

FIRST APPRAISAL SERVICES

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

Owned by
Arizona Department of Transportation

Location of Property to be Appraised:

Southeast of 24th Street and University Drive
Phoenix, Arizona 85040

Report Dated:

April 24, 2026

Effective Date:

March 11, 2026

Prepared for:

Arizona Department of Transportation
Right of Way Operations Section
205 S. 17th Avenue, MD 612E
Phoenix, Arizona 85007

Prepared by:

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

First Appraisal Services, PLC
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**Reference:**

FAS 1.26-3046.00

Project: M6972 01X
Highway: Phoenix – Casa Grande
Section: I-10 / Salt River
Parcel: L-C-009



FIRST APPRAISAL SERVICES

7227 N. 16th Street, Suite 112 | Phoenix | Arizona | 85020
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April 24, 2026

Mr. Jim Walcutt
Review Appraiser
Arizona Department of Transportation
Right of Way Project Management Section
205 S. 17th Avenue, MD 612E
Phoenix, Arizona 85007

RE Project: M6972 01X
Highway: Phoenix – Casa Grande
Section: I-10 / Salt River
Parcel: L-C-009

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 March 11, 2026.

The subject property is a 337,372-square foot tract of land located southeast of 24th Street and University Drive along the north bank of the Salt River in the City of Phoenix. A physical inspection of the property was made on March 11, 2026, with representatives of the property owner present.

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



Mr. Jim Walcutt
Arizona Department of Transportation
April 24, 2026

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 March 11, 2026, is:

FIVE HUNDRED NINETY THOUSAND DOLLARS

\$590,000.00

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

Respectfully submitted,

FIRST APPRAISAL SERVICES

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

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Summary of Salient Facts and Conclusions

Client	Arizona Department of Transportation		
Client Reference	Project:	M6972 01X	
	Highway:	Phoenix – Casa Grande	
	Section:	I-10 / Salt River	
	Parcel:	L-C-009	
Date of Report	April 24, 2026	Limiting Conditions	See Addendum A
Report Format	Appraisal Report	Certification	See Page 60
Intended Use	Assist in the possible sale or disposal of the subject property		
Intended User(s)	Arizona Department of Transportation		
	Federal Highway Administration		

Property Information

Ostensible Owner	Arizona Department of Transportation		
Location of Property	Southeast of 24 th Street and University Drive		
Street Address	None Given	Township-Range	T1N-R3E
	Phoenix, Arizona 85040	Section	23
County	Maricopa	Map Reference	148-167LX
Assessor Parcel Number(s)	122-24-002D*; 122-25-004F*		*(portion of)
Site Area	337,372 square feet	Zoning District(s)	A-2, Industrial
	7.745 acres		City of Phoenix
		Flood Zone	Zone X
Present Use	Vacant Land		
Date of Inspection	March 11, 2026		

Valuation Information

Highest and Best Use	As If Vacant: Assemblage		
Effective Date	March 11, 2026		
Extraordinary Assumptions	None	The use of hypothetical conditions and extraordinary assumptions stated in this report might have affected the assignment results.	
Hypothetical Conditions	None		
Indications of Value	Sales Comparison Approach.....		\$590,000.00
	Income Approach.....		Not Developed
	Cost Approach		Not Developed
Fee Simple Interest	Conclusion of Value		\$590,000.00







INTRODUCTION

Purpose and Scope of the Appraisal

Purpose

The purpose of this appraisal is to provide an opinion of the market value of the property identified on page 8, hereinafter referred to as the “subject property”. The intention of this appraisal service was that it was to be performed in such a manner that the results of the analysis, opinion, or conclusion would be those 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: March 11, 2026

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: March 11, 2026

The appraiser made a physical inspection of the property at approximately 1:00 pm on March 11, 2026. Attending the inspection with the appraiser were:

- Mr. Jim Walcutt, Arizona Department of Transportation

Date of Report: April 24, 2026

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 March 11, 2026, and several other dates. The inspection of the site consisted of an observation of the property from the abutting roadways properties.

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

Market Data Information

The market data used in this appraisal was collected, in part, from real estate agents and brokers who are knowledgeable of the subject marketplace, local and regional publications, CoStar Group, and the Arizona Regional Multiple Listing Service. 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 area around Phoenix Sky Harbor International Airport. The analysis of the market incorporated both historic and current data.

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

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

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

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

Assignment Conditions

The underlying assumptions and limiting conditions pertaining to this report are contained in the Certificate of Appraiser on page 60 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 32 of this report. The property that is the subject of this report may be commonly identified as follows:

Location.....	Southeast of 24 th Street and University Drive	
Street Address	None Given	
City, State, ZIP	Phoenix, Arizona 85040	
Assessor Parcel Number(s)	122-24-002D*; 122-25-004F*	<i>*(portion of)</i>

Legal Description⁶

A portion of the North half of Section 23, Township 1 North, Range 3 East, Gila and Salt River Meridian, Maricopa County, Arizona

Figure 1 – Aerial Photograph



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

Ownership and Occupancy

Ostensible Owner

According to public records, the State of Arizona, by and through its Department of Transportation, holds title to the subject property as of the date of valuation. The current vesting of the subject property is established by Warranty Deed recorded on June 17, 1980, in Docket No. 14486, page 279.

Five Year Sales History

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

Occupancy

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

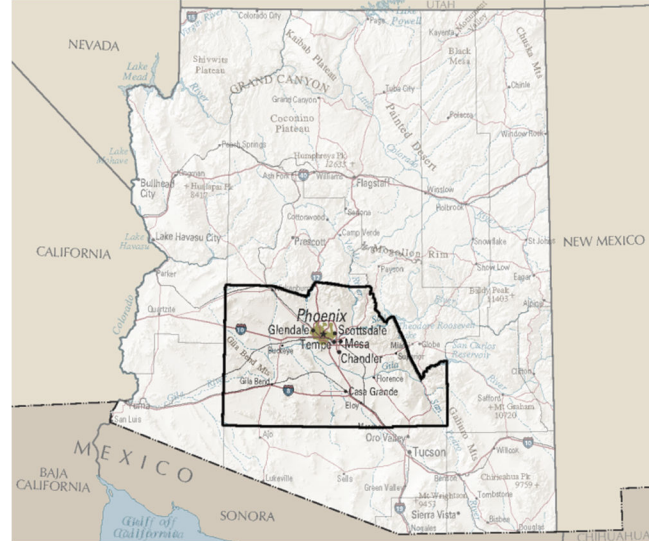
Vacant Land	<input checked="" type="checkbox"/>	Occupant(s): _____	Owner	Tenant
Unoccupied	<input type="checkbox"/>		<input type="checkbox"/>	<input type="checkbox"/>
Agricultural	<input type="checkbox"/>			

Regional Analysis

Location

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

Figure 2 – State Map



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

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

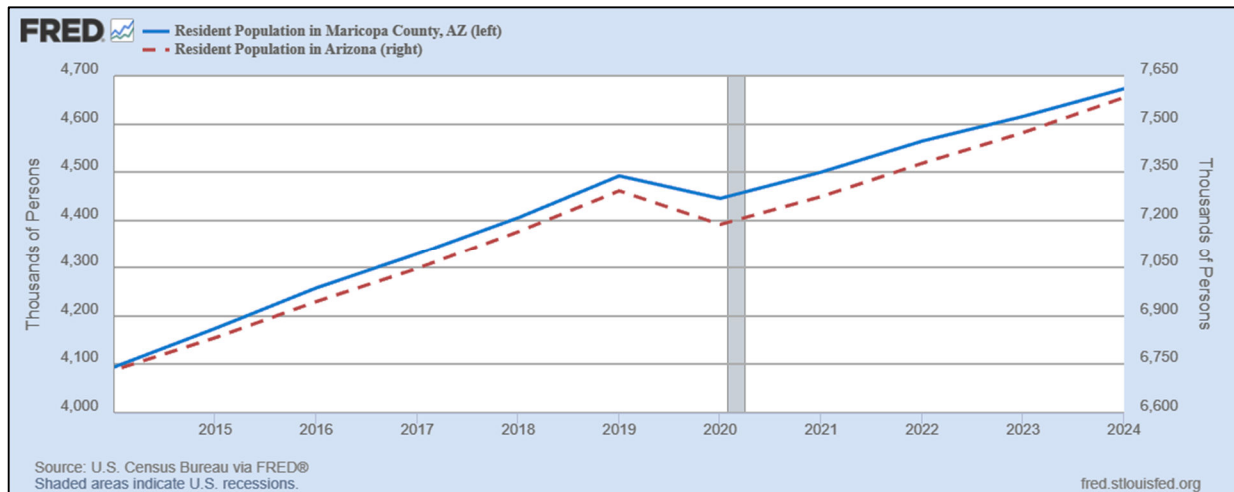
Population

Based upon the 2000 decennial census performed by the U.S. Bureau of Census, Arizona has a population 5,130,632 persons. The population of Arizona increased by 40.0% over the population estimate made in the 1990 census. Only the population of Nevada grew at a faster rate than Arizona during this decade. The 2024 population estimate for the State of Arizona is 7,582,384 and currently ranks as the 14th largest state in the nation by population.

Figure 3 – Historical Decennial Population Estimates⁷

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

Figure 4 – Population Trend



The U.S. Bureau of Census defines the Phoenix-Mesa-Scottsdale Metropolitan Statistical Area (MSA) as both Maricopa and Pinal counties in central Arizona and has a 2025 population estimate of 5,289,861 persons. Approximately 91% of the MSA’s population, however, is in Maricopa County. Based upon data reported by the Arizona Office of Economic Opportunity, Maricopa County is the most populous of Arizona’s counties with a 2024 estimate of 4,787,790 persons and has grown by approximately 25.2% since 2010 and 7.9% since 2020.

The greater metropolitan Phoenix area is comprised of the cities of Phoenix, Mesa, Chandler, Glendale, Scottsdale, Gilbert, Tempe, Peoria, Surprise, Buckeye, Goodyear, Avondale and numerous smaller communities. The City of Phoenix is the state’s largest municipality and fifth largest city in the United States with a 2025 estimated population of 1,709,489 while these other eleven communities boast populations in excess of 100,000 each. The surrounding Maricopa County municipalities of Apache Junction, El Mirage, Fountain Hills, Paradise Valley, and Queen Creek, each have a population of more than 10,000 people. The cities of Casa Grande, Coolidge, Eloy, Florence and Maricopa, all within Pinal County, also have a population of more than 10,000 people.⁸

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

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

Economic Trends

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. The Arizona GDP, the counterpart to the national gross domestic product, had been increasing prior to 2008. By 2007, the Arizona GDP had increased to \$306,611.6 million but decreased to \$277,412.4 million in 2009. The Arizona GDP has been increasing since 2009 to its current level of \$446,968.2 million in 2024.⁹

Figure 5 – Arizona Real Gross Domestic Product Trend

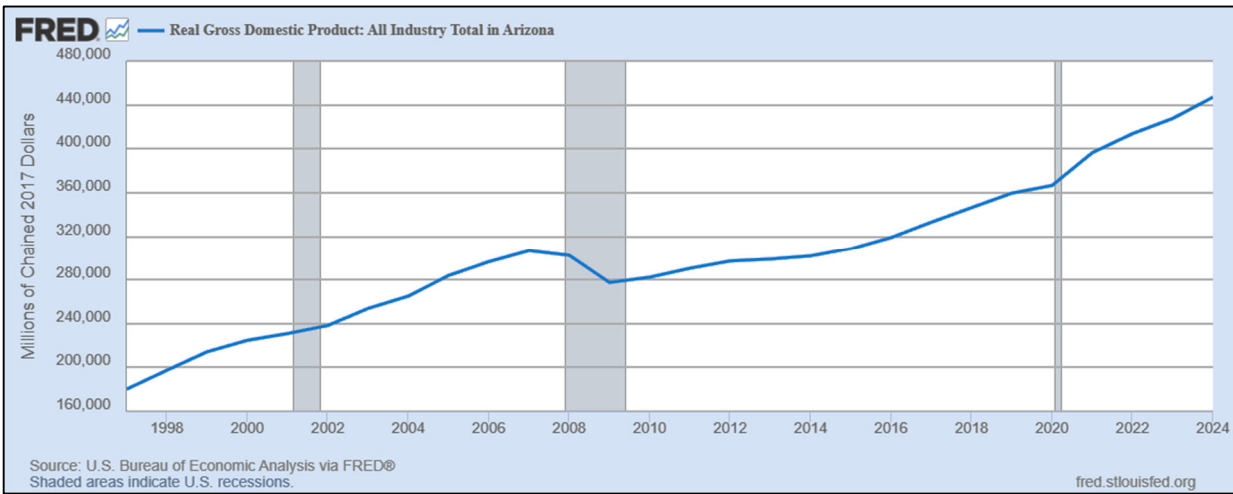
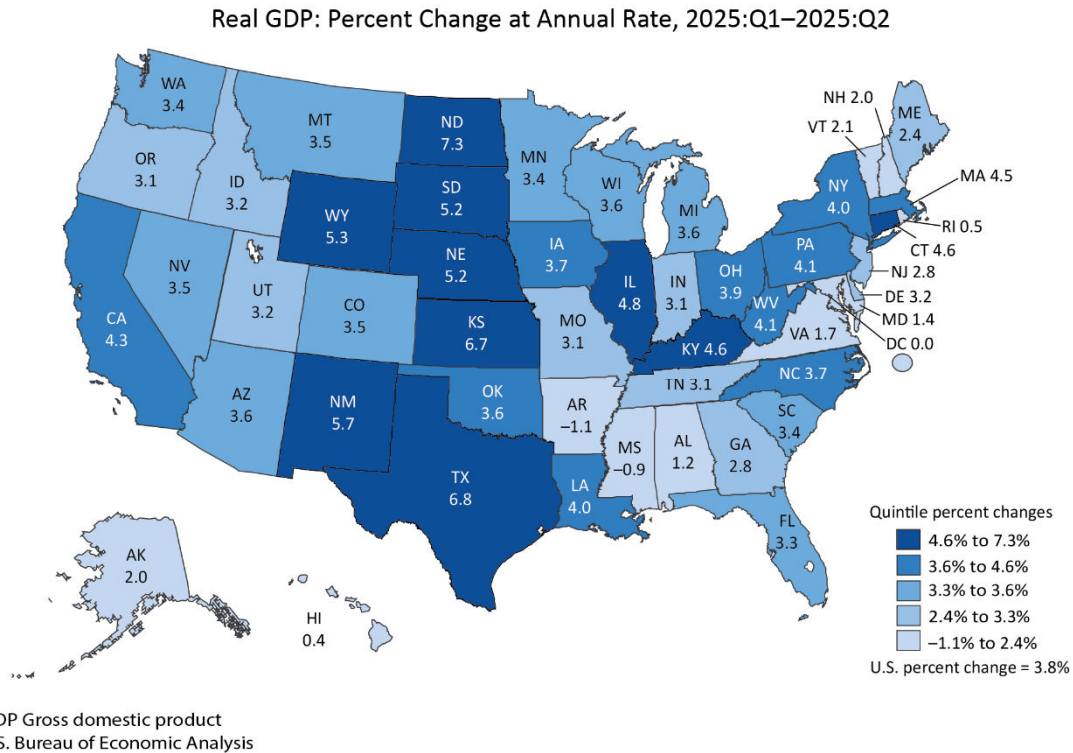


Figure 6 – GDP Percent Change by State



⁹ Federal Reserve Bank of St. Louis, Federal Reserve Economic Data (FRED), <https://fred.stlouisfed.org/series/AZRGSP#>

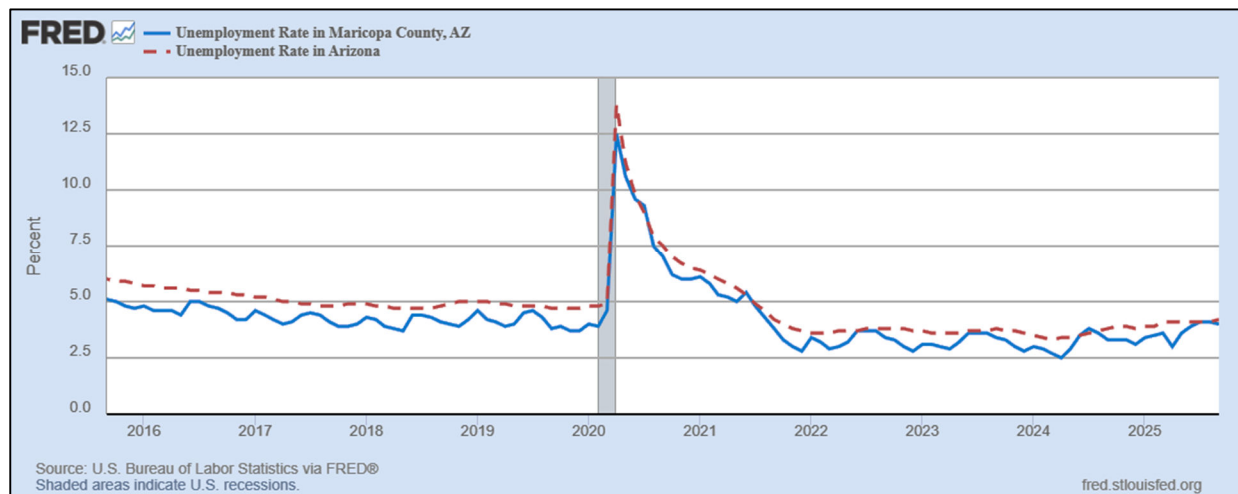
Labor Force and Employment

Figure 7 - MSA Civilian Labor Force Profile

2025 Labor Force							
Age Group	Population	Employed	Unemployed	Unemployment Rate	Labor Force Participation Rate	Employment-Population Ratio	
16+	4,215,806	2,581,183	92,886	3.5%	63.4%	61.2%	
16-24	638,537	379,069	29,282	7.2%	64.0%	59.4%	
25-54	2,038,932	1,644,755	48,079	2.8%	83.0%	80.7%	
55-64	585,113	382,241	9,426	2.4%	66.9%	65.3%	
65+	953,224	175,118	6,099	3.4%	19.0%	18.4%	
Male Age 16+	2,091,930	1,419,025	48,084	3.3%	70.1%	67.8%	
Female Age 16+	2,123,876	1,162,158	44,802	3.7%	56.8%	54.7%	
White Age 16+	2,577,079	1,518,936	49,725	3.2%	60.9%	58.9%	
Black Age 16+	246,856	161,527	7,852	4.6%	68.6%	65.4%	
American Indian Age 16+	99,754	59,544	4,285	6.7%	64.0%	59.7%	
Asian Age 16+	202,809	133,480	2,741	2.0%	67.2%	65.8%	
Pacific Islander Age 16+	10,481	6,802	101	1.5%	65.9%	64.9%	
Other Race Age 16+	553,224	358,370	12,406	3.3%	67.0%	64.8%	
Multiple Races Age 16+	525,603	342,524	15,776	4.4%	68.2%	65.2%	
Economic Dependency Ratio							
Total							100.2
Child (<16)							38.7
Working-Age (16-64)							31.4
Senior (65+)							30.1
Industry							
Total		2,581,183		100.0%	100.0%		-
Agriculture/Forestry/Fishing		11,223		0.4%	1.1%		0.40
Mining/Quarrying/Oil & Gas		4,369		0.2%	0.3%		0.51
Construction		205,402		8.0%	7.0%		1.14
Manufacturing		200,678		7.8%	9.6%		0.81
Wholesale Trade		47,385		1.8%	1.9%		0.94
Retail Trade		289,996		11.2%	10.4%		1.08
Transportation/Warehousing		131,513		5.1%	5.0%		1.02
Utilities		23,917		0.9%	0.9%		1.03
Information		44,462		1.7%	1.8%		0.94
Finance/Insurance		197,160		7.6%	4.9%		1.57
Real Estate/Rental/Leasing		61,118		2.4%	1.7%		1.42
Professional/Scientific/Tech		203,288		7.9%	8.4%		0.94
Management of Companies		4,338		0.2%	0.2%		1.08
Admin/Support/Waste Management		149,638		5.8%	4.5%		1.28
Educational Services		211,993		8.2%	9.4%		0.88
Health Care/Social Assistance		340,553		13.2%	14.5%		0.91
Arts/Entertainment/Recreation		59,268		2.3%	2.2%		1.04
Accommodation/Food Services		171,581		6.6%	6.6%		1.01
Other Services (Excluding Public)		114,017		4.4%	4.7%		0.94
Public Administration		109,284		4.2%	5.0%		0.84

Source: Esri forecasts for 2025 and 2030.

