

FIRST APPRAISAL SERVICES

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

Owned by
Arizona Department of Transportation

Location of Property to be Appraised:

Northwest of Kino Parkway and 22nd Street
921 E. Mill Street
Tucson, Arizona 85719

Report Dated:

November 17, 2025

Effective Date:

November 10, 2025

Prepared for:

Arizona Department of Transportation
Right of Way Group
205 S. Seventeenth Avenue
Room 306, Mail Drop #612E
Phoenix, Arizona 85007

Prepared by:

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

First Appraisal Services, PLC
7227 N. 16th Street, Suite 112
Phoenix, Arizona 85020

602.264-0011
info@azfas.com

**Reference:**

FAS 1.25-3027.00

Project: M6975 01X
Highway: Aviation Corridor Highway
Section: Park Avenue – Palo Verde Road
Parcel: L-SC-044



FIRST APPRAISAL SERVICES

7227 N. 16th Street, Suite 112 | Phoenix | Arizona | 85020
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November 17, 2025

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

RE	Project:M6975 01X
Highway:	Aviation Corridor Highway
Section:	Park Avenue – Palo Verde Road
Parcel:	L-SC-044

Dear Mr. Walcutt:

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

The purpose of this appraisal is to provide an opinion of the market value of the property identified herein. The intended use of this appraisal is to assist in decisions regarding the possible sale or disposal of the property being appraised. The effective date for this appraisal assignment is November 10, 2025.

The subject property is a 7,043-square foot tract of land located northwest of Kino Parkway and 22nd Street at 921 E. Mill Street in the City of Tucson. A physical inspection of the property was made on November 10, 2025, with representatives of the property owner present.

This appraisal report has been written in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation, the Code of Ethics of the American Society of Appraisers, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, the Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24, Arizona Department of Transportation Right of Way Procedures Manual Project Management Section Chapters 3 and 4, and accepted appraisal techniques and methodologies



Mr. Jim Walcutt
Arizona Department of Transportation
November 17, 2025

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

The appraisal of the fee simple interest in the subject property is being presented in this report. As a result of my investigation and study, I am of the opinion that the market value of the appraised property, as of November 10, 2025, is:

EIGHTEEN THOUSAND THREE HUNDRED DOLLARS

\$18,300.00

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

Respectfully submitted,

FIRST APPRAISAL SERVICES

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

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- F Administrative Exhibits
 - ADOT Purchase Order
 - Appraiser Qualifications

Summary of Salient Facts and Conclusions

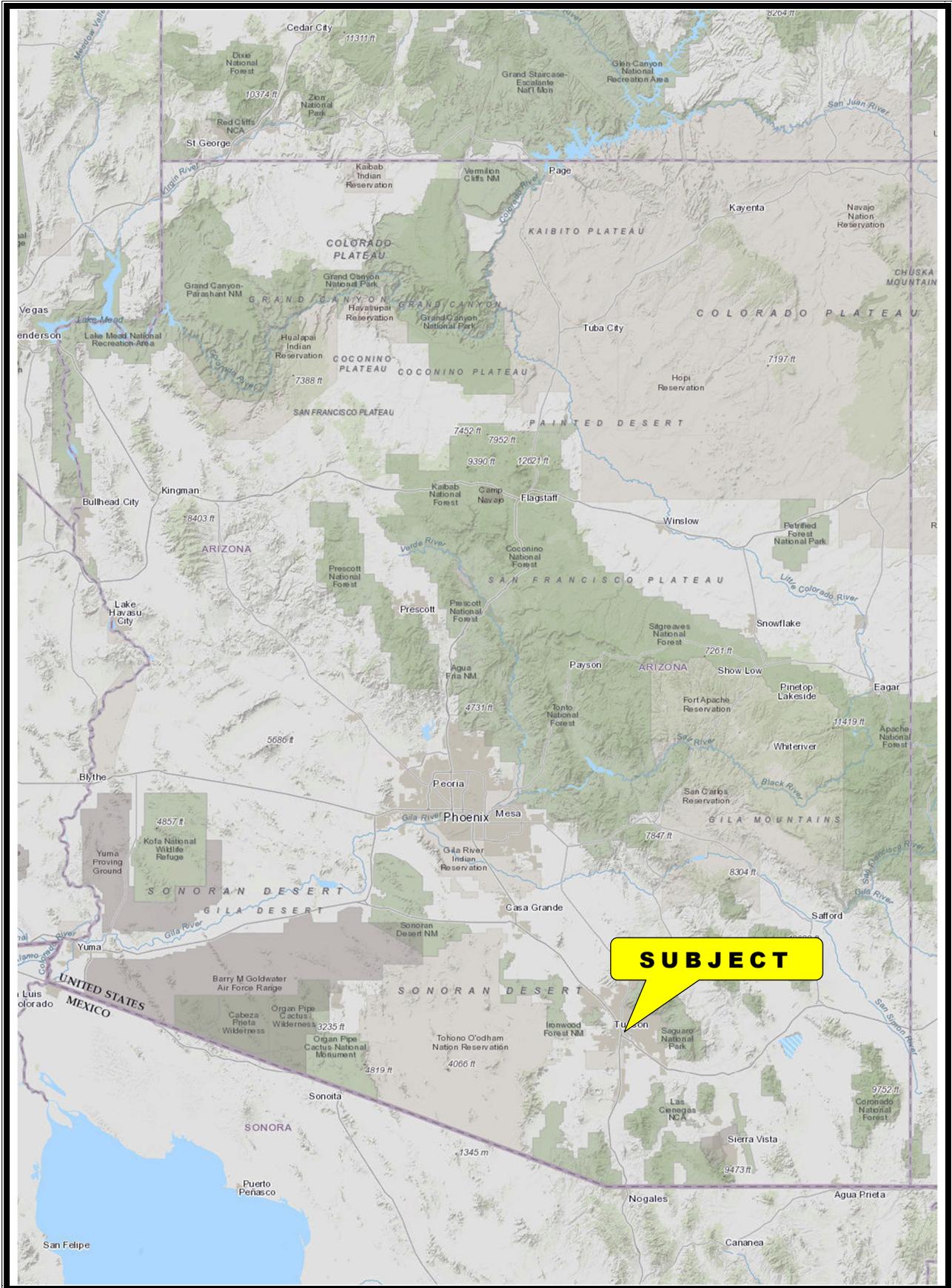
Client	Arizona Department of Transportation		
Client Reference	Project:	M6975 01X	
	Highway:	Aviation Corridor Highway	
	Section:	Park Avenue – Palo Verde Road	
	Parcel:	L-SC-044	
Date of Report	November 17, 2025	Limiting Conditions	See Addendum A
Report Format	Appraisal Report	Certification	See Page 57
Intended Use	Assist in the possible sale or disposal of the subject property		
Intended User(s)	Arizona Department of Transportation and Federal Highway Administration		

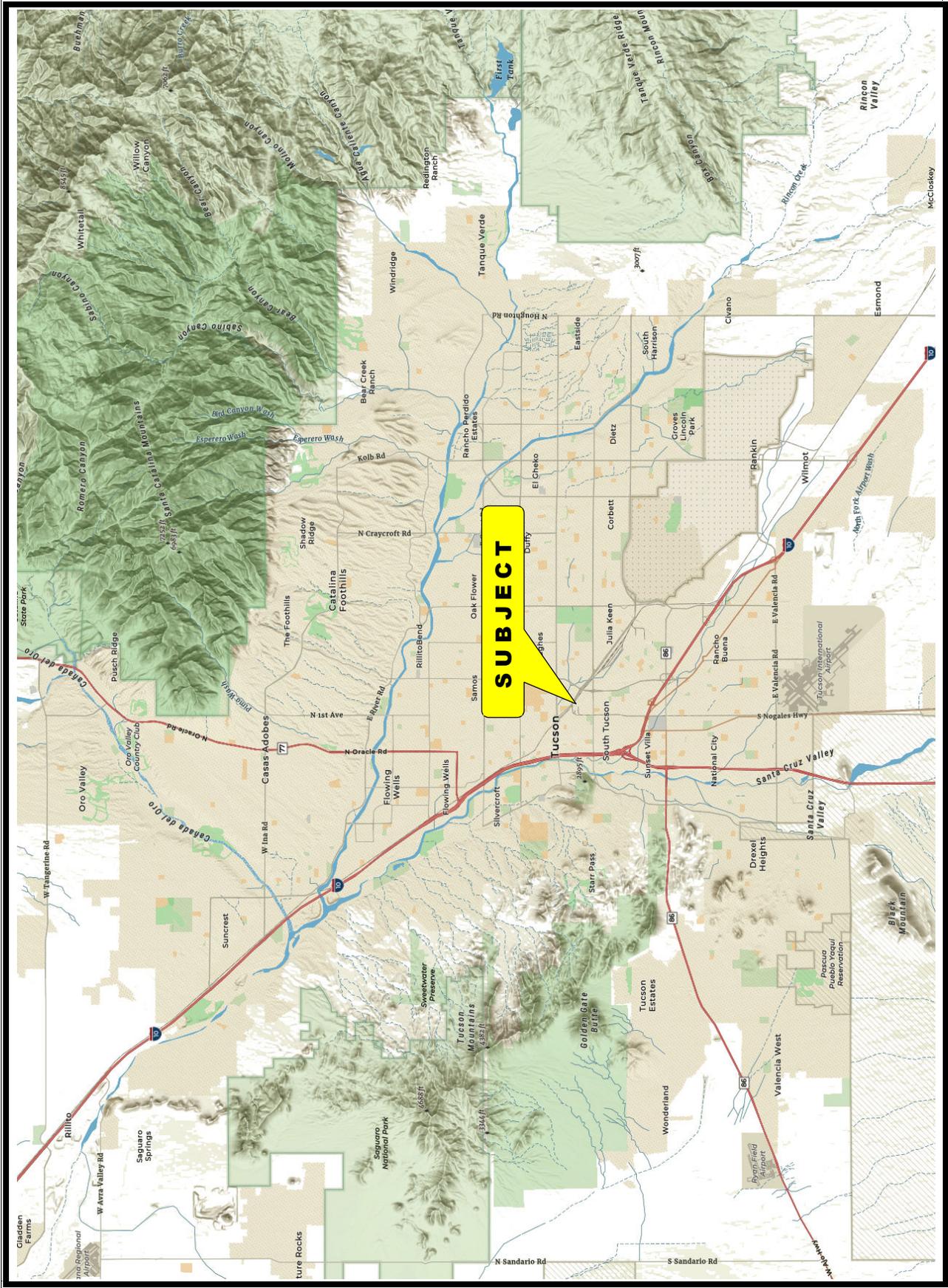
Property Information

Ostensible Owner	Arizona Department of Transportation		
Location of Property	Northwest of Kino Parkway and 22 nd Street		
Street Address	921 E. Mill Street	Township-Range	T14S-R14E
	Tucson, Arizona 85719	Section	18
County	Pima		
Assessor Parcel Number(s)	124-13-007 <i>(portion of)</i>		
Site Area	7,043 square feet	Zoning District(s)	I-1, Light Industrial
	0.162 acres		City of Tucson
		Flood Zone	Zone X
Present Use	Vacant Land		
Date of Inspection	November 10, 2025		

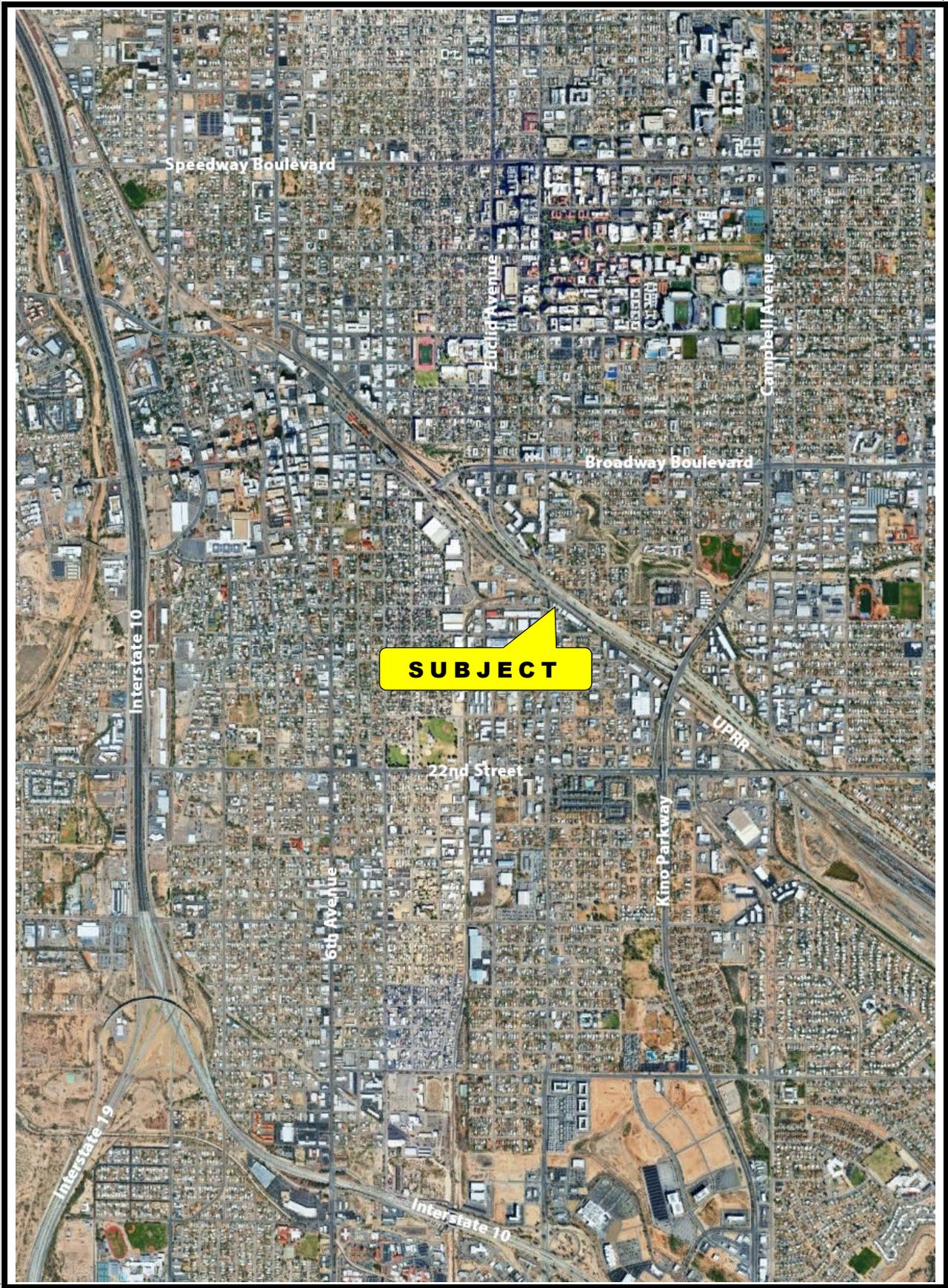
Valuation Information

Highest and Best Use			
As If Vacant:	Assemblage		
Effective Date	November 10, 2025		
Extraordinary Assumptions	None		
Hypothetical Conditions	None		
Indications of Value	Sales Comparison Approach.....		\$18,300.00
	Income Approach.....		Not Developed
	Cost Approach		Not Developed
Fee Simple Interest	Conclusion of Value		\$18,300.00





© Arizona State Land Department Parcel Viewer





INTRODUCTION

Purpose and Scope of the Appraisal

Purpose

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

Intended Use, User and Client

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

Property Rights Appraised

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

Real property appraisal involves not only the identification and valuation of a variety of different rights, but also analysis of the many limitations on those rights and the effect that the limitations on the valuation.¹

The fee simple title is regarded as an estimate without limitations or restrictions. Partial interests are created by selling, leasing, or otherwise limiting the “bundle of rights” in the fee simple estate, resulting in something less than the complete fee simple estate. An appraisal assignment may require the appraisal of a fee simple title or a partial interest such as a leasehold estate or an easement. The three most common types of property rights involved in the appraisal process are defined below.²

- | | |
|--------------------------|--|
| Fee simple estate | absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. |
| Leased fee estate | the ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. |
| Leasehold estate | the right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. |

The appraisal of the fee simple interest in the subject property is being presented in this report, subject to “Schedule B” of a Right of Way Disposal Report prepared for the subject property. Since there are no leases affecting the ownership of the subject property, there is no leased fee or leasehold estate to be considered.

¹ The Appraisal of Real Estate, 15th ed. (Chicago: Appraisal Institute, 2020) p59

² The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022) p73 and p105

Definitions

Market Value

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

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

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

Exposure Time

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

an opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.³

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

Significant Dates

Effective Date: November 10, 2025

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

Date of Inspection: November 10, 2025

The appraiser made a physical inspection of the property at approximately 11:00 am on November 10, 2025. Attending the inspection with the appraiser were:

- Mr. Jim Walcutt, Arizona Department of Transportation

Date of Report: November 17, 2025

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

³ Uniform Standards of Professional Appraisal Practice, 2024 Edition, The Appraisal Foundation

Scope of Work

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

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

Area Analysis

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

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

Property Description

Primary sources of information regarding the description of the subject property include a physical inspection of the property by the appraiser on November 10, 2025. The inspection of the site consisted of an observation of the property from the abutting roadways and on site.

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

Market Data Information

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

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

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

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

The scope of this report includes the accumulation and analysis of pertinent and sufficient market data in order to employ a meaningful and appropriate valuation methodology in the appraisal of the fee simple interest in the property that is the subject of this report. This appraisal report is written in accordance with the guidelines and standards of the Uniform Standards of Professional Appraisal Practice, the Code of Ethics of the American Society of Appraisers, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, the Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24, Arizona Department of Transportation Right of Way Procedures Manual Project Management Section Chapters 3 and 4, and accepted appraisal techniques and methodologies

Assignment Conditions

The underlying assumptions and limiting conditions pertaining to this report are contained in the Certificate of Appraiser on page 57 and Addendum A to this report. These assumptions and limiting conditions are an integral part of the report and are only placed at the end to facilitate reading of the report, not to minimize their importance.

Extraordinary Assumptions and Hypothetical Conditions

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

The Appraisal Foundation defines an *extraordinary assumption* as, “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”⁴ There have been no extraordinary assumptions made in the appraisal of the property for this assignment.

A *hypothetical condition* is, “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis”, as defined by The Appraisal Foundation.⁵ The opinions and conclusions as stated within this report are not based upon any hypothetical conditions.

