

**AN APPRAISAL REPORT OF THE VACANT LAND LOCATED AT 8930 NORTH 3RD
STREET IN PHOENIX, MARICOPA COUNTY, ARIZONA 85020**

PREPARED FOR

**CITY OF PHOENIX
251 WEST WASHINGTON STREET, 8TH FLOOR
PHOENIX, ARIZONA 85003**

ATTENTION

**MR. BURTON BYARS
REVIEW APPRAISER**

A.T. I. FILE NO.: CEE832630

DATE OF REPORT

NOVEMBER 14, 2023

EFFECTIVE DATE OF VALUATION

OCTOBER 31, 2023

PREPARED BY

**ZACH SINAY, MAI, R/W-AC
CERTIFIED GENERAL REAL ESTATE APPRAISER CERTIFICATE NO. 31199**



APPRAISAL TECHNOLOGY, LLC

November 14, 2023

A.T.I. File No.: CEE83263O

TO: City of Phoenix
251 West Washington Street, 8th Floor
Phoenix, Arizona 85003

ATTN: Mr. Burton Byars
Review Appraiser

RE: An Appraisal Report of the vacant land located at 8930 North 3rd Street in Phoenix, Maricopa County, Arizona 85020.

Dear Mr. Byars:

As you requested, we have appraised the "As Is" Market Value of the aforementioned property. The purpose of the appraisal is to estimate the market value of the subject property as of the effective date of value.

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.

The intended users of this report are the City of Phoenix. The intended use of the appraisal report is for internal planning decisions to be made by the client. This report is not intended for any other use or any other users.

The appraisal and report were prepared in conformity with the appraisal requirements of the City of Phoenix, Uniform Standards of Professional Appraisal Practice, 2020-2021 (USPAP). This appraisal was developed with the understanding that the subject property is subject to the Housing Phoenix – Affordable Housing Program.

The subject is currently vacant land with no long term lease encumbrance; thus, Fee Simple Estate is considered.

An environmental study has not been provided. The appraisers have not identified any toxic waste and/or possible hazardous contaminant on the site; however, it does not mean that such materials do not exist. The appraisers are without the expertise to identify and/or detect such substances. Because of the liability generated if toxic wastes and/or contaminants are found on the proposed site, it is strongly recommended that a specialist in the detection of toxic waste be retained to investigate for possible contamination.

This appraisal assignment was drafted to adhere to the standards and practices of the Appraisal Institute, plus the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) by the Appraisal Foundation.

Based on the information found in our investigation, the appraisers are of the opinion that the "As Is" Market Value of the subject, as of October 31, 2023, is:

THREE HUNDRED SIXTY THOUSAND DOLLARS
(\$360,000.00)

Respectfully submitted,



Zach Sinay, MAI, R/W-AC
Certified General Real Estate Appraiser No. 31199
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ADDENDA

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FACTS AND CONCLUSIONS

TYPE OF PROPERTY:	Vacant land
LOCATION:	The subject is located at 8930 North 3rd Street in Phoenix, Maricopa County, Arizona 85020.
REPORT PURPOSE:	The purpose of this appraisal is to estimate the "As Is" Market Value of the subject property.
TAX PARCEL NUMBER (S):	160-50-079
SITE AREA:	According to Maricopa County records, the subject of this appraisal totals 0.72 acres or 31,250 square feet.
ZONING:	Approximately 40% of the subject site is zoned C-3, General Commercial and 60% of the site is zoned R-5, Multi-Family Residential according to the City of Phoenix.
FLOOD ZONE:	The location is within an area denoted as being in an "X" Flood Hazard Area, as found on Federal Emergency Management Agency Flood Insurance Rate Map number 04013C1730L based on the October 16, 2013 flood data.
IMPROVEMENTS:	None
HIGHEST & BEST USE:	Hold for future multi-family residential development
DATE OF VALUATION:	October 31, 2023
“AS IS” MARKET VALUE:	\$360,000

SCOPE OF WORK

The practice of appraisal can be considered to be less of a science dictated by strict rules and more of an art, in which rules guide the appraiser towards a trustworthy, responsible and credible valuation. The Uniform Standards of Professional Appraisal Practice (USPAP) provides guidelines for this process to be undertaken through the Scope of Work Rule, to which all appraisal professionals must adhere.

The appraisal and report were prepared in conformity with the appraisal requirements of the City of Phoenix, Uniform Standards of Professional Appraisal Practice, 2020-2021 (USPAP). This appraisal was developed with the understanding that the subject property is subject to the Housing Phoenix – Affordable Housing Program.

Due to the COVID pandemic, the 2020-2021 edition of USPAP was extended through 2023.

The USPAP 2020-2021 **SCOPE OF WORK RULE** states:

For each appraisal and appraisal review assignment, an appraiser must:

- *identify the problem to be solved;*
- *determine and perform the scope of work necessary to develop credible assignment results; and*
- *disclose the scope of work in the report.*

An appraiser must properly identify the problem to be solved in order to determine the appropriate scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to produce credible assignment results. (The Appraisal Foundation, USPAP 2020-2021 edition, Page 13

Comment: Scope of work includes, but is not limited to:

- the extent to which the property is identified;
- the extent to which tangible property is inspected;
- the type and extent of data researched; and
- the type and extent of analyses applied to arrive at opinions or conclusions.

Appraisers have broad flexibility and significant responsibility in determining the appropriate scope of work for an appraisal, appraisal review, and appraisal consulting assignment.

Credible assignment results require support by relevant evidence and logic. The credibility of assignment results is always measured in the context of the intended use.

For this individual assignment, the appraisers shall address the three aspects of the Scope of Work Rule; Problem Identification, Scope of Work Acceptability and Disclosure Obligations.

PROBLEM IDENTIFICATION (PURPOSE):

An appraiser must gather and analyze information about those assignment elements that are necessary to properly identify the appraisal or appraisal review problem to be solved. (The Appraisal Foundation, USPAP 2020-2021 edition, Page 13)

The purpose of the appraisal is to estimate the "As Is" Market Value of the subject property as of October 31, 2023 (Date of Inspection).

The underlying assumptions and limiting conditions pertaining to this report are contained in the "Certificate of Appraiser" at the end of this appraisal report. These assumptions and limiting conditions are as integral part of the report and are only placed at the end to facilitate reading of the report, not to minimize their importance.

INTENDED USE/USERS:

The use of this appraisal report is for internal planning decisions to be made by the client. The intended users of this report are City of Phoenix. This report is not intended for any other use or any other users.

The value reported is based upon cash or its equivalent. This appraisal assignment was drafted to adhere to the Code of Professional Ethics, Bylaws, Regulations and Standards of Professional Appraisal Practice of the Appraisal Institute.

EFFECTIVE DATE OF VALUE:

October 31, 2023

DATE OF INSPECTION:

October 31, 2023

INTEREST VALUED:

The subject property is vacant land with no known lease encumbrances and thus, the Fee Simple Estate is considered. The Fee Simple Estate is defined as follows:

"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." (The Dictionary of Real Estate Appraisal, 7th edition 2022)

In the estimate of value, typically four interdependent factors must be considered as follows:

- Utility - the ability of a product to satisfy a human want, need or desire.
- Scarcity - the present or anticipated supply of an item relative to the demand for it.

- Desire - a purchaser's wish for an item to satisfy human needs (e.g., shelter, clothing, food, companionship) or individual wants beyond the essentials to support life.
- Effective Purchasing Power - the ability of an individual or group to participate in a market, i.e., to acquire goods and services with cash or its equivalent.

MARKET VALUE DEFINITION:

Following is the definition of *Market Value* as provided by the client.

"Market Value" means the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements that the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all of the uses and purposes to which it was adapted and for which it was capable. (Arizona Revised Statutes § 28-7091)

EXTRAORDINARY ASSUMPTION:

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. (The Appraisal Foundation, USPAP 2020-2021 edition, Page 4)

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property, or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.

It is an Extraordinary Assumption that there have been no past events that may cause a Rule B calculation triggering a recalculation of the subject's Limited Property Value. If a recalculation occurs, an increase or decrease in the subject's Limited Property Value may follow, resulting in what could be a significant change in the subject's taxes and potentially change the conclusions within this report.

A title report was not provided. However, based upon a review of the available property information, there do not appear to be any easements, encroachments, or restrictions other than those that are typical for the property type. Thus, it is an extraordinary assumption of our valuation that there are no adverse impacts from easements, encroachments, or restrictions on the subject property and further assumes that the subject has a clear and marketable title.

HYPOTHETICAL CONDITION:

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. (The Appraisal Foundation, USPAP 2020-2021 edition, Page 4)

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis

No Hypothetical Conditions were used in this report.

SCOPE OF WORK ACCEPTABILITY:

The scope of work must include the research and analyses that are necessary to develop credible assignment results.

An appraiser must not allow assignment conditions to limit the scope of work to such a degree that the assignment results are not credible in the context of the intended use.

An appraiser must not allow the intended use of an assignment or a client's objectives to cause the assignment results to be biased. (The Appraisal Foundation, USPAP 2020-2021 edition, Page 14)

The client has requested that the appraiser estimate the "As Is" Market Value of the subject property. In order to credibly perform this task, the appraisers have followed these general guidelines:

- determination of problem and applicable Hypothetical Conditions or Extraordinary Assumptions
- research on the subject property, including but not limited to: ownership history, applicable liens and easements, physical characteristics (i.e. size, topography), relevant subject data (i.e. leases and financial statements for income producing properties)
- selection of, research on and collection of market data for the subject neighborhood
- site inspection
- analysis and synthesis of Highest and Best Use of the subject property
- selection of valuation methodology, subsequent research as is applicable, including market participant and market expert research (i.e. Sales Comparison Approach, Cost Approach, Income Approach, sales or rent comparable properties)
- analysis and conclusion of valuation methodology(ies)
- reconciliation of valuation methodology results
- conclusion of probable estimated market value

DISCLOSURE OBLIGATIONS:

The report must contain sufficient information to allow the client and other intended users to understand the scope of work performed. The information disclosed must be appropriate for the intended use of the assignment results. (The Appraisal Foundation, USPAP 2020-2021 edition, Page 14)

Comment: Proper disclosure is required because clients and other intended users rely on the assignment results. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed.

The appraiser has broad flexibility and significant responsibility in the level of detail and manner of disclosing the scope of work in the appraisal report or appraisal review report. The appraiser may, but is not required to, consolidate the disclosure in a specific section or sections of the report, or use a particular label, heading or subheading. An appraiser may choose to disclose the scope of work as necessary throughout the report.

AREA ANALYSIS DATA SOURCES:

As part of this appraisal assignment, the appraisers made a number of independent investigations and analyses. Data retained in office files, which are updated regularly, was relied on. Affidavits of Property Value were checked to verify information. Maps, aerials and zoning obtained from Maricopa County and the City of Phoenix were checked and also information provided by the client.

The Arizona State and Phoenix Metro area data was taken from many sources including without limitation Arizona State University, Arizona State Department of Economic Security and the U.S. Census Bureau.

All market data was confirmed from one or more of the following sources as indicated on the individual sales: Maricopa County Assessor's Office (www.mcassessor.maricopa.gov), Affidavit of Property Value, Real Quest (www.realquest.com), CoStar Realty Information (www.costar.com), FLEXMLS Data Systems (www.flexmls.com), owners or their representatives, and/or Real Estate Brokers and/or Agents.

NEIGHBORHOOD AND ANALYSIS:

The neighborhood was observed and the contents of this report express our opinions of what was found and observed.

SITE DESCRIPTION AND ANALYSIS:

The site description and analysis was based on our personal physical inspection, information obtained from the client, and from information obtained from the City of Phoenix and Maricopa County Engineering, Planning and Zoning Departments.

DATA SOURCES:

Site Data

Size County Assessor

Other

Flood Zone FEMA

Zoning City/Town, County Assessor

LEGAL DESCRIPTION:

According Maricopa County, the subject property is legally defined as follows:

LOT 8 D SUNNY SLOPE LOTS 8&10&12&14&16 BLK D

OWNERSHIP:

The owner of record as provided by Maricopa County is:

City of Phoenix

HISTORY:

Scott E. and Linda K. Martin transferred the subject property to the City of Phoenix via Warranty Deed in June of 2016 as shown in Docket #2016-0409120.

The appraisers are unaware of any transactions over the previous three years and the property has not been reported as being listed for sale previously.

SCOPE OF VALUATION METHODOLOGY:

The valuation process is an orderly program in which data used to estimate value of the subject property is acquired, classified, analyzed, and presented. The first step in the process is to define the appraisal problem, i.e., identify the real estate, the effective date of the value estimate, the property rights being appraised, and the type of value sought. Once this has been accomplished, the appraiser collects and analyzes the factors that affect the fair market value of the subject property. These factors are addressed in the area and neighborhood analysis, the site and improvement analysis, and the highest and best use analysis. They are then applied to the subject property in the discussion of the three approaches to value.

The Cost Approach, Sales Comparison, and Income Capitalization Approaches are widely accepted methods of estimating value of an income producing property. Each approach is described briefly here and discussed in detail in the analysis of each.

To apply the Cost Approach, the depreciated replacement cost of the improvements is added to the value of the land as though vacant, derived through sales comparison, to arrive at a value estimate for the subject property. This approach is most reliable when the improvements are new or nearly new and represent the highest and best use of the site. The subject is vacant land with no improvements; thus, the Cost Approach will not be utilized.

The Sales Comparison Approach is an approach through which an appraiser derives a value indication by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison and making adjustments, based on the elements of comparison, to the sale prices of the comparable sales. The Sales Comparison Approach will be utilized in valuation of the subject property.

The Income Capitalization Approach can be analyzed by one of two methods: 1) Direct Capitalization or 2) Discounted Cash Flow.

The subject property is not encumbered by a lease, has no vertical improvements, and does not produce any income. Therefore, the Income Capitalization Approach will not be utilized.

Due to the fact that the subject is vacant land the Sales Comparison Approach is the only approach utilized in this report.

MARKETING TIME:

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effect date of an appraisal. (USPAP AO-7)

Based on market evidence, if the subject is placed on the market for sale at the appraised market value, with an intensive marketing program, the property should be sold and closed within nine to twelve months. If a property is priced considerably above market it will stay on the market for a considerably longer period of time than if it is priced at market levels. This can be shown within the market by examining the comparable sales' time on the market given their respective sale prices.

Based on market evidence, if the subject is placed on the market for sale at the appraised market value, with an intensive marketing program, the property should be sold and closed within six to twelve months. If a property is priced considerably above market it will stay on the market for a considerably longer period of time than if it is priced at market levels. This can be shown within the market by examining the comparable sales' time on the market given their respective sale prices.

