, Landpro Valuation, Mesa, AZ
- 1998—2014, Real Estate Appraiser for Sell & Associates, Tempe, AZ
- 1994—1998, Real Estate Appraiser for Sell, Huish & Associates, Tempe, AZ
- 1993—1994, Appraisal Researcher for R.H. Whitlatch & Associates, Yuma, Arizona
- 1989—1993, Construction Estimator for Estes Insulation, Yuma, Arizona

Property Types/Assignments

- | | |
|---|----------------------------------|
| • Expert Witness Testimony | • Desert Land |
| • Industrial Buildings | • Agricultural Land |
| • Retail Buildings | • Ranches |
| • Gas Stations and Convenience Stores | • Mobile Home and RV Parks |
| • Environmentally Contaminated Property | • Single-Family Residences |
| • Rights-of-Way and Easements | • Funeral Homes |
| • Multi-Family Residential Properties | • Auto Service Facilities |
| • Residential Subdivisions | • Auto Sales Facilities |
| • Medical Office Buildings | • Sand and Gravel Land (Mine) |
| • Billboard Leases | • Feasibility Studies |
| • Transportation and Utility Corridors | • RV and Boat Storage Facilities |
| • Leased Fee Analysis/Valuations | • Partial Interest Valuations |
| • Mini-Storage Facilities | • Master Planned Communities |
| • Historic Properties | • Partial Taking Valuations |
| • Professional Office Buildings | • Transit Warehouses |
| • Section 8 Rent Comparability Studies | • Commercial Subdivisions |

Geographical Areas

- | | |
|--------------|---|
| • Arizona | • Mexico |
| • California | • Gila River Indian Community |
| • Utah | • Navajo Nation |
| • New Mexico | • Salt River Pima Maricopa Indian Community |
| • Nevada | |

Litigation Assignments

- | | |
|---------------------------------|---------------------|
| • Eminent Domain | • Foreclosure |
| • Bankruptcy | • Real Estate Taxes |
| • Divorce | • Insurance Claims |
| • Income, Gift and Estate Taxes | • Fraud |

Education

- Bachelor of Science, Business Management-Finance, Cum Laude, Marriott School of Management, Brigham Young University, 1989

Professional Courses and Seminars

- IRWA Course 507 – Specialized Nonresidential Payments, 2023
- IRWA Course 305 – The 1-2-3's of Right of Way Project Management, 2023
- IRWA Course 304 – When Public Agencies Collide, 2023
- IRWA Course 102 – Elevating Your Ethical Awareness, 2023
- IRWA Course 801 – United States Land Titles, 2023
- Calypso Continuing Education, Appraising Energy Efficient Residential Properties, 2021
- Calypso Continuing Education, A Brief Stroll through America's Architecture, 2021
- Calypso Continuing Education, Mold, A Growing Concern, 2021
- AI Course, Supervisory Appraiser/Trainee Appraiser Course, Distance Education, 2021
- AI Seminar, Subdivision Valuation, Online, 2019
- AI Seminar, Fundamentals of the UASFLA, Online, 2019
- AI Course Online Business Practices and Ethics, 2018
- IRWA The Uniform Act Executive Summary, Online, 2018
- IRWA Ethics and the Right of Way Profession, 2018
- Basic Hotel Appraising-Limited-Service Hotels, McKissock, 2017
- Various Condemnation Summits from 2010 through 2018
- The Nuts and Bolts of Green Building for Appraisers, McKissock, 2015
- Arizona Appraiser Laws and Regulations Course, 2013
- Arizona Supervisory Appraiser/Trainee Appraiser Course, 2013
- IRWA Course 103, Ethics and the Right of Way Profession, 2012
- AI Seminar, Introduction to Valuation for Financial Reporting, Phoenix, 2011
- State Bar of Arizona Annual Convention, Bankruptcy, Glendale, 2010
- State Bar of Arizona Annual Convention, Negotiating & Restructuring RE, Glendale, 2010
- IRWA Course 502, Business Relocation, Tempe, 2010
- LAI, Real Estate Bankruptcies for the Non-Lawyer RE Professional, Scottsdale, 2010
- International Right of Way Association Facilitator Clinic, Las Vegas, 2010
- AI Seminar, Uniform Appraisal Standards for Federal Land Acquisitions, Phoenix, 2009
- IRWA Course 803, Eminent Domain Law for the Right of Way Professional, Phoenix, 2009
- AI Seminar, Appraising Distressed Commercial RE: Here We Go Again, Mesa, 2009
- IRWA Course 410, Reviewing Appraisals in Eminent Domain, Tempe, 2008
- IRWA Course 401, Appraisal of Partial Acquisitions, Los Angeles, 2007
- IRWA Course 900, Principles of Real Estate Engineering, Tempe, 2007
- IRWA Course 213, Conflict Management, Tempe, 2006
- IRWA Course 205, Bargaining Negotiations, Tempe, 2006
- IRWA Course 800, Principles of Real Estate Law, Tempe, 2006
- IRWA Course 212, Creatively Solving Problems in Groups, Tempe, 2005
- IRWA Course 104, Standards of Practice for the Right of Way Professional, 2005
- IRWA Course 200, Principles of Real Estate Negotiation, Phoenix, 2004
- IRWA Course 403, Easement Valuation, Phoenix, 2004
- IRWA Course 214, Skills of Expert Testimony, Phoenix, 2004
- AI Seminar, Online Valuation of Detrimental Conditions, Online, 2003