⁴ Uniform Standards of Professional Appraisal Practice, 2024 Edition, The Appraisal Foundation

⁵ Uniform Standards of Professional Appraisal Practice, 2024 Edition, The Appraisal Foundation



FACTUAL DATA

Identification of the Real Estate

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

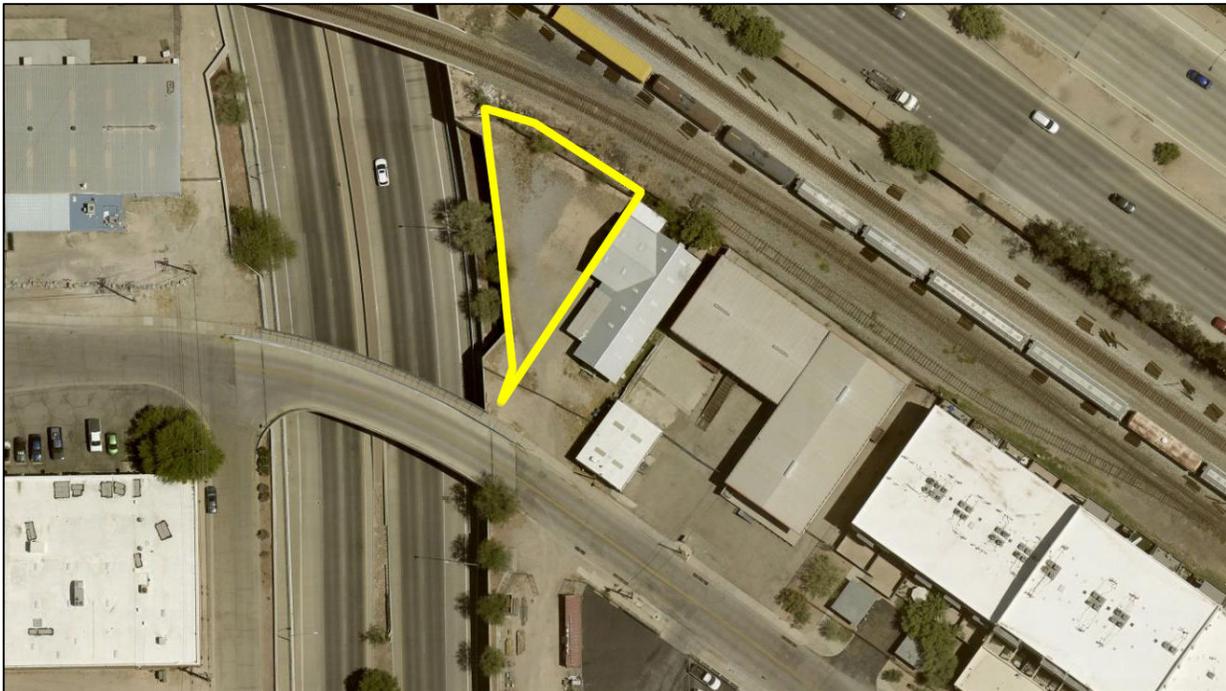
The purpose of this section of the report is to identify the property only. A physical description of the property to be appraised can be found later in this report beginning on page 31 of this report. The property that is the subject of this report may be commonly identified as follows:

Location.....	Northwest of Kino Parkway and 22 nd Street
Street Address	921 E. Mill Street
City, State, ZIP	Tucson, Arizona 85719
Assessor Parcel Number(s)	124-13-007 (<i>portion of</i>)

Legal Description⁶

A portion of ADOT Parcel 10-00595, as depicted on Exhibit “A”, Sheet 10, of ADOT Drawing D-10-T-359, the Right of Way Plans of Aviation Corridor Highway, Park Ave.-Palo Verde Rd. Section, Project AZ-824-9-704, being a part of Lots 1, 2 and 3 and the Northwesternly 7.5 feet of Lot 4, MANLOVE ADDITION, according to Book 3 of Maps and Plats, page 12, Pima County, Arizona

Figure 1 – Aerial Photograph



⁶ Based on Schedule A-1 of the Right of Way Disposal Report included in the addenda to this report

Ownership and Occupancy

Ostensible Owner

According to public records, the State of Arizona, by and through its Department of Transportation, holds title to the subject property as of the date of valuation. The current vesting of the subject property is established by Final Order of Condemnation recorded with the Pima County Recorder on December 30, 1999, as document number 1999-2500027.

Five Year Sales History

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

Occupancy

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

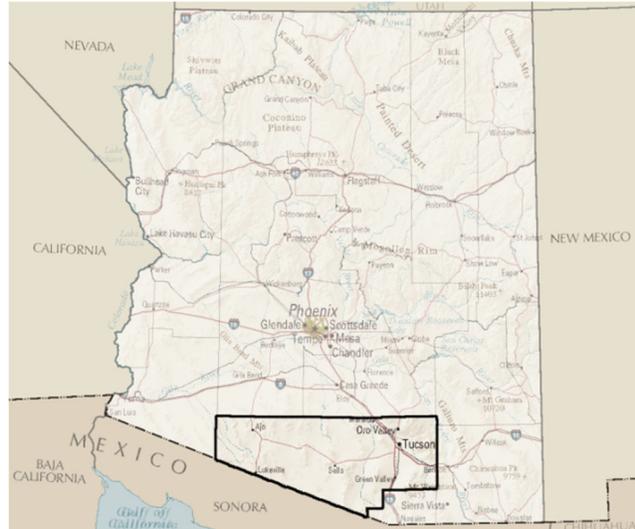
Vacant Land	<input checked="" type="checkbox"/>	Occupant(s): _____	Owner	Tenant
Unoccupied	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Agricultural	<input type="checkbox"/>			

Regional Analysis

Location and Climate

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

Figure 2 – State Map



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

The Tucson metropolitan statistical area is defined as encompassing all of Pima County. The region is situated approximately two hours south of the urban core of the metropolitan Phoenix area. The geography of Pima County ranges from low desert in the western portion of the county to more mountainous regions in the eastern part of the county. The Santa Catalina Mountains located on the northeast edge of Tucson include Mount Lemmon at an elevation of 9,157 feet above sea level. Pima County contains a total land area of 9,189 square miles. The federal government owns or controls 71% (including Tribal lands), the State of Arizona and local governments own or control 17%, with the remaining 12% in private ownership. The City of Tucson is the Pima County seat of government and located in the northeastern portion of the county.

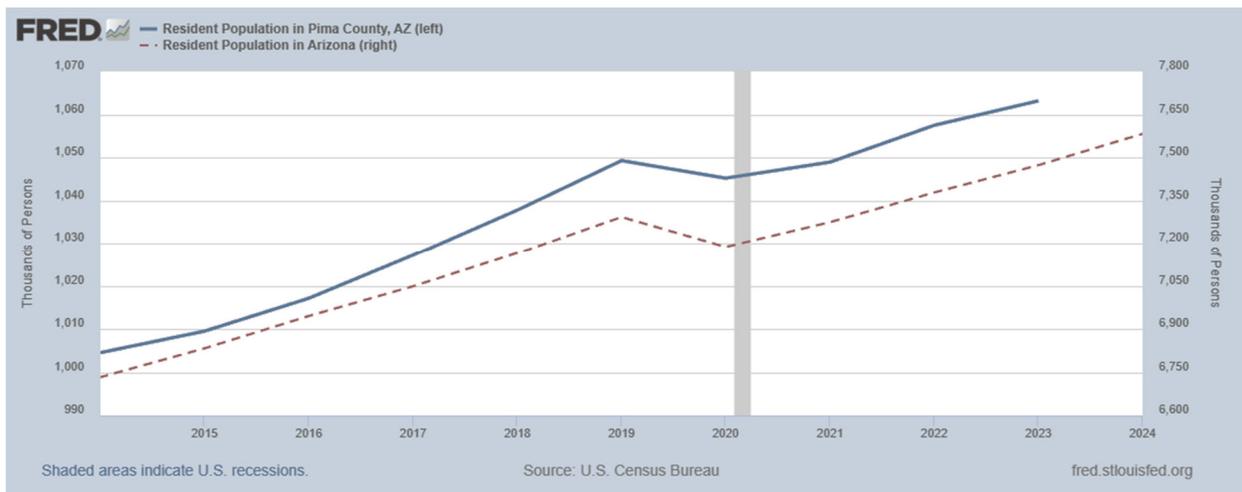
Population

Based upon the 2010 decennial census performed by the U.S. Bureau of Census, Arizona has a population of 6,392,017 persons. The population of Arizona increased by 25% over the 5,130,632 estimate made in the 2000 census. Only the population of Nevada grew at a faster rate than Arizona during this decade. The 2024 population estimate for the State of Arizona is 7,621,703 and currently ranks as the 14th largest state in the nation by population.

Figure 3 – Historical Decennial Population Estimates⁷

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

Figure 4 – Population Trends



The U.S. Bureau of Census defines the Tucson Metropolitan Statistical Area (MSA) as Pima County in southern Arizona. Based upon U.S. Census Bureau data, Pima County is the second most populous of Arizona's counties with a 2020 estimate of 1,045,075 persons and has grown by approximately 87% since 2000. The 2024 population estimate for Pima County by the Arizona Office of Economic Opportunity is 1,086,634.

The greater metropolitan Tucson area is comprised of the cities of Tucson, Oro Valley, Marana, Sahuarita and South Tucson. Tucson is the area's largest municipality with an estimated 2024 population of 557,219 people. Marana is the next largest city with a population of 62,780, and 49,159 has a population of 48,906. Sahuarita, located in the southern portion of the metropolitan Tucson area, has a population of 37,713.⁸

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

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

Economic Trends

Figure 5 – GDP by State and Region

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

	Current-dollar gross domestic product								Real gross domestic product							
	Millions of dollars							Percent change from preceding period ¹	Millions of chained (2017) dollars							Percent change from preceding period ¹
	Seasonally adjusted at annual rates								Seasonally adjusted at annual rates							
	2023	2024			2023	2024		2023	2024			2023	2024			
Q1		Q2	Q3 ^P	Q2		Q3 ^P	Q1		Q2	Q3 ^P	Rank		Q2	Q3 ^P	Rank	Q3
United States	27,720,709	28,624,069	29,016,714	29,374,914	6.6	5.6	5.0	22,671,096	23,053,545	23,223,906	23,400,294	2.9	--	3.0	3.1	--
New England	1,410,687	1,467,183	1,484,942	1,504,032	6.5	4.9	5.2	1,169,288	1,192,393	1,198,786	1,207,363	1.8	--	2.2	2.9	--
Midwest	4,745,213	4,895,879	4,969,586	5,032,810	6.1	6.2	5.2	3,901,561	3,949,163	3,980,260	4,006,365	1.8	--	3.2	2.6	--
Plains	1,726,903	1,749,553	1,771,777	1,787,845	6.5	5.2	3.7	1,388,151	1,390,226	1,400,468	1,405,370	2.5	--	3.0	1.4	--
Southeast	6,122,627	6,354,855	6,444,240	6,531,441	7.7	5.7	5.5	4,952,759	5,055,131	5,095,906	5,141,119	3.1	--	3.3	3.6	--
Southwest	3,498,332	3,598,732	3,648,018	3,691,238	6.2	5.6	4.8	2,838,599	2,897,525	2,917,247	2,945,506	6.7	--	2.8	3.9	--
Arizona	522,767	541,058	548,806	555,614	8.0	5.9	5.1	422,400	428,803	432,050	435,345	3.0	20	3.1	3.1	24
Rocky Mountain	1,057,159	1,087,817	1,105,197	1,119,667	7.2	6.5	5.3	856,063	868,636	876,509	884,183	4.1	--	3.7	3.5	--
Far West	5,421,428	5,631,490	5,704,518	5,774,043	6.3	5.3	5.0	4,525,828	4,633,870	4,663,936	4,698,379	2.6	--	2.6	3.0	--

The state gross domestic product (GDP) is the sum of gross state product originating from all industries in Arizona. This is a measurement of the State’s output, which was estimated to be \$161,792 million in 2000. The Arizona GDP, the counterpart to the national gross domestic product, had been increasing prior to 2007. By 2008, the Arizona GDP had increased to \$261,128 million, but decreased to \$245,216 million in 2009. The Arizona GDP has been increasing since 2009 to its current level of \$435,345 million in the third fourth quarter of 2024.⁹ According to the Bureau of Economic Analysis website,

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

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

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

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

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

Labor Force and Employment

Figure 6 – Pima County Civilian Labor Force Profile

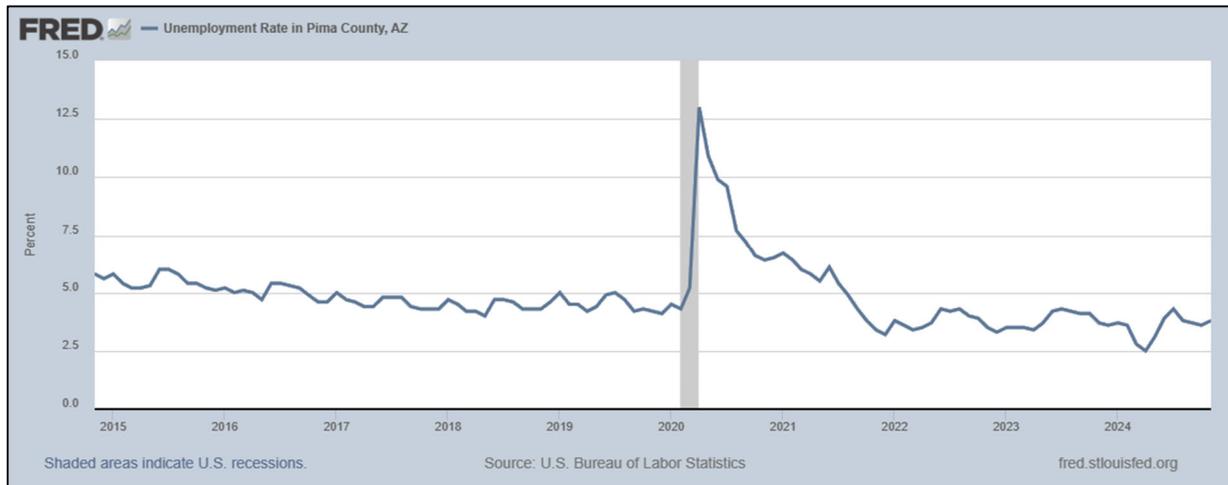
2024 Labor Force						
Age Group	Population	Employed	Unemployed	Unemployment Rate	Labor Force Participation Rate	Employment-Population Ratio
16+	892,524	490,536	24,237	4.7%	57.7%	55.0%
16-24	129,957	72,252	9,801	11.9%	63.1%	55.6%
25-54	382,769	299,165	10,989	3.5%	81.0%	78.2%
55-64	128,234	77,387	2,092	2.6%	62.0%	60.3%
65+	251,564	41,732	1,355	3.1%	17.1%	16.6%
Male Age 16+	441,887	264,599	12,134	4.4%	62.6%	59.9%
Female Age 16+	450,637	225,937	12,103	5.1%	52.8%	50.1%
White Age 16+	552,839	288,590	13,021	4.3%	54.6%	52.2%
Black Age 16+	33,471	19,141	1,223	6.0%	60.8%	57.2%
American Indian Age 16+	27,692	14,387	1,477	9.3%	57.3%	52.0%
Asian Age 16+	29,147	18,137	551	2.9%	64.1%	62.2%
Pacific Islander Age 16+	1,918	1,156	39	3.3%	62.3%	60.3%
Other Race Age 16+	107,647	62,892	3,052	4.6%	61.3%	58.4%
Multiple Races Age 16+	139,810	86,233	4,874	5.3%	65.2%	61.7%

Economic Dependency Ratio	
Total	114.7
Child (<16)	36.3
Working-Age (16-64)	35.7
Senior (65+)	42.7

Industry	Employed	Percent	US Percent	Location Quotient
Total	490,536	100.0%	100.0%	-
Agriculture/Forestry/Fishing	2,006	0.4%	1.1%	0.36
Mining/Quarrying/Oil & Gas	2,984	0.6%	0.3%	2.00
Construction	32,279	6.6%	6.9%	0.96
Manufacturing	34,716	7.1%	10.0%	0.71
Wholesale Trade	6,977	1.4%	2.0%	0.70
Retail Trade	54,737	11.2%	10.5%	1.07
Transportation/Warehousing	21,672	4.4%	5.1%	0.86
Utilities	4,630	0.9%	0.9%	1.00
Information	6,178	1.3%	2.0%	0.65
Finance/Insurance	18,205	3.7%	4.8%	0.77
Real Estate/Rental/Leasing	10,528	2.1%	1.8%	1.17
Professional/Scientific/Tech	34,666	7.1%	8.3%	0.86
Management of Companies	660	0.1%	0.1%	1.00
Admin/Support/Waste Management	27,738	5.7%	4.3%	1.33
Educational Services	50,865	10.4%	9.1%	1.14
Health Care/Social Assistance	74,354	15.2%	14.1%	1.08
Arts/Entertainment/Recreation	12,409	2.5%	2.3%	1.09
Accommodation/Food Services	39,184	8.0%	6.8%	1.18
Other Services (Excluding Public)	24,165	4.9%	4.6%	1.07
Public Administration	31,583	6.4%	5.0%	1.28

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

Figure 7 – Pima County Unemployment Rate and Employment Data



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

The preliminary monthly average statewide total civilian labor force in December 2024 was estimated to be 3,744,0081 persons with an average unemployment rate of 3.8%. The monthly average total civilian labor force was 497,607 for the Tucson MSA, while the average unemployment rate was 3.7%.¹⁰ The unemployment rate for the greater Tucson area has been relatively stable below 5.0% since mid-2021. The unemployment rates for both the State and Tucson metropolitan area have been generally decreasing since 2010, although conditions surrounding the COVID-19 pandemic resulted in a spike to 13.5% in April 2020.

Income and Wages

Figure 8 – Personal Income by County

Table 1. Per Capita Personal Income, by County, 2021–2023

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

Arizona’s nominal per capita personal income hit \$62,543 in 2023, according to the latest estimates from the U.S. Bureau of Economic Analysis (BEA). National per capita personal income was \$69,810. At \$58,232, per capita personal income in the Tucson metropolitan statistical area (Pima County) is below the national level and very close to the state average.