EXPOSURE TIME:

Estimated 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. (The Appraisal Foundation, USPAP 2020-2021 edition, Page 4)

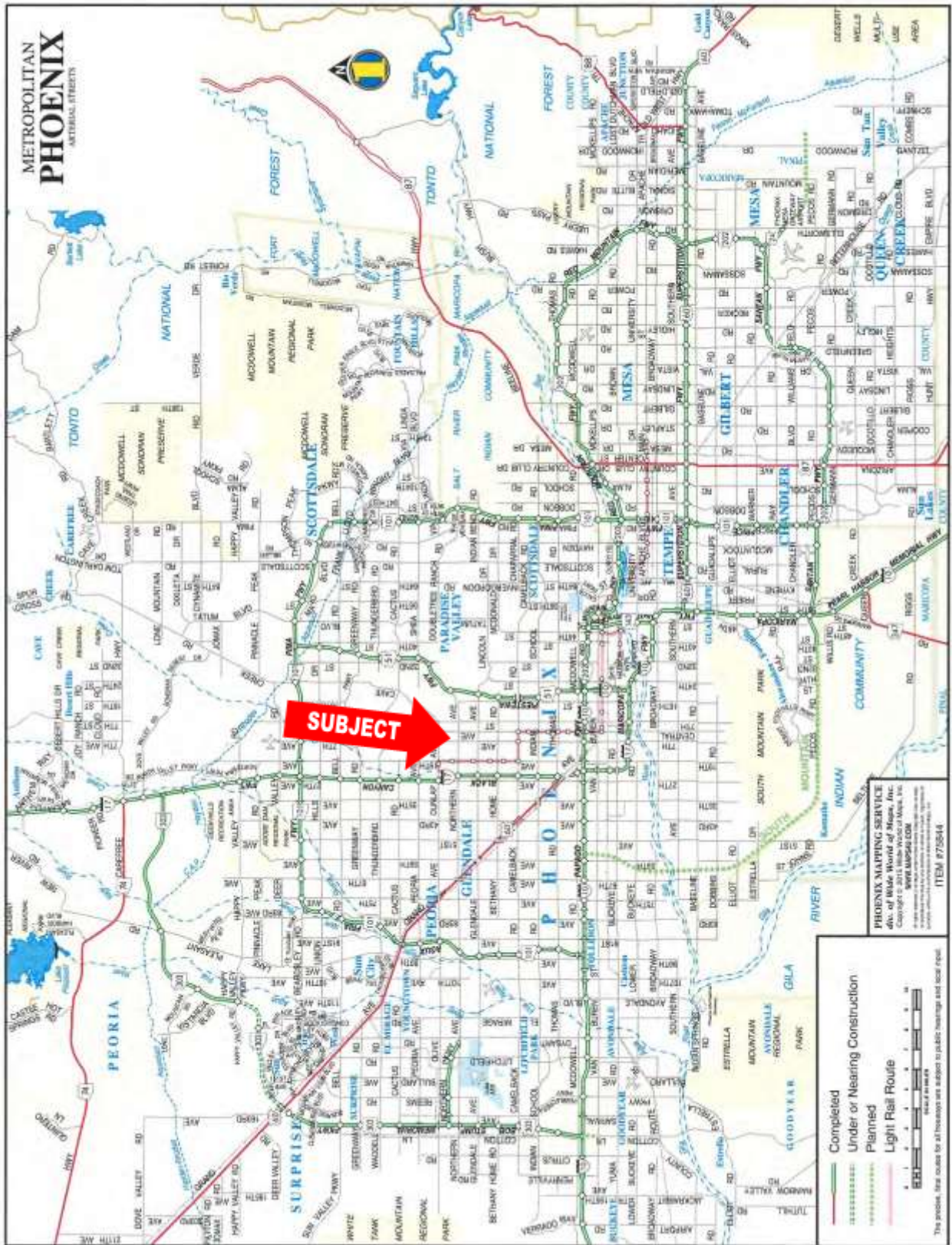
Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.

The appraiser researched the subject's market area for similar type properties that were exposed with an intense marketing program and considered to be marketed within a reasonable exposure time. Based on market evidence, properties similar to that of the subject, and within the subject's neighborhood sold and closed within six to twelve months.

HAZARDOUS WASTES:

The appraisers were not provided with a copy of any environmental studies. If toxic waste and/or contaminants are detected on the subject property, the value estimate appearing in this report is null and void. If a re-appraisal is required, it will be made at an additional charge and upon receipt of any additional information requested (i.e., what the toxic waste and/or contaminate is and the cost of removal) by the appraiser. No other nuisances or hazards were recognized during our on-site inspection of the subject property.

AREA MAP



REGIONAL AND CITY DATA

LOCATION:

The State of Arizona is located within the southwestern region of the United States. The July 2022 population estimate puts the population of Arizona at 7,409,189. Maricopa County is located in the south central part of the State of Arizona. Maricopa County consists of numerous cities, towns and communities that are inter-connected through transportation corridors, economic affiliations, and physical/location characteristics.

The cities, towns, and communities that make up the Phoenix Metropolitan area include: Apache Junction, Avondale, Buckeye, Carefree, Chandler, El Mirage, Fountain Hills, Gila Bend, Gilbert, Glendale, Goodyear, Guadalupe, Litchfield Park, Mesa, New River, Paradise Valley, Peoria, Phoenix, Scottsdale, Sun City/Sun City West, Surprise, Tempe, Tolleson, Wickenburg, and Youngtown.

The subject property is located in the northern portion of the Metropolitan Phoenix area, Maricopa County, Arizona. The subject property is considered part of the greater Metropolitan Phoenix area and will be examined within the following regional data analysis.

The appraiser has identified basic regional factors that may have an impact on the value of the subject property which includes: location, population, employment, income characteristics, cost of living, education, quality of life, and real estate trends. This section will focus and analyze these recognized basic regional factors as they influence or affect real estate value.

SOCIAL FORCES:

Social forces primarily have to do with population and demographic trends. The demographics of the population indicate the potential basic demand for real estate services. Arizona has experienced rapid population growth continuously for the last seven years, largely due to the extended period of strong economic growth. The state added 123,800 residents last year which translated into a growth at 1.7%. Continued job and population growth have contributed to personal income gains of 3.3% in 2022.

Arizona Forecast*	2022	2023	2024	2025	2026
Personal Income (\$ mil)	416,973.2	443,969.7	469,519.8	497,879.3	527,434.5
% Chg from Year Ago	3.3%	6.5%	5.8%	6.0%	5.9%
Retail Sales (\$mil)	164,516.0	166,476.0	170,806.0	179,839.0	188,427.0
% Chg from Year Ago	11.3%	1.2%	2.6%	5.3%	4.8%
Total Nonfarm Employment (000s)	3,095.7	3,166.8	3,230.6	3,295.7	3,354.9
% Chg from Year Ago	4.2%	2.3%	2.0%	2.0%	1.8%
Population (000s), July 1st estimates	7,409.2	7,519.5	7,609.9	7,708.3	7,808.9
% Chg from Year Ago	1.7%	1.5%	1.2%	1.3%	1.3%
Residential Building Permits (units)	60,994.0	48,288.0	41,808.2	44,875.8	46,014.4
% Chg from Year Ago	-6.6%	-20.8%	-13.4%	7.3%	2.5%

POPULATION COUNTS OF THE CITIES WITHIN METROPOLITAN PHOENIX					
	1-Jul-22	1-Jul-21	1-Jul-2010	Number	Percent
	Population Est.	Population Est.	Population est.	Change	Change
Apache Junction	39,251	39,009	35,840	3,411	9.52%
Avondale	92,324	90,755	76,238	16,086	21.10%
Buckeye	106,316	101,987	50,876	55,440	108.97%
Carefree	3,721	3,708	3,363	358	10.65%
Cave Creek	5,173	5,021	5,015	158	3.15%
Chandler	282,891	280,189	236,123	46,768	19.81%
El Mirage	26,275	36,101	31,797	-5,522	-17.37%
Fountain Hills	23,972	23,906	22,489	1,483	6.59%
Gila Bend	1,893	1,893	1,922	-29	-1.51%
Gilbert	277,486	273,796	208,453	69,033	33.12%
Glendale	254,005	250,585	226,721	27,284	12.03%
Goodyear	106,090	101,662	65,275	40,815	62.53%
Guadalupe	5,333	5,329	5,523	-190	-3.44%
Litchfield Park	7,012	6,957	5,476	1,536	28.05%
Mesa	516,429	510,792	439,041	77,388	17.63%
Paradise Valley	12,700	12,707	12,820	-120	-0.94%
Peoria	199,424	195,585	154,058	45,366	29.45%
Phoenix	1,657,035	1,630,195	1,449,242	207,793	14.34%
Queen Creek	60,338	56,321	25,998	34,340	132.09%
Scottsdale	244,959	243,528	217,365	27,594	12.69%
Surprise	155,384	149,710	117,688	37,696	32.03%
Tempe	187,354	181,548	161,974	25,380	15.67%
Tolleson	7,315	7,309	6,573	742	11.29%
Wickenburg	6,779	6,687	6,353	426	6.71%
Youngtown	7,060	7,060	6,154	906	14.72%
Unincorporated	328,763	323,689	284,016	44,747	15.76%
METRO PHOENIX	4,615,282	4,546,029	3,856,393	758,889	19.68%

Arizona Office of Economic Opportunity

ECONOMIC FORCES:

The Metropolitan Phoenix Area (Maricopa County) represents 75% of the Arizona Labor Market. The Maricopa County MSA had a civilian labor force of 2,357.3 at the end of August 2023. The current unemployment rate in Arizona is 3.8% (August 2023).

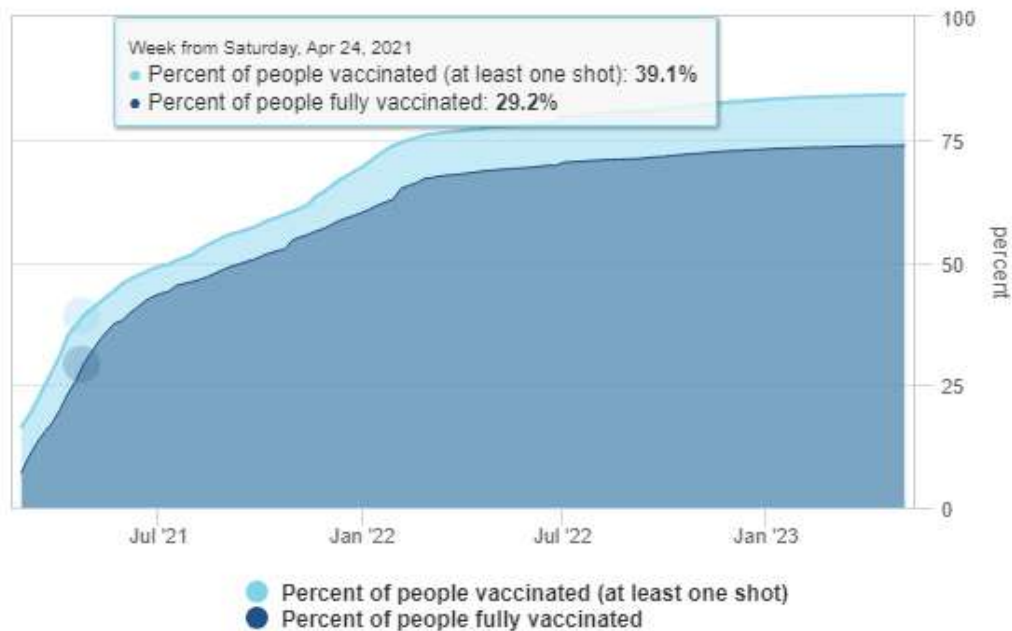
Maricopa County - Monthly Summary	Jun 2023	Jul 2023	Aug 2023
<i>Labor Force, Thousands, Seasonally Adjusted, Local Area Unemployment Statistics, U.S. Bureau of Labor Statistics</i>			
Civilian Labor Force	2,447.4	2,451.8	2,450.5
% Chg from Year Ago	3.8% ↑	3.7% ↑	3.0% ↑
Employment	2,372.9	2,364.0	2,357.3
% Chg from Year Ago	3.2% ↑	2.8% ↑	2.5% ↑
Unemployment	80.6	89.8	92.6
% Chg from Year Ago	20.0% ↑	30.6% ↑	20.4% ↑
Unemployment Rate	3.3	3.7	3.8
Chg from Year Ago	0.4 ↑	0.8 ↑	0.5 ↑

Covid-19 Update

The following is from the Economic and Business Research Center.

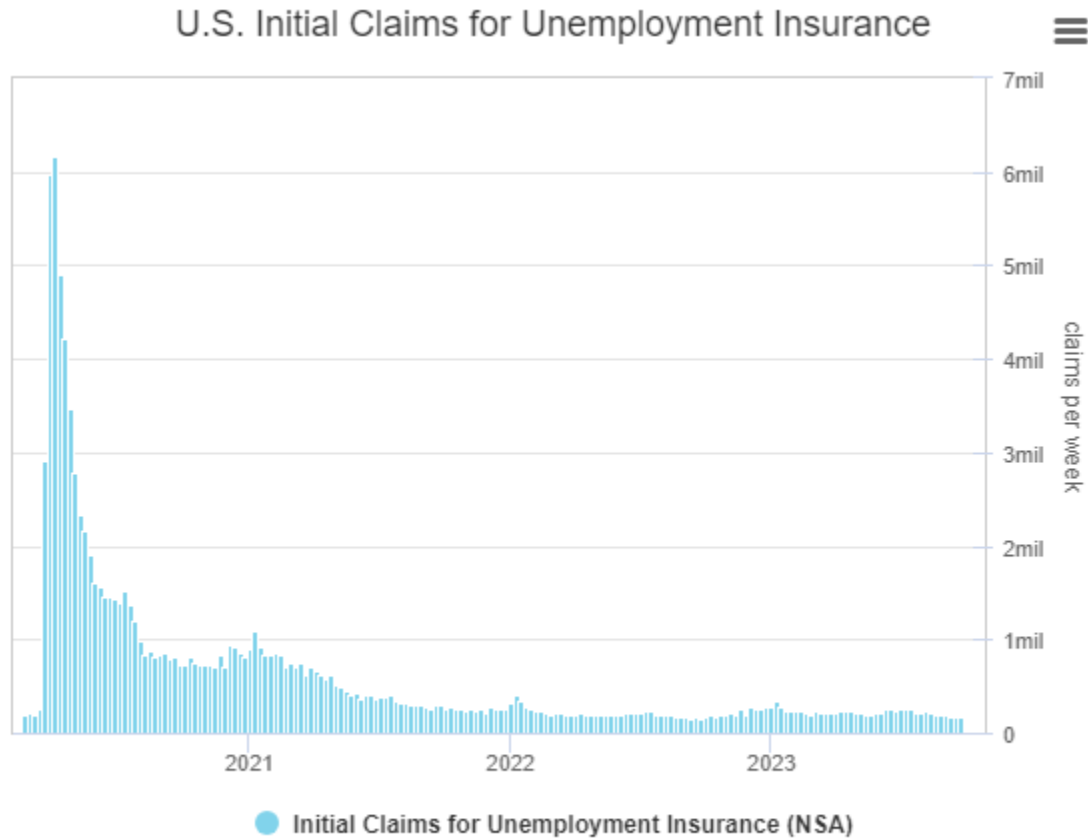
As the impacts of COVID-19 work through the economy, tracking the performance of the labor market and the travel and tourism sector is key. The leading indicators presented here help us to measure emerging trends as the virus is controlled.

Arizona COVID-19 Vaccination Rates
 Percent of People Fully Vaccinated
 Percent of People Vaccinated (at least one shot) Weekly




Published by [Economic and Business Research Center](#).

The percent of people vaccinated is the number of individuals who have received at least one dose of a COVID-19 vaccination relative to the population of Arizona. The percent of people fully vaccinated is the number of individuals who have received a valid, complete vaccine series relative to the population. Vaccine data are from the Arizona Department of Health Statistics and population data are from the U.S. Census Bureau.



Note: Data are not seasonally adjusted.

Published by  [Economic and Business Research Center](#).

Unemployment Insurance claims have seen a significantly reduction since the pandemic started and have remained relatively steady since mid-2021.



Published by [Economic and Business Research Center](#)

U.S. Hotel Occupancy Rate (for the week ending Saturday)	9/9/2023	9/16/2023	9/23/2023
Occupancy Rate (Weekly)	60.3	67.7	68.5
% Chg from Year Ago	-11.58% ↓	9.72% ↑	-1.58% ↓
52-Week Moving Average	63.5	63.5	63.5
% Chg from Year Ago	2.3% ↑	2.2% ↑	1.9% ↑

The hotel occupancies started showing and increase at the beginning of 2021 with another jump in mid-2021 with current occupancies nearly back to pre-pandemic times. Other industries such as movie theaters, movie releases, retail and restaurants are seeing similar slow increases. The following is from AZBIGMEDIA.COM.