Figure 8 - Unemployment Rate Trend



Source: U.S. Bureau of Labor Statistics via FRED®
Shaded areas indicate U.S. recessions.

fred.stlouisfed.org

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, construction and manufacturing.

The preliminary average monthly statewide total civilian labor force in November 2025 was estimated to be 3,868,414 persons with an average unemployment rate of 4.3% . The average monthly total civilian labor force was 2,797,678 for the Phoenix-Mesa-Scottsdale MSA, while the average unemployment rate was 4.1%.¹⁰ Although the unemployment rate for the greater Phoenix area has increased from the twenty-year record low of 2.7% in the late 1990’s, it has historically been below that of both the state and national averages. The unemployment rates for both the State and Phoenix-Mesa-Scottsdale Metropolitan Area have been generally decreasing since 2010, although conditions surrounding the COVID-19 pandemic resulted in a spike to 13.7% in April 2020.

Income and Wages

Figure 9 – Arizona Per Capita Personal Income by County

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

	Per capita personal income ¹				Percent change from preceding period		
	Dollars			Rank in state	Percent change		Rank in state
	2021	2022	2023	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 \$66,365, the 2023 per capita personal income in the Phoenix-Mesa metropolitan statistical area (Maricopa and Pinal Counties) is below the national level but above the state average.

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

Forecast Data

George W. Hammond, Ph.D., EBR Director with the Eller College of Management at The University of Arizona, reports:¹¹

Arizona's economy continues to grind along at a slower-than-usual pace. Jobs are rising slowly, with reduced hiring and modestly elevated layoffs weighing on growth. Income is also slowly rising, reflecting the post-pandemic deceleration in employment costs, although taxable sales growth has rebounded. House price increases have slowed, but housing cost burdens remain elevated and housing permit activity is down so far this year. Stabilizing house prices have contributed significantly to reduced consumer price inflation in the Phoenix MSA, which is running well below the U.S.

The baseline forecast calls for Arizona's economic growth to accelerate next year, reflecting an uptick in U.S. economic activity. Even so, state gains are expected to be modest by historical standards. That reflects in part constraints on growth imposed by federal economic policy uncertainty, demographic aging (combined with immigration restrictions at the national level), and rising costs partly driven by increased tariffs.

ARIZONA RECENT DEVELOPMENTS

The best way to understand current employment trends in Arizona is to visualize the level of employment since 2019. State jobs have been generally rising, but at a slow pace, and that growth is unusually uneven.

Through August 2025, Arizona jobs were up 0.3% over the year. That was well below the national growth rate during the same period of 1.1%. Phoenix MSA jobs were up 0.4%, Tucson jobs were down 0.1%, and Prescott jobs were down 0.8%. For Arizona, Phoenix, Tucson, and Prescott, job growth so far this year has been driven by private education and health services.

Year to date through the first half of 2025, Arizona personal income was up just 4.5% over the year, slower than the national pace of 5.1%. Net earnings from work in Arizona were up just 4.5% over the year, well below the national average of 5.2%. Overall, personal income started 2025 fairly slow.

According to data from the Federal Reserve Bank of Atlanta, housing affordability has improved modestly during the past year. Housing costs as a share of median household income fell to 46.7% nationally in September 2025, compared to 44.1% a year ago. The share declined to 41.0% in Tucson (down from 42.9% last year) and to 43.9% in Phoenix (down from 44.2% last year). Even so, housing affordability remained significantly impaired compared to pre-pandemic levels.

Housing costs relative to income in Phoenix and Tucson were below the national average in September 2025, and relatively low compared to a selection of western metropolitan areas. Housing costs (relative to income) remained very high in the major metropolitan areas in California, with Los Angeles at 84.1%, San Jose at 79.2%, San Diego at 68.6%, and San Francisco at 67.3%.

Within Arizona, housing costs relative to income ranged from a high of 73.4% in the Flagstaff MSA (August data) to 37.9% in the Yuma MSA in September. Lake Havasu-Kingman came in at 46.2%, while Sierra Vista-Douglas hit 53.6%. The ratio for the Prescott MSA was 60.2% in September.

Housing permit activity statewide has been weak so far in 2025. Due to the federal government shutdown we only have permit data through August 2025. Through the first eight months of 2025, seasonally-adjusted total Arizona housing permits were down 13.1%, compared to the same period last year. Single-family permits were down 8.1% and multi-family permits were down 23.9%.

For the Phoenix MSA, total permits were down 15.2% during the first eight months of this year, with single-family permits down 8.9% and multi-family permits down 26.6%. Tucson MSA permits were also down, falling 17.9% through August, compared to the same period of 2024. Single-family permits fell 7.9% while multi-family permits dropped 51.8%.

¹¹ Excerpts from Arizona's Economy, Fourth Quarter 2025, University of Arizona Eller College of Management, Economic and Business Research Center

Phoenix MSA consumer price inflation has moderated to well below the national average. Over the year in August (latest data), Phoenix all-items consumer prices were up just 1.4%, compared to 2.9% nationally. Consumer commodities (new and used autos, gas, food, apparel, appliances, etc.) were up 0.2% over the year in Phoenix and up 1.3% nationally. Consumer services (health care, travel and tourism, housing, etc.) prices were up 2.1% in Phoenix and 3.8% nationally in August. In September, the shelter (rent, imputed owner-occupied rent, short-term rentals) consumer price index was down 0.4% in Phoenix, far below the national increase of 3.6%.

Growth in retail sales plus remote sellers has accelerated strongly so far this year (through September) with little growth through the same period last year. Through September, sales so far in 2025 have risen 4.8% statewide, 5.1% in the Phoenix MSA, 2.8% in the Tucson MSA, and 3.9% in the Prescott MSA.

Taxable sales in restaurants and bars have also rebounded statewide (up 3.2%), in the Phoenix MSA (up 3.5%) and in the Prescott MSA (up 2.7%), although the Tucson MSA has posted weaker growth, at 0.9% through September.

ARIZONA OUTLOOK

If the U.S. economy continues to grow, the baseline forecast calls for Arizona income, job, and population growth to accelerate next year.

The forecast calls for state job growth to decelerate modestly in 2025, from the already-slow gains of 2024. The picture brightens next year with job gains expected to rise from 0.8% in 2025 to 1.6% in 2026 and 1.5% in 2027.

With job growth rising modestly, the unemployment rate is expected to increase a bit, rising from 4.1% in 2025 to 4.4% next year and 4.5% in 2027.

Nominal personal income growth slows from 5.9% last year to 4.8% in 2025, before rising again to 5.7% in 2026. That helps to sustain gains in retail plus remote sales, which accelerates from 1.3% in 2024 to 4.6% in 2025 and 3.6% in 2026.

Population growth remains roughly steady during the next couple of years, at 1.3%-1.4% per year. Gains are primarily driven by net migration, as natural increase (annual difference between births and deaths) remains weak and is expected to gradually weaken further.

Slow population gains translate into declines in housing permit activity. Total permits are forecast to drop from 59,616 in 2024 to 52,884 in 2025, and 53,067 in 2026.

The pattern of growth for the Phoenix and Tucson MSAs is similar to the state. Phoenix MSA job growth is forecast to decelerate from 1.6% in 2024 to 0.9% in 2025, then return to 1.6% in 2026. Phoenix population growth is forecast to remain steady at 1.5% per year in the near term, before longer-term demographic pressures push gains down.

For the Tucson MSA, job growth is projected to stabilize (0.1% decline in 2025) after a modest drop in 2024 of 0.5%. Growth rebounds modestly in 2026 to 0.6%. Population growth ticks up to 0.7% in 2025 before falling back to 0.6% in 2026 and 2027. Like the state and Phoenix, demographic pressures eventually pull growth rates down later in the forecast period.

Real Estate Market Sectors

Single Family Housing Sector

Figure 10 – ARMLS Quarterly Housing Summary, Maricopa County, 2025Q4

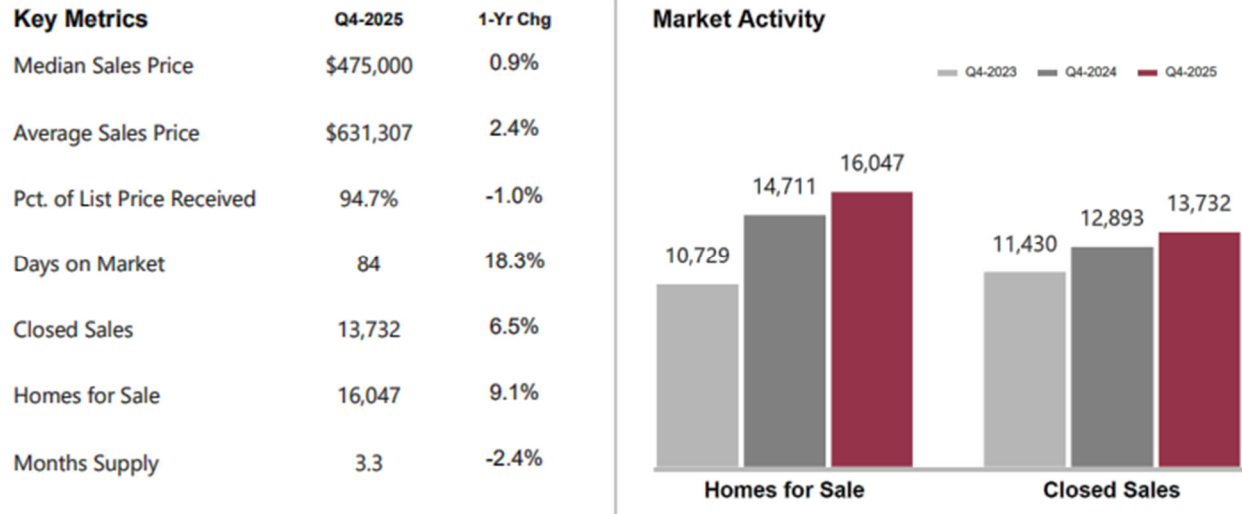
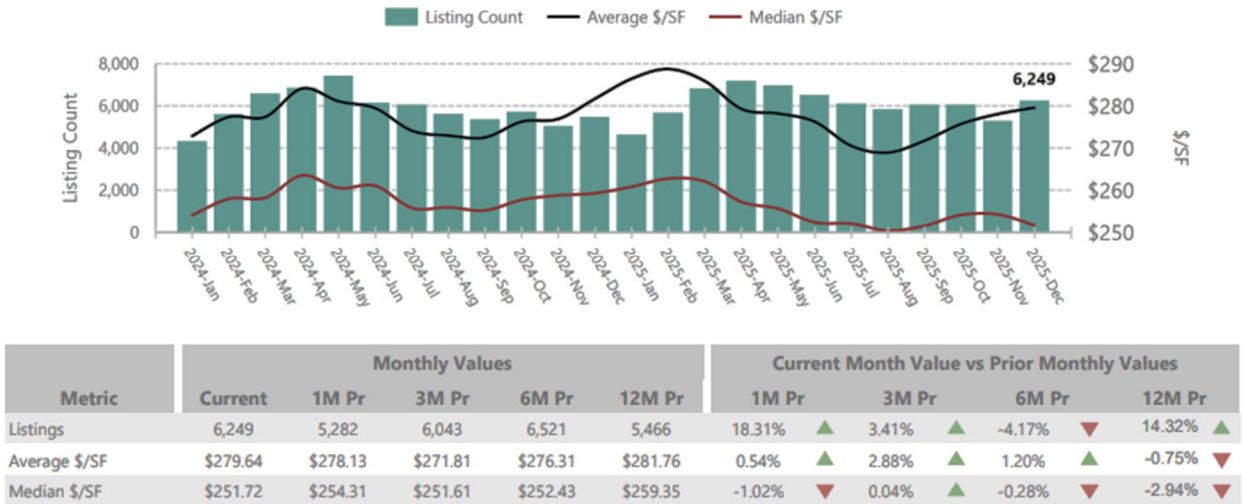


Figure 11 – ARMLS Monthly Sales, December 2025



Multifamily Housing Sector¹²

Figure 12 – 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	211,847	14.2%	\$1,775	\$1,731	43	0	16,051
3 Star	155,123	12.1%	\$1,390	\$1,362	9	0	4,654
1 & 2 Star	61,318	9.6%	\$1,155	\$1,144	(3)	0	0
Market	428,288	12.8%	\$1,561	\$1,527	49	0	20,705
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	0.7% (YOY)	9.0%	11.6%	12.9%	2009 Q4	5.2%	2021 Q2
Absorption Units	15,157	6,149	9,647	17,986	2024 Q4	(4,159)	2007 Q4
Delivered Units	20,720	7,752	9,021	26,278	2025 Q1	205	2011 Q1
Demolished Units	180	181	158	709	2016 Q2	0	2024 Q1
Asking Rent Growth	-3.1%	2.2%	1.6%	15.9%	2021 Q3	-6.9%	2009 Q4
Effective Rent Growth	-3.1%	2.1%	1.6%	16.9%	2021 Q3	-6.7%	2009 Q4
Sales Volume	\$4.4B	\$4B	N/A	\$19.1B	2022 Q2	\$341.1M	2009 Q1

A persistent mismatch between supply and demand continues to hamper the Phoenix apartment market. A multidecade high wave of construction is overshadowing a resilient demand picture, keeping vacancies elevated and rent growth negative.

The Valley recorded 15,000 units of net absorption over the past 12 months, outpacing the pre-COVID five-year annual average of 7,200 units. That figure ranks Phoenix as a top 10 market in the nation for demand formation.

Although demand has remained healthy, the surge in construction remains a formidable headwind. Builders completed 21,000 net new units over the past 12 months, more than triple the average annual completion amount from 2015 to 2019. As a result, overall vacancy, which includes newly built properties in lease-up and stabilized communities, has risen to 12.8% and is expected to remain elevated throughout 2026.

Another 21,000 units are under construction, representing 4.8% of existing inventory. That share ranks Phoenix as one of the nation's most aggressively built apartment markets. Empty units are most likely to accumulate in high-growth areas like Downtown Phoenix and Tempe, as well as the South West Valley.

Elevated vacancy and the onslaught of construction have intensified competition, causing rent losses to accelerate to the downside in 2025. Over the past 12 months, the average asking rent fell 3.1%, compared to annual declines of about 1.5% in both 2023 and 2024. Operators have also ramped up the size and frequency of concessions to remain attractive.

¹² CoStar Analytics, Phoenix, AZ, Multi-Family Market Report (generated January 1, 2026)

Rent growth weakness has also extended across the quality spectrum. Previously, lower-tier properties did not face the same level of rent losses and were comparatively insulated from the direct impact of new supply. More recently, however, 1 and 2 Star communities notched negative annual rent growth of 2.3%, which compares to losses of 3.0% at 4 and 5 Star complexes. The extension of rent loss to workforce housing communities coincided with an upward movement in stabilized vacancy over the past few quarters.

Moving forward, a pullback in construction starts suggests an easing of supply pressure by late 2026, which should allow the start of a recovery to form. Nevertheless, a substantial glut of excess inventory still needs to be worked through, indicating that another year of negative rent growth could be in store in 2026.