¹⁰ Arizona Office of Economic Opportunity (<https://oeo.az.gov/labor-market/unemployment>)

Forecast Data

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

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

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

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

ARIZONA RECENT DEVELOPMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ARIZONA OUTLOOK

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

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

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

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

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

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

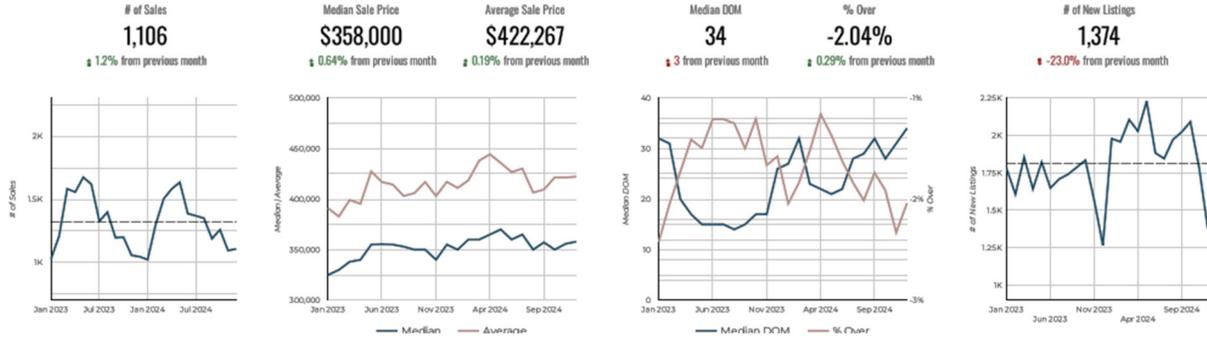
Population growth slows gradually during the forecast period, reflecting in part demographic pressures related to the aging of the baby boom generation. Natural increase is very low during the next ten years, which makes net migration the main driver of population gains. Net migration slows in the near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

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

Real Estate Market Sectors

Single Family Housing Sector

Figure 9 – Monthly Statistics, December 2024



MLS of Southern Arizona®

Southern AZ Housing Market: Inventory

All data is updated in realtime in accordance with content from MLSSAZ.
This report provides a snapshot of the market as taken on: Jan 2, 2025

December 2024

of New Listings (Supply)
1,374
± 108 from previous year

of New Pending (Demand)
1,050
± 72 from previous year

Months of Supply
4.28

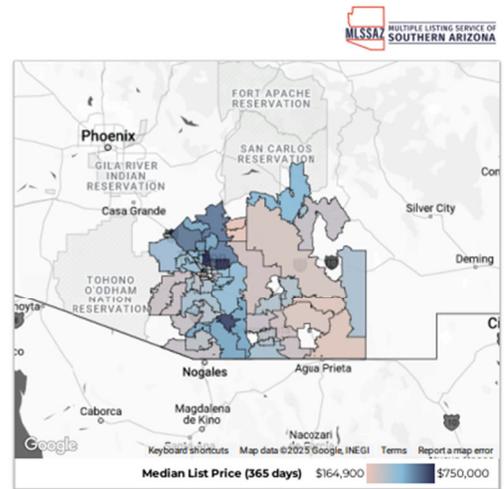
Active Listings
4,734

Pending Listings
628

	Average	#
Single Family Residence	\$591,071	3,807
Townhouse	\$334,973	375
Condominium	\$221,531	260
Manufactured Home	\$280,151	236
Mobile Home	\$168,566	56
Grand total	\$529,991	4,734

Active Listings

Single Family Residence | Townhouse | Condominium | Manufactured Home



Property Type	Market Activity				Market Pricing				Buyer Demand			
	# of Sales	% Δ	Volume	% Δ	Median Sale	Δ	\$/sqft	Δ	Median DOM	Δ	% Over	Δ
Single Family Residence	886	4.6% ↓	\$409.8M	6.3% ↑	\$345,000	\$8,100 ↑	\$230	\$5 ↑	35	8 ↑	-1.8%	-0.4% ↓
Townhouse	107	20.2% ↑	\$33.92M	23.4% ↑	\$298,500	\$20,600 ↑	\$230	\$5 ↑	32	16 ↑	-2.3%	-1.1% ↓
Manufactured Home	57	1.8% ↓	\$13.27M	-6.3% ↓	\$243,500	-\$9,000 ↓	\$155	-\$7 ↓	21	-6 ↓	-2.1%	-0.2% ↓
Condominium	39	-4.9% ↓	\$7.63M	-0.2% ↓	\$175,000	\$13,000 ↑	\$215	\$10 ↑	29	12 ↑	-2.9%	-0.5% ↓
Mobile Home	10	-9.1% ↓	\$1.46M	27.5% ↑	\$120,000	\$40,000 ↑	\$138	\$14 ↑	18	-9 ↓	-8.3%	2.2% ↑

<https://mlssaz.com/wp-content/uploads/2025/01/MLSSAZ-Dec-2024.pdf>

Multifamily Housing Sector¹²

Figure 10 – CoStar Analytics Key Indicators, Multi-Family Market

KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	19,503	10.8%	\$1,506	\$1,485	15	0	0
3 Star	41,684	12.3%	\$1,135	\$1,119	49	30	566
1 & 2 Star	24,604	10.6%	\$855	\$848	(19)	0	0
Market	85,791	11.5%	\$1,162	\$1,147	45	30	566

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	1.6% (YOY)	8.4%	11.0%	11.5%	2024 Q4	4.6%	2021 Q2
Absorption Units	418	399	504	2,035	2006 Q1	(2,302)	2022 Q4
Delivered Units	2,018	592	566	2,440	2024 Q3	25	2017 Q4
Demolished Units	0	7	17	94	2000 Q4	0	2024 Q4
Asking Rent Growth	-0.8%	2.8%	2.6%	16.4%	2021 Q3	-3.0%	2009 Q4
Effective Rent Growth	-0.9%	2.8%	2.6%	16.7%	2021 Q3	-3.0%	2009 Q4
Sales Volume	\$250M	\$433.5M	N/A	\$2B	2022 Q3	\$18.6M	2009 Q4

SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	Units	% Market	Rank	Bldgs	Units	Percent	Rank	Bldgs	Units	Percent	Rank
1	Casas Adobes	49	10,459	12.2%	3	5	766	7.3%	1	3	256	2.4%	2
2	Catalina Foothills	29	5,641	6.6%	6	0	0	0%	-	0	0	0%	-
3	Central Tucson	1,096	24,210	28.2%	2	4	404	1.7%	3	0	0	0%	-
4	Drexel Heights/Valencia...	8	1,497	1.7%	9	0	0	0%	-	0	0	0%	-
5	East Side	383	24,314	28.3%	1	1	32	0.1%	7	0	0	0%	-
6	Oro Valley/Catalina	10	1,994	2.3%	8	1	41	2.1%	6	0	0	0%	-
7	Outlying Pima County	74	7,034	8.2%	4	2	520	7.4%	2	2	310	4.4%	1
8	South Tucson	152	6,776	7.9%	5	1	133	2.0%	4	0	0	0%	-
9	Southeast Tucson	19	2,882	3.4%	7	0	0	0%	-	0	0	0%	-
10	Tanque Verde	6	984	1.1%	10	1	123	12.5%	5	0	0	0%	-

The Tucson multifamily market may be nearing the end of a two-year down cycle that featured a supply-demand imbalance and tepid rents. In 2022, multi-decade high inflation and considerable consumer pessimism caused net absorption to pull back sharply, sending vacancy upward. Since then, while leasing activity has improved, the delivery of new product caused further upward movement in vacancy and has hampered rents.

Over the past 12 months, the market recorded 420 units of net absorption. While that lags the pre-pandemic five-year average of about 850 units annually, it is no longer starkly negative like during 2022 when over 2,200 units of negative absorption took place. Slowing inflation and a pickup in consumer sentiment helped unlock renter household formation. Though construction activity has been modest compared to other high-growth Sun Belt markets, the 2,000 units of net completions over the past year was enough to push vacancy to 11.5% today. Moving forward, vacancy is expected to stabilize and begin to improve this year as the pace of deliveries eases.

¹² CoStar Analytics, Tucson, AZ, Multi-Family Market Report (generated February 2, 2025)

Higher vacancies have caused rent growth to slow, turning negative in the back half of 2024. Over the past 12 months, average asking rents fell -0.8%, with the bulk of losses coming from the luxury segment. Though that pace is underwhelming for a market that averaged 4.2% annual growth in the five years leading up to the onset of the pandemic, it is outperforming construction-heavy markets like Phoenix, Austin, and San Antonio. These areas have been contending with negative rent growth for over a year. Tucson could see rent growth begin to re-engage this year, as some fundamental balance between supply and demand is returned to the market.

Elevated capital costs and lower rent growth projections continue to weigh on sales activity. About \$253 million worth of apartment properties traded hands in 2024, as the gap between buyers' and sellers' pricing expectations remains wide. While deals that feature an assumable loan have helped some larger transactions get across the finish line, the 100+ unit investment market has been challenged.

Figure 11 – Historical Submarket Data, Multi-Family Market

Period	Vacancy Rate	Market Asking Rent/Unit	Annual Rent Growth	Inventory Units	Under Constr Units	Under Constr % of Inventory	12 Mo Absorp Units	Market Sale Price/Unit	12 Mo Sales Vol	12 Mo Sales Vol Growth	Market Cap Rate
2030	10.8%	\$1,357	2.7%	88,120	-	-	635	\$187,948	-	-	5.2%
2029	10.8%	\$1,341	2.7%	87,959	-	-	622	\$185,412	-	-	5.2%
2028	10.9%	\$1,306	3.2%	87,343	-	-	647	\$175,002	-	-	5.4%
2027	11.1%	\$1,265	3.2%	86,802	-	-	354	\$165,143	-	-	5.5%
2026	10.9%	\$1,226	3.3%	86,271	-	-	220	\$156,128	-	-	5.6%
2025 EST	11.0%	\$1,186	2.1%	86,099	-	-	725	\$146,056	-	-	5.7%
2025 YTD	11.5%	\$1,162	-0.8%	85,791	566	0.7%	417	\$141,250	\$228,331,356	16.0%	5.8%
2024	11.5%	\$1,162	-0.6%	85,761	596	0.7%	329	\$139,582	\$253,347,282	46.0%	5.8%
2023	9.6%	\$1,169	1.5%	83,530	2,517	3.0%	226	\$139,794	\$173,513,499	-86.0%	5.7%
2022	8.4%	\$1,152	4.7%	82,266	2,094	2.5%	(2,303)	\$152,820	\$1,235,858,522	-28.8%	5.0%
2021	5.3%	\$1,100	16.2%	81,938	1,177	1.4%	1,213	\$148,639	\$1,735,593,818	92.2%	4.8%
2020	5.0%	\$946	6.2%	80,473	1,723	2.1%	1,574	\$116,315	\$903,046,011	61.2%	5.5%
2019	6.8%	\$891	4.9%	80,313	1,161	1.4%	233	\$99,520	\$560,269,089	-20.8%	6.0%
2018	6.4%	\$850	5.4%	79,736	677	0.8%	687	\$89,173	\$707,324,480	6.3%	6.3%
2017	6.9%	\$806	4.1%	79,414	553	0.7%	976	\$81,994	\$665,631,866	45.5%	6.4%
2016	8.1%	\$774	3.8%	79,395	25	0.0%	1,235	\$75,876	\$457,523,482	72.6%	6.6%
2015	9.1%	\$746	3.4%	78,919	476	0.6%	1,119	\$72,006	\$265,022,778	10.4%	6.6%

Industrial Sector¹³

Figure 12 – CoStar Analytics Key Indicators, Industrial Market

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	28,362,548	7.6%	\$10.35	13.6%	(74,343)	0	715,524
Specialized Industrial	12,617,210	1.6%	\$10.70	1.7%	(8,574)	0	20,900
Flex	10,965,034	9.4%	\$13.01	10.7%	(221,222)	0	0
Market	51,944,792	6.5%	\$10.99	10.1%	(304,139)	0	736,424

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	0.7% (YOY)	7.4%	5.7%	12.0%	2011 Q3	2.4%	2023 Q1
Net Absorption SF	(135K)	663,528	527,333	2,481,141	2017 Q1	(747,187)	2009 Q4
Deliveries SF	263K	696,123	511,913	2,158,459	2008 Q4	42,852	2011 Q2
Market Asking Rent Growth	1.3%	3.1%	3.0%	7.3%	2022 Q3	-3.4%	2010 Q1
Sales Volume	\$209M	\$107.7M	N/A	\$271.9M	2022 Q2	\$22.7M	2010 Q1

SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Downtown Tucson	421	4,178	8.0%	6	1	13	0.3%	4	0	-	-	-
2	E Outlying Pima Cty	2	18	0%	10	0	0	0%	-	0	-	-	-
3	Northeast Tucson	244	2,830	5.4%	7	0	0	0%	-	0	-	-	-
4	NW Tucson/Oro Valley	781	12,172	23.4%	2	1	50	0.4%	2	0	-	-	-
5	Palo Verde	552	6,843	13.2%	4	0	0	0%	-	2	216	3.2%	2
6	Park/Ajo	273	4,214	8.1%	5	0	0	0%	-	0	-	-	-
7	S Pima/Green Valley	15	675	1.3%	8	0	0	0%	-	0	-	-	-
8	Southeast Tucson	110	8,659	16.7%	3	1	175	2.0%	1	0	-	-	-
9	SW Tucson/Airport	285	12,355	23.8%	1	3	25	0.2%	3	3	521	4.2%	1
10	W Outlying Pima Cty	5	46	0.1%	9	0	0	0%	-	0	-	-	-

Tucson received one of the most significant supply additions in recent memory in late 2023, which caused the metro-wide vacancy rate to spike above hundreds of basis points and remain at 6.5% today. Nevertheless, steady leasing activity broadly supports property performance, keeping market conditions relatively tight, particularly once excluding the major spec development. Logistics tenants have been a critical driver of recent demand, with distribution and warehousing space near the Tucson International Airport receiving strong interest.

While two large spec developments broke ground near the airport in late 2024, the construction pipeline is modest in Tucson compared to other Sun Belt markets. The 740,000 SF underway, represents just 1.4% of total inventory. Nationally, about 1.7% of inventory is under construction, with heavy-development areas like Las Vegas, Austin, and Phoenix exceeding 8%. In addition to the airport, developers are most active in the northern part of the metro along Interstate 10 near Marana.

¹³ CoStar Analytics, Tucson, AZ, Industrial Market Report (generated February 2, 2025)

Tucson's average rent of \$11.00/SF is well below the level seen in Southern California, where rents can exceed \$18/SF. The relative affordability of space, as well as proximity to trade entry points such as the U.S.-Mexico border and the Ports of Los Angeles and Long Beach, has been an essential driver in attracting new tenant demand.

Rent growth has steadily decelerated since mid-2022 as the broader industrial market navigates a period of normalized tenant demand. Tucson's industrial rent growth typically lags the national average. Over the past 12 months, average asking rents increased 1.3%, compared to a 2.2% for the United States. Rents are headed for further normalization in the first half of this year but are not expected to turn outright negative, and may see modest improvement by the end of 2025.

Figure 13 – Historical Submarket Data, Industrial Market

Period	Vacancy Rate	Market Asking Rent/SF	Market Asking Rent Growth	Inventory SF	Under Constr SF	Under Constr % of Inventory	12 Mo Net Absorp SF	Market Sale Price/SF	12 Mo Sales Vol	12 Mo Sales Vol Growth	Market Cap Rate
2030	5.3%	\$12.97	3.5%	54,667,681	-	-	568,809	\$143	-	-	9.1%
2029	5.3%	\$12.86	3.5%	54,520,385	-	-	594,855	\$142	-	-	9.1%
2028	5.4%	\$12.42	3.6%	53,922,928	-	-	582,271	\$136	-	-	9.2%
2027	5.4%	\$11.98	3.8%	53,340,807	-	-	624,879	\$130	-	-	9.2%
2026	5.8%	\$11.55	3.3%	52,870,222	-	-	733,602	\$123	-	-	9.4%
2025 EST	6.5%	\$11.17	1.7%	52,486,465	-	-	193,095	\$116	-	-	9.6%
2025 YTD	6.5%	\$10.99	1.3%	51,991,866	736,424	1.4%	(135,374)	\$114	\$209,827,672	70.7%	9.7%
2024	5.9%	\$10.99	1.6%	51,991,866	326,807	0.6%	137,991	\$113	\$212,126,831	68.5%	9.7%
2023	5.7%	\$10.82	5.1%	51,718,366	227,500	0.4%	582,796	\$116	\$125,928,006	-37.4%	9.2%
2022	3.2%	\$10.29	7.1%	49,789,477	1,936,565	3.9%	971,570	\$121	\$201,123,832	-14.4%	8.2%
2021	3.9%	\$9.60	6.6%	49,110,936	428,262	0.9%	1,959,676	\$116	\$235,022,239	196.9%	7.7%
2020	6.7%	\$9.01	4.9%	48,475,418	150,559	0.3%	(45,985)	\$104	\$79,164,521	-44.0%	8.1%
2019	6.4%	\$8.58	4.8%	48,406,060	90,595	0.2%	1,284,904	\$94	\$141,305,651	-9.9%	8.5%
2018	5.5%	\$8.19	5.4%	46,585,644	1,820,416	3.9%	1,032,428	\$87	\$156,846,566	124.9%	8.5%
2017	6.4%	\$7.77	4.4%	45,914,317	938,536	2.0%	492,632	\$87	\$69,742,920	14.5%	8.3%
2016	6.7%	\$7.45	3.5%	45,550,025	318,531	0.7%	2,220,496	\$84	\$60,898,309	-18.3%	7.9%
2015	8.1%	\$7.20	3.6%	43,823,550	1,603,704	3.7%	664,956	\$83	\$74,520,366	40.1%	7.8%

Office Sector¹⁴

Figure 14 – CoStar Analytics Key Indicators, Office Market

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	3,830,786	15.7%	\$25.20	15.8%	3,493	0	0
3 Star	14,785,270	11.6%	\$24.31	12.2%	(18,344)	0	0
1 & 2 Star	10,280,631	7.1%	\$22.20	7.9%	1,814	0	0
Market	28,896,687	10.5%	\$23.68	11.2%	(13,037)	0	0

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	1.0% (YOY)	9.2%	10.8%	11.6%	2013 Q3	5.3%	2007 Q2
Net Absorption SF	(272K)	156,774	(11,132)	960,621	2007 Q2	(391,983)	2024 Q4
Deliveries SF	14K	261,763	24,717	627,384	2006 Q2	14,000	2024 Q4
Market Asking Rent Growth	2.4%	1.0%	1.4%	8.1%	2007 Q4	-9.1%	2009 Q4
Sales Volume	\$98.1M	\$133M	N/A	\$279.1M	2008 Q1	\$30.3M	2012 Q2

SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Ajo/W Outlying Pima Cnty	9	105	0.4%	11	0	0	0%	-	0	-	-	-
2	Central Tucson	1,119	10,393	36.0%	1	0	0	0%	-	0	-	-	-
3	Downtown Tucson	339	6,195	21.4%	2	0	0	0%	-	0	-	-	-
4	East Tucson	141	1,319	4.6%	7	0	0	0%	-	0	-	-	-
5	Foothills	100	1,461	5.1%	6	0	0	0%	-	0	-	-	-
6	Green Valley/South Tucson	50	389	1.3%	10	0	0	0%	-	0	-	-	-
7	North Tucson/Oro Valley	366	3,862	13.4%	3	0	0	0%	-	0	-	-	-
8	Northwest Tucson	58	541	1.9%	9	1	4	0.7%	2	0	-	-	-
9	Southeast Tucson	41	722	2.5%	8	0	0	0%	-	0	-	-	-
10	Southwest Tucson	190	2,384	8.2%	4	1	10	0.4%	1	0	-	-	-
11	West Tucson	222	1,527	5.3%	5	0	0	0%	-	0	-	-	-

The Tucson office market is trading water. Lower office utilization rates have structurally reduced demand for office space. As a result, conditions have been largely flat over the past three years as the market struggles to gain meaningful momentum. While the market hasn't been improving, Tucson is holding up better than the broader nation, which continues to see steadily rising vacancies in the aggregate.

Property performance weakness seen at the onset of the pandemic has since stabilized, and conditions are stuck in neutral. After rising 200 basis points in the 18 months post-COVID, vacancy has remained in the 9% to 10% range since mid-2021, though a modest upward trend is evident. Market-wide vacancy is now 10.5%, which is on pace with levels seen in 2015. The broader United States, by comparison, has seen vacancy eclipse the level seen during the worst of the Great Recession.