The 2023 Phoenix commercial real estate outlook and opportunities. Known as the Valley of the Sun, Phoenix is one of commercial real estate's hottest markets. With a current population of over 4.6 million, a 1.48 percent increase from 2021, the Phoenix metro is packed with abundant job growth, consumer spending, and investment opportunities. Throughout the U.S., Phoenix had the largest absolute increase in population growth between 2010 and 2020 and reported the fastest growth rate among America's biggest cities, according to the New York Times. Beyond impressive population stats, Phoenix also boasts a business-friendly environment with limited government interference and low taxes. Lastly, the Valley offers sprawling submarkets at reasonable prices. Suburbs like Buckeye grew 80 percent in ten years and provide development opportunities not seen in dense coastal markets. In all, Phoenix has become a treasure for commercial real estate investors, but with great success comes great challenges. As the aftereffects of COVID-19 become clear and sectors begin to shift, investors will need to evaluate where in the Valley to plant capital, what type of products best suit their needs, and what economic and consumer trends Phoenix is experiencing. Here is a look at the 2023 Phoenix commercial real estate outlook and opportunities.

The Multifamily Market

2020 spurred historical growth for Phoenix's multifamily market that continued into 2021 and early 2022. The influx of movers into Phoenix caused a massive shift in demand for multi-housing properties, forcing developers to ramp up new supply quickly. But now, in late 2022, the absorption rate is moderating, and supply is still accelerating, causing the metro's vacancy rate to reach 7.9 percent, a two percent increase from Q1 2022. Around the summer of 2021, Phoenix averaged 15 to 20 transactions per week, with fewer properties available. As of September 2022, Phoenix is averaging one to four transactions and five to 10 new properties entering the market per week. The development pipeline, specifically for luxury units, is heavily outpacing demand, as renters seek more affordable, smaller units to combat rising living costs. Although still impressive, the market's current rent growth of 12 percent is much lower than the market's rate of 27 percent in early 2022; most likely a result of slowing demand and lower lease renewal rates.

Investment Opportunities

With high vacancy rates, slowing rent growth, and overwhelming supply, Phoenix multifamily investors may be looking at a game of "hot potato." Certain assets could hold dangerous consequences and cause trouble for owners as demand stalls, and renter expectations change.

Investors are striving to find first-generation value-add deals which are few and far between, as 1,361 properties have traded over the last five years, representing 36 percent of the market. The biggest opportunity for investors will be re-strategizing and adding value to operations rather than adding extensive interior and exterior renovations. Investors should focus on improving the bottom-line net operating income, whether that be turning the rent roll or re-capturing market rents. Other ways to increase the bottom line include adding other income-producing initiatives such as parking, pet rent, or laundry while simultaneously focusing on cutting down ownership expenses. During uncertain markets, improving existing properties will ultimately create the most value for multifamily investors.

Industrial

Two main components can be attributed to Phoenix industrial's monumental performance over the last two years, rent growth and low supply. With out-of-state investors flooding the Valley and delayed development timelines, buyers and tenants are being forced to pay premium pricing on industrial properties. As of August 2022, the asset class's annual rent growth rate was 16.5 percent, much higher than the national average. Market sale price per square foot also accelerated, reaching \$168, a 19 percent increase year-over-year.

Another attribute of industrial's performance is its diversification of property types and reach across industries. Warehouse and manufacturing space proved to be pivotal during the pandemic, but the lack of supply caused almost all industrial properties to increase in value. Tenants began adapting to the market, leasing spaces previously deemed unsuitable because the options were limited.

Rising construction costs, labor shortages, and rising interest rates are all affecting commercial real estate development, but Phoenix industrial is still strong, and outlook remains positive.

As more facilities are built around the Valley, land constraints, have appeared. In-demand neighborhoods like Scottsdale Airpark, an 8.6 square mile area with over 2,900 businesses, have little land left to develop, a problem that was nowhere near fruition a few years ago. Phoenix also saw a shift in building sizes as large Fortune 500 companies started moving into the market. To accommodate the influx, developers focused on producing big-box industrial properties and scaling back on smaller facilities. Once again, the lack of availability has pushed pricing up, and small industrial properties are going for top dollar. In addition, land constraints have spurred developers to look into repurposing existing structures as new builds become more expensive and regulated.

Investment Opportunities

The biggest obstacle facing Phoenix industrial investors is rising prices and the rat race of competitive offers coming in across all product types. Arizona gained popularity due to its affordability compared to nearby coastal markets, but with the current lack of supply and unbalanced demand, that pricing gap is narrowing. Investors should consider growing submarkets like North Phoenix, and the East and West Valley to obtain assets at a lower price per square foot with a potential upside. However, the further out, the greater risk as some regions bring fluctuating vacancy and less leasing demand. Another point to keep in mind while investing in Phoenix industrial is the amount of supply waiting to enter the market is higher than the majority of the country, which potentially could limit an owner's leverage to raise rents once vacancy heightens.

Self-Storage Market

The self-storage asset class climbed the ranks rapidly at the start of the pandemic and has continued its dominance throughout the U.S. Phoenix boasts one of the most vital self-storage pipelines; with 13.3 percent of existing inventory underway, making it a top five metro for development in the nation. Self-storage rates have remained high, although operators are predicting an increase in move-outs in the second half of 2022 as workers return to offices and the Phoenix housing market slows. However, the average length of stay for renters has increased, helping owners secure stable and lucrative income.

According to Yardi Matrix, total revenue for self-storage products is increasing by double-digit percentages nationally.

Investment Opportunities

As with any real estate, the most crucial factor self-storage investors should consider when it comes to the 2023 commercial real estate outlook is location, location, location. Phoenix is seeing a slight shift in consumer trends but still offers plenty of valuable opportunities within the storage market. Single-story facilities with larger units see longer-term tenancy and strong demand throughout the Valley. These types of properties are comparable in strength to three-story Class A climate-controlled facilities. Phoenix is also a thriving market for boat and RV storage facilities. With most of the new housing being in HOA communities, homeowners need a place to store recreational vehicles and boats due to the strict storage and parking policies in regulated communities.

As part of the multi-phase, multi-year redevelopment of the former Paradise Valley Mall, phase one of PV will open in mid-2024 and include a 400-residence luxury apartment building by StreetLights Residential, Whole Foods Market, a new Harkins dine-in luxury theater concept and three best-in-class, upscale restaurants.

Retail Market

The thriving local job economy combined with the market's population growth has helped Phoenix's retail sector quickly recover from the impact of COVID-19 and increase its popularity among investors. Leasing volume is substantial, with 4.4 million square feet absorbed within the last 12 months, according to CoStar. Smaller, niche tenants are performing well and rapidly growing. Boutique gyms such as F45 or popular local coffee joints like Dutch Bros and Black Rock Coffee are storming the Valley and offer investors a smaller retail footprint solution. Rents are steadily increasing and are above the national average, as Phoenix's same-store asking rents increased 7.1 percent year-over-year while the U.S. average increase is 4.3 percent.

Investors are entering the market as new development and redevelopment projects pop up across the region, especially in growing submarkets. One of the largest retail redevelopments, PV, a mixed-use complex set to complete its first phase by 2024, is in North Phoenix and will offer a 400-unit multifamily building in addition to various retail fronts, hospitality, and entertainment venues. With growing opportunities and increased competition, pricing has increased, reaching an average of \$250 per square foot.

Investment Opportunities

Phoenix's tremendous rent growth has driven values well beyond what most experts had predicted. Fortunately, continued growth is expected as the population and retail demand continue to increase, meaning investors should look to take advantage of the market conditions.

When it comes to the 2023 commercial real estate outlook, it's important to keep in mind the majority of tenants in Phoenix are food and beverage, meaning the product type is performing well but could become oversaturated. Overall, consumers are craving a more personal and experiential shopping, dining, and workout experience, which means some brands will cater to new generations better than

others. Boutique fitness facilities, quick-service restaurants, and technology-savvy retailers will continue to gain popularity and offer a secure and profitable business model for investors.

Phoenix commercial real estate is healthy and bountiful but is shifting as it nears late 2022. It is essential that investors work with a specialized and knowledgeable agent to understand what product types fit long-term financial, management, and portfolio goals, in addition to what parts of the Valley present thriving opportunities.

Authors: The 2023 commercial real estate outlook was written by John Stroud, Kyle Iman, Ben Tracy and Alex DeSoto, who work with Matthews Real Estate Investments Services, a commercial real estate investment services and technology firm, holds recognition as an industry leader in investment sales, leasing, and debt and structured finance. For more information, visit www.matthews.com.

Shown next is a chart of the top 10 Phoenix Metropolitan major employers.

Top Ten Employers of Arizona	
Banner Health	43,440
State of Arizona	41,564
Walmart, Inc.	36,931
Arizona State University	35,719
Amazon	33,000
University of Arizona	22,089
Fry's Food Stores	20,000
Maricopa County	15,550
City of Phoenix	14,500
Wells Fargo & Co.	14,315

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GOVERNMENTAL FORCES:

The State of Arizona has placed emphasis on economic development within the State through the Commerce Department. The regional government, through joint efforts of the communities within Maricopa County, has also taken a strong favorable stance toward continued economic development.

Phoenix and its surrounding city governments are considered progressive in their thinking, showing a commitment to strong neighborhood design concepts by improving the educational system, creating more parks and recreational facilities, building new freeway systems and developing major shopping areas for the individual neighborhoods that make up the Metro area. The entire government structure is described as well-run and dynamic.

TRANSPORTATION:

The State, as well as Phoenix, has an excellent transportation system because of Metropolitan Phoenix's primary ideal central location, the area is a natural regional transportation axis for the rest of the southwest. Linkages within the Metropolitan area are also considered good. Accessibility to other locations in this area is very important as people have the option of living in

one city and working in another. The Arizona Department of Transportation has several major freeways in place and/or planned for the Metropolitan Phoenix area. (The following information is provided by the Arizona Department of Transportation).

The *Pima Freeway* system traverses east and west along the Beardsley Road alignment from I-17 (Black Canyon Freeway) to the Pima Road in North Scottsdale.

The *Agua Fria Freeway* (extension) runs east and west from the Black Canyon Freeway (I-17) westward to 83rd Avenue and north and south from Beardsley Road to the Papago Freeway (I-10). The *Piestewa Parkway* (extension) runs southward from the Pima Freeway at 32nd Street and feeds traffic from the northern portion of the Valley to Central Phoenix.

The *Superstition Freeway* is a major freeway that serves the East Valley, especially the cities of Mesa, Tempe, Chandler, Gilbert and Apache Junction. This freeway system runs east and west from the Hohokam Expressway through the entire length of the eastern portion of Metro Phoenix area.

The *SR 202* is a partial beltway looping around the eastern areas of the Phoenix metropolitan area in central Arizona. It connects the eastern end of the city of Phoenix, in addition to the towns of Tempe, Mesa, Chandler and Gilbert, and is a vital route in the metropolitan area freeway system. Loop 202 currently has two designated sections along its route; the *Red Mountain Freeway* and the *Santan Freeway*. A third section has recently been completed and is known as the *South Mountain Freeway*, which bypasses much of Central Phoenix and runs from the eastern Interstate 10 (I-10) near 59th Avenue to the western portion of Interstate 10 at Pecos Road.

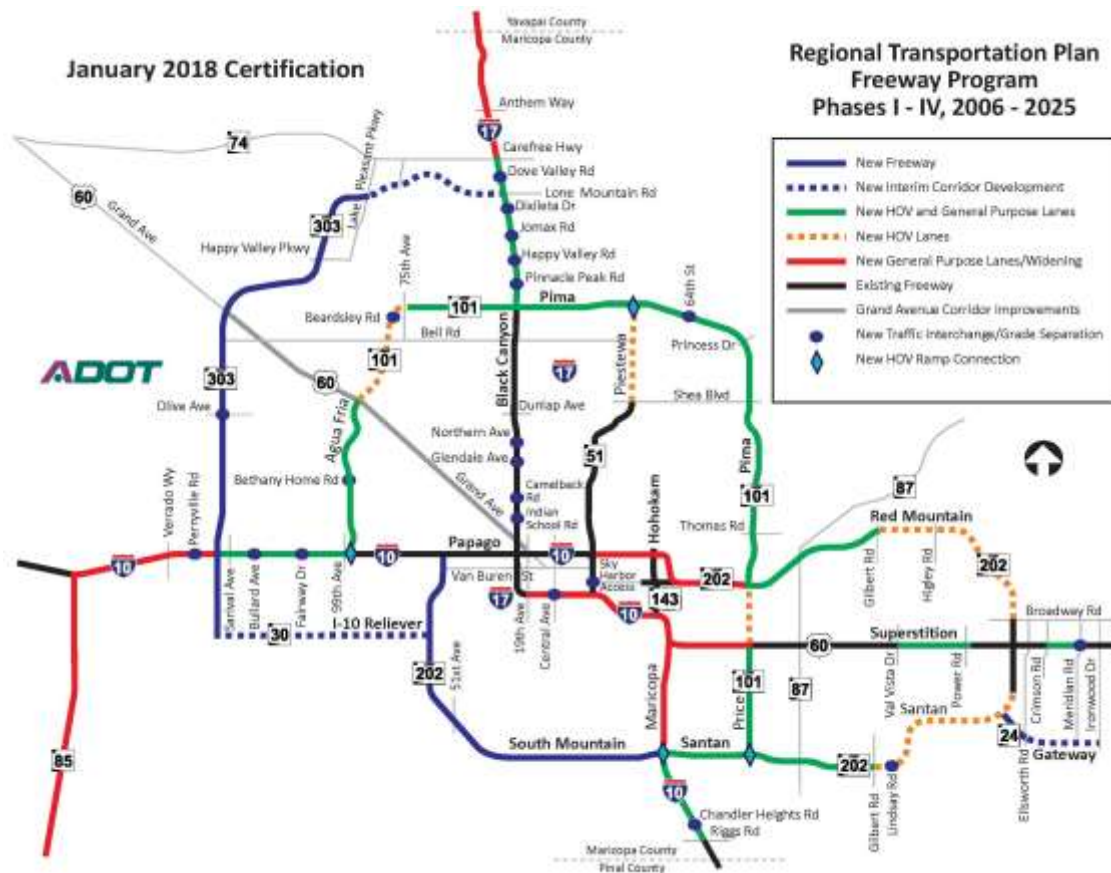
The *Gateway Freeway* (SR 24) was completed and opened in May of 2014. The initial phase is a one-mile stretch beginning at Loop 202 (Santan Freeway) near the Phoenix-Mesa Gateway Airport and ending at Ellsworth Road. Additional phases of this project, east of Ellsworth Road, are suspended until the North-South Corridor Study in Pinal County advances.

The *Price Freeway* (Loop 101) is currently completed from the Superstition Freeway north to Pima Freeway (Loop 101). In addition, recently completed is the portion which transverses from the Superstition Freeway southward to the Santan Freeway (Loop 202).

The *Bob Stump Memorial Parkway* (Loop 303) is the outer loop of the west side of Phoenix. The road begins at Interstate 10 in the far west valley then loops north to US- 60 (Grand Ave.) at Surprise, then east to Interstate 17. It's a six-lane highway between Interstate 10 and just south of Happy Valley Road and as a four lane freeway from Happy Valley Road to Interstate 17.

The Grand Avenue (US 60) freeway construction opened several new intersections from 43rd Avenue to the Loop 101.

Interstates 10 and 17, U.S. Highways 60, 70, 80 and 89 together with State Highways 51, 87 and 93, go through and connect in the City of Phoenix to all areas in the west and mid-western United States. In addition, construction of 249 miles of freeway has been planned for Metro Phoenix. This will further enhance transportation in the communities within the Valley area.