Figure 13 – 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
2031	10.3%	\$1,743	2.1%	469,594	-	-	7,752	\$320,226	-	-	4.7%
2030	10.3%	\$1,724	2.3%	467,620	-	-	7,640	\$318,026	-	-	4.7%
2029	10.6%	\$1,685	3.1%	460,496	-	-	8,212	\$308,575	-	-	4.7%
2028	11.0%	\$1,635	3.5%	453,636	-	-	9,288	\$294,595	-	-	4.8%
2027	11.9%	\$1,580	1.8%	447,566	-	-	10,964	\$278,990	-	-	4.8%
2026 EST	12.9%	\$1,552	-0.6%	440,331	-	-	9,699	\$271,808	-	-	4.8%
2025	12.8%	\$1,561	-3.0%	428,288	20,705	4.8%	15,146	\$269,167	\$4,402,292,618	12.6%	4.9%
2024	12.1%	\$1,610	-1.5%	407,690	31,286	7.7%	17,986	\$269,112	\$3,908,808,938	7.2%	4.9%
2023	10.8%	\$1,635	-1.2%	381,610	42,270	11.1%	10,372	\$271,328	\$3,645,483,986	-72.0%	4.7%
2022	9.2%	\$1,655	1.0%	363,443	37,080	10.2%	2,518	\$300,704	\$13,033,435,905	-19.2%	4.1%
2021	6.1%	\$1,638	15.5%	348,623	29,500	8.5%	11,258	\$300,383	\$16,131,197,795	151.7%	3.9%
2020	6.1%	\$1,418	5.4%	336,611	23,021	6.8%	10,066	\$227,924	\$6,409,317,989	-19.5%	4.5%
2019	6.8%	\$1,345	6.0%	328,519	15,367	4.7%	8,144	\$196,356	\$7,962,607,645	27.4%	5.0%
2018	6.7%	\$1,269	5.9%	319,310	13,696	4.3%	9,868	\$172,685	\$6,252,183,459	31.3%	5.3%
2017	7.1%	\$1,199	4.3%	310,195	15,448	5.0%	6,530	\$156,060	\$4,761,079,019	-6.7%	5.5%
2016	7.4%	\$1,149	4.3%	304,034	10,154	3.3%	4,543	\$144,422	\$5,102,045,846	43.1%	5.6%
2015	7.5%	\$1,102	5.3%	299,604	6,521	2.2%	6,732	\$135,566	\$3,565,626,040	34.5%	5.7%
2014	7.8%	\$1,047	3.2%	293,097	8,512	2.9%	6,691	\$122,873	\$2,651,515,664	-4.7%	5.9%
2013	7.9%	\$1,015	2.5%	286,236	7,675	2.7%	4,104	\$111,834	\$2,783,080,554	9.7%	6.3%
2012	8.4%	\$990	2.3%	283,288	4,390	1.5%	4,351	\$109,165	\$2,535,885,369	77.1%	6.2%
2011	9.8%	\$968	1.3%	282,819	2,238	0.8%	3,532	\$104,716	\$1,431,929,750	31.6%	6.3%
2010	11.0%	\$956	1.4%	282,728	740	0.3%	5,405	\$96,246	\$1,088,037,746	99.8%	6.4%

Industrial Sector¹³

Figure 14 – CoStar Analytics Key Indicators and Submarkets, Industrial Market

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	373,219,312	15.1%	\$11.97	16.1%	(511,301)	0	10,383,071
Specialized Industrial	112,105,955	4.7%	\$14.29	5.0%	(80,637)	0	8,049,434
Flex	30,223,342	9.5%	\$18.99	10.2%	(137,388)	0	174,116
Market	515,548,609	12.5%	\$12.89	13.3%	(729,326)	0	18,606,621

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	0.1% (YOY)	9.3%	11.5%	16.0%	2010 Q1	4.1%	2022 Q2
Net Absorption SF	18.3M	8,662,149	15,472,951	26,654,236	2021 Q3	(6,753,603)	2009 Q3
Deliveries SF	21.5M	10,990,219	15,804,547	44,391,431	2024 Q2	1,357,866	2010 Q4
Market Asking Rent Growth	3.3%	3.4%	5.3%	12.9%	2022 Q2	-8.4%	2009 Q4
Sales Volume	\$5B	\$1.9B	N/A	\$7.8B	2022 Q2	\$338.9M	2009 Q3

The Phoenix industrial market is stabilizing, though the near-term outlook remains uncertain. The supply-driven increase in vacancy that had hampered property performance since early 2023 has finally flattened out, as easing completions converged with steady tenant demand. Nevertheless, the unprecedented surge in construction over the past few years has kept vacancy at the highest level since the Great Recession and rent growth subdued.

While demand has eased from the frenetic pace seen in 2021 and 2022, the number of lease transactions modestly accelerated over the past year as occupiers related to logistics and retail continue to expand. These factors, along with advanced manufacturing momentum, drove 14.4 million square feet of net absorption over the past 12 months, the bulk of which came from newly-built logistics properties.

Though tenant demand has been steady, it has not been enough to absorb the remarkable pace of deliveries, keeping vacancy elevated. Vacancy rose from 4.2% in mid-2022 to 12.8% today.

With nearly 90% of recent construction focused on buildings larger than 100,000 square feet, vacant space has accumulated most quickly in the Valley's largest properties. The vacancy rate among existing buildings larger than 100,000 square feet has climbed to a 15-year high of about 16%, and another 6 million square feet of unleased space is underway of that size. Small bay product, meanwhile, is more insulated from recent construction, with vacancy among properties smaller than 50,000 square feet in the low-5% range, though rates have been rising here too.

Increased competition from new supply is weighing on rent growth. Average asking rents rose 3.3% over the past year, down from 13.0% in late 2022. Annual rent growth is forecast to slow further as additional supply provides occupiers with more options. Landlords of infill assets and small bay product will likely retain greater pricing power than those of big bomber space along the metro's periphery.

¹³ CoStar Analytics, Phoenix, AZ, Industrial Market Report (generated January 1, 2026)

The more than 18 million square feet under construction, about half of which is being built on spec, is expected to keep vacancy elevated. Additionally, a potential slowdown in trade and the build-out of supply chains presents a downside risk to demand formation. Access to trade points of entry in Southern California and Mexico is a strong value proposition that has supported logistics demand in Phoenix.

Looking beyond the near-term dislocation, the slowing pace of deliveries should allow a measured reduction in vacancy through 2026, followed by an eventual reacceleration in rent growth.

Figure 15 – Historical Submarket Data, Industrial Market

Period	Vacancy Rate	Available SF Total	Market Asking Rent/SF	Market Asking Rent Growth	Inventory SF	Under Constr SF	12 Mo Net Absorp SF	Market Sale Price/SF	12 Mo Sales Vol	12 Mo Sales Vol Growth	Market Cap
2031	10.3%	-	\$17.14	5.3%	591,800,772	-	14,939,879	\$262	-	-	6.4%
2030	10.4%	-	\$16.92	5.4%	588,270,670	-	15,887,542	\$258	-	-	6.4%
2029	10.8%	-	\$16.05	5.4%	573,451,377	-	16,285,811	\$242	-	-	6.5%
2028	11.2%	-	\$15.24	5.9%	557,945,794	-	16,647,166	\$226	-	-	6.5%
2027	11.8%	-	\$14.39	5.6%	542,329,667	-	16,745,822	\$210	-	-	6.6%
2026 EST	12.3%	-	\$13.62	5.7%	526,815,497	-	10,037,720	\$195	-	-	6.6%
2025	12.4%	70,982,230	\$12.89	3.3%	515,548,609	18,606,621	19,039,551	\$184	\$5,033,817,787	8.9%	6.7%
2024	12.4%	73,874,683	\$12.48	4.1%	494,224,760	22,923,153	13,724,616	\$172	\$4,623,057,199	87.0%	6.8%
2023	8.1%	63,811,813	\$11.98	9.8%	455,897,548	43,753,316	14,301,371	\$164	\$2,471,654,328	-44.3%	6.7%
2022	4.6%	49,213,542	\$10.91	12.5%	424,382,255	47,152,997	24,827,200	\$164	\$4,433,698,332	-34.9%	6.1%
2021	4.6%	36,552,574	\$9.69	11.4%	398,340,255	32,450,839	23,514,665	\$151	\$6,813,417,032	133.3%	5.8%
2020	7.0%	31,676,324	\$8.70	6.9%	383,413,269	12,476,140	15,987,845	\$123	\$2,920,342,477	11.0%	6.4%
2019	7.0%	32,263,756	\$8.14	7.1%	366,089,852	11,557,923	6,300,313	\$108	\$2,629,958,091	17.6%	6.8%
2018	6.3%	31,656,532	\$7.60	6.6%	356,726,132	8,200,968	10,087,234	\$98	\$2,236,355,912	69.2%	6.9%
2017	7.0%	32,516,653	\$7.13	4.8%	348,390,756	6,082,656	11,603,648	\$90	\$1,321,813,965	-19.4%	7.0%
2016	8.4%	36,515,464	\$6.80	4.9%	341,046,897	5,183,817	5,668,805	\$89	\$1,640,469,268	24.8%	6.6%
2015	9.2%	40,765,370	\$6.49	4.8%	337,774,825	4,006,340	8,937,813	\$84	\$1,314,983,733	5.6%	6.6%
2014	10.2%	43,493,092	\$6.19	5.3%	331,657,878	5,115,009	10,067,490	\$75	\$1,245,413,318	6.3%	7.0%
2013	11.5%	42,806,337	\$5.88	3.4%	325,061,168	5,381,212	4,496,155	\$68	\$1,171,099,618	5.4%	7.3%
2012	11.2%	44,721,460	\$5.69	2.3%	318,970,628	6,458,881	6,602,443	\$64	\$1,110,877,058	79.5%	7.5%
2011	12.6%	46,999,842	\$5.56	-1.4%	316,285,219	3,385,472	6,908,810	\$62	\$618,737,036	-18.4%	7.7%
2010	14.6%	54,943,567	\$5.64	-6.1%	315,701,385	1,223,961	4,107,539	\$58	\$758,596,826	100.9%	8.1%

Office Sector¹⁴

Figure 16 – CoStar Analytics Key Indicators and Submarkets, Office Market

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	68,500,093	24.8%	\$34.71	25.6%	(331,489)	0	709,651
3 Star	89,572,214	13.6%	\$29.38	14.2%	(62,547)	0	345,537
1 & 2 Star	35,461,283	7.2%	\$24.09	7.6%	(6,663)	0	0
Market	193,533,590	16.4%	\$30.31	17.1%	(400,699)	0	1,055,188
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	-0.6% (YOY)	14.4%	15.7%	19.9%	2011 Q2	8.5%	1999 Q1
Net Absorption SF	821K	2,316,111	1,028,015	9,657,828	2006 Q2	(3,031,052)	2024 Q1
Deliveries SF	516K	3,483,999	1,078,779	8,856,483	2007 Q4	414,348	2014 Q2
Market Asking Rent Growth	2.1%	1.6%	3.0%	10.1%	2006 Q3	-12.2%	2009 Q4
Sales Volume	\$1.9B	\$2B	N/A	\$4B	2007 Q3	\$345.5M	2009 Q4

The Phoenix office market has reached an inflection point. A pickup in demand formation in the past four quarters caused the vacancy rate to consistently fall for the first time since the onset of the pandemic.

Nevertheless, a long road to recovery is likely in store. There is considerable economic uncertainty in the near-term forecast and about 5.5 million square feet of post-COVID occupancy loss that still needs to be worked through.

The Greater Phoenix area, also known as the Valley, recorded 1.2 million square feet of positive net absorption in the 12-month period ending in 25Q3, driven by owner/user acquisitions of heavily vacant buildings, steady leasing volume, growing in-person office attendance, and increased renewal activity. As a result, vacancy has improved from 16.7% a year ago to 16.4% today, making Phoenix one of just a handful of major U.S. markets with a year-over-year decline in vacancy.

Supporting the sector's recent stabilization is a near-total lack of supply-side pressure. About 2.1 million square feet of gross new office space delivered over the past three years combined, trailing the average annual completion total from 2015 to 2019 by more than 20%. Equity and debt partners have shown little willingness to move forward on new speculative office projects, leaving the current development pipeline at a fraction of pre-COVID norms and the threat of new supply firmly at bay.

With supply growth muted, the inventory of high-end expansion options is now concentrated in a limited pool of existing trophy buildings in the most desirable submarkets. Tenant demand and rent growth have been strong in this small slice of the market, while non-premium space and commodity suburban buildings, which compose the bulk of the Valley's office stock, have struggled to gather momentum.

¹⁴ CoStar Analytics, Phoenix, AZ, Office Market Report (generated January 1, 2026)

As a result, while lease rates at Phoenix's top buildings continue to set new records, the market notched overall asking rent growth of just 2.1% over the past 12 months, lagging the rate of inflation. Additionally, after factoring in the generous tenant improvement packages landlords often offer to attract users, the effective rate of rent growth is likely in negative territory.

Against this backdrop, some owners have invested in renovations and spec suites to make their buildings more desirable. Those in high-demand submarkets have found some success luring tenants from other areas, pointing to an uneven recovery throughout the Valley.

The diverging performance between premium and non-premium buildings defines the current landscape, and what becomes of the latter will likely guide the path of recovery. Some of Phoenix's older obsolete offices have already been demolished or repurposed for new uses like infill industrial, a trend gaining steam in suburban areas. Moving forward, as the pool of premium options continues to dwindle, tenants may begin filling space in next-tier buildings and submarkets.

Figure 17 – Historical Submarket Data, Office Market

Period	Vacancy Rate	Available SF Total	Market Asking Rent/SF	Market Asking Rent Growth	Inventory SF	Under Constr SF	12 Mo Net Absorp SF	Market Sale Price/SF	12 Mo Sales Vol	12 Mo Sales Vol Growth	Market Cap Rate
2031	15.5%	-	\$35.62	2.5%	198,363,442	-	1,024,131	\$260	-	-	8.4%
2030	15.5%	-	\$35.40	2.5%	198,083,648	-	1,022,338	\$258	-	-	8.4%
2029	15.6%	-	\$34.53	2.6%	196,967,125	-	929,814	\$250	-	-	8.4%
2028	15.6%	-	\$33.65	2.9%	195,928,194	-	954,283	\$240	-	-	8.5%
2027	15.7%	-	\$32.70	3.4%	194,958,742	-	898,233	\$228	-	-	8.7%
2026 EST	15.7%	-	\$31.62	4.3%	194,029,193	-	1,402,503	\$217	-	-	8.8%
2025	16.2%	33,200,330	\$30.31	2.1%	193,533,590	1,055,188	1,229,286	\$208	\$1,873,492,734	2.3%	8.8%
2024	17.0%	35,789,447	\$29.69	2.4%	193,982,737	900,296	(2,501,978)	\$200	\$1,832,052,927	36.2%	8.9%
2023	15.9%	35,459,043	\$29.00	4.2%	194,345,785	722,877	(2,492,558)	\$211	\$1,345,493,507	-54.9%	8.5%
2022	14.5%	33,221,341	\$27.82	5.3%	194,128,202	974,272	(1,210,930)	\$221	\$2,984,592,080	-12.6%	7.9%
2021	13.4%	31,669,797	\$26.42	4.1%	193,026,376	1,703,785	(491,756)	\$232	\$3,414,957,675	105.9%	7.2%
2020	12.3%	31,420,115	\$25.37	1.7%	191,280,489	3,220,852	(31,895)	\$218	\$1,658,595,606	-46.5%	7.4%
2019	11.1%	25,619,475	\$24.95	3.2%	188,479,313	3,782,994	4,270,403	\$206	\$3,101,764,152	3.0%	7.7%
2018	11.9%	27,571,747	\$24.17	3.7%	185,397,569	4,749,948	3,345,179	\$196	\$3,010,318,824	12.3%	7.6%
2017	13.2%	28,184,562	\$23.30	3.8%	184,206,282	2,835,258	2,581,073	\$188	\$2,680,944,651	21.0%	7.5%
2016	14.1%	30,406,177	\$22.46	5.9%	182,928,194	1,965,814	4,308,630	\$188	\$2,215,173,316	-30.0%	7.2%
2015	15.0%	31,408,198	\$21.21	7.3%	179,842,027	3,557,877	4,012,754	\$179	\$3,164,996,085	71.6%	7.2%
2014	15.9%	33,054,545	\$19.77	3.9%	176,917,011	3,904,224	2,422,799	\$167	\$1,844,173,869	29.9%	7.3%
2013	17.0%	32,831,082	\$19.03	2.8%	176,507,665	2,764,141	1,898,442	\$157	\$1,419,265,051	-2.3%	7.5%
2012	18.1%	34,936,857	\$18.51	-1.8%	176,474,499	483,659	3,112,988	\$152	\$1,452,924,873	0.6%	7.7%
2011	19.3%	37,428,034	\$18.84	-2.6%	175,189,988	1,334,884	1,072,027	\$153	\$1,444,063,102	118.3%	7.7%
2010	19.6%	38,203,308	\$19.35	-6.9%	174,636,066	1,585,340	789,295	\$143	\$661,491,864	91.5%	8.1%

Retail Sector¹⁵

Figure 18 – CoStar Analytics Key Indicators and Submarkets, Retail Market

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Malls	14,196,793	4.8%	\$34.52	4.3%	(600)	0	657,733
Power Center	32,790,716	4.3%	\$29.40	4.9%	(43,988)	0	8,720
Neighborhood Center	92,218,134	5.7%	\$25.70	6.2%	(4,521)	0	797,925
Strip Center	14,577,316	5.1%	\$23.75	6.8%	(7,142)	0	321,484
General Retail	88,955,084	3.4%	\$25.63	3.3%	(23,010)	0	1,467,519
Other	2,335,139	1.5%	\$25.58	1.9%	3,091	0	4,000
Market	245,073,182	4.5%	\$26.57	4.8%	(76,170)	0	3,257,381

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	-0.1% (YOY)	7.8%	4.7%	12.3%	2011 Q1	4.3%	2023 Q4
Net Absorption SF	2.3M	2,665,911	1,144,388	11,379,378	2007 Q3	(2,903,594)	2009 Q4
Deliveries SF	2.5M	3,237,487	1,920,043	13,439,615	2007 Q4	636,892	2011 Q2
Market Asking Rent Growth	4.3%	1.1%	3.2%	7.1%	2024 Q1	-9.5%	2009 Q3
Sales Volume	\$2.3B	\$1.8B	N/A	\$4B	2022 Q3	\$467.8M	2010 Q4

Although a pickup in store closures caused space availability to modestly increase over the past 18 months, fundamental tightness in the Phoenix retail market persists as the end of 2025 approaches. Strong demographics, continued income growth, and low unemployment fuel robust underlying tenant demand. These stout demand drivers, coupled with the modest construction pipeline, have kept availability low compared to the majority of the Valley's history.

The availability rate has reached 4.8% as of 2026Q1, up from 4.2% in late 2023. Bankruptcies by national brands, as well as the closure of some small-business tenants operating on thin profit margins, left several vacant spaces that have yet to be fully backfilled. Despite the modest increase, availability remains well below the low-8% range recorded in 20Q1 as well as the previous cycle's low of about 5.8% in 2006. Additionally, local market participants report that competition for space is elevated and tenant retention is healthy.

The increase in closures has freed up capacity for other retailers to expand. In the years following the onset of the pandemic, historically low space availability restrained retailers' ability to grow store fleets in Phoenix as users found limited quality expansion options. Off-price retailers, dollar stores, and experiential tenants have helped backfill big box sites, contributing to a pick-up in net absorption this year.

¹⁵ CoStar Analytics, Phoenix, AZ, Retail Market (January 1, 2026)

One of the main factors supporting the steady improvement in property fundamentals over the past decade has been the lack of new construction. About 2.1 million square feet delivered over the past 12 months, down from an average of 2.1 million square feet annually from 2015 to 2019. Though the construction pipeline has grown to 3.3 million square feet, less than a third is available for lease, and supply-side pressure remains limited. The bulk of supply additions can be found in rapidly growing suburbs on the outskirts of the metro, like Buckeye, Surprise, and Queen Creek. These areas boast strong population growth and ample developable land, as well as a more limited existing retail offering.

Though availability is still tight, it was enough to slow rent growth, with average asking rents rising 4.3% over the past 12 months. While this marks a slowdown compared to a year ago when rent growth was 4.8%, it continues to well outpace the national level and ranks Phoenix as a top 10 market in the country. Additionally, the robust gains since the onset of the pandemic leave healthy leasing spreads for many landlords.

Though an anticipated slowdown in economic and consumption growth may cause the availability rate and rent growth to normalize further, a meaningful weakening of property performance is not expected. Downside risks to the outlook include a worse-than-expected impact from tariffs and shifts in immigration policy, which could weigh on consumption growth and underlying tenant demand.