¹⁴ CoStar Analytics, Tucson, AZ, Office Market Report (generated February 2, 2025)

The manageable construction pipeline has been key to avoiding a more severe supply-demand imbalance. Over the past 12 months, just 14,000 SF of net new office space was delivered and the current construction pipeline remains limited. This lack of supply-side pressure will benefit the sector moving forward.

Positive tailwinds supporting the Tucson office market include affordability and steady demographics. The aerospace industry has a strong presence here, anchored by Raytheon's Missiles & Defense HQ and the Davis-Monthan Air Force Base. Healthcare, insurance, and public-sector organizations have also been sources of demand. Additionally, the University of Arizona, an R1 research university, supplies the market with a steady stream of talent and often collaborates with businesses through public-private partnerships.

Though some larger sales took place in early 2024, investment activity has been largely modest over the past few years. About \$163 million worth of Tucson office properties sold in 2024, lagging the recent five-year average of \$177 million annually.

Figure 15 – Historical Submarket Data, Office Market

Period	Vacancy Rate	Market Asking Rent/SF	Market Asking Rent Growth	Inventory SF	Under Constr SF	Under Constr % of Inventory	12 Mo Net Absorp SF	Market Sale Price/SF	12 Mo Sales Vol	12 Mo Sales Vol Growth	Market Cap Rate
2030	10.9%	\$25.27	1.0%	28,947,907	-	-	26,534	\$180	-	-	9.6%
2029	10.9%	\$25.21	1.0%	28,942,210	-	-	14,404	\$179	-	-	9.7%
2028	10.9%	\$24.97	1.0%	28,920,328	-	-	5,526	\$172	-	-	9.9%
2027	10.8%	\$24.72	1.2%	28,901,047	-	-	10,105	\$166	-	-	10.2%
2026	10.8%	\$24.44	1.4%	28,886,786	-	-	(3,682)	\$159	-	-	10.5%
2025 EST	10.8%	\$24.10	2.1%	28,884,901	-	-	(81,043)	\$153	-	-	10.8%
2025 YTD	10.5%	\$23.68	2.4%	28,896,687	-	-	(272,416)	\$151	\$140,646,030	-7.0%	10.7%
2024	10.5%	\$23.61	2.6%	28,896,687	-	-	(391,983)	\$150	\$163,405,118	30.9%	10.7%
2023	9.1%	\$23.02	5.4%	28,882,687	14,000	0.0%	301,040	\$148	\$124,873,466	-40.7%	10.7%
2022	10.0%	\$21.84	2.4%	28,825,424	74,138	0.3%	(90,035)	\$153	\$210,627,178	16.1%	10.0%
2021	9.0%	\$21.34	1.8%	28,615,328	242,411	0.8%	75,332	\$165	\$181,422,391	23.2%	9.0%
2020	8.7%	\$20.95	2.7%	28,452,843	349,037	1.2%	(252,752)	\$163	\$147,221,296	-27.1%	9.1%
2019	7.4%	\$20.40	1.1%	28,323,770	203,213	0.7%	408,775	\$151	\$201,819,521	57.7%	9.5%
2018	7.3%	\$20.19	4.7%	27,837,214	477,254	1.7%	166,704	\$151	\$128,003,803	-9.5%	9.1%
2017	8.1%	\$19.29	4.2%	27,891,278	329,304	1.2%	571,534	\$150	\$141,455,560	39.9%	8.8%
2016	9.9%	\$18.52	-1.9%	27,821,437	116,852	0.4%	328,287	\$151	\$101,142,095	-43.4%	8.4%
2015	10.6%	\$18.89	2.3%	27,679,850	114,950	0.4%	32,546	\$155	\$178,801,119	73.4%	8.1%

Retail Sector¹⁵

Figure 16 – CoStar Analytics Key Indicators, Retail Market

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	6,741,728	14.5%	\$24.94	11.0%	(11,198)	0	0
Power Center	2,577,769	2.6%	\$23.56	2.6%	6,607	0	0
Neighborhood Center	21,033,918	6.8%	\$19.39	8.1%	(26,627)	0	17,539
Strip Center	4,280,334	5.5%	\$18.01	5.2%	24,334	0	0
General Retail	21,649,649	2.2%	\$18.43	2.6%	(5,949)	5,000	48,779
Other	570,067	2.3%	\$26.91	2.3%	(1,467)	0	0
Market	56,853,465	5.6%	\$19.84	5.8%	(14,300)	5,000	66,318

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	-0.1% (YOY)	5.9%	5.6%	8.1%	2012 Q2	3.0%	2005 Q4
Net Absorption SF	247K	424,579	90,698	1,613,779	2007 Q1	(661,670)	2009 Q4
Deliveries SF	202K	579,515	128,449	2,162,914	2008 Q4	54,547	2024 Q3
Market Asking Rent Growth	6.1%	0.2%	2.7%	6.5%	2024 Q4	-7.6%	2009 Q4
Sales Volume	\$258M	\$274.3M	N/A	\$761.7M	2022 Q2	\$59.9M	2009 Q3

SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Central East	1,122	8,932	15.7%	2	4	8	0.1%	3	0	-	-	-
2	Central West	770	7,420	13.1%	3	1	5	0.1%	5	0	-	-	-
3	Downtown Tucson	318	1,850	3.3%	11	0	0	0%	-	1	2	0.1%	4
4	E Outlying Pima Cnty	1	6	0%	15	0	0	0%	-	0	-	-	-
5	East Tucson	791	9,962	17.5%	1	2	8	0.1%	2	3	20	0.2%	2
6	Foothills	300	5,901	10.4%	5	1	2	0%	7	1	1	0%	5
7	North/Oro Valley	188	2,558	4.5%	8	0	0	0%	-	0	-	-	-
8	Northeast Tucson	27	332	0.6%	13	0	0	0%	-	0	-	-	-
9	Northwest Tucson	306	4,611	8.1%	6	3	165	3.6%	1	2	39	0.8%	1
10	South Tucson	1,034	7,131	12.5%	4	3	6	0.1%	4	0	-	-	-
11	South/SW Outlying	168	1,906	3.4%	9	0	0	0%	-	1	3	0.2%	3
12	Southeast Tucson	151	1,894	3.3%	10	1	1	0.1%	8	0	-	-	-
13	Southwest Tucson	222	3,129	5.5%	7	1	5	0.2%	6	0	-	-	-
14	W Outlying Pima Cnty	40	328	0.6%	14	0	0	0%	-	0	-	-	-
15	West Tucson	137	894	1.6%	12	1	1	0.1%	9	0	-	-	-

Tucson's retailers are supported by healthy demographics, recording cumulative population growth of 2.0% over the past three years, outpacing the U.S. level of 1.5%. The growing consumer base and rising household incomes encourage spending at local stores. Recently, however, a few sizable store closures caused vacancy to climb to 5.6%. While the current rate is in alignment with the recent five-year average of 5.8%, Tucson has not seen the steady compression of vacancy like the overall United States or nearby Phoenix.

¹⁵ CoStar Analytics, Tucson, AZ, Retail Market Report (generated February 2, 2025)

The largest new space commitments of 2024 were primarily driven by retailers that can offer value. Dollar stores and off-price retailers have filled some larger empty blocks with sellers of big-ticket items like furniture giving space back.

The lack of substantial new development has been a key factor keeping supply and demand balanced and stabilizing vacancy. Builders completed just 190,000 over the past year, the bulk of which came from a single grocery-anchored development that was largely preleased. About 66,000 SF is underway, representing just 0.1% of Tucson's total existing inventory.

Retail rent growth recently accelerated to 6.1%, outpacing the 1.9% gain seen nationally. This is a departure from the historical trend, with Tucson typically underperforming compared to the broader market.

Though sales volume is meaningfully lower than the unprecedented highs seen in 2021 and 2022, investment activity accelerated in 2024 to \$281 million, which only modestly lags the pre-pandemic five-year annual average.

Figure 17 – Historical Submarket Data, Retail Market

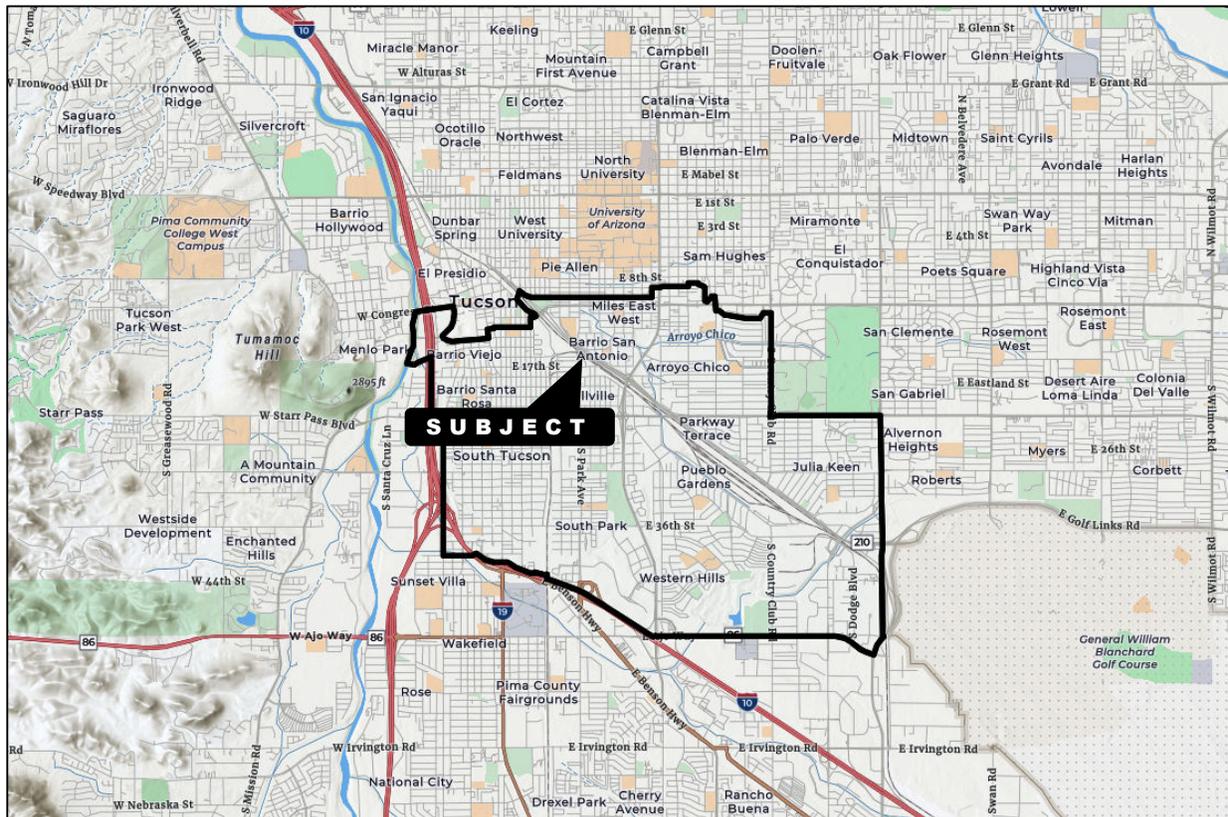
Period	Vacancy Rate	Market Asking Rent/SF	Market Asking Rent Growth	Inventory SF	Under Constr SF	Under Constr % of Inventory	12 Mo Net Absorp SF	Market Sale Price/SF	12 Mo Sales Vol	12 Mo Sales Vol Growth	Market Cap Rate
2030	5.7%	\$22.35	2.0%	57,307,157	-	-	109,640	\$220	-	-	7.6%
2029	5.7%	\$22.24	2.0%	57,269,164	-	-	86,481	\$219	-	-	7.6%
2028	5.6%	\$21.79	2.1%	57,132,538	-	-	55,492	\$214	-	-	7.7%
2027	5.6%	\$21.34	2.5%	57,022,998	-	-	56,086	\$209	-	-	7.7%
2026	5.5%	\$20.82	2.5%	56,942,398	-	-	73,586	\$203	-	-	7.7%
2025 EST	5.6%	\$20.32	3.0%	56,901,649	-	-	37,541	\$197	-	-	7.7%
2025 YTD	5.6%	\$19.84	6.1%	56,853,465	66,318	0.1%	247,377	\$195	\$277,031,627	31.1%	7.6%
2024	5.6%	\$19.73	6.5%	56,848,465	68,918	0.1%	253,005	\$194	\$280,745,343	40.7%	7.6%
2023	5.7%	\$18.52	2.4%	56,665,078	46,141	0.1%	149,848	\$187	\$199,513,734	-54.0%	7.6%
2022	5.7%	\$18.08	0.3%	56,518,336	200,505	0.4%	270,705	\$188	\$434,053,424	-39.8%	7.4%
2021	6.1%	\$18.03	1.9%	56,442,424	161,157	0.3%	46,531	\$195	\$721,506,593	175.9%	7.1%
2020	6.2%	\$17.69	1.2%	56,451,740	105,714	0.2%	(164,448)	\$192	\$261,531,360	-14.4%	7.0%
2019	5.6%	\$17.48	1.7%	56,264,014	160,255	0.3%	(53,671)	\$183	\$305,664,051	4.7%	7.2%
2018	5.2%	\$17.19	1.7%	56,110,728	64,914	0.1%	850,924	\$176	\$291,864,312	-11.4%	7.3%
2017	5.7%	\$16.91	1.7%	55,493,549	460,752	0.8%	510,157	\$182	\$329,269,056	40.7%	7.1%
2016	5.8%	\$16.63	1.2%	55,008,279	337,756	0.6%	391,138	\$176	\$234,044,244	-13.3%	7.1%
2015	5.8%	\$16.43	1.0%	54,595,094	215,965	0.4%	563,631	\$176	\$270,001,394	13.9%	7.0%

Neighborhood Analysis

Location

The subject property is located northwest of Kino Parkway and 22nd Street within the City of Tucson. Situated approximately one mile southeast of the downtown central business district of the City of Tucson, the location of the subject property is graphically illustrated on the map in Figure 18.

Figure 18 – Location Map

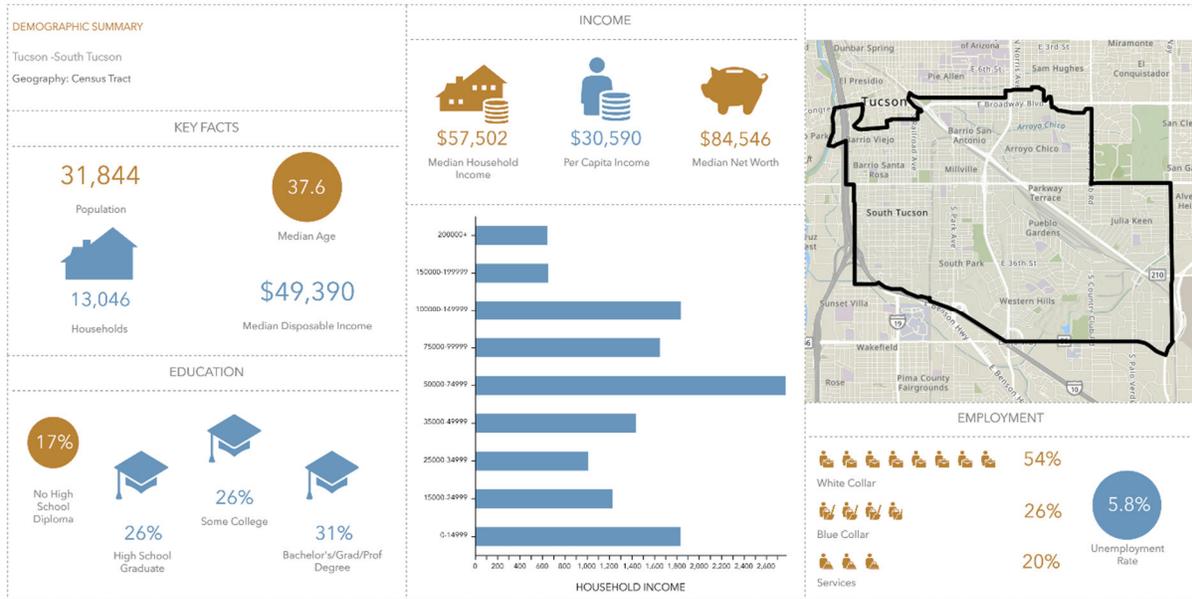


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The subject neighborhood is generally bounded by Broadway Boulevard to the north, Ajo Way and Interstate 10 to the south, Country Club Road and Alvernon Way to the east, and Interstate 10 to the west. This area covers approximately ten square miles within the City of Tucson, City of South Tucson and unincorporated areas of Pima County. The boundaries of the subject neighborhood, which represents a portion of the market area, encompass an area considered influential on the property to be appraised, given the types, visibility, accessibility, utility and overall consistency and similarity of uses.