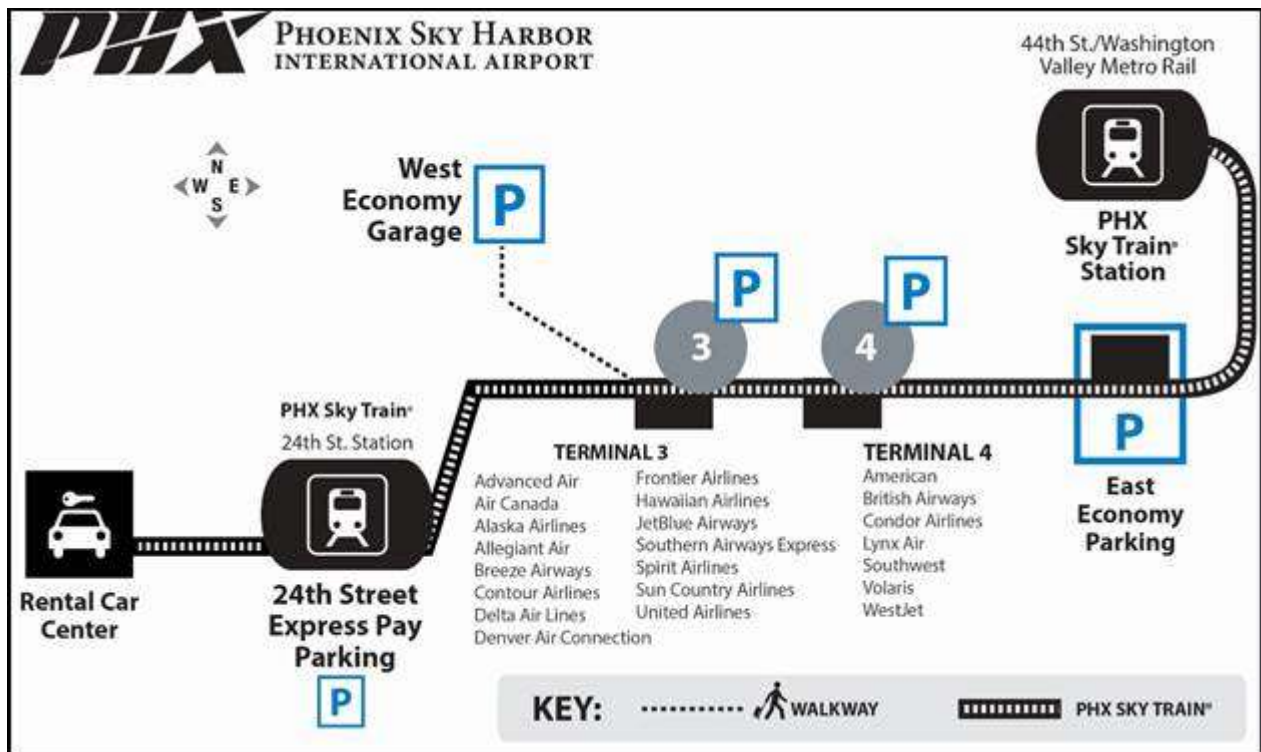


OTHER FORMS OF TRANSPORTATION:

Phoenix Sky Harbor International airport serves more than 120,000 passengers with more than 1,200 flights per day. Sky Harbor is one of the most convenient airports in the United States. It ranked No. 13 among U.S. airports in passenger boarding in 2018 and is served by 20 competitively priced carriers. The airport is located in the middle of Greater Phoenix, less than 10 minutes from downtown, and within 20 miles of almost all of our towns and cities.

Phoenix-Mesa Gateway Airport is located about 30 miles southeast of Phoenix Sky Harbor. Gateway Airport offers commercial flights to more than 35 destinations.

Convenient transportation to Sky Harbor airport comes by way of the PHX Sky Train. This driverless train transports Valley Metro Light Rail passengers to the airport from the 44th Street/Washington Street Station. The PHX Sky Train presently travels between Terminal 3, Terminal 4, east economy parking and 44th Street/Washington St., where it connects passengers to the Metro Light Rail System. An extension to the Rental Car Center is complete and operating to the 24th Street station with approximately 1,600 economy parking spaces and curbside pick-up and drop-off, a convenient option for travelers arriving from the West Valley and Downtown.



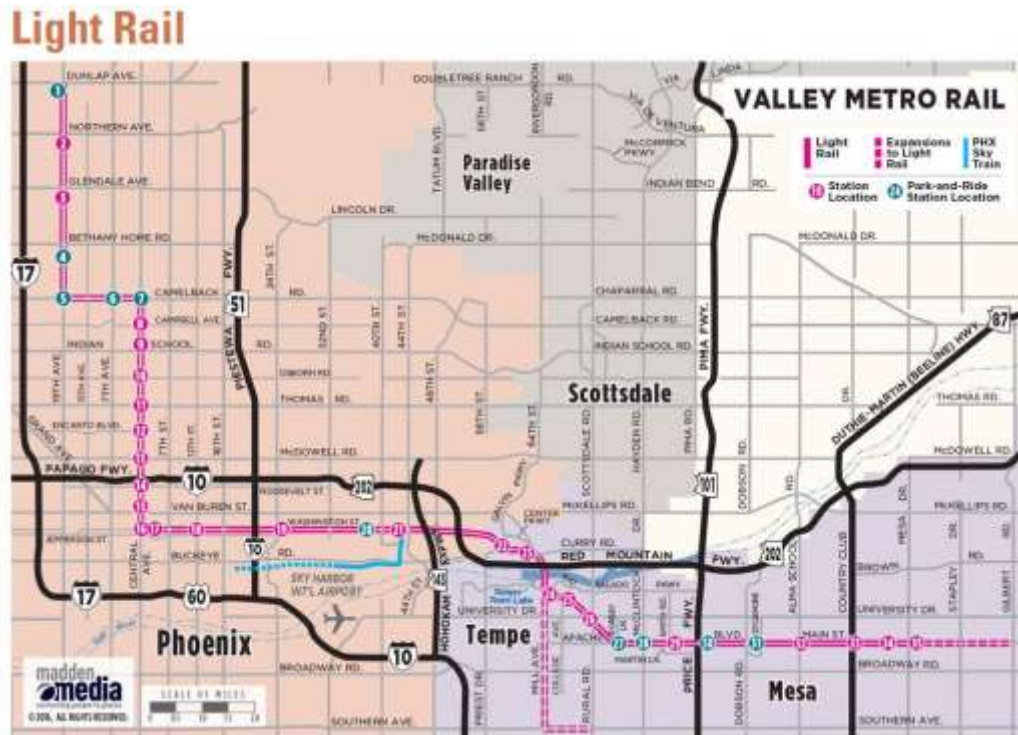
Light Rail

The Valley's light rail system offers riders a speedy 26-mile ride linking Phoenix to the neighboring communities of Tempe and Mesa, and includes stops at attractions such as Phoenix Art Museum, the Heard Museum, Chase Fields, Footprint Center and Tempe's Mill Avenue District. There are 28 stations along the line and they are adorned with 6.2 million worth of public art. The art work at each station reflects the character of the community where it is located. Station platforms can accommodate the boarding of 600 passengers onto a three-car train within 30 seconds between the cities of Phoenix, Tempe, Mesa and Glendale and is an integral part of a comprehensive Valley-wide transit system.

The South Central Extension/Downtown Hub will connect with the current light rail system in downtown Phoenix and operate south to Baseline Road. The project also includes a hub in downtown Phoenix along with new stations as well as public art.

Currently, more than 50,000 riders rely on light rail each day and has shown to generate economic prosperity for historically underserved communities in metro Phoenix.

Light rail makes the unique offerings of South Phoenix more accessible to others, attracting new customers, businesses and jobs to the area. In 2016, the Phoenix City Council approved advancing the opening date of the extension from 2034 to 2023. The advancement is funded through [Transportation 2050](#), a 35-year, multi-modal transportation plan approved by Phoenix voters, and is expected to open for operations in 2024.



METRO opened for passenger operation in December 2008.

Freight rail transportation from transcontinental origins from and to the Metro area is provided by the Union Pacific Railway (Southern Arizona), Arizona Eastern (Claypool-Globe), Arizona & California (Parker, Arizona –westward), and the BNSF Railway Company (Northern Arizona). Greyhound and seven other charter bus services serve the city as well. Public transportation is provided by the Phoenix Transit System, and Dial-A-Ride. Other transportation is provided by interstate and intrastate truck lines, household good carriers, United Parcel Service, Purolator Courier Service and Air Couriers International.

In recent years the communities within the Metropolitan area have become more aware of the environment as has the nation as a whole. Enactment of environmental legislation with respect to new development is seriously being taken into consideration by creating new environmental zoning codes to protect the outlying mountainous areas of the Valley.

RESIDENTIAL MARKET:

Price Range	This Month			Year to Date		
	2023	2022	% Chg	2023	2022	% Chg
0-29,999	24	36	-33.3	222	169	31.4
30,000-39,999	45	18	150	197	129	52.7
40,000-49,999	39	28	39.3	223	151	47.7
50,000-59,999	39	29	34.5	208	149	39.6
60,000-69,999	62	39	59	239	203	17.7
70,000-79,999	48	37	29.7	243	200	21.5
80,000-89,999	42	26	61.5	223	194	14.9
90,000-99,999	54	31	74.2	217	206	5.3
100,000-119,999	69	48	43.8	322	273	17.9
120,000-139,999	107	80	33.8	485	427	13.6
140,000-159,999	103	113	-8.8	550	594	-7.4
160,000-179,999	140	108	29.6	643	744	-13.6
180,000-199,999	138	189	-27	851	1011	-15.8
200,000-249,999	382	598	-36.1	2916	3215	-9.3
250,000-299,999	715	1169	-38.8	5370	5875	-8.6
300,000-399,999	2728	5260	-48.1	21024	22401	-6.1
400,000-499,999	2872	5172	-44.5	18836	25251	-25.4
500,000-549,999	913	1432	-36.2	5517	7461	-26.1
550,000-749,999	2791	3783	-26.2	14666	18611	-21.2
750,000-999,999	1618	1885	-14.2	7501	9013	-16.8
1,000,000-1,249,999	484	569	-14.9	2265	2563	-11.6
1,250,000-1,499,999	385	475	-18.9	1846	2024	-8.8
1,500,000-1,999,999	464	414	12.1	1802	1833	-1.7
2,000,000-2,999,999	422	350	20.6	1508	1375	9.7
3,000,000+	449	372	20.7	1520	1315	15.6
Totals	15133	22261	-32	89394	105387	-15.2

Price Range	This Month			Year to Date		
	2023	2022	% Chg	2023	2022	% Chg
0-29,999	10	10	0	125	94	33
30,000-39,999	13	6	116.7	105	88	19.3
40,000-49,999	13	10	30	114	92	23.9
50,000-59,999	15	9	66.7	123	101	21.8
60,000-69,999	13	11	18.2	122	136	-10.3
70,000-79,999	12	18	-33.3	116	143	-18.9
80,000-89,999	11	12	-8.3	124	134	-7.5
90,000-99,999	9	5	80	93	108	-13.9
100,000-119,999	24	26	-7.7	246	226	8.8
120,000-139,999	21	35	-40	276	302	-8.6
140,000-159,999	37	42	-11.9	353	423	-16.5
160,000-179,999	42	57	-26.3	459	559	-17.9
180,000-199,999	38	72	-47.2	501	620	-19.2
200,000-249,999	202	240	-15.8	2279	2387	-4.5
250,000-299,999	348	406	-14.3	3903	3930	-0.7
300,000-399,999	1441	1550	-7	15319	14451	6
400,000-499,999	1275	1520	-16.1	12685	17882	-29.1
500,000-549,999	377	484	-22.1	3927	5724	-31.4
550,000-749,999	869	1096	-20.7	8721	12242	-28.8
750,000-999,999	400	458	-12.7	3932	5590	-29.7
1,000,000-1,249,999	120	143	-16.1	1329	1696	-21.6
1,250,000-1,499,999	82	88	-6.8	851	1106	-23.1
1,500,000-1,999,999	81	86	-5.8	848	1000	-15.2
2,000,000-2,999,999	58	49	18.4	618	726	-14.9
3,000,000+	52	28	85.7	496	568	-12.7
Totals	5563	6461	-13.9	57665	70328	-18

The following housing statistics are provided by ARMLS as of September 2023.

Local Multiple Listing Service (ARMLS) had 89,394 active listings as of September 2023 across the Greater Phoenix area including listings under contract and seeking backup offers. This represents an increase of 15.2% compared to the previous year.

Active single-family home listings from \$180,000 to \$199,999 were down 15.8% compared to the previous year due to poor supply. The mid-range home listings from \$300,000 to \$399,999 were down 6.1% compared to the previous year.

ARMLS had 5,563 homes sold as of September 2023 across the Greater Phoenix area. This represents a decrease of 18% from the previous year.

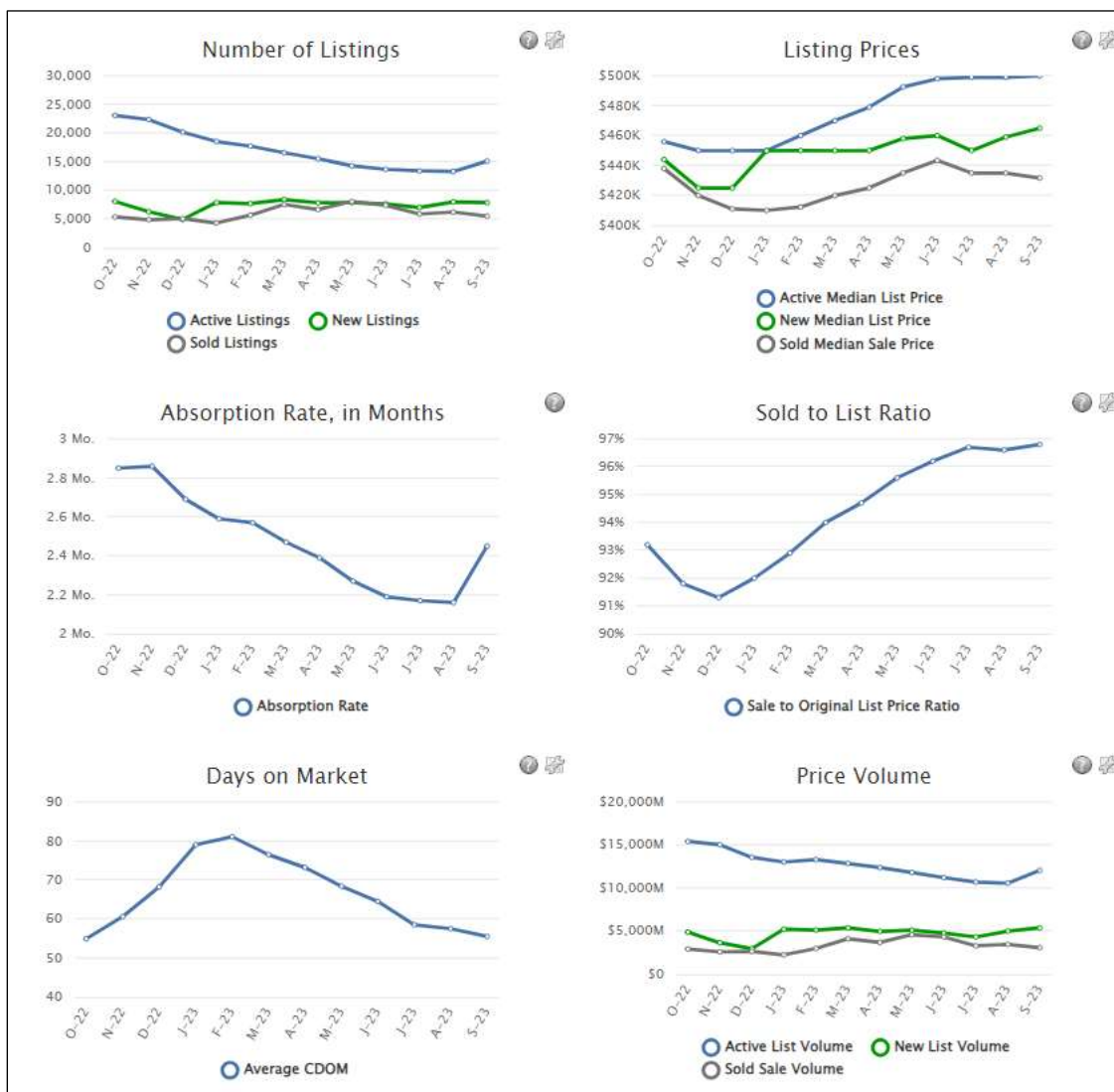
Sold single-family homes from \$180,000 to \$199,999 were down 19.2% compared to the previous year due to poor supply. The mid-range home sales from \$400,000 to \$499,999 had a decrease of 29.1% compared to the previous year.