Figure 19 – Historical Submarket Data, Retail Market

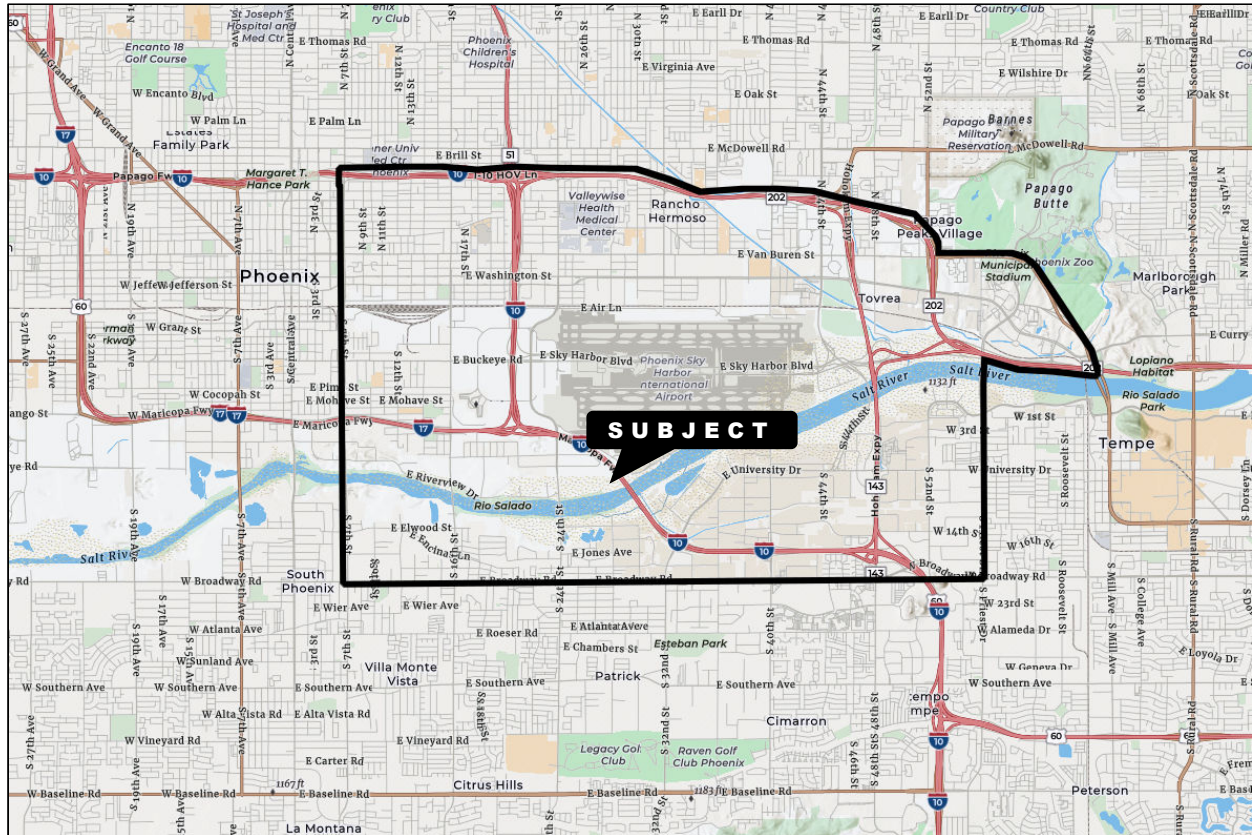
Period	Vacancy Rate	Available SF Total	Market Asking Rent/SF	Market Asking Rent Growth	Under Constr Inventory SF	12 Mo Net Absorp SF	Market Sale Price/SF	12 Mo Sales Vol Growth	Market Cap Rate	
2031	5.1%	-	\$31.03	2.0%	252,650,718	-	1,808,171	\$323	-	6.5%
2030	5.0%	-	\$30.88	2.0%	252,090,485	-	1,322,430	\$322	-	6.5%
2029	4.9%	-	\$30.28	2.4%	250,291,085	-	843,043	\$313	-	6.5%
2028	4.7%	-	\$29.58	3.7%	248,937,253	-	783,888	\$301	-	6.6%
2027	4.6%	-	\$28.53	3.7%	247,749,494	-	1,042,144	\$284	-	6.8%
2026 EST	4.5%	-	\$27.51	3.5%	246,407,816	-	1,313,936	\$271	-	6.8%
2025	4.5%	12,016,458	\$26.58	4.3%	245,073,182	3,257,381	2,365,496	\$261	10.2%	6.8%
2024	4.6%	11,641,801	\$25.47	5.9%	242,922,201	3,325,406	(722,338)	\$248	13.8%	6.9%
2023	4.3%	10,382,043	\$24.04	7.0%	242,827,292	2,404,833	3,593,534	\$239	-46.7%	6.8%
2022	5.1%	12,592,383	\$22.46	6.5%	241,003,738	2,436,000	4,268,255	\$227	1.2%	6.8%
2021	6.4%	16,073,498	\$21.10	5.6%	239,840,498	1,182,696	2,328,322	\$213	126.7%	6.9%
2020	7.3%	19,731,318	\$19.98	2.6%	239,670,360	1,212,146	(86,358)	\$201	-31.8%	7.0%
2019	6.7%	18,710,542	\$19.47	3.8%	238,167,502	1,715,254	1,527,189	\$190	17.2%	7.1%
2018	6.8%	19,075,021	\$18.76	2.7%	236,936,374	1,079,668	2,156,792	\$182	33.9%	7.2%
2017	7.1%	19,918,546	\$18.27	3.0%	235,392,934	1,365,249	4,509,586	\$178	-35.2%	7.2%
2016	7.9%	21,245,098	\$17.75	2.3%	232,261,017	2,502,085	2,905,278	\$175	-9.0%	7.2%
2015	8.4%	22,382,795	\$17.34	3.6%	230,472,875	1,711,664	2,782,077	\$175	52.1%	7.0%
2014	9.2%	23,913,486	\$16.75	2.0%	229,365,242	1,033,668	3,967,244	\$163	26.8%	7.3%
2013	10.1%	25,411,006	\$16.43	-0.3%	227,340,060	2,274,980	2,888,852	\$147	-23.4%	7.7%
2012	10.9%	26,794,492	\$16.47	-2.6%	226,117,507	804,033	2,582,282	\$147	23.5%	7.6%
2011	11.8%	28,049,893	\$16.91	-6.5%	225,367,345	1,139,242	1,005,204	\$142	177.7%	7.8%
2010	11.9%	28,485,826	\$18.10	-8.5%	224,601,891	842,587	(210,818)	\$141	-14.4%	7.9%

Neighborhood Analysis

Location

The subject property is located southeast of 24th Street and University Drive, south of Phoenix Sky Harbor International Airport. Situated approximately four miles southeast of the downtown Central Business District of the City of Phoenix, the location of the subject property is graphically illustrated on the map in Figure 20.

Figure 20 – Location Map



© Arizona State Land Department Parcel Viewer

The subject neighborhood is generally bounded by the Red Mountain Freeway (SR 202) and on the north, Broadway Road to the south, 7th Street on the west, and Priest Drive to the east. This area covers approximately twenty square miles within the incorporated boundaries of the cities of Phoenix and Tempe. The boundaries of the subject neighborhood, which represents a portion of the market area, encompass an area considered influential on the property to be appraised, given the types, visibility, accessibility, utility and overall consistency and similarity of uses.

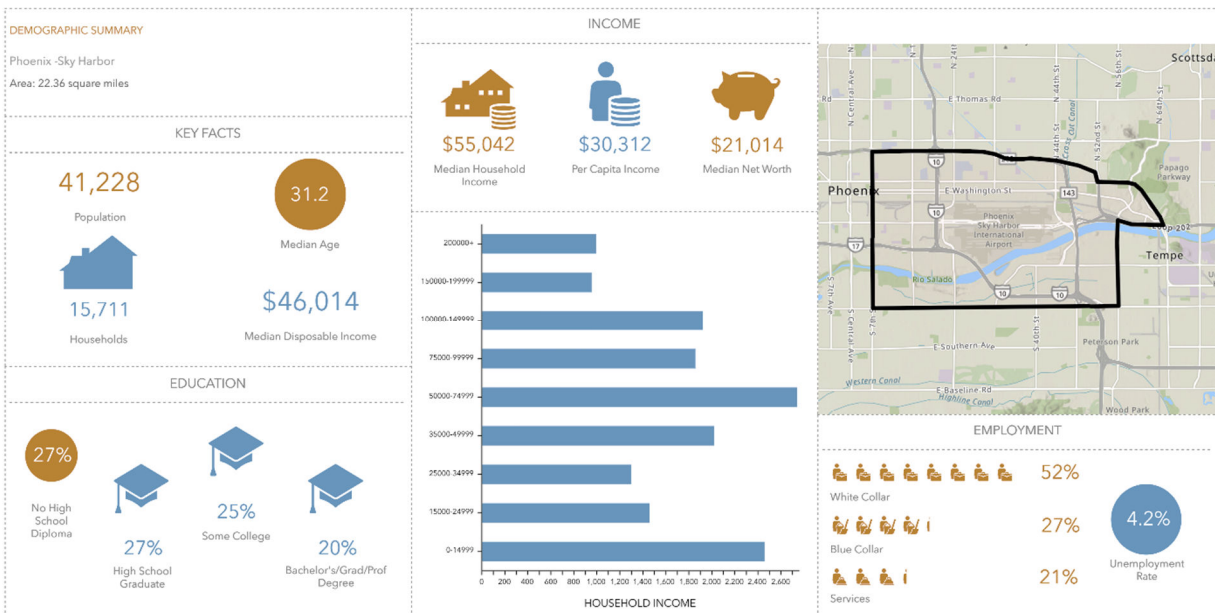
The location of the subject neighborhood is along both the north and south sides of the Salt River, and the topography of the area is generally flat with a gentle slope toward the river. Several outcroppings of small hills are located just east of the neighborhood, including buttes found in Papago Park and Hayden Butte located near downtown Tempe. Hayden Butte rises to 1,495 feet above sea level, and over 300 feet over the surrounding properties.

Demographics

Figure 21 – Demographic Summary

Summary	Census 2010	Census 2020	2025	2030
Population	36,774	38,792	41,228	43,736
Households	11,698	13,948	15,711	17,052
Families	6,866	7,272	7,752	8,304
Average Household Size	2.97	2.64	2.48	2.43
Owner Occupied Housing Units	3,084	3,230	3,913	4,616
Renter Occupied Housing Units	8,614	10,718	11,798	12,436
Median Age	27.0	30.1	31.2	32.0
Trends: 2025-2030 Annual Rate	Area	State	National	
Population	1.19%	0.86%	0.42%	
Households	1.65%	1.09%	0.64%	
Families	1.39%	1.00%	0.54%	
Owner HHs	3.36%	1.48%	0.91%	
Median Household Income	2.61%	3.13%	2.53%	
Households by Income	2025		2030	
	Number	Percent	Number	Percent
<\$15,000	2,457	15.6%	2,483	14.6%
\$15,000 - \$24,999	1,458	9.3%	1,330	7.8%
\$25,000 - \$34,999	1,298	8.3%	1,244	7.3%
\$35,000 - \$49,999	2,022	12.9%	1,963	11.5%
\$50,000 - \$74,999	2,743	17.5%	2,853	16.7%
\$75,000 - \$99,999	1,856	11.8%	2,151	12.6%
\$100,000 - \$149,999	1,922	12.2%	2,397	14.1%
\$150,000 - \$199,999	954	6.1%	1,315	7.7%
\$200,000+	992	6.3%	1,305	7.7%
Median Household Income	\$55,042		\$62,612	
Average Household Income	\$78,935		\$87,997	
Per Capita Income	\$30,312		\$34,469	

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

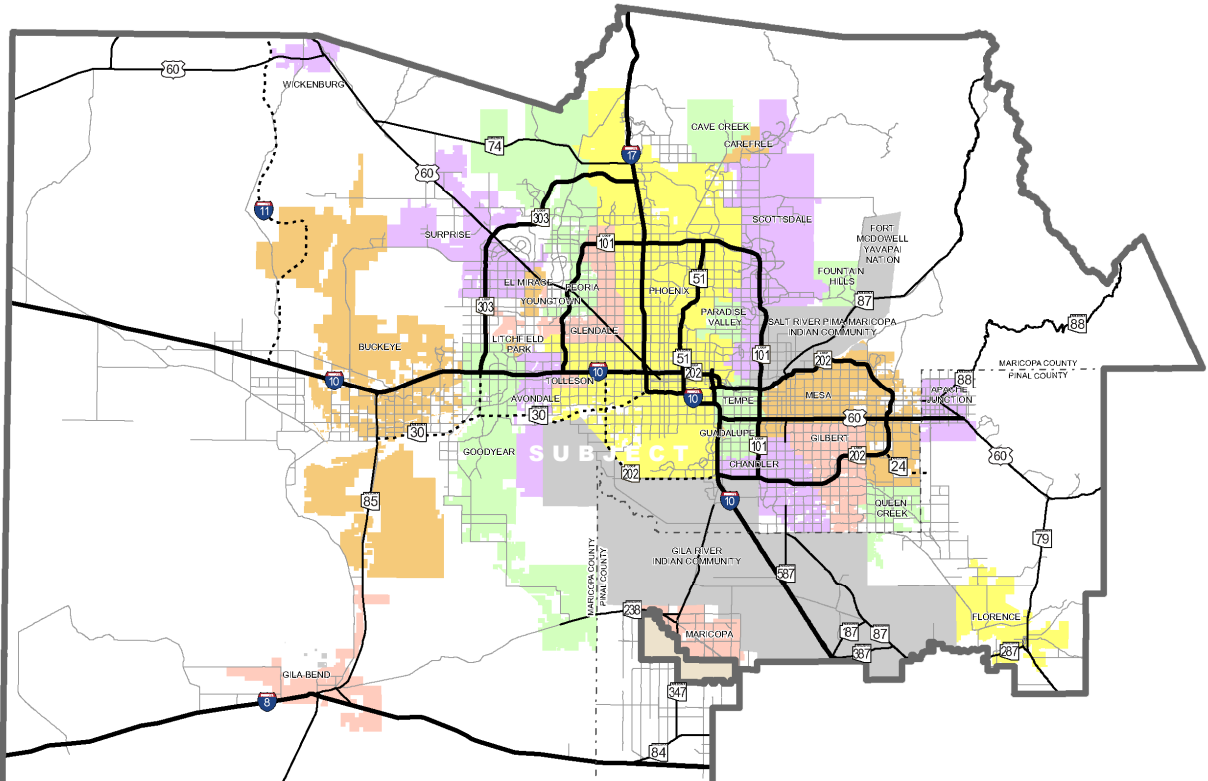


This infographic contains data provided by Esri. The vintage of the data is 2023, 2025.

© 2020 Esri

Transportation

Figure 22 – Regional Freeway System Map



Source: Maricopa Association of Governments RTP 2040

Regional Freeway System

The subject neighborhood is in the central area of the metropolitan Phoenix area and is served by several regional freeways. Interstate 10, the Red Mountain Freeway (State Route 202) and the Piestewa Freeway (State Route 51) have an interchange in the northern portion of the neighborhood, and Interstate 17 has an interchange with Interstate 10 in the central portion of the neighborhood. Interstate 10 crosses the subject neighborhood in a general north-south route. West of 32nd Street, this freeway veers to the northwest to cross the Salt River and then continues north running parallel to and west of 24th Street where it is known as the Papago Freeway. Interstate 17 west from the interchange with Interstate 10 to approximately one-half mile west of 19th Avenue, and then turns north. The Red Mountain Freeway extends east from the interchange with Interstate 10 and turns south along the 52nd Street alignment before continuing east along the Salt River.

Arterial Roadways

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

The primary north/south arterial roadways through the subject neighborhood are 7th, 16th, 24th, 32nd, 40th, and 44th Streets, Priest Drive and Mill Avenue. The Hohokam Expressway (State Route 143) also provides a short, limited access thoroughfare across the area. Primary east/west arterial roadways are Van Buren Street, Washington Street, University Drive, and Broadway Road. All of the major arterial roadways are asphalt paved carrying four to six lanes of traffic. The Papago Freeway and Red Mountain Freeway, as well as the Hohokam Expressway, are all a part of the regional freeway system, providing good access to points across the metropolitan area.

Railway

Freight rail service is found in the metropolitan area with railroads operated by Union Pacific Railroad and BNSF Railway. The Union Pacific railroad crosses the subject area, generally located one-half mile south of Van Buren Street. A rail yard is located between 7th and 16th Streets. At 19th Avenue, the railroad splits with one route continuing west through the suburbs of Tolleson, Avondale and Goodyear. A second route follows 19th Avenue north to Grand Avenue, and then veers northwest along Grand Avenue through Glendale, Peoria, and other communities northwest of Phoenix.

Passenger rail service is provided by the Valley Metro light rail system. The first phases of the light rail system extend from north central Phoenix, through the downtown Central Business District of Phoenix and then turn east to serve Phoenix Sky Harbor International Airport, downtown Tempe, Arizona State University and downtown Mesa. The light rail system crosses the subject neighborhood along Washington Street, with stations at 12th Street, 24th Street, 38th Street, 44th Street, 50th Street, Priest Drive and Center Parkway. The station at 44th Street also serves as a connection to the PHX Sky Train which provides service to Phoenix Sky Harbor International Airport.