Demographics

Figure 19 – Demographic Summary



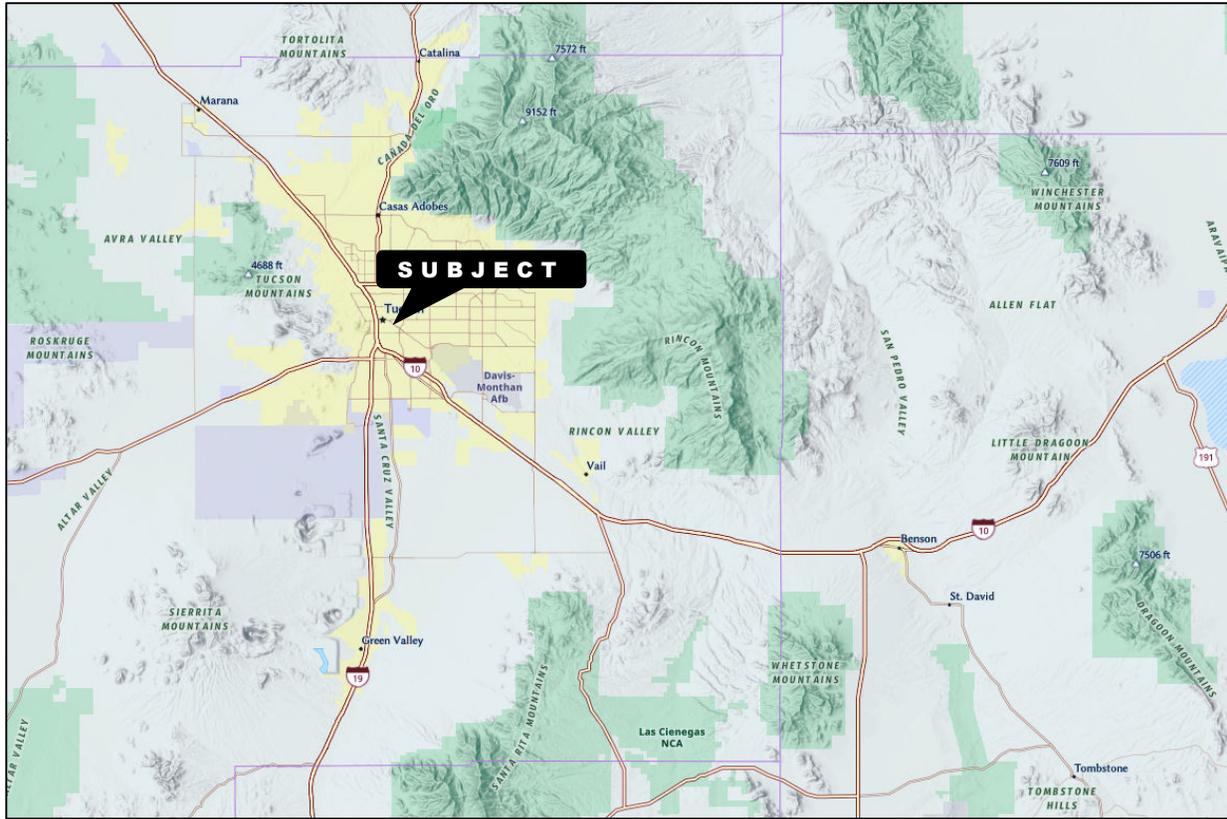
Summary	Census 2010	Census 2020	2025	2030	
Population	33,672	31,577	31,844	32,011	
Households	12,180	12,561	13,046	13,380	
Families	7,173	7,018	7,032	7,149	
Average Household Size	2.67	2.50	2.43	2.38	
Owner Occupied Housing Units	6,308	6,543	7,249	7,942	
Renter Occupied Housing Units	5,872	6,018	5,797	5,438	
Median Age	32.8	36.5	37.6	39.0	
Trends: 2025-2030 Annual Rate	Area	State	National		
Population	0.10%	0.86%	0.42%		
Households	0.51%	1.09%	0.64%		
Families	0.33%	1.00%	0.54%		
Owner HHs	1.84%	1.48%	0.91%		
Median Household Income	2.47%	3.13%	2.53%		
Households by Income		2025	2030		
		Number	Percent	Number	Percent
<\$15,000		1,833	14.1%	1,725	12.9%
\$15,000 - \$24,999		1,225	9.4%	999	7.5%
\$25,000 - \$34,999		1,009	7.7%	836	6.2%
\$35,000 - \$49,999		1,432	11.0%	1,338	10.0%
\$50,000 - \$74,999		2,770	21.2%	2,709	20.2%
\$75,000 - \$99,999		1,648	12.6%	1,769	13.2%
\$100,000 - \$149,999		1,834	14.1%	2,215	16.6%
\$150,000 - \$199,999		651	5.0%	915	6.8%
\$200,000+		644	4.9%	874	6.5%
Median Household Income		\$57,502		\$64,961	
Average Household Income		\$74,634		\$84,035	
Per Capita Income		\$30,590		\$35,139	

Source: Esri forecasts for 2025 and 2030. U.S. Census Bureau 2020 decennial Census in 2020 geographies.

Transportation

Regional Freeway System

Figure 20 – Regional Freeway System Map



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The subject neighborhood is located in the south-central portion of the metropolitan Tucson area and is served primarily by Interstate 10. This freeway crosses region extending northwest toward Phoenix and east toward New Mexico. Interstate 19 also provides access to the southern portion of the region as a thoroughfare between Tucson and the international border at Nogales. A number of state highways are located in the area, including State Route 86 providing access toward the southwest and State Route 77 extending to the north. A network of state highways extends south from Interstate 10 which crosses the southeastern portion of the State in Cochise County

Arterial Roadways

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

The primary east/west arterial roadways through the subject neighborhood are Broadway Boulevard, 22nd Street and Ajo Way. The primary north/south arterial roadways are Alvernon Way, Country Club Road, Kino Parkway, Park Avenue and 6th Avenue. Aviation Parkway (State Route 210) crosses the neighborhood in a southeasterly direction and generally follows the alignment of the Union Pacific Railroad.

Railway

Freight rail service is found in the metropolitan area provided by Union Pacific Railroad with tracks that generally follow the Interstate 10 corridor. A 24-track railyard is located along the south side of Aviation Parkway between 22nd Street and Alvernon Way. A rail line also extends south through the subject neighborhood west of Park Avenue providing service to Nogales. Intercity rail passenger service is currently available in the metropolitan area with Amtrak station located near the downtown central business district. Intracity rail service is provided by a four-mile streetcar route which connects downtown Tucson and the University of Arizona.

Airports

Public air transportation for the subject neighborhood is provided primarily by Tucson International Airport south of downtown Tucson. The airport has three runways and one domestic terminal with 20 gates. Based upon statistics from the Tucson Airport Authority, passenger traffic totaled 3,873,141 people enplaned and deplaned for the 12 months ending September 2024.¹⁶

Land Use Patterns

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

Land uses within the subject neighborhood are typical of that found throughout the suburban areas of metropolitan Tucson. Commercial and higher density residential land uses are generally found along arterial roadways with single-family residential subdivision development located on more interior parcels. Commercial development within the neighborhood includes a variety of strip retail centers and freestanding commercial retail and office buildings along several of the arterial roadways. The most notable commercial development is Tucson Marketplace located at the Interstate 10 interchange with Kino Parkway.

The subject neighborhood also has an industrial component which is found along the railroad corridors that cross the neighborhood. These areas are generally located south of Aviation Parkway, and between Park Avenue and 4th Avenue. A larger area of industrial development is located south and east of the neighborhood due to the proximity of Davis Monthan Airbase and the Tucson International Airport.

¹⁶ Tucson Airport Authority (www.flytucson.com/taa/media-center/statistics/)

Amenities

Utilities in the form of sanitary sewer, water, electric power, natural gas and telephone service are generally available and in use throughout the neighborhood. These utilities are adequate to support additional residential, commercial and/or industrial development. Municipal water and sewer service is provided by the City of Tucson and City of South Tucson. Southwest Gas Company provides natural gas service, and telecom services are provided by Cox Communications, Comcast and CenturyLink. Electric service is provided by Tucson Electric Power. Utility rates are equitable when compared to other areas of the city and do not adversely impact property values.

Public educational facilities are located in and around the subject area and include a number of K-12 schools within the Tucson Unified School District and Sunnyside Unified School District. The University of Arizona is located north of neighborhood, situated west of Campbell Avenue along Speedway Boulevard. Also serving the area are several campuses of Pima Community College.

Trends

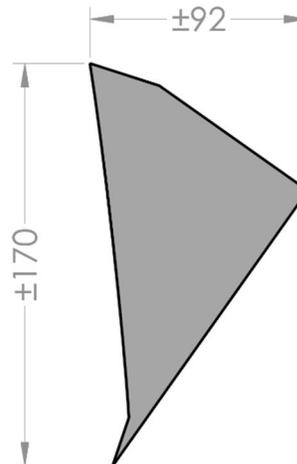
The subject neighborhood is characterized by a mix of well-established residential, commercial and industrial land uses. The long-term outlook for the metropolitan area is for continued population and job growth which will create demand for residential housing and neighborhood commercial support facilities. Commercial development is continuing around the Tucson Marketplace development, but the subject neighborhood does not exhibit any indication of drastic changes in land use in the near future and the trend of the area is for continued stability.

Real Property Description

The following description of the subject property is based upon a physical inspection of the property on November 10, 2025, in conjunction with an examination of Pima County public records. Photographs of the property being appraised are in Addendum B of this report.

Site Data

<i>Location</i>	Northwest of Kino Parkway and 22 nd Street		
<i>Street Address</i>	921 E. Mill Street		
<i>City, State ZIP</i>	Tucson, Arizona 85719		
<i>County</i>	<u>Pima</u>		
<i>Census Tract</i>	<u>000800</u>	<i>Block</i>	<u>2044</u>
<i>Assessor Parcel No(s)</i>	124-13-007 (<i>portion of</i>)		
<i>Land Area</i> ¹⁷	<u>7,043</u>	Square Feet	
	<u>0.162</u>	Acres	
<i>Shape/Dimensions</i>	The subject property is irregular in shape, measuring 170 feet north to south and 92 feet east to west.		



<i>Surrounding Development</i>	North:	<u>Residential Development</u>
	South:	<u>Industrial Development</u>
	East:	<u>Industrial Development</u>
	West:	<u>Industrial Development</u>

The subject property is located in an industrial pocket of development located south and east of the downtown central business district of Tucson. The residential development to the north is located across the Union Pacific Railroad and Aviation Parkway from the subject parcel.

¹⁷ Source: Arizona Department of Transportation

<i>Utilities</i>	In Use		Available from:
	Yes	No	
Electricity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Tucson Electric Power
Water	<input type="checkbox"/>	<input checked="" type="checkbox"/>	City of Tucson
Sanitary Sewer	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Pima County
Natural Gas.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Southwest Gas Company
Telecom.....	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Cox Communications
			CenturyLink

Frontage/Access The subject site has frontage along Park Avenue although it is above grade of the roadway as Park Avenue crosses under the Union Pacific Railroad and Aviation Parkway just north of the subject parcel. Physical access can be made from Mill Street across the adjacent parcel to the east. The subject parcel is effectively landlocked and access to the property is considered poor.

<i>Street Improvements</i>	Street Name	Park Avenue	Mill Street
	Lanes (# Direction)	2 North 2 South	1 North 1 South
	Street Width	Varies	±45 feet
	Center Lane/Median	Median	None
	Surface	Concrete	Asphalt
	Curb	Yes	Yes
	Gutter	Yes	Yes
	Sidewalk	Yes	Yes
	Lighting	Yes	No
	Frontage	±150 feet	0 feet
	Traffic Count	18,837	Unmeasured

Topography The site is generally level and at grade with surrounding properties but above grade of Park Avenue.

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

Flood Hazard FEMA Flood Insurance Rate Map(s):

Flood Zone(s)	Panel	Effective Date
X	04019C2279L	June 16, 2011

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

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

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

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

Signs A physical inspection of the site did not reveal the presence of any signs on the property.

Zoning

The subject property is located in an area categorized mixed-use land uses as shown on the general plan for the City of Tucson. More specifically, the subject property is located within the Light Industrial (I-1) zoning district as defined by the City of Tucson zoning authorities. According to the unified development code, the Light Industrial zone,

provides for industrial uses that do not have offensive characteristics in addition to permitted in more restrictive nonresidential zones. Select other agriculture, civic, commercial, industrial, retail, storage, utility, and wholesaling uses may also be permitted.¹⁸

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

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

Easements and Restrictions

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

A Right of Way Disposal Report dated November 6, 2024, prepared by the Arizona Department of Transportation does not mention any easements or restrictions, although a 10-foot maintenance easement will be retained by ADOT upon sale of the parcel. A physical inspection did not reveal the presence of any obvious easements, restrictions or adverse uses which would affect the development potential, utility, or marketability of the property to be appraised.

Encroachments

A physical inspection of the subject parcel shows a fence has been erected along northerly boundary and railroad right-of-way. The fencing material is consistent with similar fencing on the property adjacent to the east and may be considered an encroachment upon the property being appraised.

¹⁸ City of Tucson Unified Development Code, Section 4.7.29

Taxes and Assessments

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

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

The full cash value (FCV) of real estate as estimated by Pima County is determined for ad valorem tax purposes and is purportedly synonymous with market value according to state statute. Table 1 summarizes the current assessments and shows a brief tax history of the subject property. In this instance, the subject property is exempt from real property taxes because it is owned by the State of Arizona.

Table 1 – Real Property Assessment and Tax History

Tax Year	Primary Valuation			Secondary Valuation			Assessed Tax	Status
	Limited Value	Assessment Ratio	Assessed Value	Full Cash Value	Assessment Ratio	Assessed Value		
2025	\$141,694.00	15%	\$21,254.00	\$282,919.00	15%	\$42,438.00	\$0.00	Exempt
2024	\$134,947.00	15%	\$20,242.00	\$282,402.00	15%	\$42,360.00	\$0.00	Exempt
2023	\$128,521.00	15%	\$19,278.00	\$143,410.00	15%	\$21,512.00	\$0.00	Exempt
2022	\$122,401.00	15%	\$18,360.00	\$143,099.00	15%	\$21,465.00	\$0.00	Exempt
2021	\$116,572.00	15%	\$17,486.00	\$142,953.00	15%	\$21,443.00	\$0.00	Exempt

While there is some theoretical relationship between the assessed valuation and the fair market value of properties in Pima County, no reliance may be placed on this relationship since the Assessor’s appraisals are not always borne out by examination of actual activity in the marketplace. Consequently, no further emphasis or attention will be given to the assessed valuation of the subject property, as it relates to market value, in this appraisal report.

Division of Real and Personal Property

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

1. Tangible or intangible objects that are considered personal, as opposed to real property. Examples of tangible personal property include furniture, vehicles, jewelry, collectibles, machinery and equipment, and computer hardware. Examples of intangible personal property include contracts, patents, licenses, computer software, and intellectual property.
2. Any tangible or intangible article that is subject to ownership and classified as real property, including identifiable tangible objects that are considered by the general public as being “personal,” such as furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment, and intangible property that is created and stored electronically such as plans for installation art, choreography, emails, or designs for digital tokens. (USPAP, 2020-2021 ed.)¹⁹

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

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

¹⁹ The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022) p142



VALUATION ANALYSIS

Highest and Best Use

Highest and best use is a market-driven concept and is the underlying premise of estimating market value. The competitive forces in a property's market area directly influence the highest and best use of that property. The definition of highest and best use may be stated as, "the reasonably probable use of a property that results in the highest value."²⁰

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

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

As If Vacant

Legally Permissible

The City of Tucson zoning ordinance requirements are the only significant legal restrictions limiting the use of the property. As indicated in the site analysis, the subject property is presently within the Light Industrial (I-1) district. This zone allows for a variety of industrial and commercial land uses as set forth in the developed code for the City of Tucson. Only those uses specifically mentioned in the zoning ordinance could currently be considered legally permissible.

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

The current zoning of the subject property is consistent with surrounding development and the general plan. Considering the existing land uses in the area and those allowed under the current zoning of the subject land, a change in zoning is not likely to occur.

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

Physically Possible

The physical characteristics of the subject parcel, primarily the small size, irregular shape, and lack of access are considered to provide significant limitations to the development of the site. A soils report has not been provided, although it is noted from a physical inspection of the subject land and existing development on properties in the immediate area, that the soil appears to be adequate for its legally permissible uses.

The subject land has a good location in proximity to residential development, commercial services, employment centers and transportation routes. No adverse external physical conditions were observed which would materially affect the development of the site. Any development of the legally permissible uses on the subject parcel as a separate economic entity would be extremely difficult without some type of assemblage or development in conjunction with other properties.

The subject parcel is landlocked by Park Avenue to the west, the Union Pacific Railroad to the north, and a private property parcel to the east. The only property with which the subject parcel could be reasonably assembled is the property to the east. Such an assemblage could benefit the adjacent property by providing parking and open storage areas, but the property owners may or may not have any desire to assemble their property with the subject parcel.

Financially Feasible

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

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

Given existing development patterns, the location of the subject site, the current economic climate and the market in which the subject property competes, it is my opinion that development of the subject site as a separate economic unit would not be economically feasible, but might be feasible as assembled with an adjoining property for an owner/user.

Maximally Productive

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

The development potential of the subject site as a separate economic unit is nonexistent due to the lack of access. The opportunities to assemble the subject site are limited to essentially one adjoining parcel and development alternatives for an assembled subject parcel are greatly improved.

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

Summary and Conclusion

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

As If Vacant: Assemblage

Valuation Methodology

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

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

Sales Comparison Approach to Value

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

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

Income Capitalization Approach to Value

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

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

Cost Approach to Value

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

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

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

Sales Comparison Approach

Introduction

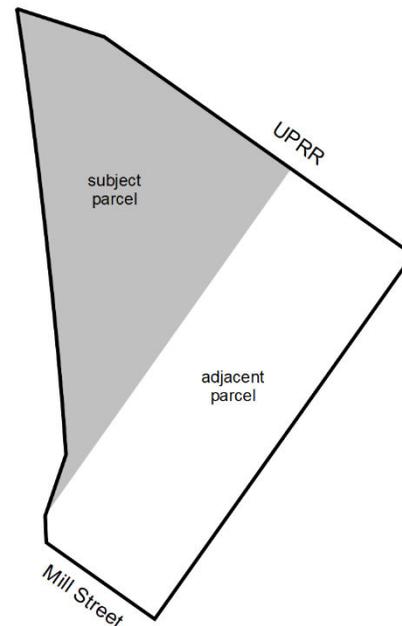
This approach to value is based upon the principle of substitution which states that no one is justified in paying more for a property than the cost of acquiring an equally desirable substitute property, assuming no undue or costly delay. To implement this approach, a search is made in the market to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

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available.²¹

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

The process of estimating the value of the subject parcel encompassed a search of similar properties in the subject's market area. In this instance, the highest and best use of the subject parcel is concluded to be for assemblage purposes and, for this reason, the search was made for properties similar to the subject parcel assembled with the parcel to the east of the subject parcel. This would result in an assembled parcel measuring 15,363 square feet. The most significant of these sales are included in some detail in the addenda to the appraisal report, along with a map showing their relative location to the subject property.

Figure 21 –Assembled Parcel



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

Land Value Analysis

No two properties are exactly alike, so it is necessary to develop some common unit of comparison. This could be the price per square foot, the price per acre, the price per section, or the price per site. Due to the size of the subject land and the market in which the property competes, a comparison on a price per square foot basis will be most meaningful. Since properties do differ in characteristics, it is necessary to adjust comparable sites for features in which they differ from the subject. This might be for such items as size, shape, location, access, terrain, and vegetation. After adjustment, the sales will then give useful indications of value for the subject land. Table 2 summarizes the significant information extracted from the comparable sales believed to be most pertinent in the valuation of the subject land.

Table 2 – Land Sales Summary Table

Comp No.	Intended Use	Sale Date	Zoning	Flood Zone	Frontage	Land Area Square Feet	Price	Price per Square Foot
1	Land Investment	07/20	I-1	X	Mid-Block	13,894	\$ 70,000.00	\$5.04
2	Land Investment	05/21	I-1	X	Mid-Block	10,605	\$ 70,000.00	\$6.60
3	Land Investment	01/22	I-1	X	Mid-Block	21,753	\$ 175,000.00	\$8.04
4	Land Investment	10/22	I-1	X	Corner	36,536	\$ 220,000.00	\$6.02
ASSEMBLAGE			I-1	X	Mid-Block	15,363		

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

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

- *Property Rights*

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

- *Financing*

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

- *Conditions of Sale*

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

- *Immediate Expenditures*

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

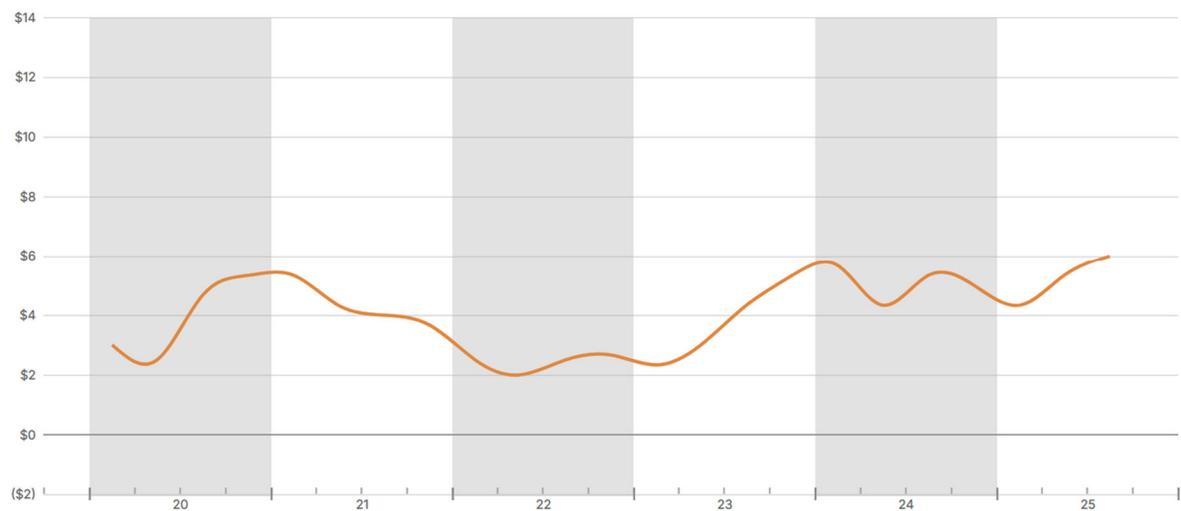
- *Market Conditions*

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

Price Trends – The sales presented in this report for analysis cover a time period from mid-2020 to late 2022. It would be difficult to quantify any specific time adjustment in terms of percentage or dollar amount that could be universally applied to all properties within the subject area. Nonetheless, some adjustment is believed to be appropriate.