The median single-family home sale price for the Phoenix Metropolitan Area was \$431,650 year-to-date and decrease of 5.82% compared to this time last year. The average sale price was \$555,318, an increase of 2.76 compared to the previous year. The average days on market was 36 days down 10% from the previous year.

Following are the summary statistics for single family residential sales activity within Maricopa County.

Summary Statistics						
	23-Sep	22-Sep	% Chg	2023 YTD	2022 YTD	% Chg
Absorption Rate	2.45	2.66	-7.89	2.36	1.52	55.26
Average List Price	\$796,630	\$659,854	20.73	\$651,552	\$618,356	5.37
Median List Price	\$499,990	\$460,000	8.69	\$450,000	\$465,000	-3.23
Average Sale Price	\$555,318	\$532,207	4.34	\$552,357	\$568,012	-2.76
Median Sale Price	\$431,650	\$439,590	-1.81	\$428,500	\$455,000	-5.82
Average CDOM	55	47	17.02	65	33	96.97
Median CDOM	36	40	-10	43	24	79.17

Following are multiple charts relating to single family residential activity in the Phoenix Metropolitan Area.



MULTI-FAMILY MARKET:

The existing multi-family inventory for Metropolitan Phoenix consists of 375,695 apartment units. The vacancy rate increased to 10.1% as of the 3rd Quarter 2023. The Metropolitan Phoenix Multi-Family Market had a year-to-date (YTD) absorption of 10,187 units. The average rental rate ranged from \$1,103 per month (1 & 2 Star Apartments) to \$1,790 per month (4 & 5 Star Apartments). The overall average rental rate was \$1,558 per month.

Shown next is a chart of the key indicators for the Metropolitan Phoenix Multi-Family Market as of the 3rd Quarter 2023 as compiled by CoStar Realty Information, Inc.

KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	178,442	10.8%	\$1,790	\$1,769	126	0	22,060
3 Star	138,077	10.0%	\$1,406	\$1,391	31	12	9,483
1 & 2 Star	59,176	8.1%	\$1,103	\$1,092	(2)	0	783
Market	375,695	10.1%	\$1,558	\$1,540	155	12	32,326

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	1.6%	8.6%	10.2%	12.8%	2009 Q4	5.1%	2021 Q3
Absorption Units	10,187	5,185	7,453	16,255	2021 Q2	(3,894)	2007 Q4
Delivered Units	17,700	6,227	8,166	18,021	2023 Q3	205	2011 Q1
Demolished Units	0	178	194	699	2016 Q2	0	2023 Q3
Asking Rent Growth (YOY)	-2.6%	2.8%	3.1%	19.9%	2021 Q3	-7.1%	2009 Q4
Effective Rent Growth (YOY)	-3.0%	2.8%	3.1%	20.9%	2021 Q3	-7.0%	2009 Q4
Sales Volume	\$4.2B	\$4B	N/A	\$19.1B	2022 Q2	\$342.5M	2009 Q1

The Phoenix multifamily market is navigating a period of dislocation. Apartment demand has downshifted from the record level seen in the two years following the onset of the pandemic to a much more moderate pace as high inflation and economic uncertainty stall the launch of new renter households. At the same time, the sizable construction pipeline is delivering thousands of new units every quarter, overwhelming demand. This imbalance caused an upswing in vacancy rates and pushed rent growth into the red. Expectations are for further weakening in multifamily fundamentals moving forward as supply continues to outpace demand, a condition that could be exacerbated by a potential recession.

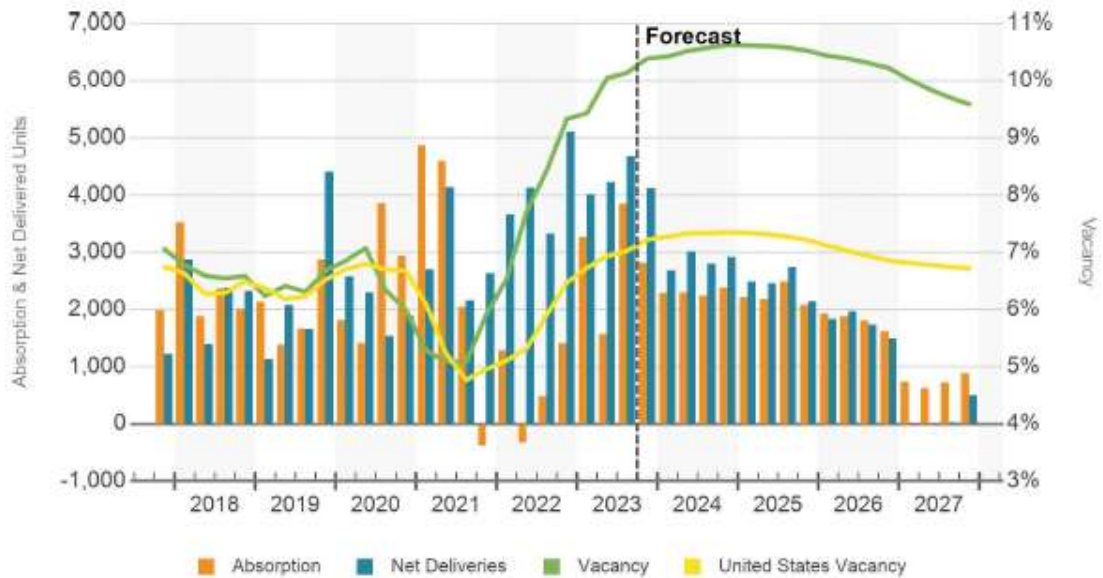
Though demand was steady in the first half of the year, the 10,000 units of net absorption recorded over the past 12 months was not enough to overtake the 18,000 units of net new deliveries. As a result, the Phoenix vacancy rate has risen from a record low of 5.1% in mid-2021 to 10.1% today, the highest level since 2011. Furthermore, rents have fallen -2.6% over the past year, one of the worst figures in the nation. Nearly all of Phoenix's 15 submarkets are now contending with negative rent growth and high-cost East Valley suburbs like Chandler and Gilbert are shouldering the heaviest burden.

The bulk of the metro's 32,000 units currently under construction are for high-end properties. The concentration of new supply additions in the luxury segment has disproportionately impacted performance at these assets. Vacancy has risen the most at 4 & 5 Star properties with the impact becoming less severe moving down the quality spectrum. These trends are especially evident in construction-heavy areas like Downtown Phoenix and Tempe, which have been major targets of

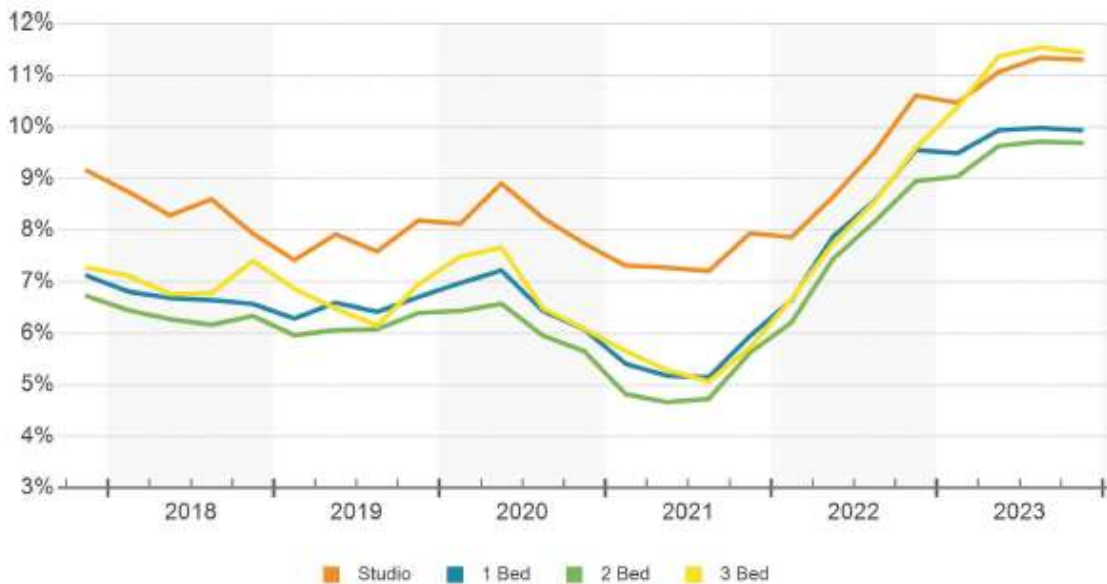
new development. In response to the weaker leasing climate, local property managers have turned to concessions to attract tenants with six to eight weeks of free rent becoming the standard at newly delivered communities.

Shown next are charts representing the absorption, net deliveries and vacancy for the Metropolitan Phoenix Multi-Family Market as compiled by CoStar Realty Information, Inc.

ABSORPTION, NET DELIVERIES & VACANCY



VACANCY BY BEDROOM

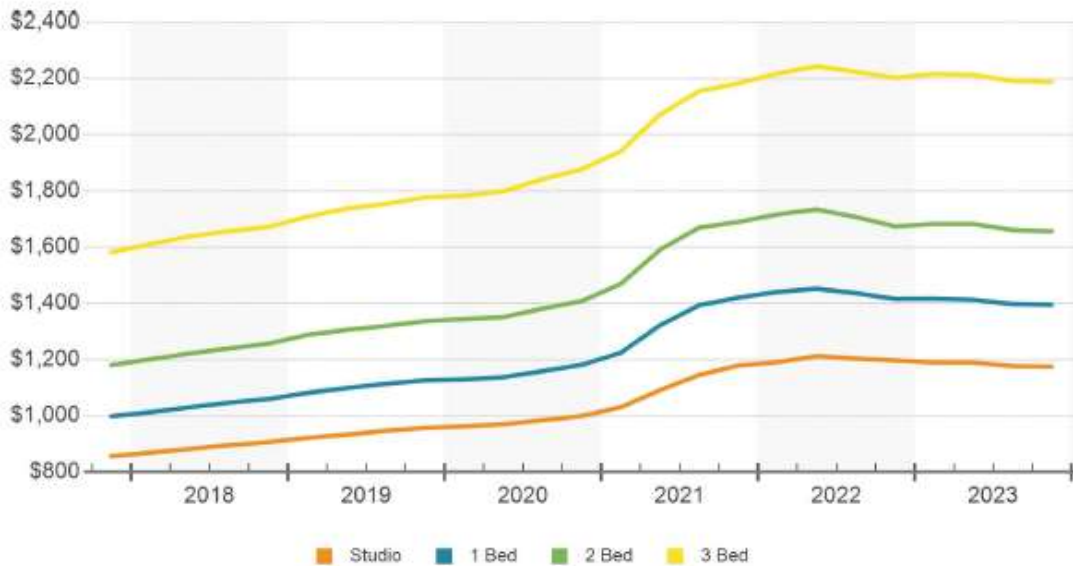


Over the past 12 months, the average asking rent has fallen -2.6%, which is a stark contrast to the recent five-year annual average of 6.4%. This ranks Phoenix as one of the worst-performing major markets in the country in terms of annual rent growth. However, Phoenix still maintains its place

as an affordable market when compared to major metros in California and the Pacific Northwest, attracting new residents.

Shown next are charts representing the market rents within the Metropolitan Phoenix Multi-Family Market as of the 3rd Quarter 2023 as compiled by CoStar Realty Information, Inc.

MARKET RENT PER UNIT BY BEDROOM



MARKET RENT PER UNIT & RENT GROWTH



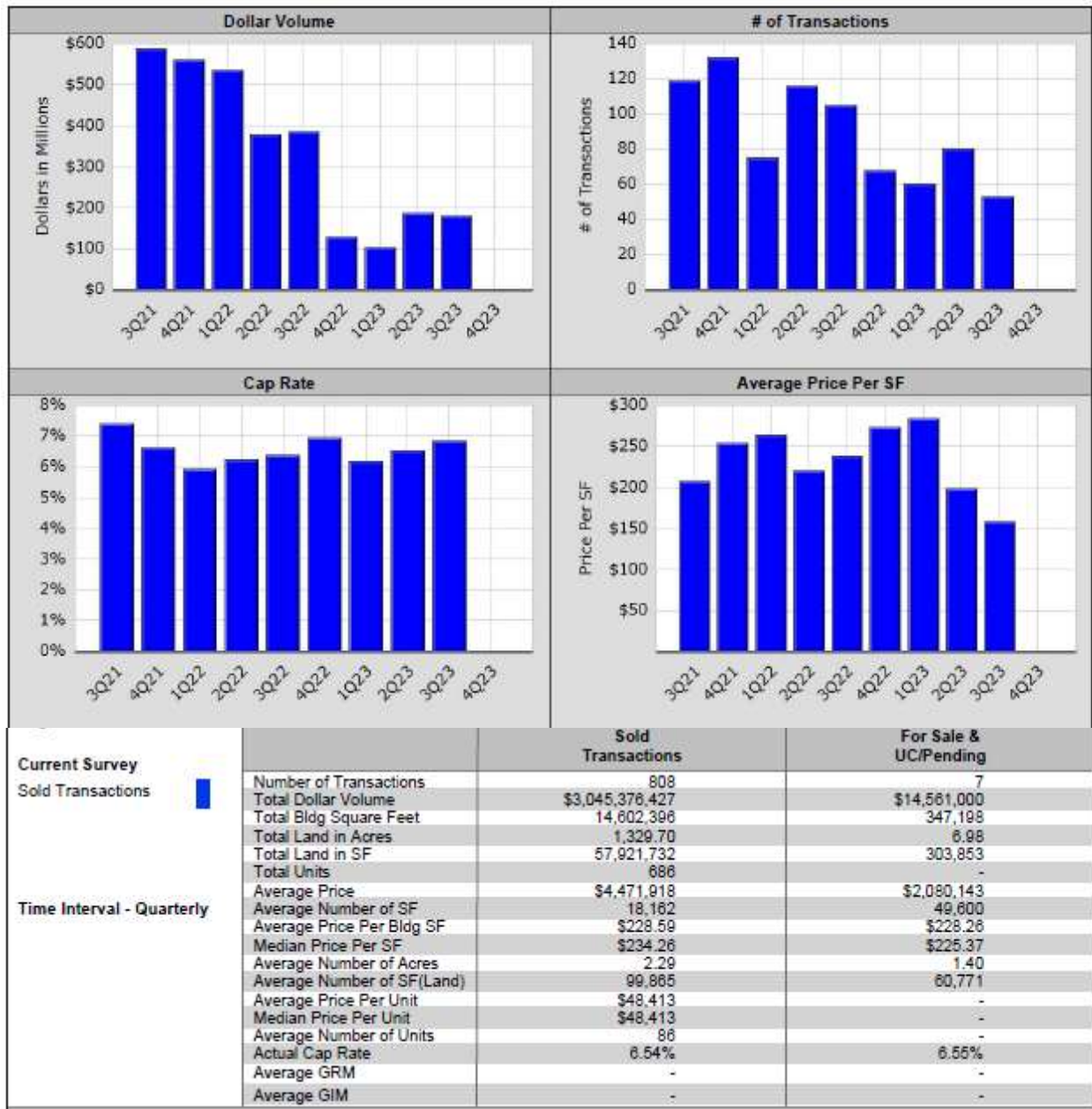
OFFICE MARKET:

The existing office inventory for Metropolitan Phoenix consists of over 195 million square feet. The East Valley market area encompasses the largest submarket, consisting of over 50 million square feet. The Metropolitan Phoenix Office Market showed a vacancy rate in the 3rd Quarter 2023 of 17.8%. The Phoenix Office Market had a year-to-date (YTD) absorption of (-2,163,154) square feet. The average rental rate ranged from \$26.69 per square foot (Paradise Valley) to \$30.31 per square foot (East Phoenix). The overall average rental rate was \$28.56 per square foot on a full service basis.