Airports

Public air transportation for the subject neighborhood is provided primarily by Phoenix Sky Harbor International Airport east of downtown Phoenix. The airport has three runways, three domestic terminals with 117 gates, an international terminal, four cargo buildings, and houses the Arizona Air National Guard. Based upon statistics from the Airports Council International, Sky Harbor was the twelfth busiest airport in the nation in terms of passenger traffic with 52,325,266 passengers enplaned and deplaned during 2024, as well as being the eighth busiest airport for all traffic movements.¹⁶

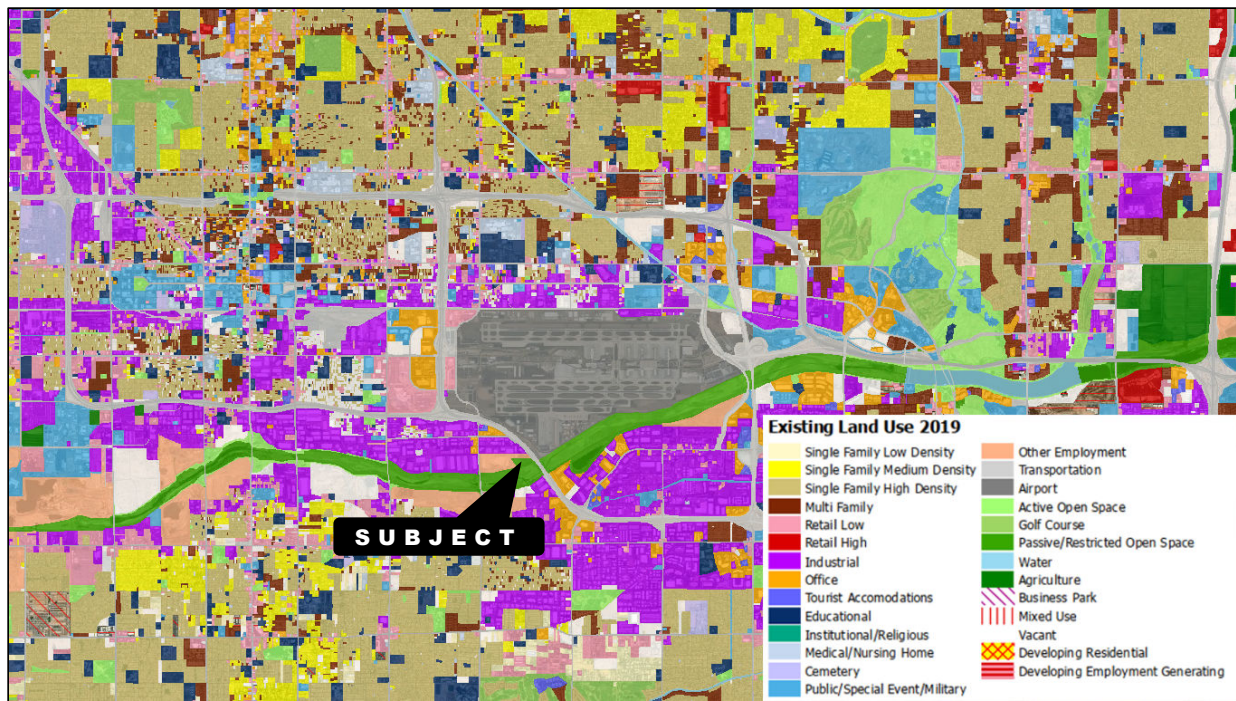
Satellite municipal airports are in Goodyear, Glendale and the Deer Valley area of north Phoenix, which also provide service to the subject neighborhood and are used primarily for general aviation purposes. The nearest satellite airport is the Phoenix Deer Valley Airport, located along the north side of Deer Valley Road between 7th Street and 19th Avenue. The airport has two runways used for general aviation purposes, and several flight schools are based out of Deer Valley Airport.

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

Land Use Patterns

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

Figure 23 –Existing Land Use Map



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

The subject neighborhood is dominated by the Phoenix Sky Harbor International Airport. Industrial development is found in the subject neighborhood in a corridor south of Van Buren Street to the Union Pacific-Southern Pacific railroad located approximately one-half mile south of Van Buren Street and north of the airport. The majority of the development within this area is zoned A-1 by the City of Phoenix and allows light industrial development. South of the airport, the area south and east of University Drive and 32nd Street and within the City of Phoenix is also largely developed with industrial properties similar to that found north of the airport. Further east and south, industrial development can be found along the Hohokam Expressway and Interstate 10 within the City of Tempe.

Residential development in the subject neighborhood is generally confined to the extreme northern portions of the area north of Van Buren Street, and in the southwestern area of the neighborhood. Commercial development supporting the resident population can be found in close proximity to these residential pockets.

Amenities

Utilities in the form of sanitary sewer, water, electric power, natural gas and telephone service are generally available and in use throughout the neighborhood. These utilities are adequate to support additional residential, commercial and/or industrial development. Municipal water service and sanitary sewer service are provided by the cities of Phoenix and Tempe, Southwest Gas Company provides natural gas service, and Cox Communications and CenturyLink provide local telephone service. Electric service in the area is provided by Arizona Public Service Company and Salt River Project. Utility rates are equitable to other areas of the city and do not adversely impact property values.

Fire and police protection are provided by the cities of Phoenix and Tempe. Major medical facilities that serve the neighborhood include the Valleywise Health Medical Center and the Arizona State Hospital east of 24th Street between Van Buren Street and Roosevelt Street.

Public educational facilities are in and around the subject area and include several K-12 schools within the Wilson, Roosevelt, Balsz and Tempe Elementary school districts, and Phoenix Union and Tempe Union high school districts. Higher education facilities that serve the neighborhood include Gateway Community College located between Van Buren Street and Washington Streets along the west side of 40th Street. The main campus of Arizona State University is located just east of the subject neighborhood at Mill Avenue and University Drive.

Other amenities serving the subject neighborhood include several local city parks throughout the region. The S'edav Va'aki Museum is located near 44th Street and Washington Street, and Phoenix Greyhound Park is located at the southwest corner of Washington Street and 40th Street. Papago Park is located just north of the neighborhood and is home to two golf courses, the Phoenix Zoo and the Desert Botanical Garden. Furthermore, the central business district of Phoenix is located just west of the subject neighborhood.

Trends

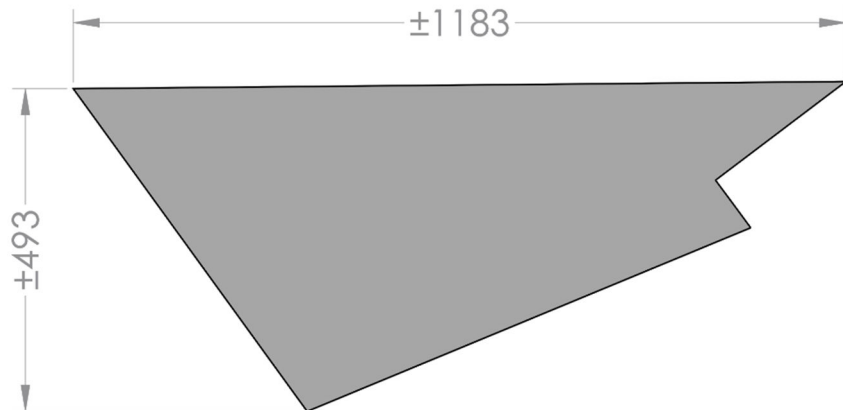
The subject neighborhood is characterized predominantly by industrial land uses around the airport and is near the downtown Phoenix central business district. The area does not exhibit any indication of drastic changes in land use in the near future. The residential developments in the neighborhood are generally well established with relatively few in-fill sites scattered throughout the area. Because of the mixed-use and maturity of the area, the long-term outlook is for continued stability in the current land uses.

Real Property Description

The following description of the subject property is based upon a physical inspection of the property on March 11, 2026, and on other occasions, in conjunction with an examination of Maricopa County public records. Photographs of the property being appraised are in Addendum B to this report.

Site Data

<i>Location</i>	Southeast of 24 th Street and University Drive		
<i>Street Address</i>	None Given		
<i>City, State ZIP</i>	Phoenix, Arizona 85040		
<i>County</i>	<u>Maricopa</u>	<i>Map Reference</i>	<u>148-167LX</u>
<i>Census Tract</i>	<u>113802</u>	<i>Block</i>	<u>1141</u>
<i>Assessor Parcel No(s)</i>	122-24-002D*; 122-25-004F*		*(portion of)
<i>Land Area¹⁷</i>	<u>337,372</u>	Square Feet	
	<u>7.745</u>	Acres	
<i>Shape/Dimensions</i>	The subject property is irregular in shape, measuring approximately 1,183 feet east to west and 493 feet north to south.		



<i>Surrounding Development</i>	North:	<u>Sand & Rock Extraction Site</u>
	South:	<u>Salt River</u>
	East:	<u>Salt River</u>
	West:	<u>Sand & Rock Extraction Site</u>

The subject parcel is located along the north bank of the Salt River in an area of industrial development south and southwest of Phoenix Sky Harbor International Airport.

¹⁷ Source: Arizona Department of Transportation

<i>Utilities</i>	In Use		Available from:
	Yes	No	
Electricity	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Arizona Public Service
Water	<input type="checkbox"/>	<input checked="" type="checkbox"/>	City of Phoenix
Sanitary Sewer	<input type="checkbox"/>	<input checked="" type="checkbox"/>	City of Phoenix
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 does not have frontage along any public roadway. The parcel is considered to be legally landlocked and access to the property is considered poor.

Topography The site is generally level and at grade with surrounding properties. A berm is located along the southern parcel boundary which presumably helps with flood control of the Salt River

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	04013C2220M	September 18, 2020

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.

Zoning

The subject property is located in an area categorized for commerce and business park land uses as shown on the general plan for the City of Phoenix. More specifically, the subject property is located within the Industrial (A-2) zoning district as defined by the City of Phoenix zoning authorities. According to the zoning ordinance,

The Industrial District is designed to accommodate uses with one or more of the following characteristics: intensive use of property; open uses and/or storage; industrial processes which may involve significant amounts of heat, mechanical and chemical processing, large amounts of materials transfer, extended or multiple shift operation, large scaled structures, etc. Such uses often function best in association with other similar or supportive uses. Because of the intensity and characteristics of this use class, specific standards are set to maximize their compatibility when adjacent to residential districts or when located on arterial or collector streets.¹⁸

The subject property is also located within the Rio Salado Interim Overlay District, which is designed to protect the investment in and maximize the benefits of the Rio Salado Habitat Restoration Area. This overlay district specifies certain prohibited uses and requires special permits and use permits for other uses. The subject property would also be required for an administrative review to determine screening and setback requirements.

The zoning of the subject parcel allows a wide variety of industrial and commercial land uses. 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 December 24, 2025, and prepared by the Arizona Department of Transportation refers to an easement for the installation and maintenance of a natural gas pipeline. A physical inspection did not reveal the presence of any other obvious easements, restrictions or adverse uses which would affect the development potential, utility, or marketability of the property to be appraised were noted.

¹⁸ City of Phoenix Zoning Ordinance, Section 628A

Taxes and Assessments

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

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

The full cash value (FCV) of real estate as estimated by Maricopa County is determined for ad valorem tax purposes and is purportedly synonymous with market value according to state statute. 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		
2027	\$247,493.00	15%	\$37,124.00	\$2,378,400.00	15%	\$356,760.00		Preliminary
2026	\$242,879.00	15%	\$36,432.00	\$2,378,400.00	15%	\$356,760.00		Preliminary
2025	\$246,015.00	15%	\$36,903.00	\$3,828,200.00	15%	\$574,230.00	\$0.00	Exempt
2024	\$249,737.00	15%	\$37,460.00	\$3,354,400.00	15%	\$503,160.00	\$0.00	Exempt
2023	\$258,038.00	15%	\$38,706.00	\$3,354,400.00	15%	\$503,160.00	\$0.00	Exempt

While there is some theoretical relationship between the assessed valuation and the fair market value of properties in Maricopa 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.

Apart from the normal primary and secondary assessments for which nearly all properties are liable, some properties may also be subject to special assessments. These special assessments may arise from the inclusion of that property within a local improvement district or some other district that has taxing authority. Based upon information obtained from the Maricopa County Treasurer’s Office, the subject property is not within any special tax districts.

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 Phoenix 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 Industrial (A-2) district. This zone allows for a wide variety of industrial and commercial land uses as set forth in the zoning ordinance for the City of Phoenix. 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 general plan for the City of Phoenix indicates that the subject property is in an area planned for commerce and business park land uses, and the current zoning conforms to the general plan. Considering the existing land uses in the area and those allowed under the current zoning of the subject property, a change in zoning is not likely to occur.

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

Physically Possible

The physical characteristics of the subject parcel, primarily the lack of access, are considered to provide a significant limitation 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 another property.

The subject parcel is landlocked by parcels under private ownership to the north and west, and by the Salt River to the south. The only property with which the subject parcel could be reasonably assembled to address the lack of access is the property to the north and west that wraps around the subject parcel. Such an assemblage could benefit the adjacent property by providing more land area, 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 assembled with an adjoining property would mitigate many of the limitations of the subject site caused by lack of access. An assemblage of the subject site is not likely to add significantly to the value of an adjoining property beyond the additional land area of the assembled parcel.

Acquiring a way of necessity across an adjoining property is also a possible remedy to provide access to the subject parcel. Providing access from Magnolia Street to the north would provide the shortest path but would involve multiple ownerships. Alternatively, access could be provided from 24th Street by crossing only one ownership but along a further distance. Obtaining the way of necessity would require a private condemnation lawsuit. Although every case is different, a local real estate attorney has indicated that the fees to litigate a private condemnation case can be \$50,000 to \$100,000, or more.

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 property to the north and west. If the property is assembled with the parcel to the adjoining property, the combined property would have access from 24th Street.

Under the scenario where the subject is assembled with the property to the west, the combined site would be more than fifty acres in land area and have access from 24th Street, making either industrial or commercial development potentially viable development alternatives. The combined site would be impacted by the Zone AE special flood hazard area, and the subject parcel would contribute land area to the assembled site that is outside of this special flood hazard area. Considering the physical characteristics of the subject site, the location of the property, its access to transportation routes, and proximity to commercial services, employment centers and residential development, the most profitable use of the subject site is for assemblage purposes with the property to the west.

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

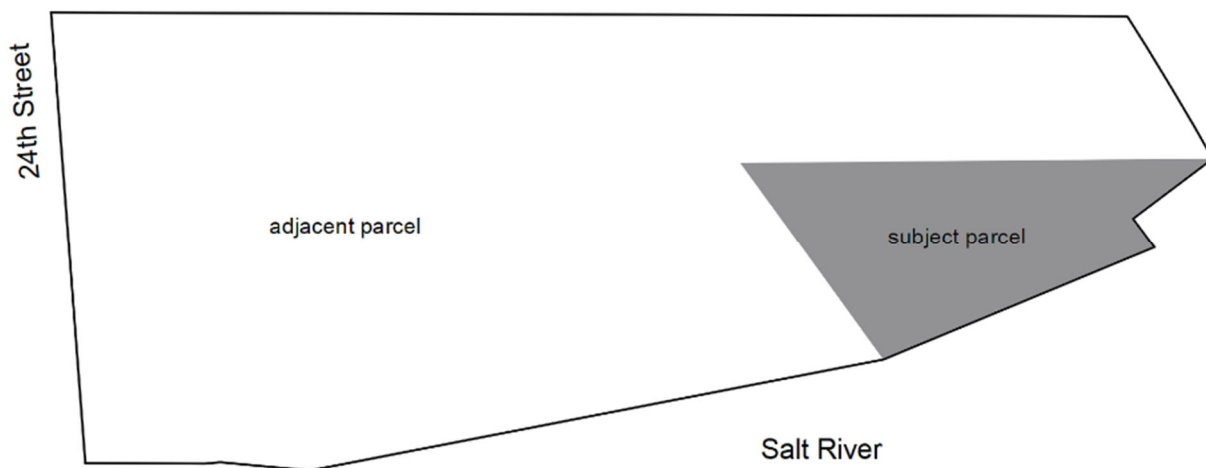
In this approach to value, an estimate is made of the reproduction or replacement cost new of any improvements on the property. Depreciation from all causes is then deducted and the land value is added to provide an indication of value for the entire property. Since the cost approach to value includes 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.

The process of estimating the value of the subject parcel encompassed a search of similar properties in the subject's market area. In this instance, the highest and best use of the subject parcel is concluded to be for assemblage purposes and, for this reason, the search was made for properties similar to the subject parcel assembled with the parcel to the west of the subject parcel. This would result in an assembled parcel measuring approximately 2,321,842 square feet (53.302 acres).

Figure 24 –Assembled Parcel



Sales Comparison Approach

Introduction

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

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

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

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

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	Industrial Development	07/20	CP/GCP	X	Comer	451,325	\$ 1,700,000.00	\$3.77
2	Industrial Development	03/22	A-1	X	Comer	229,123	\$ 2,391,444.00	\$10.44
3	Industrial Development	03/22	A-2	AE X	Mid-Block	3,750,662	\$12,500,000.00	\$3.33
4	Industrial Development	04/22	A-1 A-2	X	Mid-Block	1,622,087	\$25,000,000.00	\$15.41
5	Assemblage	05/22	A-1	AE	Interior	311,159	\$ 1,225,000.00	\$3.94
SUBJECT ASSEMBLAGE			A-2	AE X	Mid-Block	2,321,842		

The search for the sales for this analysis included expanded parameters in terms of date of sale and location due to the scarcity of land sales in the immediate area that would be considered comparable to the property being appraised. 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.

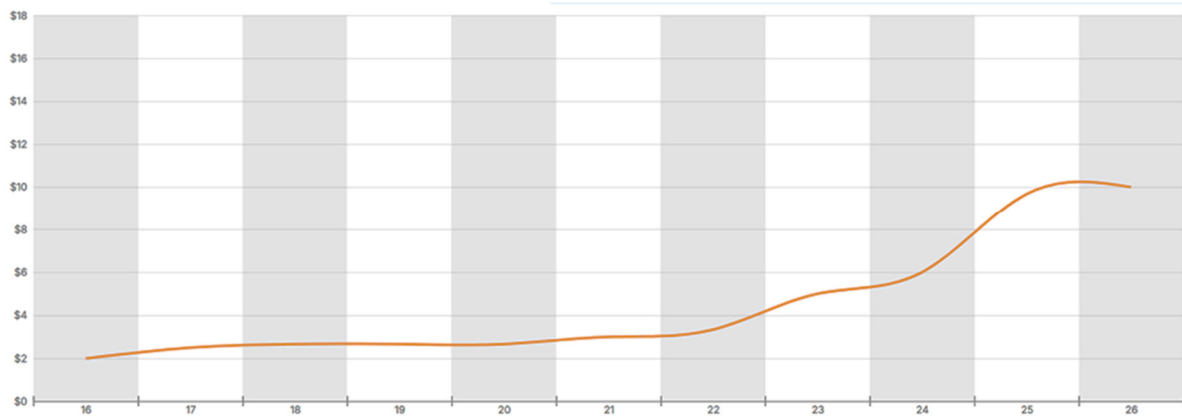
- *Market Conditions*

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 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 mid-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 would appear to be reasonable.