A survey of industrial land sales across the greater Tucson area shows that current land prices are about the same as they were in late 2020, but slightly higher than the time period covered by the comparable sales. Based upon my analysis of the market data and my professional judgment, a minor upward adjustment will be made to the comparable properties examined in this analysis when considering the amount of time that has elapsed between the dates of purchase of the comparable properties and the date of valuation of the property to be appraised.

Figure 22 –Median Land Sale Price Trend, 2020-present



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

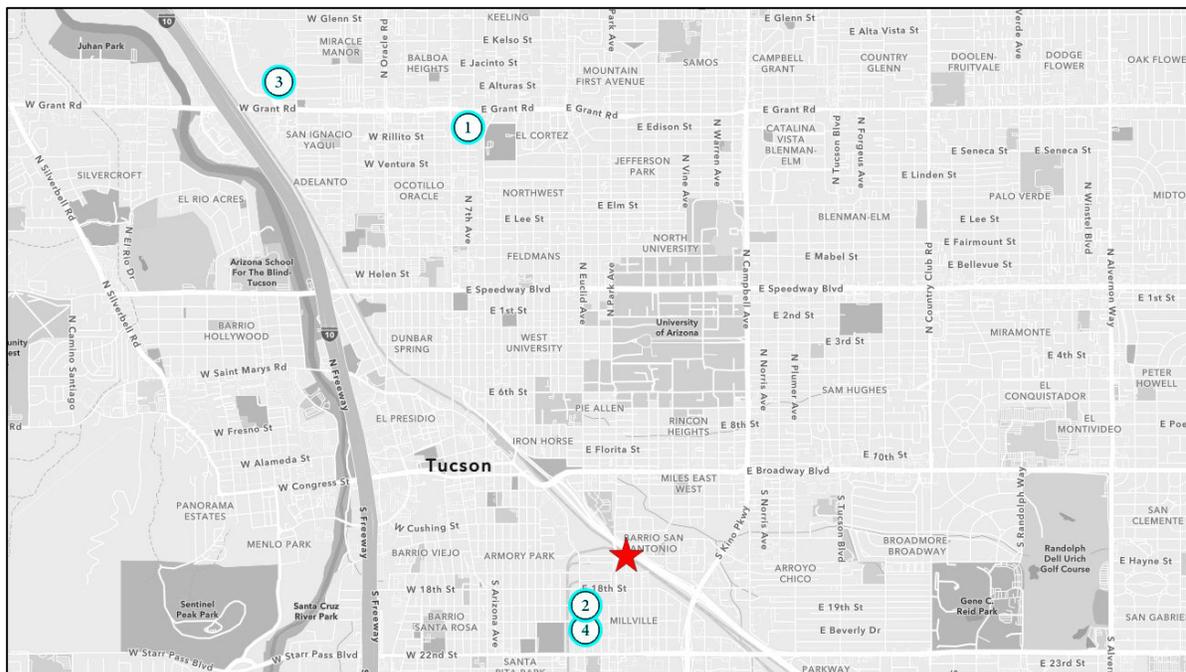
Properties that were exposed to the market for a significantly shorter or longer period of time than the exposure time of the subject would require adjustment. In this instance, each of the comparable properties was purchased given a reasonable exposure time, and no adjustment will be necessary for this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

- *Location*

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

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

Figure 23 – Land Sale Locations



Comparable No. 1 is located southeast of Stone Avenue and Grant Road northwest of the subject parcel. Comparable Nos. 2 and 4 are both northwest of Park Avenue and 22nd Avenue south of the subject parcel. Comparable No. 3 is located northwest of Oracle Road and Grant Road. The location of each comparable property is considered similar enough to the property being appraised that an adjustment will not be made for this factor.

- *Physical Characteristics*

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

Land Area – Other things being equal, it is generally accepted that larger parcels tend to develop lower prices than do similar smaller parcels on a per unit basis. In practice, the price-size tradeoff is typically a less direct, more uncertain relationship complicated by other physical characteristics and locational factors. Based upon the size of the assembled subject parcel and those of the comparable properties, an upward adjustment for land area will be made to Comparable No. 4 in this analysis.

- *Economic Characteristics*

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

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

- *Legal Characteristics*

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

- *Non-Realty Components*

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

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

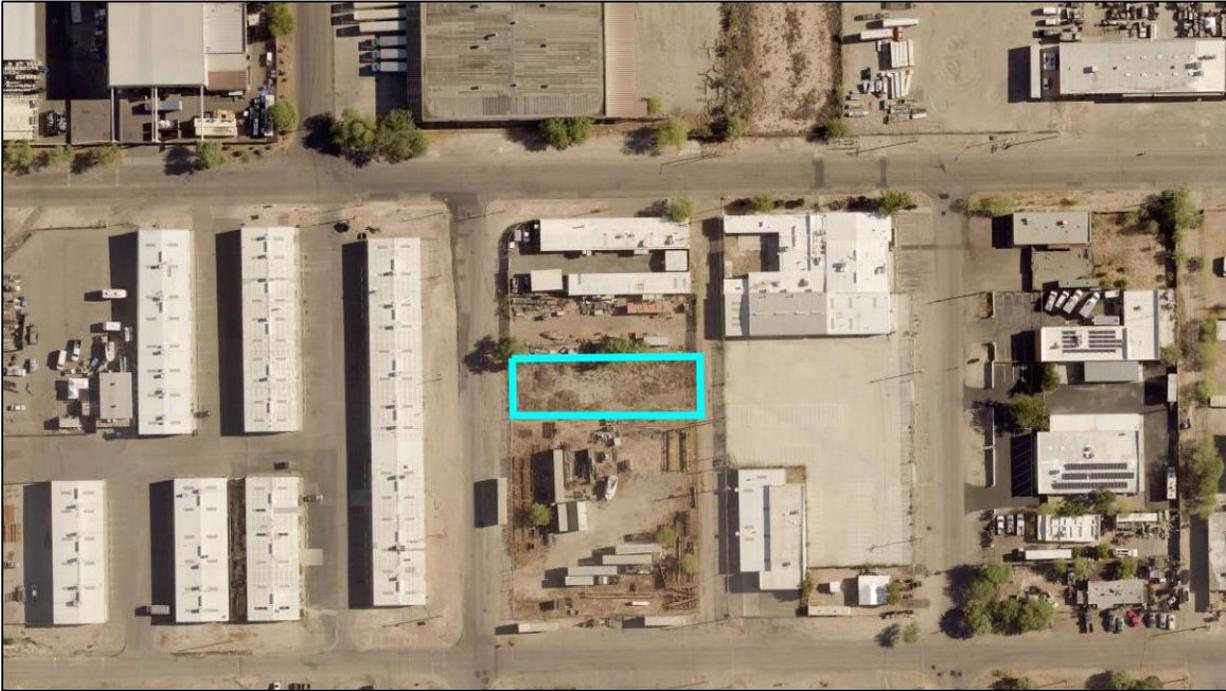
Comparable No. 1			
Southeast of Stone Avenue and Grant Road			
Grantor	William M. Frew and Linda Mason-Frew	Land Area	13,894 Square Feet
Grantee	Stone-Sahuaro Properties, LLC		0.319 Acres
Sale Date	July 2020	Zoning	I-1
Sale Price	\$70,000.00		Light Industrial
	\$5.04 per Square Foot		



Comparable No. 1 is a site located southeast of Stone Avenue and Grant Road at 38 E. Sahuaro Street, situated less than three miles northwest of the subject parcel. Surrounding land uses include a mix of industrial and commercial land uses. This site is generally level and at grade with the abutting properties and roadways. This property was purchased by the owner of the property to the west who also purchased the lot to the east at approximately the same time.

An upward adjustment of 16% will be applied to account for the amount of time between the date of sale and the date of valuation. The location of this property is similar enough to the subject that an adjustment will not be made. In terms of physical characteristics, this property is slightly smaller than the assembled subject parcel, although an adjustment will not be applied in this instance. After the adjustments indicated, this sale suggests a value of \$5.85 per square foot for the subject parcel assembled with the parcel to its east.

Comparable No. 2			
Northwest of Park Avenue and 22nd Street			
Grantor	Fourteenth Street, LLC	Land Area	10,605 Square Feet
Grantee	TXAZ, LLC		0.243 Acres
Sale Date	May 2021	Zoning	I-1
Sale Price	\$70,000.00		Light Industrial
	\$6.60 per Square Foot		



Comparable No. 3 is a site located northwest of Park Avenue and 22nd Street at 921 S. Euclid Avenue, situated approximately one-half mile southwest of the subject parcel. Surrounding land uses include a mix of industrial and commercial land uses. This site is generally level and at grade with the abutting properties and roadways.

An upward adjustment of 14% will be applied to account for the amount of time between the date of sale and the date of valuation. The location of this property is similar enough to the subject that an adjustment will not be made. In terms of physical characteristics, this property is slightly smaller than the assembled subject parcel, although an adjustment will not be applied in this instance. After the adjustments indicated, this sale suggests a value of \$7.52 per square foot for the subject parcel assembled with the parcel to its east.

Comparable No. 3			
Northwest of Oracle Road and Grant Road			
Grantor	Fairview Grant, LLC	Land Area	21,753 Square Feet
Grantee	Clifford B. Halbert and Pamela E. Halbert, Trustees		0.499 Acres
Sale Date	January 2022	Zoning	I-1
Sale Price	\$175,000.00		Light Industrial
	\$8.04 per Square Foot		



Comparable No. 3 is a site located northwest of Oracle Road and Grant Road at 2545 N. Fairview Avenue, situated approximately three miles northwest of the subject parcel. Surrounding land uses include a mix of industrial and commercial land uses. This site is generally level and at grade with the abutting properties and roadways.

An upward adjustment of 12% will be applied to account for the amount of time between the date of sale and the date of valuation. The location of this property is similar enough to the subject that an adjustment will not be made. In terms of physical characteristics, this property is slightly larger than the assembled subject parcel, although an adjustment will not be applied in this instance. After the adjustments indicated, this sale suggests a value of \$9.00 per square foot for the subject parcel assembled with the parcel to its east.

Comparable No. 4			
Northwest of Park Avenue and 22nd Street			
Grantor	Superior Steel Supply, Inc.	Land Area	36,536 Square Feet
Grantee	Farwest Steel Arizona, Inc.		0.839 Acres
Sale Date	October 2022	Zoning	I-1
Sale Price	\$220,000.00		Light Industrial
	\$6.02 per Square Foot		



Comparable No. 4 is a site located northwest of Park Avenue and 22nd Street at 975 S. Euclid Avenue, situated approximately one-half mile southwest of the subject parcel. Surrounding land uses include a mix of industrial and commercial land uses. This site is generally level and at grade with the abutting properties and roadways.

An upward adjustment of 9% will be applied to account for the amount of time between the date of sale and the date of valuation. The location of this property is similar enough to the subject that an adjustment will not be made. In terms of physical characteristics, this property is larger than the assembled subject parcel and a 5% upward adjustment will be applied in this instance. After the adjustments indicated, this sale suggests a value of \$6.89 per square foot for the subject parcel assembled with the parcel to its east.

Conclusion of Land Value

Thus far, we have examined several sales that are believed to be the best representations of the value that may be applied to the subject land. The unadjusted value indications range from a low of \$5.04 per square foot to a high indication of \$8.04 per square foot. The comparable sales examined each have some characteristics in common with the subject site. After adjustments have been applied for those factors that vary from the subject, we are presented with a range in values that might be applied to the subject land.

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

After adjustment for those elements that differ from the subject property, the indicated range is from \$5.85 per square foot to \$9.00 per square foot, with a mean value of \$7.32 per square foot. I believe that the subject property may be reasonably and fairly placed within this range. The indication of value provided by Comparable No. 3 is somewhat of an outlier at the upper end of the range in values and will be given the least amount of weight and consideration in this analysis. All things considered, it is my opinion the subject property could reasonably be placed in the middle to lower portion of the range in indicated values provided by these comparable properties.

Based upon the preceding analysis, a value of \$6.50 per square foot represents a reasonable expectation of the probable market value of the subject land as if assembled with the property to the east. As a practical matter, however, the property being appraised is not assembled and further analysis is needed to estimate the value of the subject property without an assemblage.

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

Table 3 – Land Sales Adjustment Grid

Comparable No.	1	2	3	4	ASSEMBLAGE
Sale Price	\$70,000.00	\$70,000.00	\$175,000.00	\$220,000.00	
Date of Sale	07/20	05/21	01/22	10/22	
Elapsed Time (months)	64	54	46	37	
Frontage	Mid-Block	Mid-Block	Mid-Block	Corner	Mid-Block
Access	Paved Road	Paved Road	Paved Road	Paved Road	Paved Road
Land Area – Square Feet	13,894	10,605	21,753	36,536	15,363
Shape	Rectangular	Rectangular	Rectangular	Rectangular	Slightly Irregular
Topography	Level	Level	Level	Level	Level
Availability of Utilities	At property	At property	At property	At property	At property
Zoning	I-1	I-1	I-1	I-1	I-1
Flood Zone	X	X	X	X	X
Sale Price per Square Foot of Land	\$5.04	\$6.60	\$8.04	\$6.02	
Transactional Adjustments					
Property Rights	0%	0%	0%	0%	
Adjusted Price	\$5.04	\$6.60	\$8.04	\$6.02	
Financing	0%	0%	0%	0%	
Adjusted Price	\$5.04	\$6.60	\$8.04	\$6.02	
Conditions of Sale	0%	0%	0%	0%	
Adjusted Price	\$5.04	\$6.60	\$8.04	\$6.02	
Immediate Expenditures	0%	0%	0%	0%	
Adjusted Price	\$5.04	\$6.60	\$8.04	\$6.02	
Market Conditions	+16%	+14%	+12%	+9%	
Adjusted Price	\$5.85	\$7.52	\$9.00	\$6.56	
Property Adjustments					
Location	0%	0%	0%	0%	
Physical Characteristics					
Land Area	0%	0%	0%	+5%	
Economic Characteristics	0%	0%	0%	0%	
Legal Characteristics	0%	0%	0%	0%	
Non-Reality Components	0%	0%	0%	0%	
Net Adjustment	0%	0%	0%	+5%	
Indicated Unit Value	\$5.85	\$7.52	\$9.00	\$6.89	
Gross Property Adjustment	0%	0%	0%	5%	
Total Adjustment	\$0.81	\$0.92	\$0.96	\$0.87	
Total Adjustment as % of Sale Price	16%	14%	12%	14%	

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

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

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

Based upon the preceding analyses and discussion, it is my opinion that a discount of 60% would be reasonable to reflect the incentive necessary to attract an assemblage of the adjoining property with the subject site. Therefore, the indication of value for the subject land, as of the date of valuation and given a reasonable period of exposure, is \$18,300.00, and can be calculated as follows:

Pro Rata Value as Assembled	7,043 square feet at	\$6.50 per square foot =	\$ 45,779.50
Incentive Discount for Assemblage		60%	<u>\$ (27,467.70)</u>
Indicated Value			\$ 18,311.80
rounded to,			\$ 18,300.00

Income Capitalization Approach

Introduction

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

The income capitalization approach to value consists of methods, techniques, and mathematical procedures than an appraiser uses to analyze a property's capacity to generate benefits (i.e., usually the monetary benefits of income and reversion) and convert these benefits into an indication of present value.²²

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

Direct capitalization is a method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only one year's income is used. Yield and value changes are implied, but not explicitly identified.²³

Yield capitalization is a method used to convert future benefits into present value by (1) discounting each future benefit at an appropriate yield rate, or (2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate.²⁴

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

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

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

²⁴ *Ibid*, p206

Cost Approach

Introduction

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

A set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised.²⁵

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

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

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

²⁵ The Dictionary of Real Estate Appraisal, 7th ed. (Chicago: Appraisal Institute, 2022) p43

Reconciliation of Value

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

Sales Comparison Approach	\$18,300.00
Income Capitalization Approach	Not Developed
Cost Approach	Not Developed

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

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

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

Based on the analyses presented herein and the indications of value provided by the traditional approaches to value, it is my final conclusion that the market value of the fee simple interest of the subject property, as of November 10, 2025, is:

EIGHTEEN THOUSAND THREE HUNDRED DOLLARS

\$18,300.00

Certification

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

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

Therefore, based upon the preceding data and discussion, together with the appraiser's best judgment and experience, the market value of the subject property as of November 10, 2025, is:

EIGHTEEN THOUSAND THREE HUNDRED DOLLARS

\$18,300.00



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

Underlying Assumptions and Limiting Conditions

1. A legal description was not furnished to the appraiser, unless so noted in the text of this report.
2. The title to the property is marketable, free and clear of all liens.
3. The property does not exist in violation of any applicable codes, ordinances, statutes or other governmental regulations.
4. The appraiser was not furnished with a specific site survey, unless one is cited in the text of this report.
5. The property is appraised as if owned in fee simple title without encumbrances, unless otherwise mentioned in this report. This fee simple estate contains the sum of all fractional interests which may exist.
6. Responsible ownership and competent management exist for the property.
7. Adequate utility services are available for the subject property and that they will continue to be so in the foreseeable future.
8. The appraisers are not responsible for the accuracy of the opinions furnished by others and contained in this report, nor are they responsible for the reliability of government data utilized in the report.
9. The compensation for appraisal services rendered is dependent only upon the delivery of this report and compensation is not contingent upon the values estimated.
10. This report considers nothing of a legal character and the appraisers assume no responsibility for matters of a legal nature.
11. Testimony or attendance in court is not required by reason of this appraisal, unless arrangements are previously made.
12. Any information furnished by the property owner, agent, or management is correct as received.
13. The appraisers assume that there are no hidden or unapparent conditions of the property, sub-soil or structures which could render it more or less valuable than an otherwise comparable property, unless such is stated in the report.
14. This appraisal will not take into consideration the possibility of the existence of asbestos, PCB transformers, urea formaldehyde foam insulation, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (containing hazardous materials), or the cost of encapsulation or removal thereof. The appraisers are not qualified to detect or evaluate such substances.
15. Should the client have a concern over the existence of such substances, they are urged to retain the services of a qualified independent engineer or contractor to determine the extent of the condition and the cost of any required or desired treatment or removal. The cost must be borne by the client or owner of the property, however, this cost has not been considered in the valuation of the property.
16. Virtually all land in Arizona is affected by pending or potential litigation by various Indian tribes claiming superior water rights for their reservations. The amounts claimed and the effects on other water users are largely undetermined, but the claims could result in some curtailment of water usage or ground water pumping on private land. The Ground Water Management Act (as amended) may also restrict future ground water pumping in various parts of the State. Given this uncertainty, neither the undersigned nor any of their representatives can make warranties concerning rights to or adequacy of the water supply with respect to the premises, although the sale of premises include such water rights as are appurtenant thereto.
17. The appraisers cannot predict or evaluate the possible effects of future wage price control actions of the government upon retail income or financing of the subject property; hence, it is assumed that no control will apply which would nullify contractual agreements, thereby changing property values. The market value estimated is as of the date of the estimate. All dollar amounts are based on the purchasing power of the dollar as of that date.
18. Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for the analytical services only.
19. Neither all nor any part of this appraisal report shall be given to third parties without the prior written consent of the signatories of this appraisal report. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations, news, sales or other media for public communication without the prior written consent of the appraiser(s).
20. Neither this report, nor any of its contents, may be used for the sale of shares or similar units of ownership in the nature of securities, without specific prior approval of the appraiser(s). No part of this appraisal may be reproduced without the permission of the appraisers.
21. This appraisal is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analysis as set forth in the report were prepared by the appraiser(s) whose signature(s) appear on the appraisal report. No change of any item in the report shall be made by anyone other than the appraiser. The appraiser shall have no responsibility if any such unauthorized change is made.
22. The appraiser may not divulge the material contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing except as may be required by a court of law or body with the power of subpoena.
23. The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if any, are included for the same purpose as of the date of the photos. Site plans are not surveys unless so designated.
24. On-site or off-site proposed improvements, if any, as well as any repairs required, are considered for purposes of this appraisal to be completed in good and workmanlike manner according to information submitted and/or considered by the appraisers. In cases of proposed construction, the appraisal is subject to change upon inspection of the property after construction is completed.
25. The authentic copies of this report are signed in blue ink and have been bound. Any copy that does not have the above is unauthorized and may have been altered.
26. Acceptance of, and/or use of, this appraisal report by client constitutes acceptance of the foregoing conditions in their entirety. Appraiser liability extends only to the identified client, not subsequent parties or users, and is limited to the amount of fee received by the appraiser. Use or reliance upon this report by third parties is specifically prohibited.