Shown next is a chart of the Office Market as of the 3rd Quarter 2023 as compiled by CoStar Realty Information, Inc.

Existing Inventory		Vacancy		12 Mo Net Absorp SF	12 Mo Delivered SF	Under Const SF	Market Rent/SF
Market	Inventory SF	Vac %					
Airport Area	5,485,803	23.0%	-125,051	0	0	\$27.10	
South Tempe/Ahwatukee	8,580,592	18.8%	-163,595	0	135,000	\$27.95	
Airport Area	14,066,395	20.9%	(288,646)	0	135,000	\$27.53	
Midtown	13,421,442	19.3%	-12,911	0	0	\$27.05	
Downtown	11,476,139	20.6%	-295,965	0	0	\$32.61	
Central Corridor	24,897,581	19.9%	(308,876)	0	0	\$29.83	
44th Street Corridor	4,043,489	17.0%	-40,056	0	0	\$29.84	
Camelback Corridor	9,449,384	21.6%	-176,382	430,761	40,000	\$36.56	
Midtown/Central Phoenix	6,100,189	5.7%	156,730	92,891	13,246	\$24.54	
East Phoenix	19,593,062	44.3%	(59,708)	523,652	53,246	\$30.31	
Chandler	13,253,101	15.1%	16,946	13,156	15,519	\$29.45	
Mesa Downtown	1,504,070	13.8%	-77,665	0	0	\$21.30	
Mesa East	5,017,404	12.3%	-54,391	39,500	0	\$26.78	
Superstition Corridor	6,821,416	11.1%	-68,298	17,750	13,838	\$25.07	
Tempe	21,199,924	23.8%	-1,700,013	260,329	297,972	\$32.79	
Gateway Airport/Loop 202	3,036,388	6.6%	67,645	79,729	130,032	\$29.25	
East Valley	50,832,303	13.8%	(1,815,776)	410,464	457,361	\$27.44	
Arrowhead	4,827,985	9.0%	-41,437	0	0	\$28.49	
North I-17	1,006,112	7.5%	64,841	0	0	\$26.88	
Deer Valley/Airport	13,182,200	17.4%	347,486	0	0	\$28.81	
Northwest Phoenix	11,028,610	16.9%	291,384	0	0	\$23.28	
Northwest Phoenix	30,044,907	12.7%	662,274	0	0	\$26.87	
N Phoenix/Cave Creek	156,275	0.9%	0	0	0	\$24.92	
Paradise Valley	5,479,085	12.0%	-36,660	0	0	\$29.35	
Piestewa Peak Corridor	3,457,171	12.4%	-107,973	0	0	\$25.80	
Paradise Valley	9,092,531	8.4%	(144,633)	0	0	\$26.69	
Central Scottsdale	9,210,721	15.3%	-71,947	80,000	0	\$29.77	
N Scottsdale/Carefree	1,882,165	10.4%	38,597	0	0	\$25.47	
Scottsdale Airpark	14,083,768	16.8%	-274,716	182,054	98,000	\$32.35	
Scottsdale South	8,095,582	16.8%	39,401	0	6,820	\$32.46	
Scottsdale	33,272,236	14.8%	(268,665)	262,054	104,820	\$30.01	
Glendale	3,680,964	12.4%	-14,321	35,935	39,650	\$29.68	
Loop 303/Surprise	2,674,750	8.6%	-31,048	0	9,984	\$30.57	
Southwest Phoenix	4,505,027	2.9%	75,640	0	0	\$28.08	
West I-10	2,562,917	7.7%	30,605	7,950	83,773	\$30.99	
West Phoenix	13,423,658	7.9%	60,876	43,885	133,407	\$29.83	
Totals	195,222,673	17.8%	(2,163,154)	1,240,055	883,834	\$28.56	

Shown next is a historical sales activity of office buildings from 3Q 2021 through 3Q 2023 in the Metro Phoenix area.



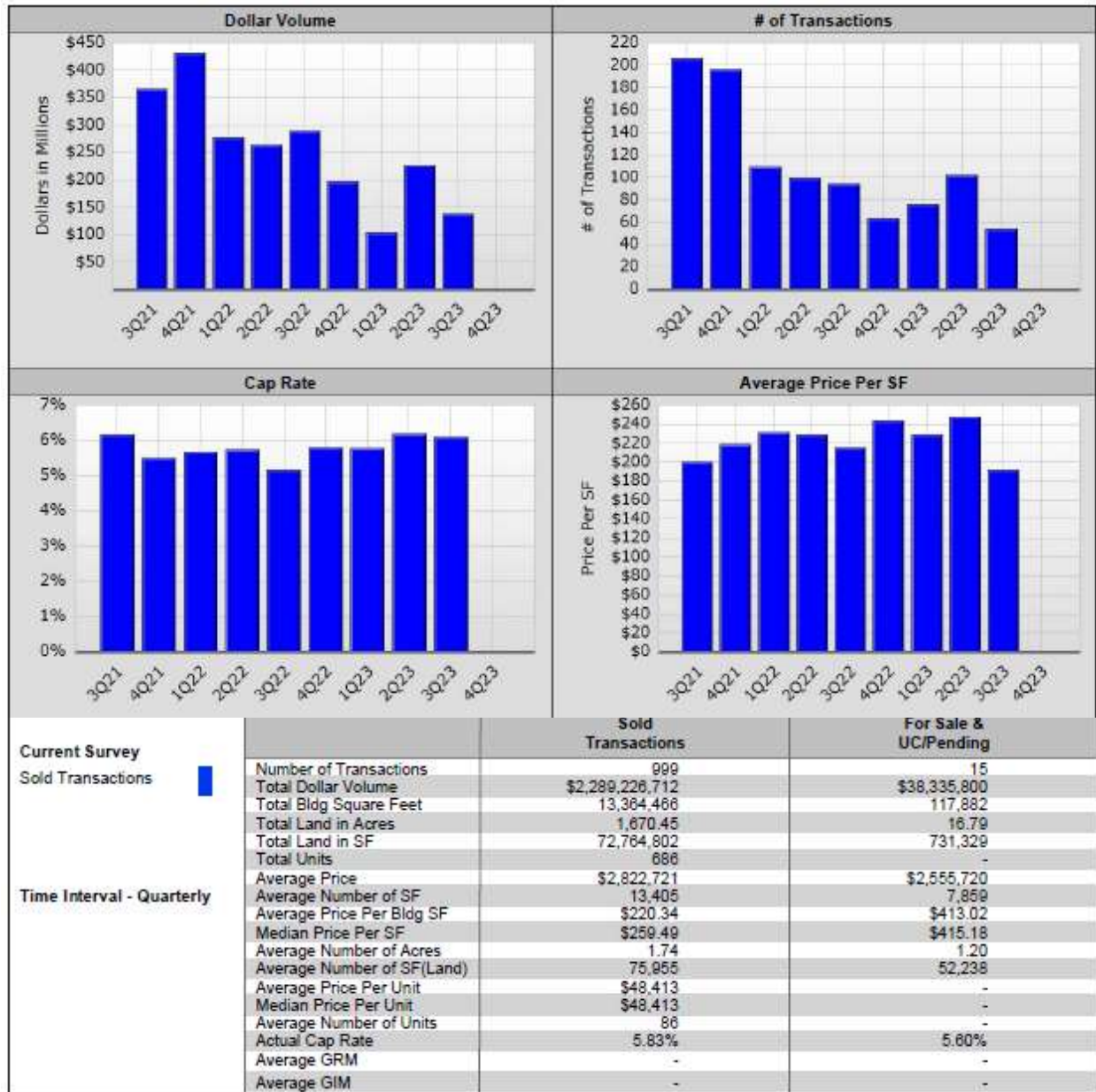
RETAIL MARKET:

The existing retail inventory for Metropolitan Phoenix consists of over 239 million square feet. The East Valley market area encompasses the largest submarket, consisting of over 79 million square feet. The Metropolitan Phoenix Retail Market showed a vacancy rate in the 3rd Quarter 2023 of 4.2%. In the 3rd Quarter 2023, the Metropolitan Phoenix Retail Market had a year-to-date (YTD) absorption of 3,823,719 square feet. The average rental rate ranged from \$17.14 per square foot (Maricopa County retail) to \$29.19 per square foot (Northwest Phoenix Retail). The overall average rental rate was \$23.54 per square foot. All rents are based on a triple net lease basis.

Shown next is a chart of the Retail Market as of the 3rd Quarter 2023 as compiled by CoStar Realty Information, Inc.

Existing Inventory		Vacancy	12 Mo Net Absorb SF	12 Mo Delivered	Under Const SF	Quoted Rates
Market	Inventory SF	Vac %				
Airport Area Retail	4,470,737	4.2%	5,443	0	0	\$20.03
South Phoenix Retail	1,958,316	3.4%	-11,070	0	2,816	\$20.82
Airport Area Ret	6,429,053	3.8%	(5,627)	0	2,816	\$20.42
Downtown Phoenix Retail	8,498,333	4.9%	-43,046	12,060	175,977	\$23.25
Downtown Phoenix Retail	8,498,333	4.9%	-43,046	12,060	175,977	\$23.25
Chandler Retail	16,876,592	5.0%	136,276	5,058	0	\$24.92
Gilbert Retail	17,138,886	2.8%	169,969	134,766	157,703	\$25.86
Queen Creek Retail	2,698,227	2.5%	361,121	357,218	232,789	\$25.01
Red Mountain/Mesa Retail	31,454,038	6.8%	557,375	46,452	86,663	\$19.56
Tempe Retail	8,291,266	6.4%	44,252	13,802	145,900	\$23.49
Gateway Airport Retail	3,115,924	4.4%	106,318	124,898	93,740	\$27.51
East Valley Retail	79,574,933	4.6%	1,375,311	682,194	716,795	\$24.39
W Outlying Maricopa Retail	849,713	0.0%	9,764	0	0	\$17.14
Maricopa County Retail	849,713	0.0%	9,764	0	0	\$17.14
East Phoenix Retail	9,002,726	4.3%	142,706	38,591	0	\$21.10
Glendale Retail	11,766,795	4.9%	175,653	126,010	146,473	\$21.19
N Phoenix/I-17 Corridor Retail	16,279,934	7.9%	426,862	4,513	0	\$17.78
Sun City Retail	3,962,019	5.2%	72,526	5,076	0	\$19.30
North Phoenix Retail	41,011,474	5.6%	817,747	174,190	146,473	\$19.84
Carefree Retail	1,896,258	3.6%	21,080	0	0	\$26.84
Fountain Hills Retail	782,053	5.5%	-7,005	0	0	\$20.47
N Scottsdale Retail	14,017,334	3.8%	113,155	48,357	123,670	\$29.57
North Scottsdale Retail	15,557,010	6.1%	-154,382	10,542	15,545	\$25.63
Anthem Retail	2,775,782	3.4%	80,934	31,504	5,000	\$27.01
Central Peoria/Arrowhead Retail	10,607,101	5.2%	-27,178	7,875	5,985	\$27.85
Deer Valley Retail	2,221,647	0.3%	24,495	2,190	8,900	\$33.72
Surprise/N Peoria Retail	5,788,882	1.6%	183,451	95,979	48,686	\$28.16
Northwest Phoenix Retail	21,393,412	2.6%	261,702	137,548	68,571	\$29.19
Central Scottsdale Retail	17,226,006	3.3%	-19,619	16,873	7,222	\$35.37
S Scottsdale Retail	3,333,257	6.5%	4,374	5,950	46,490	\$21.42
Scottsdale Retail	20,559,263	4.9%	(15,245)	22,823	53,712	\$28.40
Ahwatukee Foothills Retail	3,233,652	3.8%	37,869	0	0	\$25.66
Laveen Retail	1,703,658	0.6%	72,093	53,796	35,119	\$28.66
S Mountain Retail	1,676,212	12.9%	52,137	54,838	1,438	\$25.20
South Mountain Retail	6,613,522	5.8%	162,099	108,634	36,557	\$26.51
Goodyear Retail	4,024,339	1.5%	45,447	19,825	204,890	\$24.32
Loop101/I-10 Retail	3,589,498	2.0%	50,414	9,315	26,716	\$27.81
N Goodyear/Litchfield Retail	7,015,574	2.3%	804,313	838,152	446,943	\$26.83
N Buckeye Retail	269,841	1.5%	15,561	14,142	0	\$23.90
S Buckeye Retail	1,643,173	1.1%	40,885	40,267	0	\$26.61
Tolleson Retail	2,966,455	3.2%	54,083	46,753	22,300	\$23.21
West Phoenix/Maryvale Retail	8,293,133	2.7%	158,158	21,960	0	\$19.82
West Phoenix Retail	27,802,013	2.0%	1,168,861	990,414	700,849	\$24.64
Apache Junction Retail	2,384,289	5.6%	17,870	35,552	48,800	\$19.89
Outlying Pinal County Retail	9,254,684	6.4%	228,665	106,051	33,476	\$19.16
Pinal County Retail	11,638,973	6.0%	246,535	141,603	82,276	\$19.52
Totals	239,927,699	4.2%	3,823,719	2,280,008	1,999,571	\$23.54

Shown next is a historical sales activity of retail buildings from 3Q 2021 through 3Q 2023 in the Metro Phoenix area.