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

Figure 25 –Median Land Sale Price Trend, 2016-present



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

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

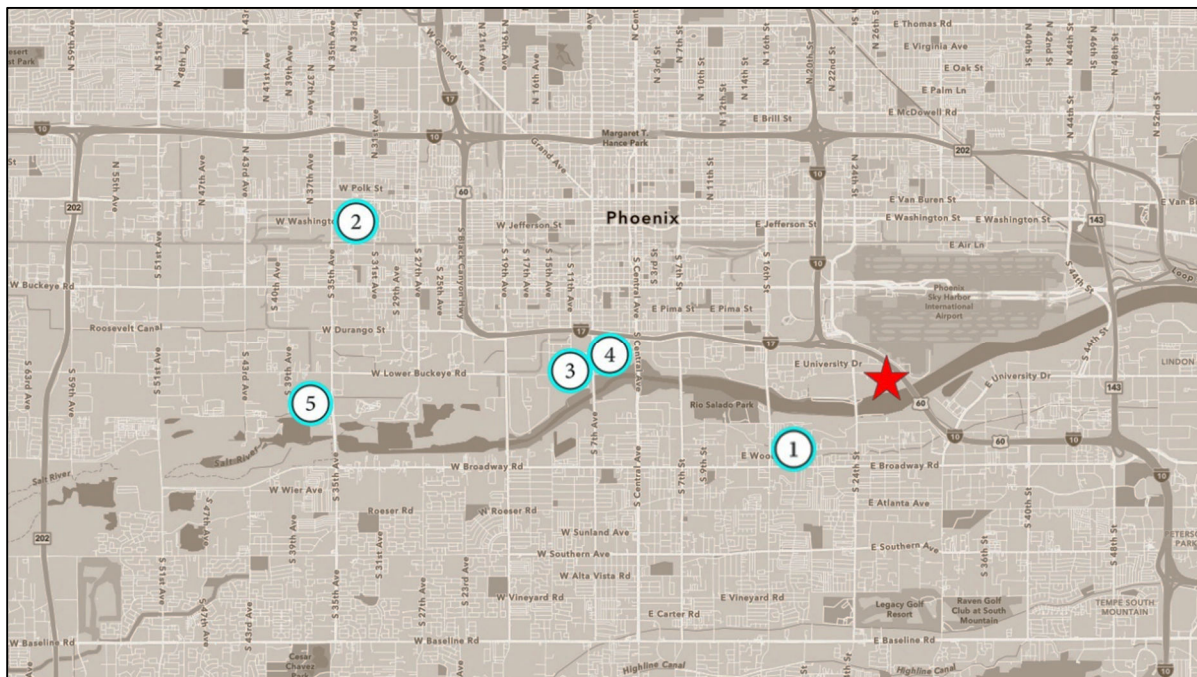
- *Location*

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

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

Comparable No. 1 is located northeast of 16th Street and Broadway Road. Comparable No. 2 is southeast of 35th Avenue and Van Buren Street and Comparable No. 5 is southwest of 35th Avenue and Lower Buckeye Road. Comparable Nos. 3 and 4 are both south of Interstate along 7th Avenue and Central Avenue. The overall location of each comparable property is considered similar enough to the property being appraised so that an adjustment will not be made in this analysis for this factor.

Figure 26 – Land Sale Locations



- *Physical Characteristics*

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

Land Area – Other things being equal, it is generally accepted that larger parcels tend to develop lower prices than do similar smaller parcels on a per unit basis. In practice, the price-size tradeoff is typically a less direct, more uncertain relationship complicated by other physical characteristics and locational factors. Based upon the size of the subject parcel and those of the comparable properties, downward adjustment for land area will be made to Comparable Nos. 1, 2 and 5 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.

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

Flood Zone – The assembled subject property is within both Zone X and Zone AE flood zones, with approximately 71% of the area within the Zone AE special flood hazard area. The table below summarizes the approximate land areas within each flood zone for the comparable properties. Adjustments will be applied to each of the comparable properties for flood zone.

Zone	A/AE	AE Floodway	X
Comparable No. 1	0%	0%	100%
Comparable No. 2	0%	0%	100%
Comparable No. 3	4%	0%	96%
Comparable No. 4	0%	0%	100%
Comparable No. 5	100%	0%	0%

- *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.

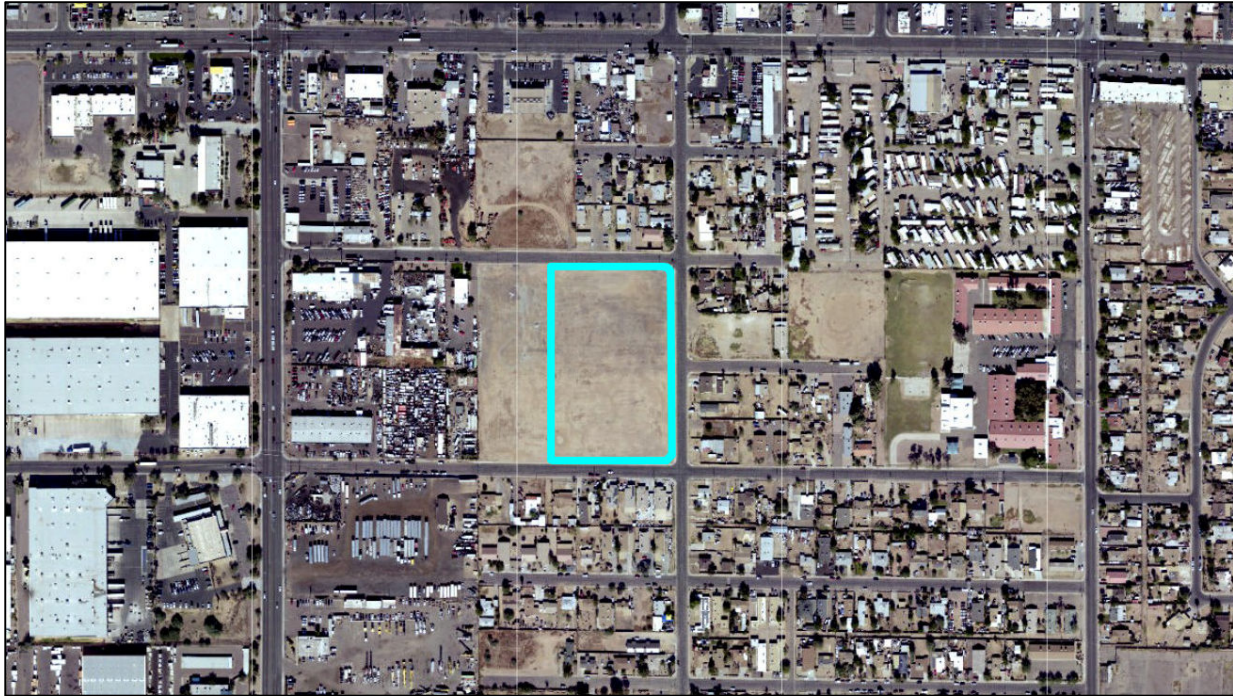
Comparable No. 1			
Northeast of 16th Street and Broadway Road			
Grantor	Intelliquick Building, LLC	Land Area	451,325 Square Feet
Grantee	Phoenix Jones Partners, LLC		10.361 Acres
Sale Date	July 2020	Zoning	CP/GCP
Sale Price	\$1,700,000.00		Commerce Park
	\$3.77 per Square Foot		



Comparable No. 1 is a site located northeast of 16th Street and Broadway Road, situated less than two miles southwest of the subject property. Surrounding land uses include a mix of residential and industrial land uses. This site is generally level and at grade with the abutting properties and roadways. This property was purchased to develop a pair of industrial warehouse buildings known as Jones 18 Commerce Park.

An upward adjustment of 28% 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 property that an adjustment will not be made for this factor. In terms of physical characteristics, this property is smaller than the assembled subject parcel and a 10% downward adjustment will be applied in this instance. A 5% downward adjustment will be made for the difference in flood hazard area characteristics. After the adjustments indicated, this sale suggests a value of \$4.11 per square foot for the subject land.

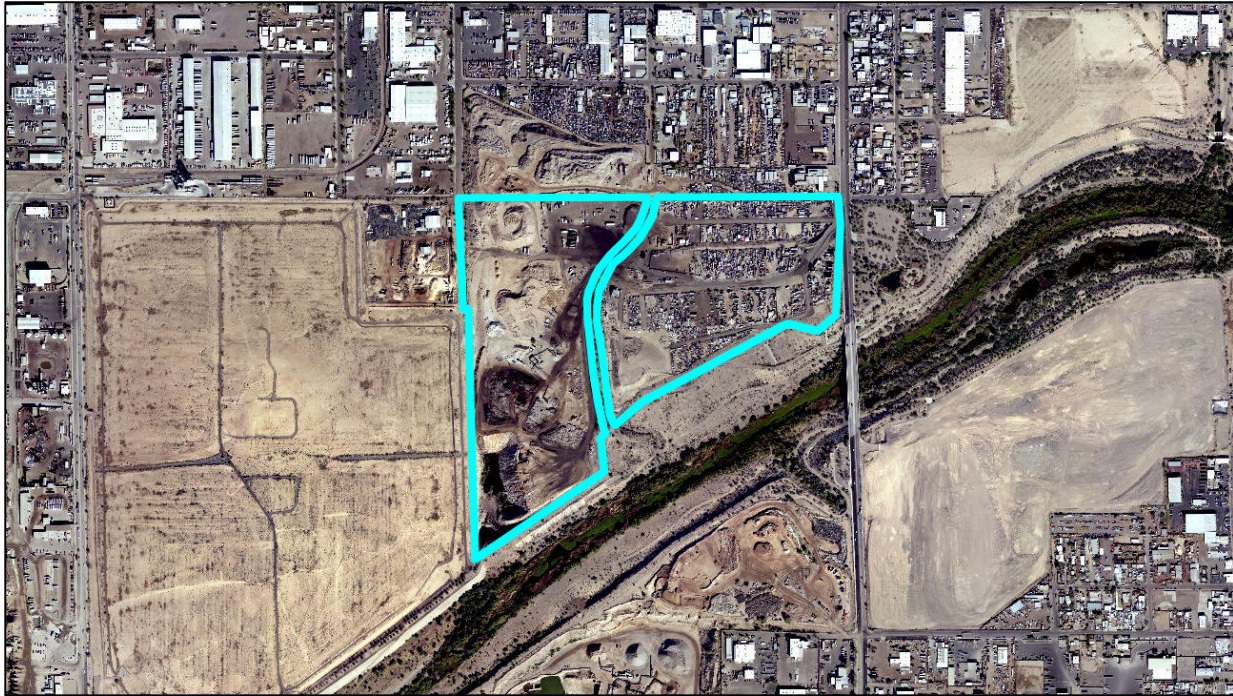
Comparable No. 2	
Southeast of 35th Avenue and Van Buren Street	
Grantor <u>F Five Resources, LLC</u>	Land Area <u>229,123 Square Feet</u>
Grantee <u>ACP 3302, LLC</u>	<u>5.260 Acres</u>
Sale Date <u>March 2022</u>	Zoning <u>A-1</u>
Sale Price <u>\$2,391,444.00</u>	<u>Light Industrial</u>
<u>\$10.44 per Square Foot</u>	



Comparable No. 2 is a site located southeast of 35th Avenue and Van Buren Street, situated less than seven miles northwest of the subject property. Surrounding land uses include a mix of residential and industrial land uses. This site is generally level and at grade with the abutting properties and roadways. This property was purchased to develop an industrial warehouse building.

An upward adjustment of 20% 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 property that an adjustment will not be made for this factor. In terms of physical characteristics, this property is smaller than the assembled subject parcel and a 10% downward adjustment will be applied in this instance. A 5% downward adjustment will be made for the difference in flood hazard area characteristics. After the adjustments indicated, this sale suggests a value of \$10.65 per square foot for the subject land.

Comparable No. 3			
Southwest of 7th Avenue and Interstate 17			
Grantor	McPike Rentals Limited Partnership (et al)	Land Area	3,750,662 Square Feet
Grantee	Pike's Retreat Partners, LLC		86.103 Acres
Sale Date	March 2022	Zoning	A-2
Sale Price	\$12,500,000.00		Industrial
	\$3.33 per Square Foot		



Comparable No. 3 is a site located southwest of 7th Avenue and Interstate 17, situated less than four miles west of the subject property. Surrounding land uses include industrial land uses to the north, and the Salt River along the southern boundary. This site is divided into two areas by a natural wash. The eastern portion is generally level while the western portion is a little more rugged in topography. This property is location of the former Rio Salado Landfill although a portion of the property has also seen automotive recycling uses.

An upward adjustment of 20% 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 property that an adjustment will not be made for this factor. 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. A 5% downward adjustment will be made for the difference in flood hazard area characteristics. After the adjustments indicated, this sale suggests a value of \$3.80 per square foot for the subject land.

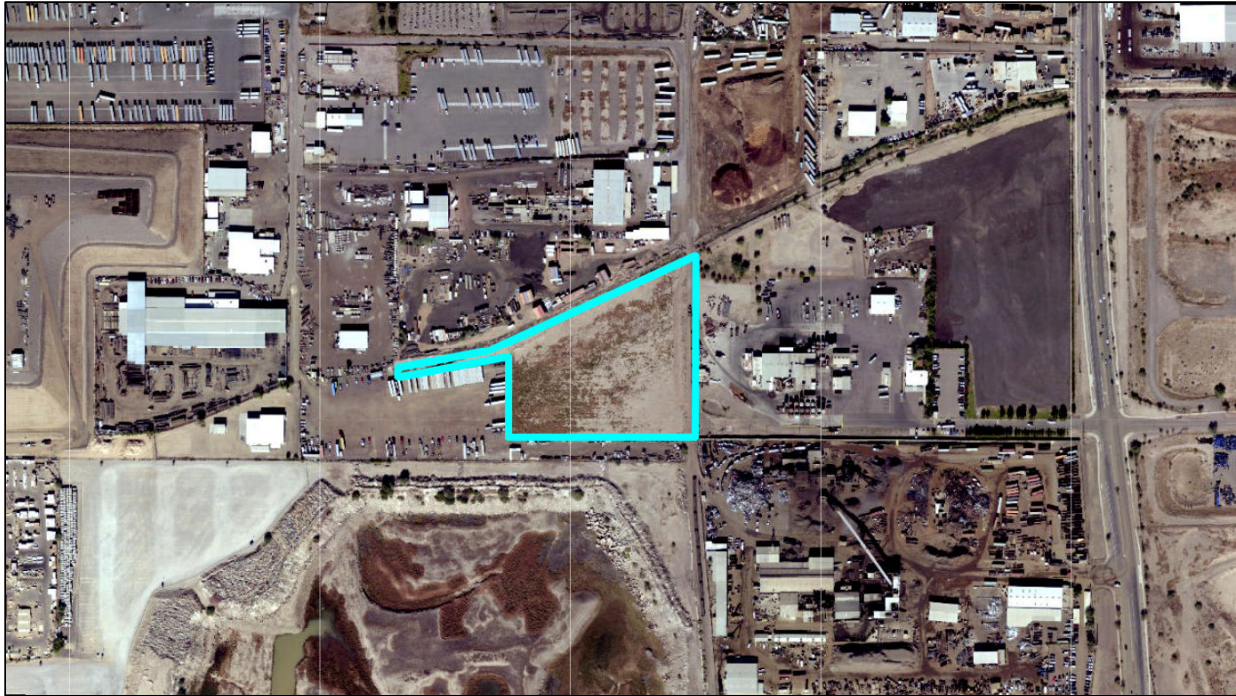
Comparable No. 4			
Southeast of 7th Avenue and Interstate 17			
Grantor	Central & Watkins CRE, LLC	Land Area	1,622,087 Square Feet
Grantee	B9 Central Watkins Owner, LLC		37.238 Acres
Sale Date	April 2022	Zoning	A-1 A-2
Sale Price	\$25,000,000.00		Light Industrial Industrial
	\$15.41 per Square Foot		



Comparable No. 4 is a site located southeast of 7th Avenue and Interstate 17, situated approximately three miles west of the subject property. Surrounding land uses include industrial land uses to the north, and the Salt River along the southern boundary. This site is generally level and at grade with the abutting properties and roadways. This property was purchased to develop a multi-building industrial property known as Northbank Central. This site was previously purchased in January 2022 at \$1,950,000 (\$1.20 per square foot).

An upward adjustment of 20% 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 property that an adjustment will not be made for this factor. 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. A 5% downward adjustment will be made for the difference in flood hazard area characteristics. After the adjustments indicated, this sale suggests a value of \$17.57 per square foot for the subject land.

Comparable No. 5			
Southwest of 35th Avenue and Lower Buckeye Road			
Grantor	Dafni, LLC (et al)	Land Area	311,159 Square Feet
Grantee	Baker Commodities, Inc.		7.143 Acres
Sale Date	May 2022	Zoning	A-1
Sale Price	\$1,225,000.00		Light Industrial
	\$3.94 per Square Foot		



Comparable No. 5 is a site located southwest of 35th Avenue and Lower Buckeye Road, situated approximately seven miles west of the subject property. Surrounding land uses include industrial land uses to the north and the Salt River to the south. This site is generally level and at grade with the abutting properties and roadways but is entirely within the Zone AE special flood hazard area. This property was purchased by the owner of the property to the east and to the north.

An upward adjustment of 19% will be applied to account for the amount of time between the date of sale and the date of valuation. The location of this property is similar enough to the subject property that an adjustment will not be made for this factor. In terms of physical characteristics, this property is smaller than the assembled subject parcel and a 10% downward adjustment will be applied in this instance. A 5% upward adjustment will be made for the difference in flood hazard area characteristics. After the adjustments indicated, this sale suggests a value of \$4.46 per square foot for the subject land.

Conclusion of Land Value

Thus far, we have examined several sales that are believed to be the best representations of the value that may be applied to the subject land. The unadjusted value indications range from a low of \$3.33 per square foot to a high indication of \$15.41 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 \$3.80 per square foot to \$17.57 per square foot, with a mean value of \$8.12 per square foot. I believe that the subject property may be reasonably and fairly placed within this range.