View north across the subject property



View northeast across the subject property



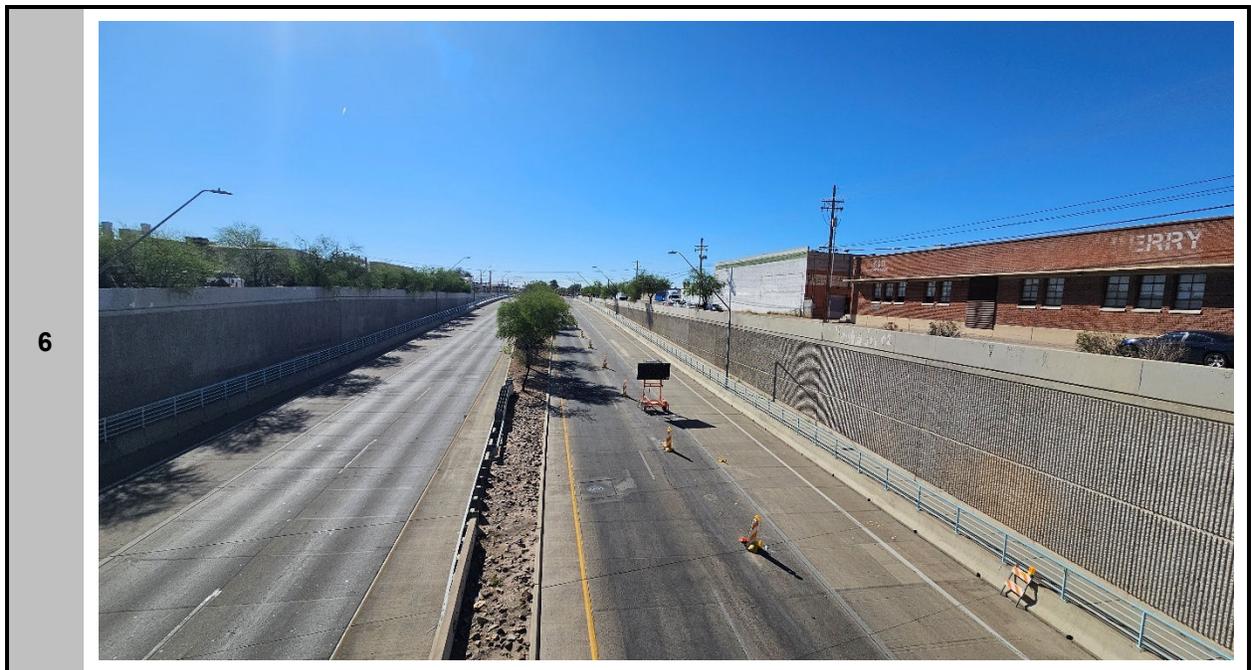
View east along Mill Street



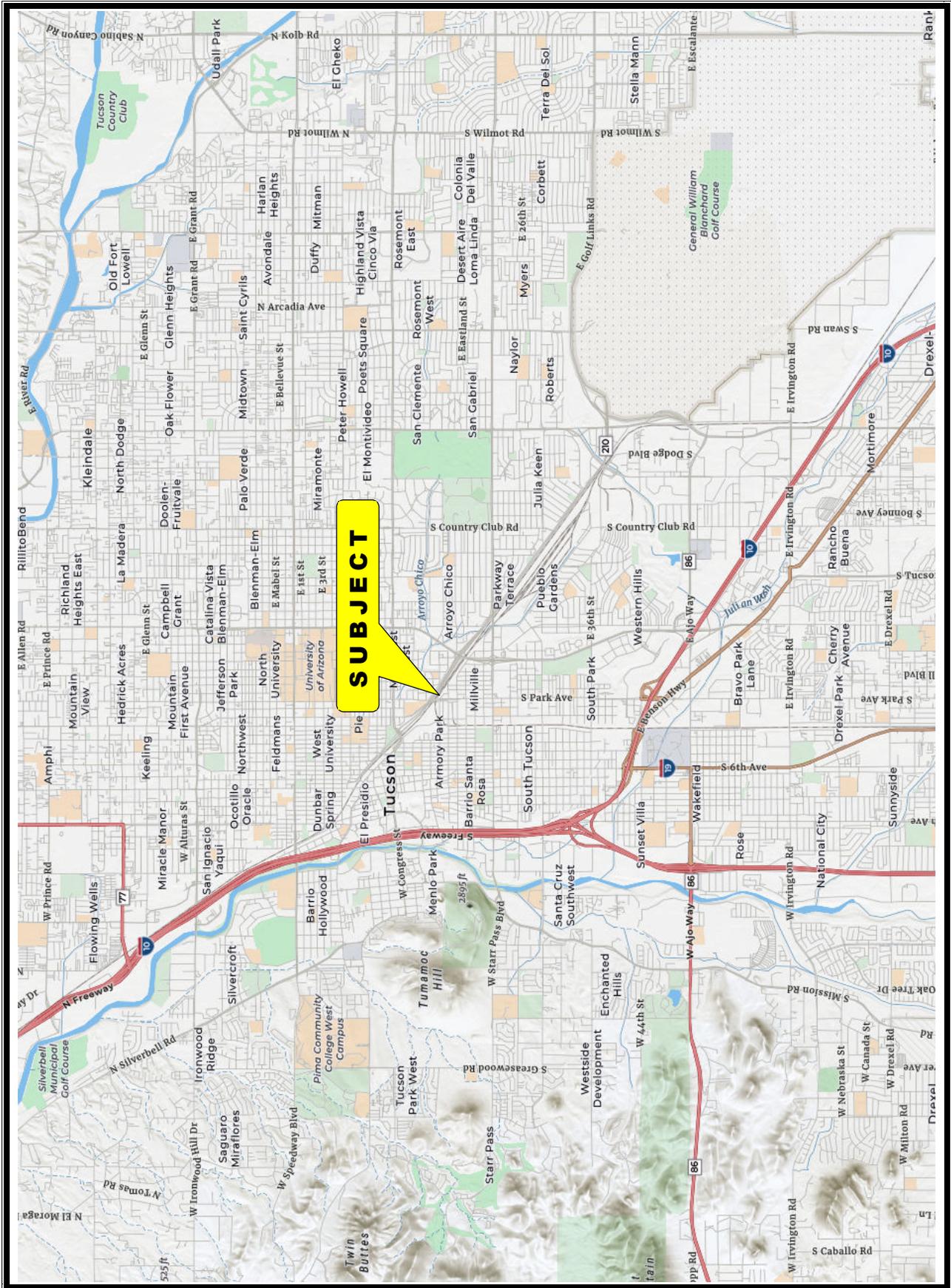
View west along Mill Street



View north along Park Avenue

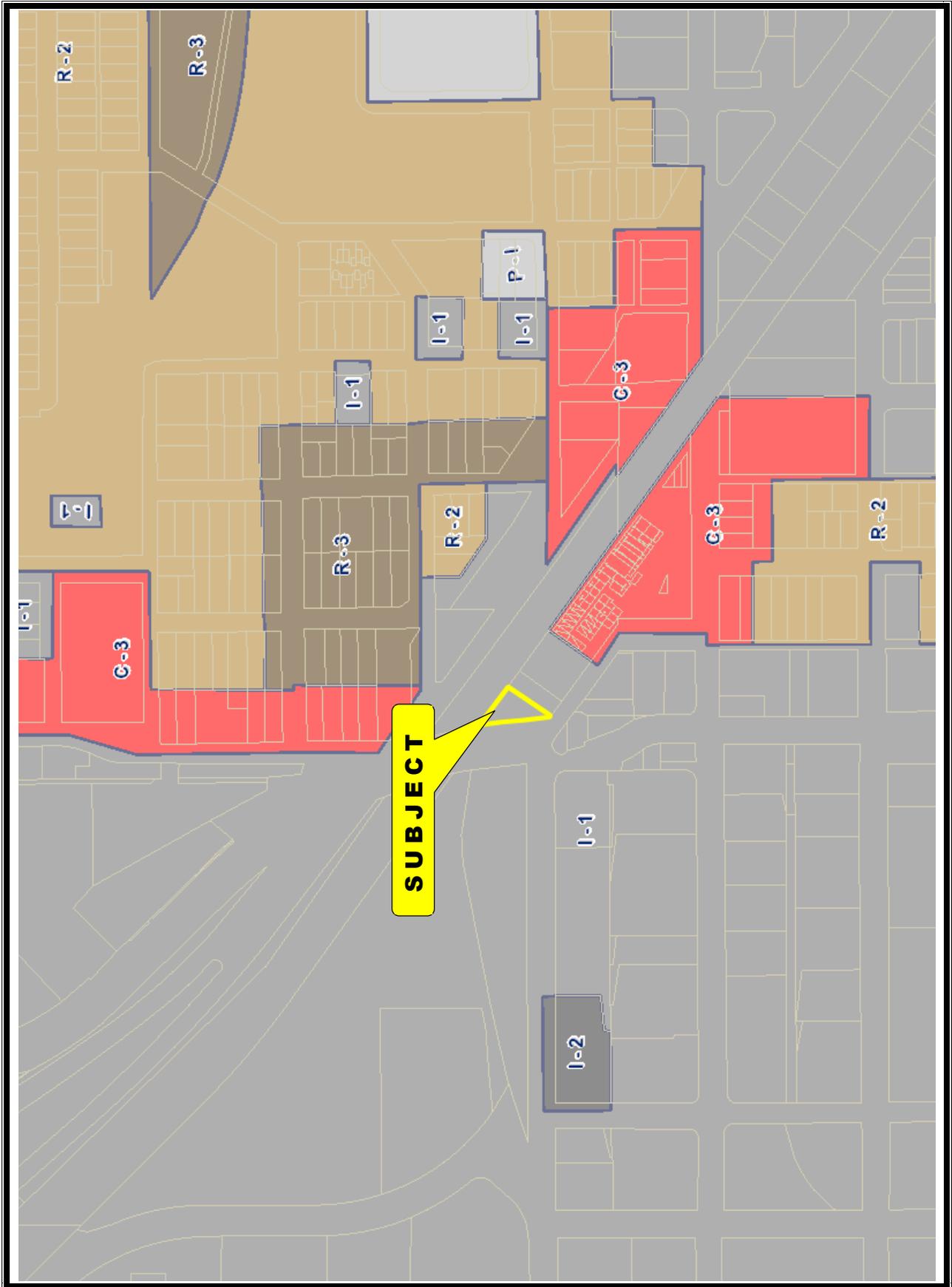


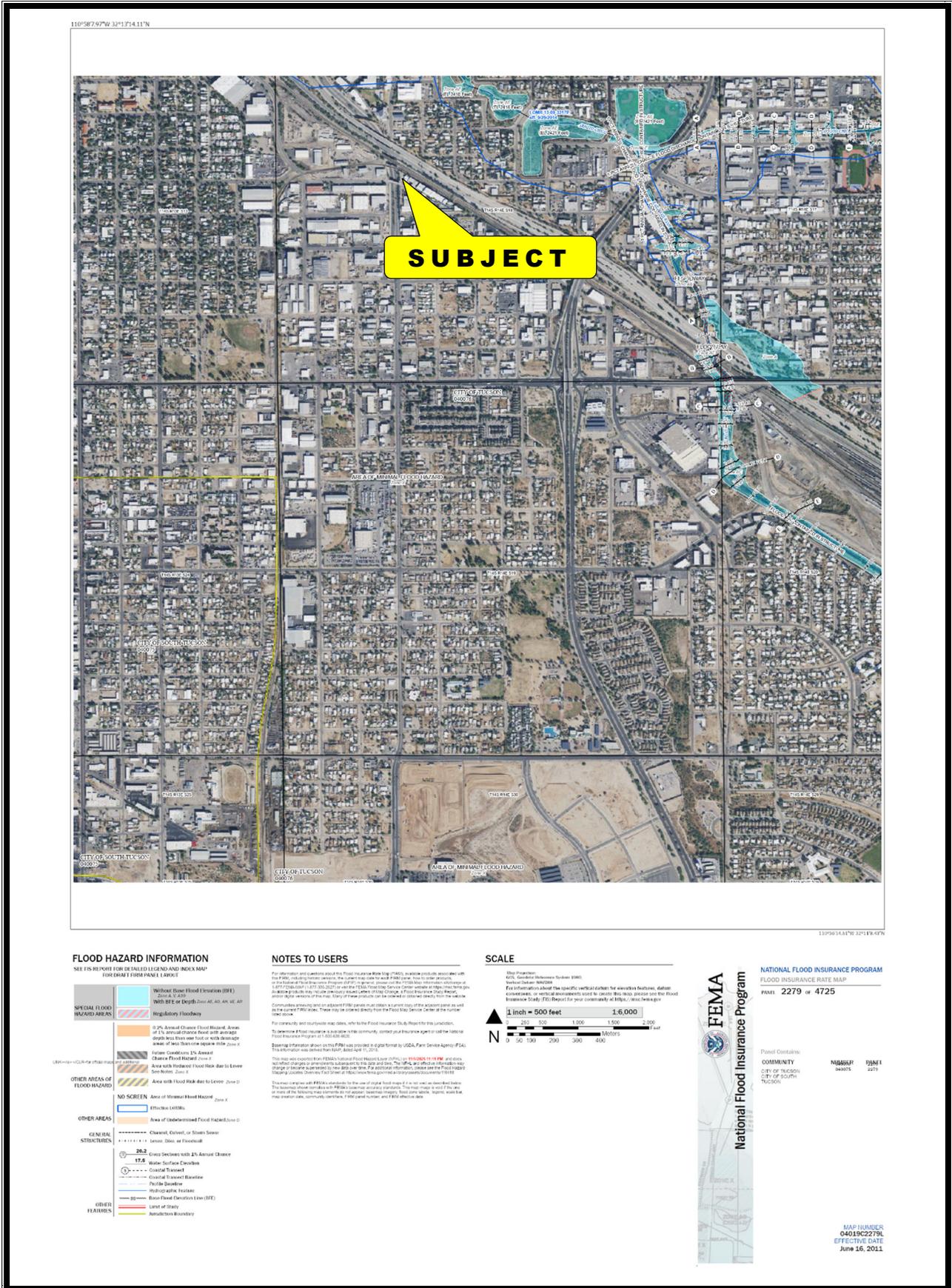
View south along Park Avenue

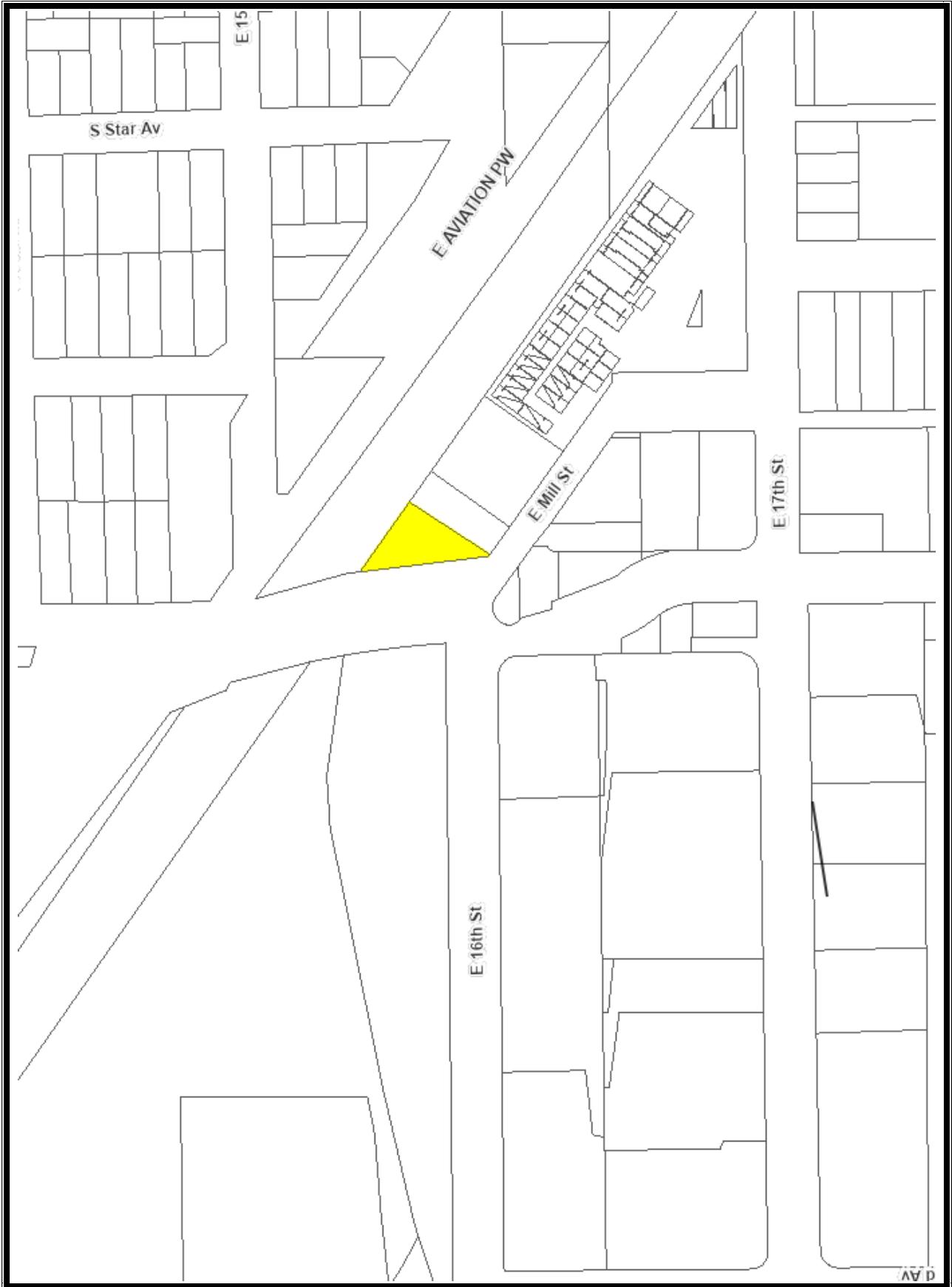


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C







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

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

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

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

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

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

LEGAL DESCRIPTION

SEE SCHEDULE A-1 ATTACHED
SEE EXHIBIT "A"

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

Date of Search: 11/06/2024	Examiner: Jim Gregg	Reviewer:
Update to:	Examiner:	Reviewer:

County: Pima	Tax Arb: 124-13-0070	Disposal: N/A
Tracs No.: AZ-824-9-704	Highway: Aviation Corridor	Excess Land: L-SC-044
Fed. No.: N/A	Section: PARK AVE. - POLO VERDE RD.	Parcel No's.: 10-00595

**SCHEDULE A-1
LEGAL DESCRIPTION**

That portion of ADOT Parcels 10-00595, as depicted on Exhibit "A" attached, Sheet 10, of ADOT Drawing D-10-T-359, the Right of Way Plans of AVIATION CORRIDOR HIGHWAY, Park Ave.-Palo Verde Rd. Section, Project AZ-824-9-704.