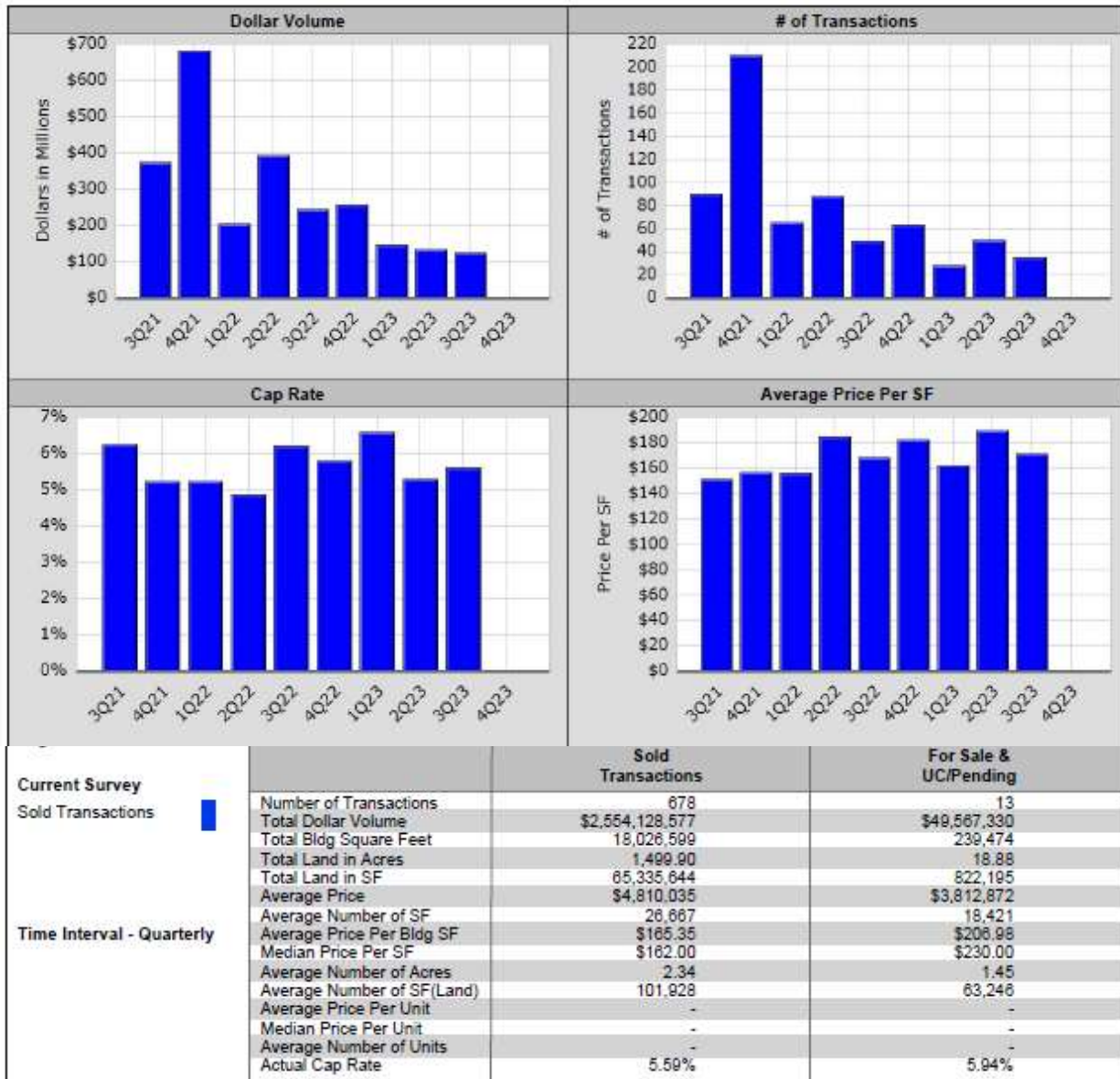
INDUSTRIAL MARKET:

The existing industrial inventory for Metropolitan Phoenix consists of over 418 million square feet. The Southwest Market encompasses the largest Market, with a total of over 137 million square feet. The overall vacancy rate for Metro Phoenix is 4.48%. The Metropolitan Phoenix Industrial Market, as of the 3rd Quarter 2023 had a year-to-date (YTD) absorption of 15,293,974 square feet. The average rental rate ranged from \$10.37 per square foot (Southwest) to \$20.17 per square foot (Northeast Industrial). The overall average market rental rate was \$12.13 per square foot. All rents are typically Modified Gross.

Shown next is a chart of the Industrial Market as of the 3rd Quarter 2023 as compiled by CoStar Realty Information, Inc.

Existing Inventory		Vacancy	12 Mo Net Absorp SF	12 Mo Delivered SF	Under Const SF	Market Rent/SF
Market	Inventory SF	Vac %				
North Airport	14,858,985	4.5%	324,527	507,860	0	\$15.24
S Airport N of Roeser	16,165,725	4.3%	35,788	40,000	0	\$14.48
S Airport S of Roeser	4,707,418	2.6%	90,949	156,953	24,800	\$14.72
SC N of Salt River	16,515,612	4.7%	-258,545	0	301,063	\$13.20
SC S of Salt River	2,733,407	2.4%	-35,706	0	0	\$12.96
Airport Area	54,981,147	3.7%	157,013	704,813	325,863	\$14.12
Central Phoenix	4,466,797	3.5%	78,986	0	10,000	\$18.34
Scottsdale Airpark	7,005,712	5.6%	-147,831	0	0	\$21.09
Scottsdale/Salt River	5,703,486	3.9%	147,174	161,519	0	\$21.09
Northeast Industrial	17,175,995	4.3%	78,329	161,519	10,000	\$20.17
Deer Valley/Pinnacle Peak	19,683,237	5.1%	197,137	492,592	2,945,329	\$16.99
Glendale	38,254,320	16.7%	8,135,802	10,356,612	12,143,204	\$11.22
Grand Avenue	14,725,407	3.0%	157,253	315,159	432,910	\$11.63
North Black Canyon	4,645,599	4.0%	-78,781	0	0	\$15.09
W Phx N of Thomas Rd	8,244,223	3.9%	-64,372	0	109,600	\$10.82
W Phx S of Thomas Rd	7,243,086	3.8%	-173,302	0	0	\$11.05
Northwest Phoenix	92,795,872	6.1%	8,173,737	11,164,363	15,631,043	\$12.80
Chandler/Airport	7,819,122	5.7%	392,974	546,785	1,226,164	\$15.59
Chandler	22,265,562	7.9%	-194,203	510,832	1,501,869	\$15.72
Chandler/N Gilbert	31,856,694	10.4%	2,189,623	3,653,088	15,566,004	\$15.12
Falcon Fld/Apache Jct	6,220,395	1.6%	70,960	0	244,286	\$17.00
Mesa	7,860,032	3.7%	-39,317	0	0	\$14.23
Tempe East	7,007,550	1.8%	247,198	264,358	0	\$15.65
Tempe Northwest	11,155,478	6.7%	-513,879	0	0	\$15.31
Tempe Southwest	22,267,036	5.1%	-122,521	197,000	356,904	\$13.85
Southeast Industrial	116,451,869	5.4%	2,030,835	5,172,063	18,895,227	\$15.31
Goodyear	29,428,880	11.9%	1,954,226	3,403,441	9,056,944	\$10.22
SW N of Buckeye Rd	37,624,030	8.8%	295,975	3,057,273	0	\$9.90
SW S of Buckeye Rd	20,603,766	5.7%	-143,551	620,582	142,121	\$11.08
Tolleson	49,474,701	3.2%	2,747,410	2,829,595	285,294	\$10.27
Southwest Industrial	137,131,377	7.4%	4,854,060	9,910,891	9,484,359	\$10.37
Totals	418,536,260	4.48%	15,293,974	27,113,649	44,346,492	\$12.13

Shown next is a historical sales activity of industrial buildings from 3Q 2021 through 3Q 2023 in the Metro Phoenix area.



SUMMARY AND CONCLUSION:

The Arizona economy continued to churn out solid gains through the first half of 2023. Jobs, wages, and sales all increased, although at a somewhat slower pace than earlier in the pandemic recovery, and the unemployment rate remained very low. Arizona jobs were essentially back on their pre-pandemic trend, if we take that trend to be EBRC forecasts generated just before the pandemic began. Phoenix inflation, although it remained above the nation, decelerated significantly, thanks to slower gains in house prices and outright price declines in commodities. Housing affordability, however, has dropped precipitously from pre-pandemic levels.

The outlook calls for the U.S. economy to achieve a “soft landing” and avoid recession this year and next. That sets the stage for continued solid gains in Arizona, Phoenix, and Tucson. In addition, the state is expected to far outpace national growth during the next 30 years, with Phoenix leading the way. Even so, state growth is forecast to decelerate significantly compared to average growth rates during the prior 30 years (1992-2022). (Arizona Economic and Business Research Center)

The Phoenix Market is showing a decrease in listings and home sale activity since last year as well as declining home price sales. However, real estate agents across the Valley are expecting more balance in the market with more room for buyers and sellers to negotiate. Lack of inventory has played a part in the slowdown of sales activity.

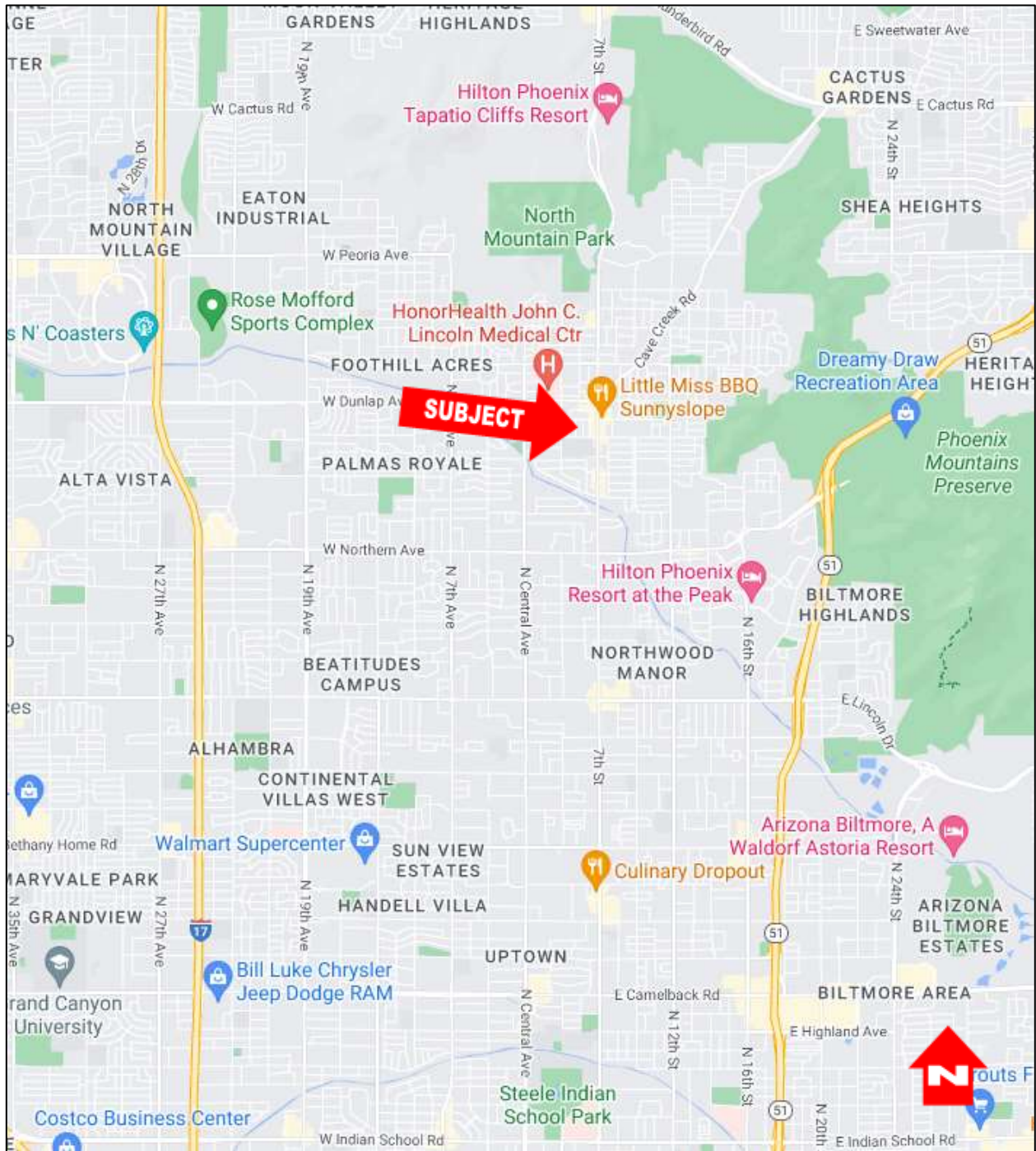
The office market vacancy for the 3rd Quarter 2023 has increased to 17.8% compared to the 2nd Quarter of 2023 at 17.7%. Quoted rental rates increased to \$28.56 compared to the previous quarter at \$28.46 per square foot in the 2nd Quarter 2023.

The retail market vacancy for the 3rd Quarter 2023 has decreased to 4.2% from the 2nd Quarter of 2023 at 4.3%. Rental rates have increased to \$23.54 per square foot in the 3rd Quarter 2023 from \$23.06 per square foot in the 2nd Quarter 2023.

In the 3rd Quarter 2023 the industrial market vacancy has seen an increase in vacancy to 4.48% compared to 3.26% in the 2nd Quarter 2023. Quoted rental rates have increased to \$12.13 compared to the previous quarter at \$11.75 per square foot in the 2nd Quarter 2023.

The State of Arizona and regional governmental agencies have a forward looking, progressive attitude toward more mutual and joint efforts at economic development in the Metropolitan area. However, even in the midst of such economic turnaround the cost of living in Phoenix can still be viewed as a bright spot. Though Phoenix residents have seen an increase in the price of day-to-day expenses, the area remains one of the more affordable places to live and work in comparison to the rest of the United States. It is in part because of our cost of living that we continue to see individuals and businesses choose Phoenix as a relocation destination.

NEIGHBORHOOD MAP



NEIGHBORHOOD DATA ANALYSIS

This section involves an analysis of the environmental, economic, social and governmental forces within the subject neighborhood.

An area of influence is commonly called a "neighborhood", is defined as a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises. (*The Dictionary of Real Estate Appraisal*, 7th edition 2022).

The neighborhood analysis is the objective analysis of observable and/or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. (*The Dictionary of Real Estate Appraisal*, 7th edition 2022).

Neighborhood boundaries identify the physical limits of a neighborhood, which may be delineated by natural, man-made, or geopolitical features. (*The Dictionary of Real Estate Appraisal*, 7th edition 2022).

The neighborhood which is described as that area beyond which a change in land use would not affect the subject property site, is an area bounded on the North by North Mountain Park, on the South by Glendale Avenue, on the West by Interstate 17 and on the East by Highway 51 in Phoenix, Maricopa County, Arizona. The major arterials for the area include Dunlap Road and Peoria Avenue to the north. Central Avenue, 7th Avenue, 19th Avenue and Interstate 17 to the west. Northern Avenue and Glendale Avenue to the south. 7th Street, 12th Street and Highway 51 to the east..

Refer to the Neighborhood Map on the preceding page illustrating the subject in relation to the boundaries of the neighborhood.

Overall, the subject is located in an area that consists mainly of residential uses along the secondary streets and commercial uses along the major roadways.