- AI Course 420N, Business Practices and Ethics, Tempe, 2003
- IRWA Course 802, Legal Aspects of Easements, Phoenix 2003
- AI Course 410, Standards of Professional Practice, Part A, Tempe 2003
- AI Course 705, Litigation Appraising: Specialized Topics and Applications, Tempe 2002
- AI Course 700, Appraiser as Expert Witness: Preparation and Testimony, Tempe 2002
- AI Course 720, Condemnation Appraising: Advanced Principles, Tempe 2000
- AI Course 710, Condemnation Appraising: Basic Principles, Tempe 2000
- Comprehensive Appraisal Workshop, Dallas, Texas, 1996
- AI Course 550, Advanced Applications, San Diego, California, 1996
- AI Course 540, Report Writing & Valuation Analysis, San Diego, California, 1995
- AI Course 530, Sales Comparison & Cost Approaches, Boulder, Colorado, 1995
- AI Course 420, Code of Professional Ethics, Las Vegas, Nevada, 1995
- AI Course 410, USPAP, Las Vegas, Nevada, 1995
- AI Course 520, Highest and Best Use and Market Analysis, Tempe, AZ, 1995
- AI Course 510—Advanced Income Capitalization, San Jose, California, 1994
- AI Course 310—Basic Income Capitalization, San Diego, California, 1993
- AI Course 110—Appraisal Principles, Salt Lake City, Utah, 1993

Other Readings/Studies

- Principles of Right of Way (International Right of Way Associations)
- Numerous Eminent Domain Cases
- Real Estate Valuation in Litigation, 2nd Edition (Chicago: Appraisal Institute, 1995)
- The Appraisal of Real Estate (Chicago: Appraisal Institute)

Other Professional & Civic Activities

- IRWA Course Facilitator
- IRWA Kachina Chapter 28 Professional of the Year, 2008
- IRWA Kachina Chapter Executive Board, 2006-2009 (2008 President)
- IRWA Kachina Chapter-Seminar Committee, 2004-2008
- IRWA Kachina Chapter-Marketing and Public Awareness Chairman, 2004-2009
- Arizona Management Group
- Boy Scouts of America
- Instructor for Lorman Education Services
- Spanish Speaking

Department of Insurance and Financial Institutions
State of Arizona

CGA - 30821

This document is evidence that: **JOHN DOUGLAS ESTES** has complied with the provisions of
Arizona Revised Statutes, relating to the establishment and operation of a:

Certified General Real Estate Appraiser

and that the Deputy Director of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