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

END OF SCHEDULE A-1

RIGHT OF WAY / VESTING

- 1.) Final Order of Condemnation in Civil Case No. 259941 of the Arizona Superior Court, Pima County, entitled the State of Arizona, ex rel., Charles L. Miller, Director, Department of Transportation, Plaintiff, vs. Union Oil Company of California, a California corporation: Union Oil Distributing of Tucson, Inc.: Jerry Michael Locke and Terrie A. Locke, husband and wife: Pima County Treasurer, Defendants, dated December 10, 1999, recorded December 30, 1999, in Docket No. 11204 page 87.
[Project 824-9-704, Parcel 10-595]

END OF RIGHT OF WAY / VESTING

REQUIREMENTS

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

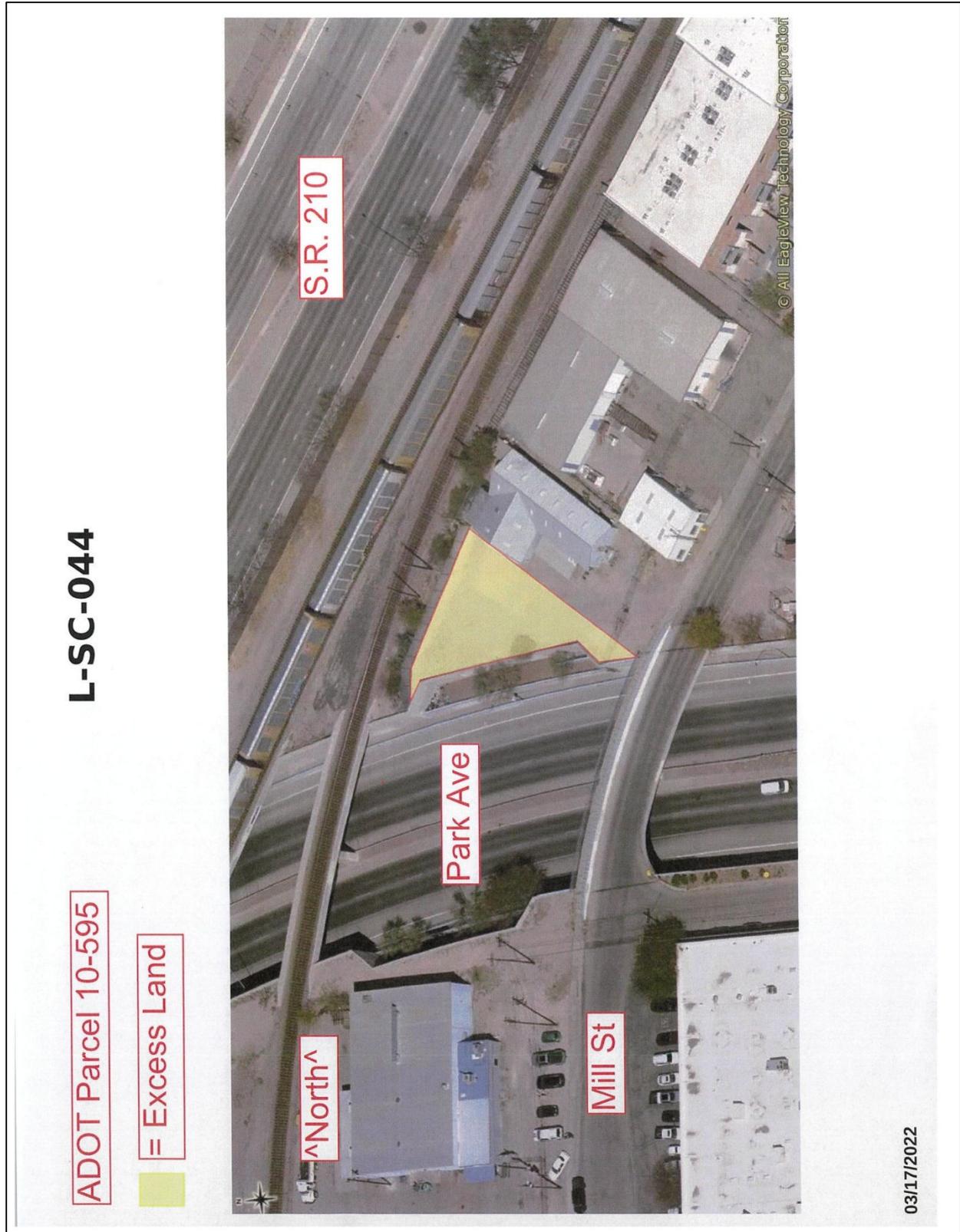
NOTE: Repurchase rights do not apply due to the property being acquired by a Final Order of Condemnation.

END OF REQUIREMENTS

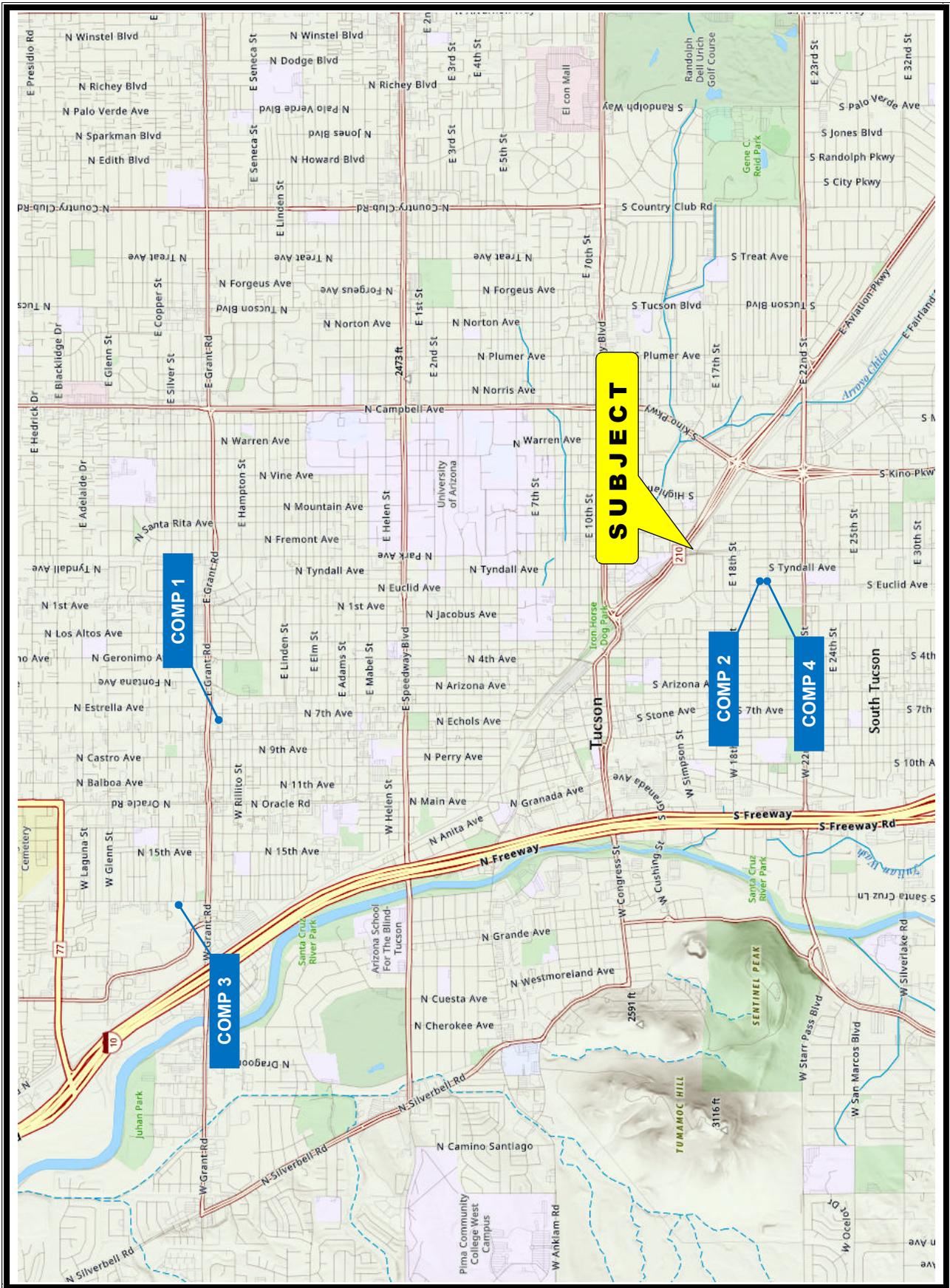
SCHEDULE B

1. None.

END OF SCHEDULE B







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C

Comparable No. 1



Property Information

Property Type: Vacant Land
Location: Southeast of Stone Avenue and Grant Road
Address: 38 E. Sahuaro Street
City, State ZIP: Tucson, Arizona 85705 **County:** Pima
Land Area: 13,894 square feet
 0.319 acres
Legal Description: Part of the NW¼ of Section 1, Township 14 South, Range 13 East, Gila and Salt River Base and Meridian, Pima County, Arizona
Parcel Number(s): 115-05-154; 115-05-155
Zoning Authority: City of Tucson
Zoning District(s): I-1, Light Industrial

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

Sale Information

Grantor: William M. Frew and Linda Mason-Frew
Grantee: Stone-Sahuaro Properties, LLC
Date of Sale: July 2020
Sales Price: \$70,000.00
 \$5.04 per square foot
Terms: \$70,000.00 (100%) cash down
 Cash to seller
Recordation: 9/17/2020
 Warranty Deed
 2020-2610890
Three Year Sales History: None
Source/Confirmation: Recorded Affidavit of Property Value

Comments:
 Surrounding land uses include a mix of industrial and commercial land uses. This site is generally level and at grade with the abutting properties and roadways. This property was purchased by the owner of the property to the west who also purchased the lot to the east at approximately the same time.



Comparable No. 2



Property Information

Property Type: Vacant Land
Location: Northwest of Park Avenue and 22nd Street
Address: 921 S. Euclid Avenue
City, State ZIP: Tucson, Arizona 85719 **County:** Pima
Land Area: 10,605 square feet
 0.243 acres
Legal Description: Part of the SW¼ of Section 18, Township 14 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona
Parcel Number(s): 124-16-032
Zoning Authority: City of Tucson
Zoning District(s): I-1, Light Industrial

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

Sale Information

Grantor: Fourteenth Street, LLC
Grantee: TXAZ, LLC
Date of Sale: May 2021
Sales Price: \$70,000.00
 \$6.60 per square foot
Recordation: 5/12/2021
 Special Warranty Deed
 2021-1320729
Source/Confirmation: Recorded Affidavit of Property Value

Terms: \$25,000.00 (36%) cash down
 Seller carried balance on undisclosed terms

Three Year Sales History: None

Comments:
 Surrounding land uses include a mix of industrial and commercial land uses. This site is generally level and at grade with the abutting properties and roadways.



Comparable No. 3



Property Information

Property Type: Vacant Land
Location: Northwest of Oracle Road and Grant Road
Address: 2545 N. Fairview Avenue
City, State ZIP: Tucson, Arizona 85705 **County:** Pima
Land Area: 21,753 square feet
 0.499 acres
Legal Description: Part of the SW¼ of Section 35, Township 13 South, Range 13 East, Gila and Salt River Base and Meridian, Pima County, Arizona
Parcel Number(s): 107-07-024
Zoning Authority: City of Tucson
Zoning District(s): I-1, Light Industrial

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

Sale Information

Grantor: Fairview Grant, LLC
Grantee: Clifford B. Halbert and Pamela E. Halbert, Trustees
Date of Sale: January 2022
Sales Price: \$175,000.00
 \$8.04 per square foot
Terms: \$175,000.00 (100%) cash down
 Cash to seller
Recordation: 1/21/2022
 Special Warranty Deed
 2022-0210165
Three Year Sales History: None
Source/Confirmation: CoStar Group; Recorded Affidavit of Property Value

Comments:
 Surrounding land uses include a mix of industrial and commercial land uses. This site is generally level and at grade with the abutting properties and roadways.



Comparable No. 4



Property Information

Property Type: Vacant Land
Location: Northwest of Park Avenue and 22nd Street
Address: 975 S. Euclid Avenue
City, State ZIP: Tucson, Arizona 85719 **County:** Pima
Land Area: 36,536 square feet
 0.839 acres
Legal Description: Part of the SW¼ of Section 18, Township 14 South, Range 14 East, Gila and Salt River Base and Meridian, Pima County, Arizona
Parcel Number(s): 124-16-033; 124-16-034
Zoning Authority: City of Tucson
Zoning District(s): I-1, Light Industrial

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

Sale Information

Grantor: Superior Steel Supply, Inc.
Grantee: Farwest Steel Arizona, Inc.
Date of Sale: October 2022
Sales Price: \$220,000.00
 \$6.02 per square foot
Terms: \$220,000.00 (100%) cash down
 Cash to seller
Recordation: 12/8/2022
 Special Warranty Deed
 2022-3420091
Three Year Sales History: None
Source/Confirmation: Recorded Affidavit of Property Value

Comments:
 Surrounding land uses include a mix of industrial and commercial land uses. This site is generally level and at grade with the abutting properties and roadways.





PURCHASE ORDER

PHOENIX, on 9/22/2025

CTR054966/ JW-26-009/ M697501X/ L-SC-044/ Appraisal due in 60 days-FIRST APPRAISAL SERVICES INC

SUPPLIER

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

ORDER No. PO0000810878

(please refer to this number on all documents)
Amendment:
Requestor: ESTHER VALENCIA
Agency: Department of Transportation
Division: Infrastructure Delivery & Operations
 Division Construction
Department: Right Of Way
Site: RIGHT OF WAY
Phone: 6027128793
Email: EVALENCIA@AZDOT.GOV

DELIVER TO

(unless specified differently per item)
Address: RIGHT OF WAY
 205 S 17th Ave
 UNITED STATES
 Phoenix, Arizona 85007
Deliver To:
Requested Delivery Date:
(Unless specified differently per item in section delivery details)

BILL TO

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

ITEM	CONTRACT ID	CODE/SKU	REFERENCE AND DESCRIPTION	QTY	UNIT	UNIT PRICE (USD)	TOTAL (USD)
1	CTR054966-4	954192-1	CTR054966/ JW-26-009/ M697501X/ L-SC-044/ Appraisal due in 60 days Commentaire : L-SC-044	1.0000	Total Cost		

Total before Tax ~~6,000.00~~ USD
 Non-Taxable - 0 % 0.00 USD
Total after Tax ~~6,000.00~~ USD



ARIZONA

PURCHASE ORDER

DELIVERY CONDITIONS

Delivery Conditions	Date	Type	%	Amount	Item

ARIZONA



PURCHASE ORDER

PURCHASE ORDER TERMS AND CONDITIONS

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

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

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

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

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

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

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

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

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





PURCHASE ORDER

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

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

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

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

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

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

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

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

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

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

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

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





PURCHASE ORDER

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

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

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

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



Timothy A. Haskins, ASA

APPRAISAL CERTIFICATION, LICENSING AND MEMBERSHIPS

State of Arizona Certified General Real Estate Appraiser; Certificate No. 30668
Recertified through June 30, 2027

Accredited Senior Appraiser, (ASA) American Society of Appraisers (1995)
Recertified through October 30, 2030

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

Associate Member, Appraisal Institute (1999)

Member, International Right of Way Association (2001)

EXPERIENCE

Owner, First Appraisal Services, PLC (2016-present)

Senior Appraiser, First Appraisal Services, Inc. (2000-2015)

Production Director/Senior Analyst, WMF Robert C. Wilson (1998-2000)

Senior Managing Appraiser, Appraisal Sciences, Ltd. (1997-1998)

Staff Appraiser, Appraisal Sciences, Ltd. (1990-1997)

SCOPE OF ASSIGNMENTS

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

EDUCATION

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

Various Continuing Education Courses, including:

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

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



ARIZONA FINANCIAL ENTERPRISE CREDENTIAL CERTIFICATE

No: CGA-30668

TIMOTHY A. HASKINS

CREDENTIAL TYPE	ISSUE DATE	EFFECTIVE DATE	EXPIRATION DATE
Certified General Appraiser	June 14, 1993	July 1, 2025	June 30, 2027

This certificate was printed on June 4, 2025 and will remain in effect until a change request has been approved by the Department or the credential is surrendered, suspended, revoked or expired.

Arizona Department of Insurance and Financial Institutions
difi.az.gov
100 N 15th Ave, Suite 261
Phoenix, AZ 85007-2630