Comparable Nos. 3 and 4 are most similar in terms of land area. The indication of value provided by Comparable No. 4 is somewhat of an outlier at the upper end of the range in values. It is also noted that a recent previous sale of this property was transacted at substantially less than the last sale. Ultimately, the indication of value provided by Comparable No. 4 will be given less 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 \$7.00 per square foot represents a reasonable expectation of the probable market value of the subject land as if assembled with the property to the west. 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.	ASSEMBLAGE				
	1	2	3	4	5
Sale Price	\$1,700,000.00	\$2,391,444.00	\$12,500,000.00	\$25,000,000.00	\$1,225,000.00
Date of Sale	07/20	03/22	03/22	04/22	05/22
Elapsed Time (months)	68	48	48	47	46
Frontage	Corner	Corner	Mid-Block	Mid-Block	Interior
Access	Paved Road	Paved Road	Paved Road	Paved Road	Dirt Road
Land Area – Square Feet	451,325	229,123	3,750,662	1,622,087	311,159
Shape	Slightly Irregular	Rectangular	Irregular	Irregular	Irregular
Topography	Level	Level	Rugged	Level	Level
Zoning	CP/GCP	A-1	A-2	A-1 A-2	A-1
Flood Zone	X	X	AE X	X	AE
Sale Price per Square Foot of Land	\$3.77	\$10.44	\$3.33	\$15.41	\$3.94
Transactional Adjustments					
Property Rights	0%	0%	0%	0%	0%
Adjusted Price	\$3.77	\$10.44	\$3.33	\$15.41	\$3.94
Financing	0%	0%	0%	0%	0%
Adjusted Price	\$3.77	\$10.44	\$3.33	\$15.41	\$3.94
Conditions of Sale	0%	0%	0%	0%	0%
Adjusted Price	\$3.77	\$10.44	\$3.33	\$15.41	\$3.94
Immediate Expenditures	0%	0%	0%	0%	0%
Adjusted Price	\$3.77	\$10.44	\$3.33	\$15.41	\$3.94
Market Conditions	+28%	+20%	+20%	+20%	+19%
Adjusted Price	\$4.83	\$12.53	\$4.00	\$18.49	\$4.69
Property Adjustments					
Location	0%	0%	0%	0%	0%
Physical Characteristics					
Land Area	-10%	-10%	0%	0%	-10%
Economic Characteristics	0%	0%	0%	0%	0%
Legal Characteristics	0%	0%	0%	0%	0%
Flood Zone	-5%	-5%	-5%	-5%	+5%
Non-Reality Components	0%	0%	0%	0%	0%
Net Adjustment	-15%	-15%	-5%	-5%	-5%
Indicated Unit Value	\$4.11	\$10.65	\$3.80	\$17.57	\$4.46
Gross Property Adjustment	15%	15%	5%	5%	15%
Total Adjustment	\$0.34	\$0.21	\$0.47	\$2.16	\$0.52
Total Adjustment as % of Sale Price	9%	2%	1.4%	1.4%	13%

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 75% 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 \$590,000.00, and can be calculated as follows:

Pro Rata Value as Assembled	337,372 square feet at	\$7.00 per square foot =	\$ 2,361,604.00
Incentive Discount for Assemblage		75%	<u>(1,771,203.00)</u>
Indicated Value			\$ 590,401.00
rounded to,			\$ 590,000.00

Income Capitalization Approach

Introduction

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

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

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

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

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

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

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

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

²⁴ *Ibid*, p206

Cost Approach

Introduction

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

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

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

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

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

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

Reconciliation of Value

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

Sales Comparison Approach	\$590,000.00
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 March 11, 2026, is:

FIVE HUNDRED NINETY THOUSAND DOLLARS
\$590,000.00

Certification


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

- The statements of fact contained in this report are to the best of my knowledge and belief, true and correct and that no information has knowingly been withheld.
- The analyses, opinions and conclusions are my personal, impartial and unbiased professional opinions which are limited only by the Underlying Assumptions and Limiting Conditions contained herein. Unless otherwise acknowledged in this report, no one has provided significant professional assistance in the preparation of this report.
- I have no interest or bias, present or contemplated, in the property appraised or any personal interest in the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- No one provided significant real property appraisal assistance to the person signing this certification.
- Neither my employment to make the appraisal, nor the compensation is contingent on the development or reporting of a predetermined value for the property, a direction in value which favors the cause of the client, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I have personally inspected the property which is the subject of this report. I also made a personal field inspection of each comparable sale relied upon in making said appraisal. The subject and the comparable sales relied upon in making the appraisal were as represented by the photographs contained in the appraisal.
- 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 March 11, 2026, is:

FIVE HUNDRED NINETY THOUSAND DOLLARS

\$590,000.00



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 southeast toward subject property



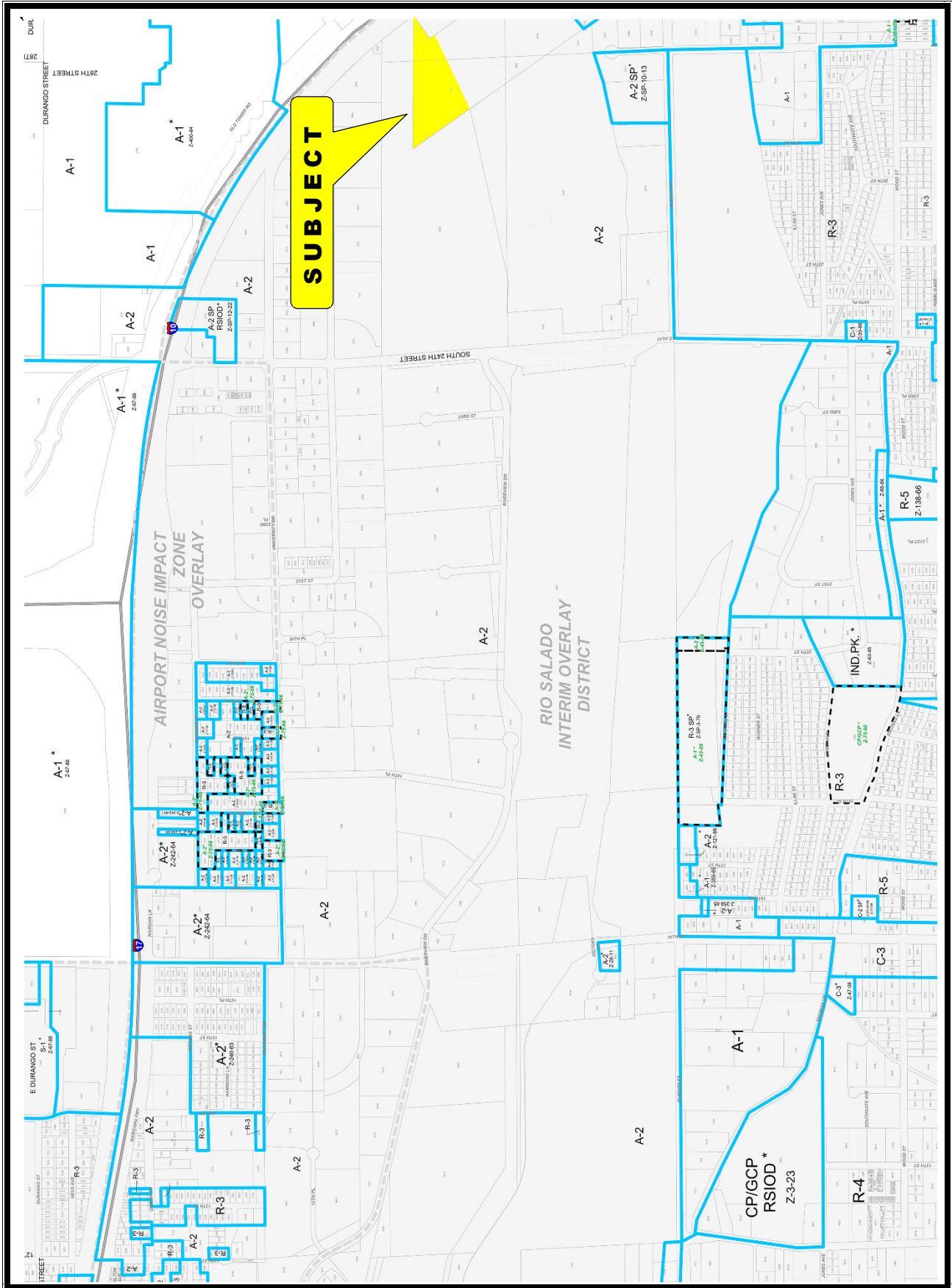
View southeast toward subject property

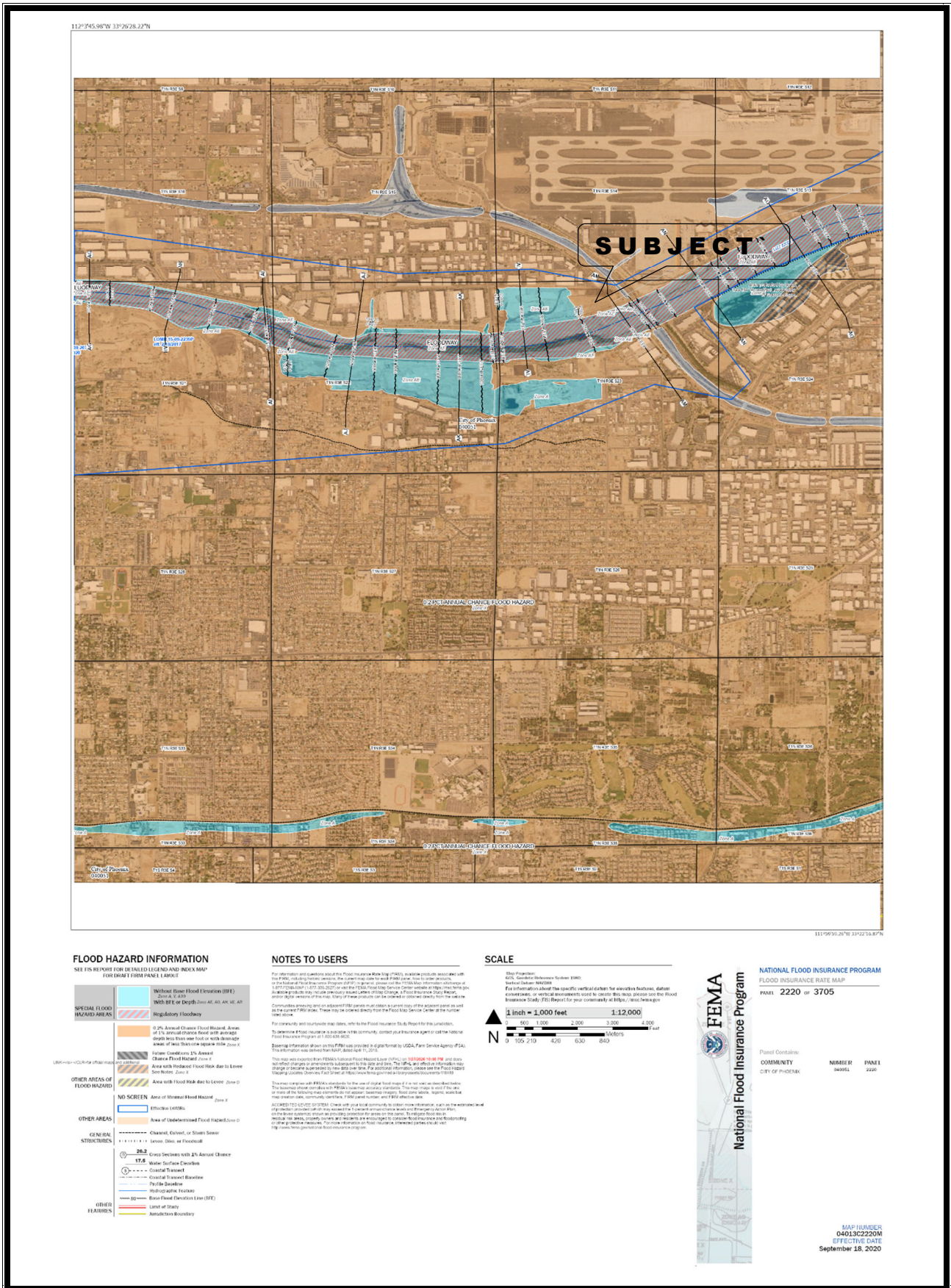


View west toward subject property from Interstate 10
(Google Streets – November 2025)



View northwest toward subject property from Interstate 10
(Google Streets – November 2025)





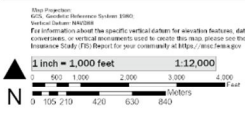
FLOOD HAZARD INFORMATION
SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP
FLOOD HAZARD SYMBOLS

	Without Flood Elevation (BFE) Zone 1 or 2
	Regulatory Floodway
	0.2% Annual Chance Flood Hazard. Areas of 0.2% Annual Chance Flood with average depth less than one foot or with damage areas of less than one square mile. Zone 1
	1% Annual Chance Flood Hazard. Areas of 1% Annual Chance Flood with average depth less than one foot or with damage areas of less than one square mile. Zone 2
	Area with Flood Risk due to Levee Breach. Zone 3
	Area with Flood Risk due to Levee Breach. Zone 4
	NO SCREEN. Area of Minimal Flood Hazard. Zone 5
	Effective Levees
	Area of Unscreened Flood Hazard. Zone 6
	Channel, Ditch, or Stream Section
	17.5 Water Surface Elevation
	20.2 Canal Section with An-Assess Chance
	Coastal Trough Boundary
	Public Boundary
	Hydrographic Feature
	Base Flood Elevation Line (BFE)
	Limit of Study
	Regulatory Boundary

NOTES TO USERS

For information and questions about the Flood Insurance Rate Map (FIRM), contact the office associated with the map. The map is not intended to be used for any purpose other than to show the location of flood hazards. It is not intended to be used for any purpose other than to show the location of flood hazards. It is not intended to be used for any purpose other than to show the location of flood hazards.

SCALE



NATIONAL FLOOD INSURANCE PROGRAM
FLOOD INSURANCE RATE MAP
Panel: 2220 or 3705

FEMA
National Flood Insurance Program

Panel Contains:
COMMUNITY: NIMBLE R
CITY OF PRODUCE: WALKER
FIRM#: 2220

MAP NUMBER: 04013C2220M
EFFECTIVE DATE: September 18, 2020

**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: 12-24-2025

Examiner: Jim Gregg

Reviewer:

Update to:

Examiner:

Reviewer:

Update to:

Examiner:

Reviewer:

Update to:

Examiner:

Reviewer:

Update to:

Examiner:

Reviewer:

County: Maricopa

Tax Arb: 122-24-002D / 122-25-004F

Disposal: N/A

Tracs No.: I-10-3(705)

Highway: PHOENIX – CASA GRANDE

Excess Land: L-C-009

Fed. No.: N/A

Section: I-10 at Salt River

Parcel No.: 7-2976

**SCHEDULE A-1
LEGAL DESCRIPTION**

That portion of the North half of Section 23, Township 1 North, Range 3 East, Gila and Salt River Meridian, Maricopa County, Arizona, as depicted on Exhibit "A" attached, Sheet 1, of ADOT Drawing D-7-T-773, the Right of Way Plans of PHOENIX - CASA GRANDE HIGHWAY, I-10 at Salt River Section, Project I-10-3(705) .

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

END OF SCHEDULE A-1

RIGHT OF WAY / VESTING

- 1.) Warranty Deed from Arizona Sand and Rock Company, Inc., an Arizona corporation, to the State of Arizona, by and through its Department of Transportation, dated May 23, 1980, recorded June 17, 1980, in Docket No. 14486, page 279.
[Project I-10-3-705, Parcel 7-2976]

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 more than eight years prior to this transaction.

END OF REQUIREMENTS

SCHEDULE B

1. Grant of easement with respect to a perpetual easement 8.00 feet wide for the installation and maintenance of a natural gas pipeline or pipelines and appurtenances. From the State of Arizona by and through its Department of Transportation, to Southwest Gas Corporation, a California Corporation, dated March 12, 2012, recorded April 18, 2013 in Document No. 2013-0353311.

END OF SCHEDULE B

EXHIBIT "A"

That portion of the North half (N½) of Section 23, Township 1 North, Range 3 East, Gila and Salt River Meridian, Maricopa County, Arizona, (basis of bearing being from ADOT Right of Way Plans for Project (I-10-3-705), described as follows:

Commencing at a brass cap set in concrete marking the North quarter corner of said Section 23, being South 89°25'50" West 2636.50 feet from a ¾ inch pipe marking the Northeast corner of said Section 23;

thence along the North line of said Section 23, North 89°25'50" East 1286.67 feet;

thence South 52°57'09" West 1059.97 feet to the POINT OF BEGINNING at an angle point in the existing southwesterly right of way line of Interstate 10 (PHOENIX – CASA GRANDE HIGHWAY) being 150 feet right of I-10 median centerline P.O.C. Station 280+00.00;

thence continuing South 52°57'09" West 250.00 feet;

thence from a Local Tangent Bearing of South 37°02'51" East along a curve to the Right having a radius of 5329.58 feet, a length of 90.40 feet to Point "A" for later identification;

thence South 67°34'01" West 734.63 feet to Point "B" on said existing southwesterly right of way line of Interstate Highway 10;

thence along said existing southwesterly right of way line of said Interstate Highway 10, North 36°00'40" West 609.00 feet;

thence continuing along said existing southwesterly right of way line of said Interstate Highway 10, North 89°28'11" East 1182.83 feet to the POINT OF BEGINNING.

The parcel of land herein conveyed shall have no right or easement of access to or from said Interstate Highway 10.

The Access Control provisions set forth above shall be a covenant running with the land and shall be binding upon, and shall inure to the benefit of the State of Arizona, the landowners and their respective successors and assigns with respect to the property. The Access Control provisions shall also remain enforceable by the State of Arizona even if all or part of any roadway is abandoned to a local jurisdiction.

(continued)

PAGE 1

PROJECT: I-10-3-705	LOCATION: I-10 / Salt River Crossing	PARCEL: L-C-009
	Disposal	cg 01-28-2026

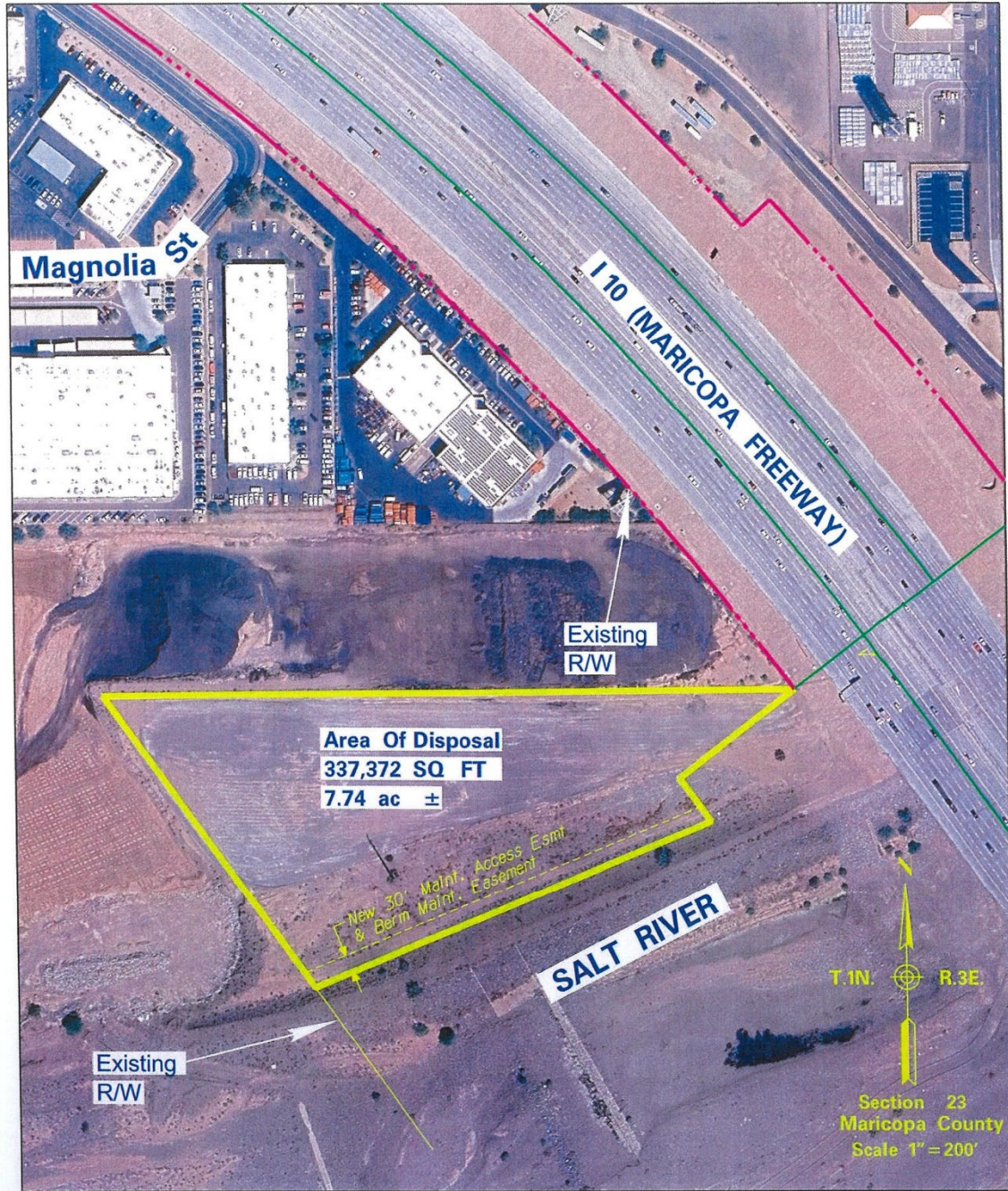
RESERVING UNTO THE GRANTOR, its successors or assigns, a maintenance access easement and a berm maintenance easement over a strip of land 30.00 feet in width, the southeasterly line thereof being the line between the above described Point "A" and Point "B" and the northwesterly line thereof being 30.00 feet northwesterly of and parallel with said line between said Point "A" and Point "B".