Certified General Real Estate Appraiser

JOHN DOUGLAS ESTES

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

Expiration Date : **October 31, 2025**

Expert Witness Testimony in Last Five Years

Ref.	Case Name	County/ Jurisdiction	Case No.	Date of Testimony	Hearing or Trial	Expert for PL or DF
1	City of Scottsdale vs. Christopher R. Lusi, etal	Maricopa County	CV2023-010606	7/24/2024	Default Hearing	Plaintiff
2	Eric Naddy, et al. vs. Town of Gilbert	Maricopa County	CV2024-000090	5/20/2024	Evidentiary Hearing	Defendant
3	Salt River Project Agricultural Improvement and Power District vs. Zinke Investments, LLC, etal	Maricopa County	CV2021-017518	8/14/2023	Deposition	Plaintiff
4	Town of Gilbert v. Verde Investments, Inc.	Maricopa County	CV2020-011961	9/27/2022	Arbitration	Plaintiff
5	Town of Gilbert v. Verde Investments, Inc.	Maricopa County	CV2020-011961	9/21/2022	Deposition	Plaintiff
6	City of Phoenix, Arizona v. S.A.S. Raben, LLC	Maricopa County	CV2020-006621	8/2/2020	Deposition	Plaintiff
7	Salt River Project Agricultural Improvement and Power District vs. Tempe Union High School District No. 213	Maricopa County	CV 2020-000563	5/26/2020	Deposition	Plaintiff
8	City of Kingman v. Mark Edward Bitting, etal	Mohave County	CV 2020-00919	10/30/2020	OSC hearing	Plaintiff
9	Maricopa County v. Medicon 5, LLC	State Board of Equalization	2020-114	9/10/2020	Hearing	Appellant
10	State of Arizona, Department of Transportation v. PM Industrial Holdings, LP, et al.	Maricopa County	CV 2020-002920	3/17/2020	OSC hearing	Plaintiff

PURCHASE ORDERS

PHOENIX, on 9/27/2023
CTR054968/ GV-23-003/ H687001R/ To add additional funds-LANDPRO VALUATION LLC

SUPPLIER

LANDPRO VALUATION LLC
Attn: Mr. Doug Estes
Address: Legal Address
4710 E FALCON DR, Suite 119
UNITED STATES
MESA, Arizona 85215
Phone: 6025258972
E-mail: doug@landprovaluation.com

ORDER No. PO0000542900-2

(please refer to this number on all documents)

Amendment: CANCELS AND REPLACES THE
ORDER No.587344
Requestor: ESTHER VALENCIA
Agency: Department of Transportation
Division: Infrastructure Delivery & Operations
Division Construction
D **it:** 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 10

ITEM	CONTRACT ID	CODE/SKU	REFERENCE AND DESCRIPTION	QTY	UNIT	UNIT PRICE (USD)	TOTAL (USD)
1	CTR054968-2	704033-4	CTR054968/ GV-23-003/ H687001R/ To add additional funds Commentaire : 7-12298	1.0000	Total Cost		
2	CTR054968-2	694599-2	CTR054968/ GV-23-003/ H687001R/ To add additional Parcels 7-12299, 7-12328 Commentaire : 7-12299, 7-12328	1.0000	Total Cost	0	
3	CTR054968-2	643246-1	CTR054968/ GV-23-003/ H687001R/ Various Parcels/ Appraisals due 8/4/23 Commentaire : Various Parcels	1.0000	Total Cost	0	

Total before Tax 00 USD

Non-Taxable - 0 % 0.00 USD

Total after Tax 00 USD

PHOENIX, on 2/16/2024
CTR054968/ GV-23-003/ H687001R/ To add additional funds for parcel 7-12298-LANDPRO VALUATION LLC

SUPPLIER

LANDPRO VALUATION LLC
Attn: Mr. Doug Estes
Address: Legal Address
4710 E FALCON DR, Suite 119
UNITED STATES
MESA, Arizona 85215
Phone: 6025258972
E-mail: doug@landprovaluation.com

ORDER No. PO0000542900-3

(please refer to this number on all documents)

Amendment: Amendment No.3 CANCELS AND
REPLACES THE ORDER No.596403
Requestor: ESTHER VALENCIA
Agency: Department of Transportation
Division: Infrastructure Delivery & Operations
Division Construction
Department: Right Of Way
Site: RIGHT OF WAY
Phone: 6027128793
Email: E VALENCIA@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 10

ITEM	CONTRACT ID	CODE/SKU	REFERENCE AND DESCRIPTION	QTY	UNIT	UNIT PRICE (USD)	TOTAL (USD)
1	CTR054968-2	643246-1	CTR054968/ GV-23-003/ H687001R/ Various Parcels/ Appraisals due 8/4/23 Commentaire : Various Parcels	1.0000	Total Cost		
2	CTR054968-2	694599-2	CTR054968/ GV-23-003/ H687001R/ To add additional Parcels 7-12299, 7-12328 Commentaire : 7-12299, 7-12328	1.0000	Total Cost		
3	CTR054968-2	704033-4	CTR054968/ GV-23-003/ H687001R/ To add additional funds Commentaire : 7-12298	1.0000	Total Cost		
4	CTR054968-2	755578-5	CTR054968/ GV-23-003/ H687001R/ To add additional funds for parcel 7-12298 Commentaire : 7-12298	1.0000	Total Cost		

Total before Tax

0 USD