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

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

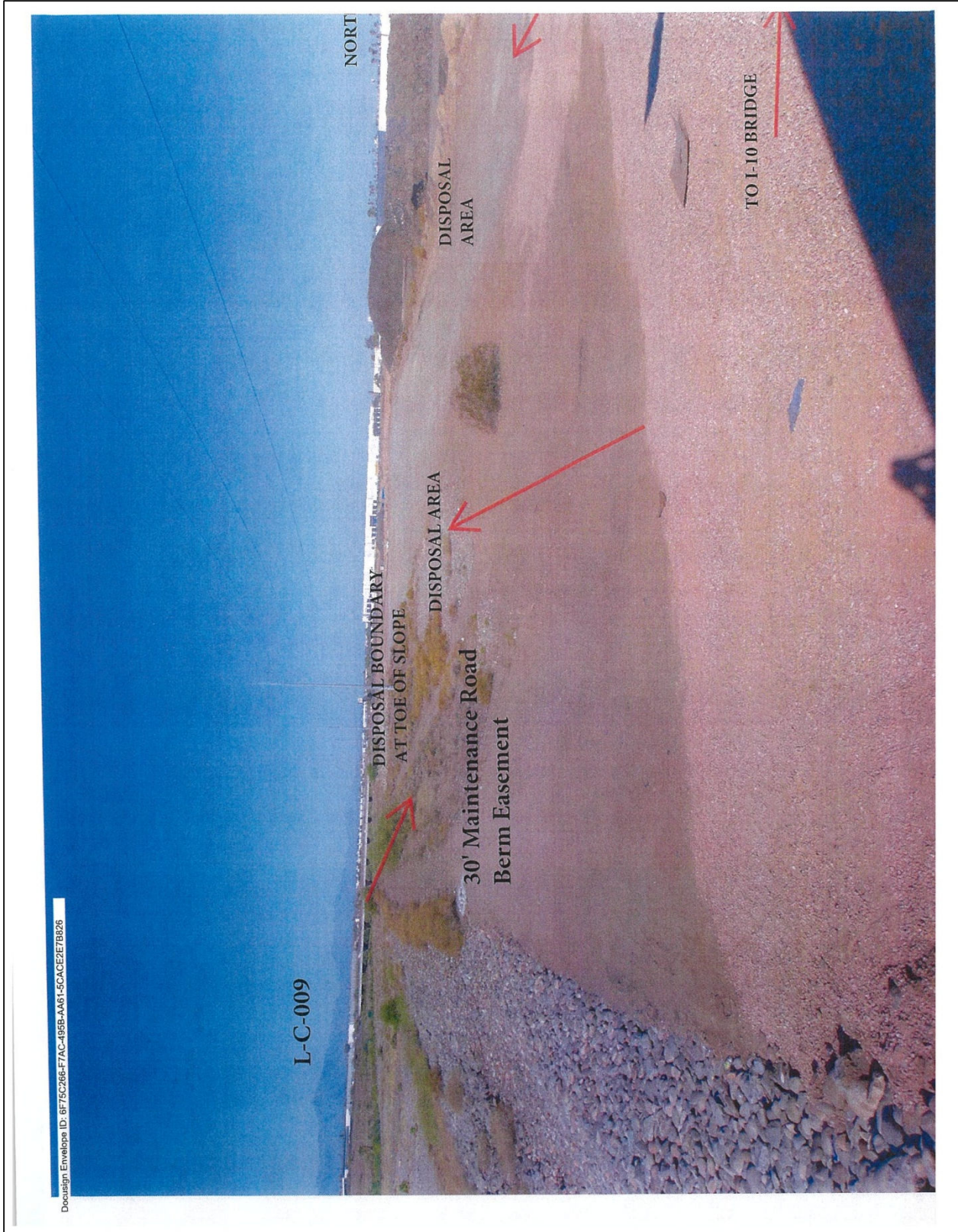
PAGE 2

PROJECT: I-10-3-705	LOCATION: I-10 / Salt River Crossing	PARCEL: L-C-009
	Disposal	cg 01/28/2026

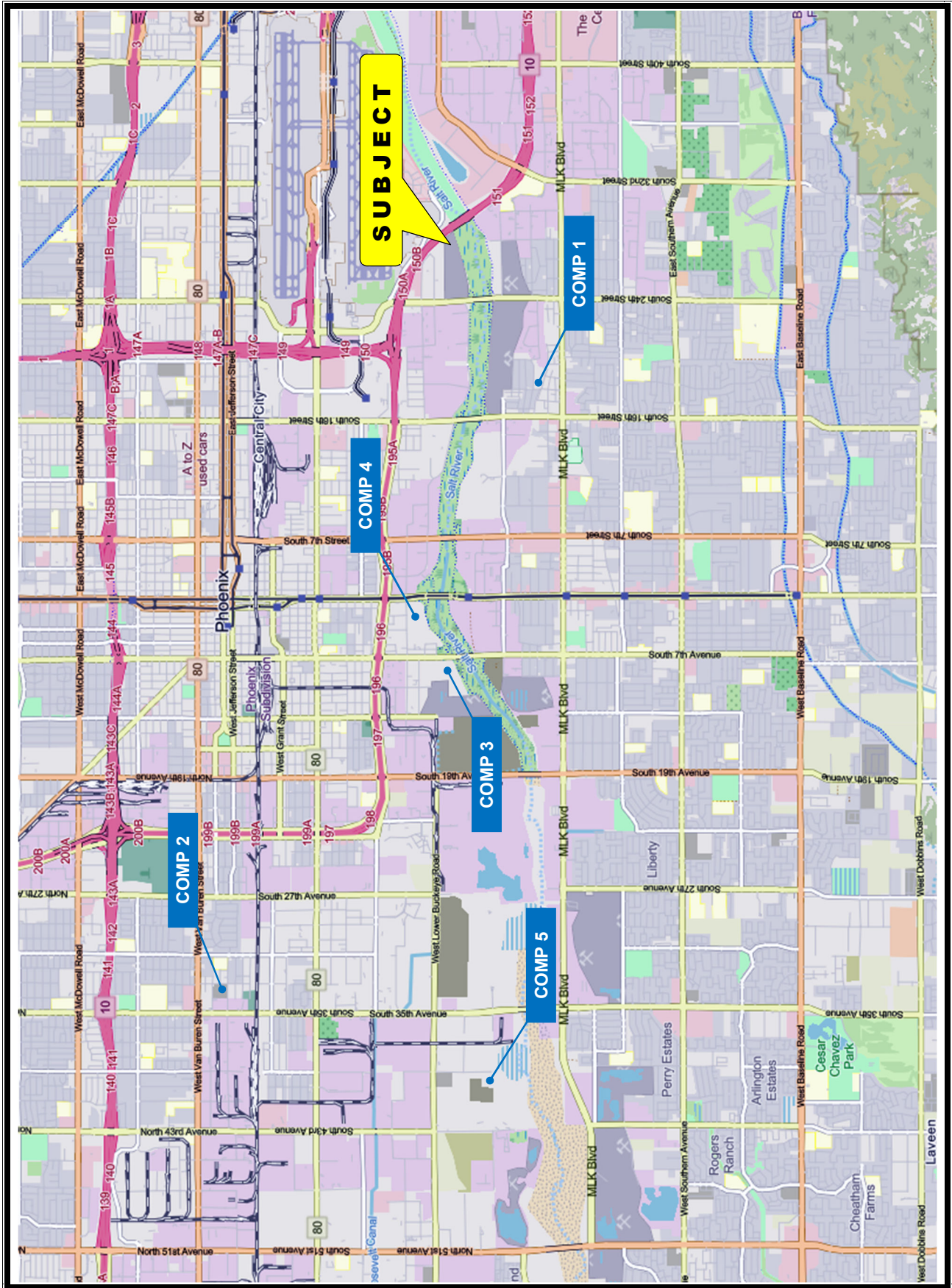


NOTE: THIS DRAWING IS FOR ADOT INTERNAL USE ONLY. FOR ADDITIONAL INFORMATION SEE ADOT RIGHT OF WAY PLANS I-10-3-705 AND I-IR-10-3(177).	ADOT Right Of Way <i>THIS SKETCH PLAN IS FOR ADOT INTERNAL USE ONLY</i>		DISPOSAL #	L-C-009	HIGHWAY NAME:	PHOENIX - CASA GRANDE
			DRAWN	SP	PROJECT NO.	I-10-3-705
			DATE	01/28/26	FEDERAL AID NO.:	Unknown
ROUTE NO.:	I-10	LOCATION:	Interstate 10 / Salt River Crossing		SHEET NO.	1 OF 1

G:\9340\Disposals\Disposals\ADOT Property DISPOSAL - Acquisition Projects\Disposal L-C-Projects Central District\L-C-009 Salt River N-Interstate 10 T1N R3E S23L-C-009 Aerial Exhibit.dgn







© ArcGIS Business Analysis (stdb.com)

6

Comparable No. 1



Property Information

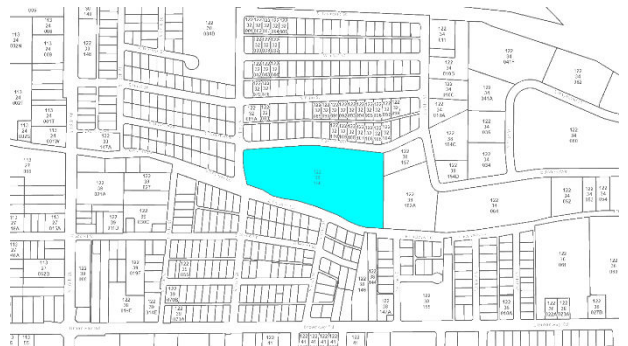
Property Type:	Vacant Land	
Location:	Northeast of 16th Street and Broadway Road	
Address:	4025 S. 18th Street	
City, State ZIP:	Phoenix, Arizona 85040	Map Reference: 148-166LX
		County: Maricopa
Land Area:	451,325 square feet 10.361 acres	
Legal Description:	Part of the SW¼ of Section 22, Township 1 North, Range 3 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona	
Parcel Number(s):	122-38-156	
Zoning Authority:	City of Phoenix	
Zoning District(s):	CP/GCP, Commerce Park	

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

Sale Information

Grantor:	Intelliquick Building, LLC		
Grantee:	Phoenix Jones Partners, LLC		
Date of Sale:	July 2020		
Sales Price:	\$1,700,000.00 \$3.77 per square foot	Terms:	\$1,700,000.00 (100%) cash down Cash to seller
Recordation:	7/28/2021 Special Warranty Deed 2021-0818200	Three Year Sales History:	None
Source/Confirmation:	CoStar Group; Recorded Affidavit of Property Value		

Comments:
Surrounding land uses include a mix of residential and industrial land uses. This site is generally level and at grade with the abutting properties and roadways. This property was purchased to develop a pair of industrial warehouse buildings known as Jones 18 Commerce Park.



Comparable No. 2



Property Information

Property Type:	Vacant Land		
Location:	Southeast of 35th Avenue and Van Buren Street		
Address:	3302 W. Washington Street		Map Reference: 147-161LV
City, State ZIP:	Phoenix, Arizona 85009		County: Maricopa
Land Area:	229,123 square feet 5.260 acres		
Legal Description:	Part of the NW¼ of Section 11, Township 1 North, Range 2 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona		
Parcel Number(s):	109-38-027A		
Zoning Authority:	City of Phoenix		
Zoning District(s):	A-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:	F Five Resources, LLC		
Grantee:	ACP 3302, LLC		
Date of Sale:	March 2022		
Sales Price:	\$2,391,444.00 \$10.44 per square foot	Terms:	\$2,391,444.00 (100%) cash down Cash to seller
Recordation:	3/23/2023 Special Warranty Deed 2023-0147689	Three Year Sales History:	None
Source/Confirmation:	CoStar Group; Recorded Affidavit of Property Value		

Comments:
Surrounding land uses include a mix of residential and industrial land uses. This site is generally level and at grade with the abutting properties and roadways. This property was purchased to develop an industrial warehouse building.



Comparable No. 3



Property Information

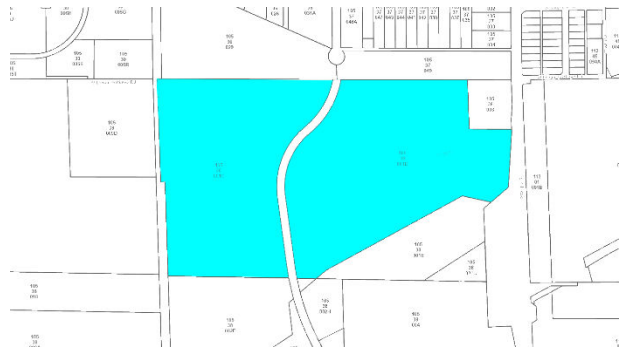
Property Type:	Vacant Land		
Location:	Southwest of 7th Avenue and Interstate 17		
Address:	2802 S. 7th Avenue		
City, State ZIP:	Phoenix, Arizona 85007	Map Reference:	148-163LX
Land Area:	3,750,662 square feet 86.103 acres	County:	Maricopa
Legal Description:	Part of the NE¼ of Section 19, Township 1 North, Range 3 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona		
Parcel Number(s):	105-38-001C; 105-38-001D; 105-38-002D; 105-38-002F; 105-38-003		
Zoning Authority:	City of Phoenix		
Zoning District(s):	A-2, Industrial		

Flood Hazard Zone(s):	AE X	Building Area:	NA	LBR:	NA
Topography:	Rugged	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:	McPike Rentals Limited Partnership (et al)		
Grantee:	Pike's Retreat Partners, LLC		
Date of Sale:	March 2022		
Sales Price:	\$12,500,000.00 \$3.33 per square foot	Terms:	\$12,500,000.00 (100%) cash down Cash to seller
Recordation:	10/19/2022 Special Warranty Deed 2022-0786837	Three Year Sales History:	None
Source/Confirmation:	CoStar Group; Recorded Affidavit of Property Value		

Comments:
Surrounding land uses include industrial land uses to the north, and the Salt River along the southern boundary. This site is divided into two areas by a natural wash. The eastern portion is generally level while the western portion is a little more rugged in topography. This property is location of the former Rio Salado Landfill although a portion of the property has also seen automotive recycling uses.



Comparable No. 4



Property Information

Property Type:	Vacant Land		
Location:	Southeast of 7th Avenue and Interstate 17		
Address:	113 W. Watkins Street	Map Reference:	148-164LW
City, State ZIP:	Phoenix, Arizona 85003	County:	Maricopa
Land Area:	1,622,087 square feet 37.238 acres		
Legal Description:	Part of the S½ of Section 17, Township 1 North, Range 3 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona		
Parcel Number(s):	112-45-004B; 112-45-011; 112-45-012; 112-45-014; 112-45-016D; 112-46-004A; 112-46-005A; 112-46-013G; 112-46-013H; 112-46-024		
Zoning Authority:	City of Phoenix		
Zoning District(s):	A-1 A-2, Light Industrial 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:	Central & Watkins CRE, LLC		
Grantee:	B9 Central Watkins Owner, LLC		
Date of Sale:	April 2022		
Sales Price:	\$25,000,000.00 \$15.41 per square foot	Terms:	\$25,000,000.00 (100%) cash down Cash to seller
Recordation:	1/28/2022 Special Warranty Deed 2022-0543372	Three Year Sales History:	2/2020: \$1,950,000
Source/Confirmation:	CoStar Group; Recorded Affidavit of Property Value		

Comments:
Surrounding land uses include industrial land uses to the north, and the Salt River along the southern boundary. This site is generally level and at grade with the abutting properties and roadways. This property was purchased to develop a multi-building industrial property known as Northbank Central. This site was previously purchased in January 2022 at \$1,950,000 (\$1.20 per square foot).



Comparable No. 5



Property Information

Property Type:	Vacant Land	
Location:	Southwest of 35th Avenue and Lower Buckeye Road	
Address:	3550 S. 37th Avenue	
City, State ZIP:	Phoenix, Arizona 85009	Map Reference: 147-160LX
		County: Maricopa
Land Area:	311,159 square feet 7.143 acres	
Legal Description:	Part of the NE¼ of Section 22, Township 1 North, Range 2 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona	
Parcel Number(s):	105-44-014Q	
Zoning Authority:	City of Phoenix	
Zoning District(s):	A-1, Light Industrial	

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

Sale Information

Grantor:	Dafni, LLC (et al)		
Grantee:	Baker Commodities, Inc.		
Date of Sale:	May 2022		
Sales Price:	\$1,225,000.00 \$3.94 per square foot	Terms:	\$1,225,000.00 (100%) cash down Cash to seller
Recordation:	7/12/2022 Special Warranty Deed 2022-0567064	Three Year Sales History:	4/2021: Trustee's Sale
Source/Confirmation:	CoStar Group; Recorded Affidavit of Property Value		

Comments:
Surrounding land uses include industrial land uses to the north and the Salt River to the south. This site is generally level and at grade with the abutting properties and roadways but is entirely within the Zone AE special flood hazard area. This property was purchased by the owner of the property to the east and to the north.





PURCHASE ORDER

PHOENIX, on 2/12/2026

CTR054966/ JW-26-014/ M697201X/ L-C-009/ Appraisal due -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. PO0000848896

(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	996506-1	CTR054966/ JW-26-014/ M697201X/ L-C-009/ Appraisal due in 60 days Commentaire : L-C-009	1.0000	Total Cost		

Total before Tax \$ 1,000.00 USD
 Non-Taxable - 0 % \$ 0.00 USD
Total after Tax \$ 1,000.00 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
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