Single Family Residential

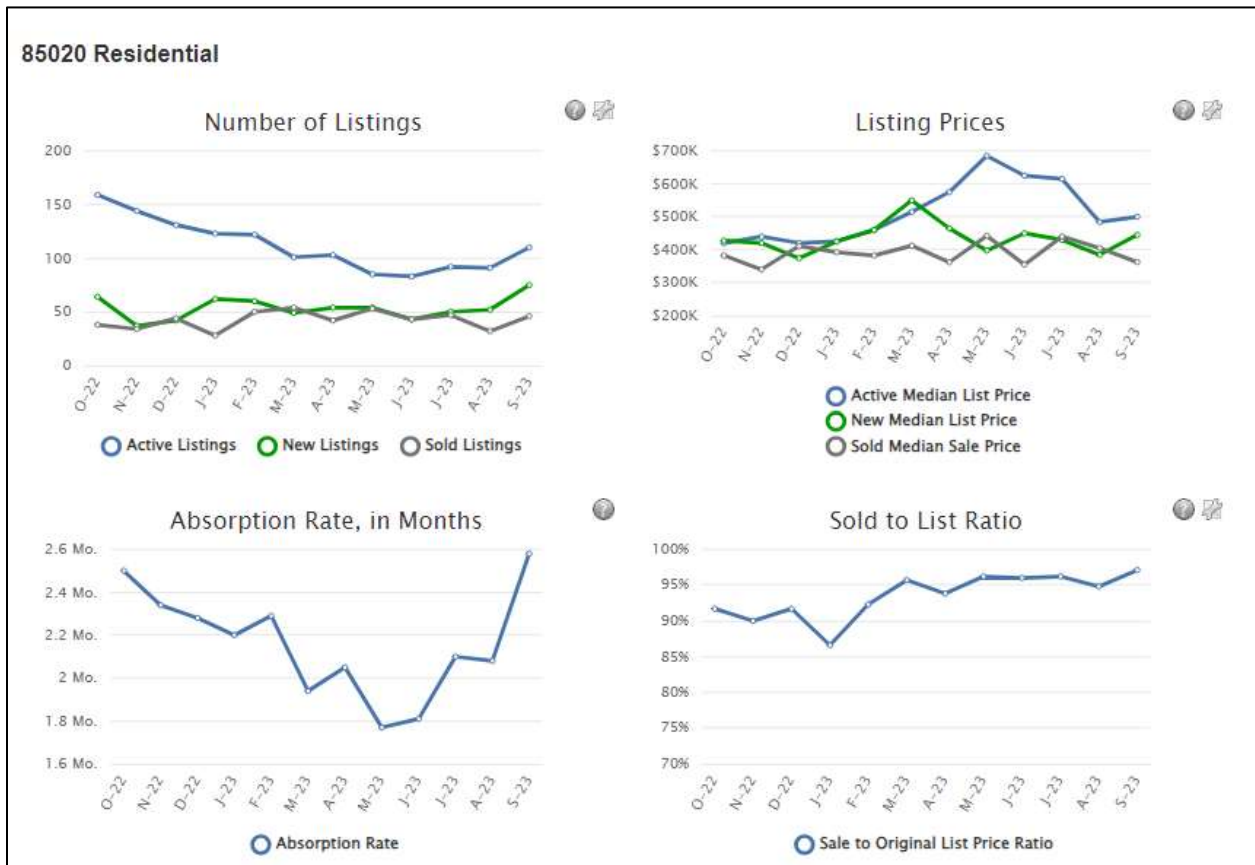
The appraisers researched the subject zip code (85020) to determine single family residential supply and demand factors. According to Arizona Multiple Listing Service the current single family median sales price is down by 5.84% compared to the same time period last year. The median list price for homes in the subject's zip code was up 13.00% from the previous year's median list price. Absorption rates for single family homes are up 16.74%.

Following are the summary statistics for single family residential sales activity within the subject's zip code.

Summary Statistics						
	Sep-23	Sep-22	% Chg	2023 YTD	2022 YTD	% Chg
Absorption Rate	2.58	2.21	16.74	2.09	1.35	54.81
Average List Price	\$744,173	\$564,830	31.75	\$637,951	\$550,127	15.96
Median List Price	\$499,950	\$442,450	13.00	\$440,000	\$424,950	3.54
Average Sale Price	\$543,911	\$528,781	2.86	\$529,995	\$538,777	-1.63
Median Sale Price	\$362,500	\$385,000	-5.84	\$385,000	\$410,000	-6.10
Average CDOM	38	43	-11.63	63	31	103.23
Median CDOM	28	35	-20.00	43	23	86.96

Following are multiple charts relating to single family residential activity in the subject's zip code including:

- Number of listings
- Listing Prices
- Absorption Rate, in Months
- Sold to List Ratio
- Days on Market
- Price Volume





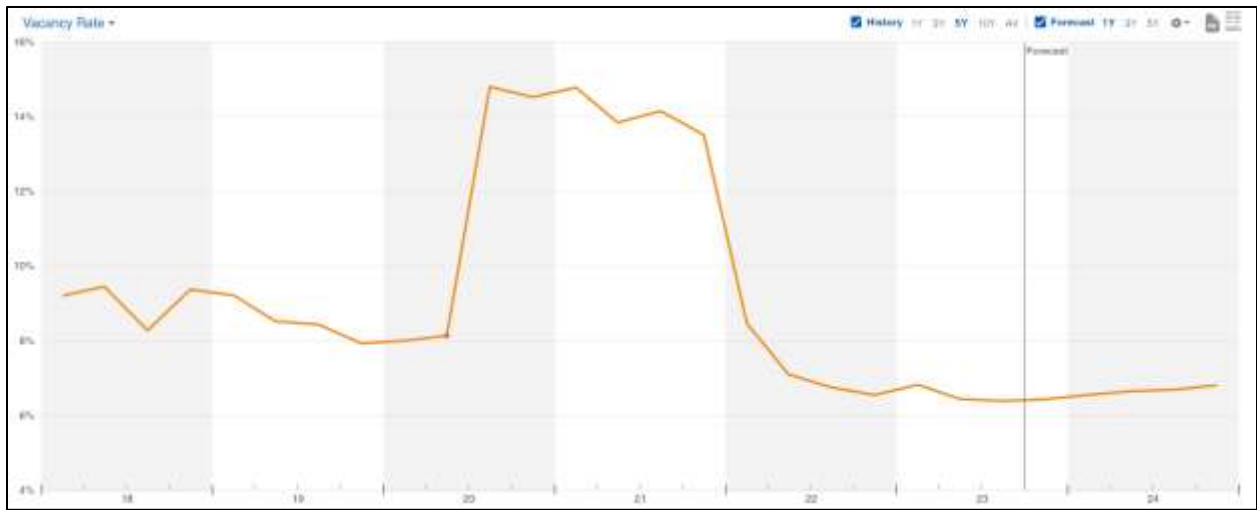
Retail

The following historical data from CoStar represents the retail market including rental rates and vacancy rates.

The 3.0 mile radius surrounding the subject property had a retail inventory of approximately 6.0 million square feet. Of this area approximately 386,000 square feet was vacant equating to a vacancy rate of 6.4%. Over the past five years, vacancy rates ranged from the current rate of 6.4% to 14.8%. Over the past year, vacancy rates have been trending downward.

INVENTORY SF	UNDER CONSTRUCTION SF	12 MO NET ABSORPTION SF	VACANCY RATE
6M +0.4%	0 -100.0%	38.9K -89.5%	6.4% -0.3%
Prior Period 6M	Prior Period 26K	Prior Period 371K	Prior Period 6.7%

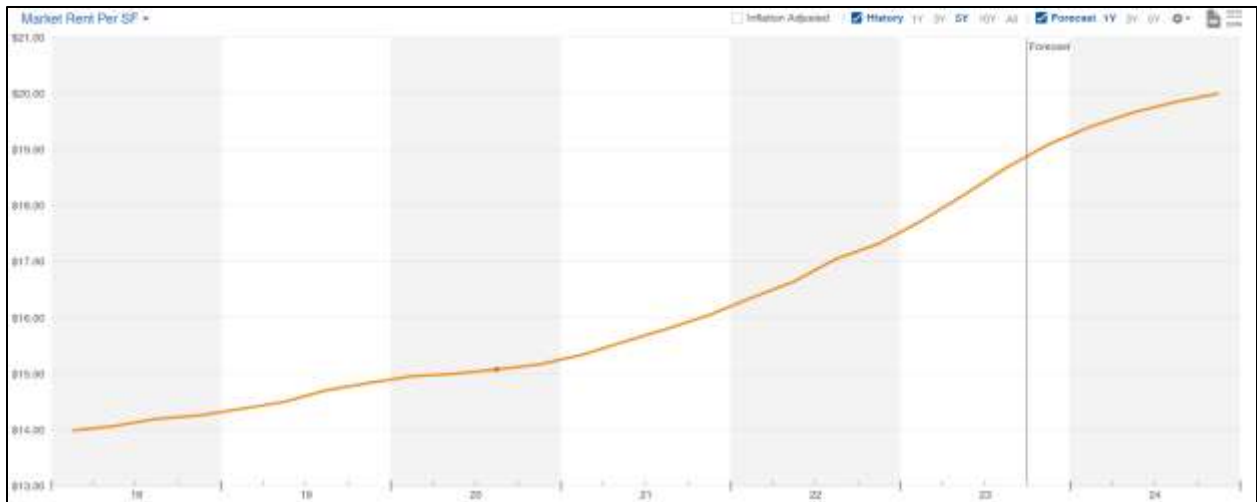
Availability		Inventory	
Vacant SF	386K ↓	Existing Buildings	562 ↑
Sublet SF	4.3K ↓	Under Construction Avg SF	-
Availability Rate	3.9% ↓	12 Mo Demolished SF	0 ↓
Available SF Total	233K ↓	12 Mo Occupancy % at Delivery	95.8% ↓
Available Asking Rent/SF	\$16.68 ↓	12 Mo Construction Starts SF	0 ↓
Occupancy Rate	93.6% ↑	12 Mo Delivered SF	26K ↑
Percent Leased Rate	97.2% ↓	12 Mo Avg Delivered SF	26K ↑



The current quarter showed average asking rental rates of \$18.79 per square foot. Over the past five years, average asking rental rates ranged between \$13.99 per square foot to the current rate of \$18.79 per square foot. Average asking rental rates have been trending upward over the past year.

MARKET RENT/SF	MARKET SALE PRICE/SF	MARKET CAP RATE
\$18.79 +9.6%	\$239 +10.1%	6.3% -0.3%
Prior Period \$17.14	Prior Period \$217	Prior Period 6.6%

Sales Past Year		Demand	
Asking Price Per SF	\$387 ↑	12 Mo Net Absorp % of Inventory	0.6% ↓
Sale to Asking Price Differential	-3.3% ↑	12 Mo Leased SF	101K ↑
Sales Volume	\$72.3M ↓	Months on Market	7.2 ↓
Properties Sold	38 ↓	Months to Lease	19.9 ↑
Months to Sale	5.1 ↓	Months Vacant	17.5 ↓
For Sale Listings	21 ↑	24 Mo Lease Renewal Rate	86.9%
Total For Sale SF	224K ↑	Population Growth 5 Yrs	1.0%



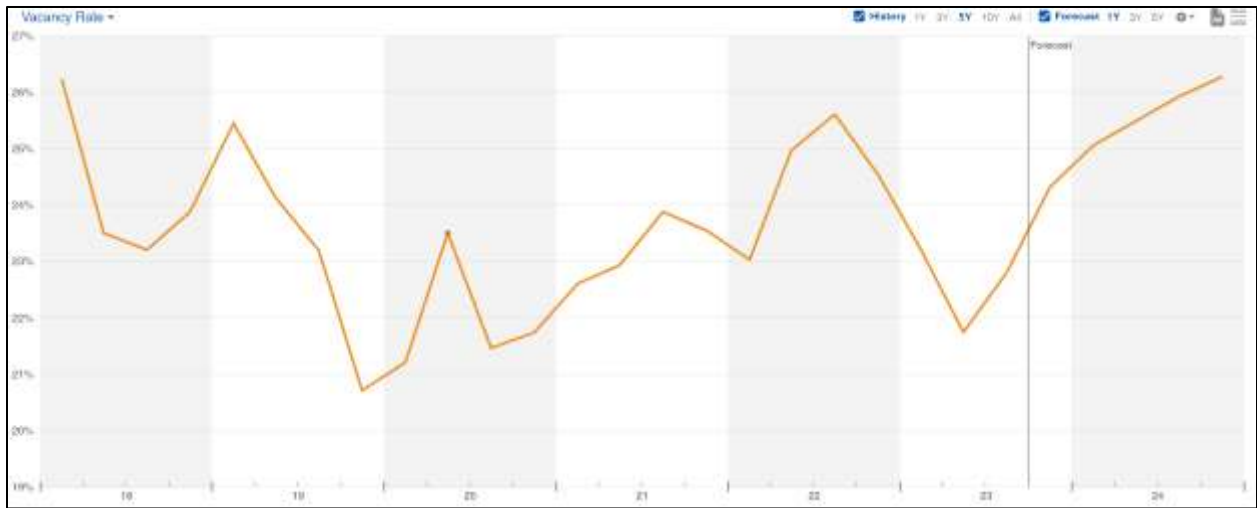
Office

The following historical data from CoStar represents the office market including rental rates and vacancy rates.

The 3.0 mile radius surrounding the subject property had an office inventory of approximately 7.8 million square feet. Of this area approximately 1.9 million square feet was vacant equating to a vacancy rate of 24.0%. Over the past five years, vacancy rates ranged from 20.7% to 26.2%. Over the past year, vacancy rates have been trending upward.

MARKET RENT/SF	MARKET SALE PRICE/SF	MARKET CAP RATE
\$24.79 +3.3%	\$165 -2.8%	8.7% +0.5%
Prior Period \$24.00	Prior Period \$170	Prior Period 8.2%

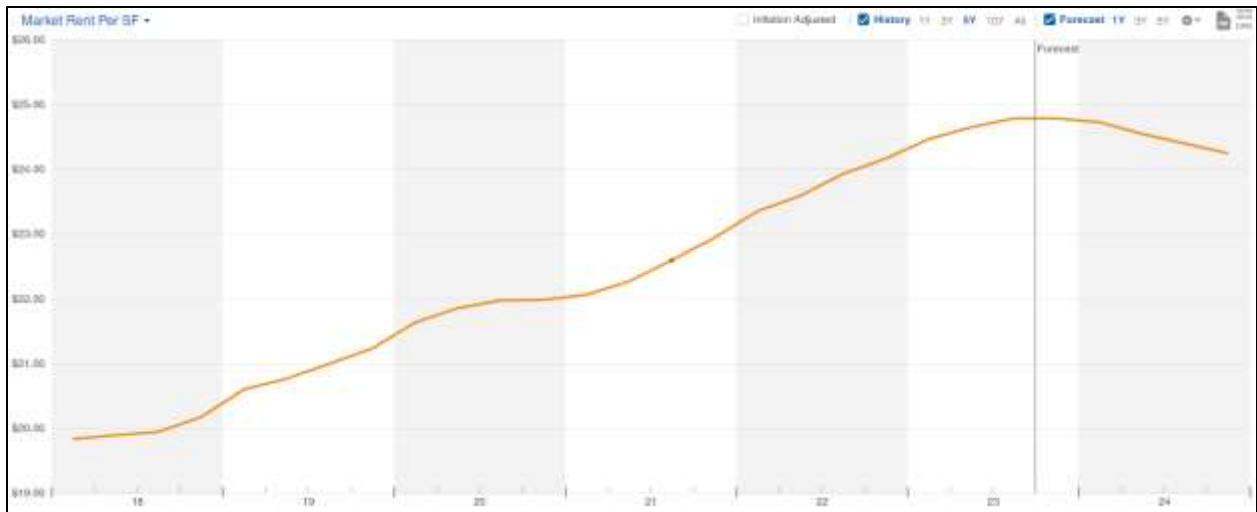
Sales Past Year		Demand	
Asking Price Per SF	\$146 ↓	12 Mo Net Absorp % of Inventory	1.3% ↑
Sale to Asking Price Differential	-1.1% ↑	12 Mo Leased SF	457K ↑
Sales Volume	\$34M ↓	Months on Market	15.2 ↓
Properties Sold	29 ↓	Months to Lease	4.8 ↓
Months to Sale	6.1 ↓	Months Vacant	3.5 ↓
For Sale Listings	21 ↑	24 Mo Lease Renewal Rate	33.7%
Total For Sale SF	560K ↑	Population Growth 5 Yrs	1.0%



The current quarter showed gross asking rental rates of \$24.79 per square foot. Over the past five years, gross asking rental rates ranged between \$19.83 per square foot to the current rate of \$24.79 per square foot. Gross asking rental rates have been trending upward over the past year.

MARKET RENT/SF	MARKET SALE PRICE/SF	MARKET CAP RATE
\$24.79 +3.3%	\$165 -2.8%	8.7% +0.5%
Prior Period \$24.00	Prior Period \$170	Prior Period 8.2%

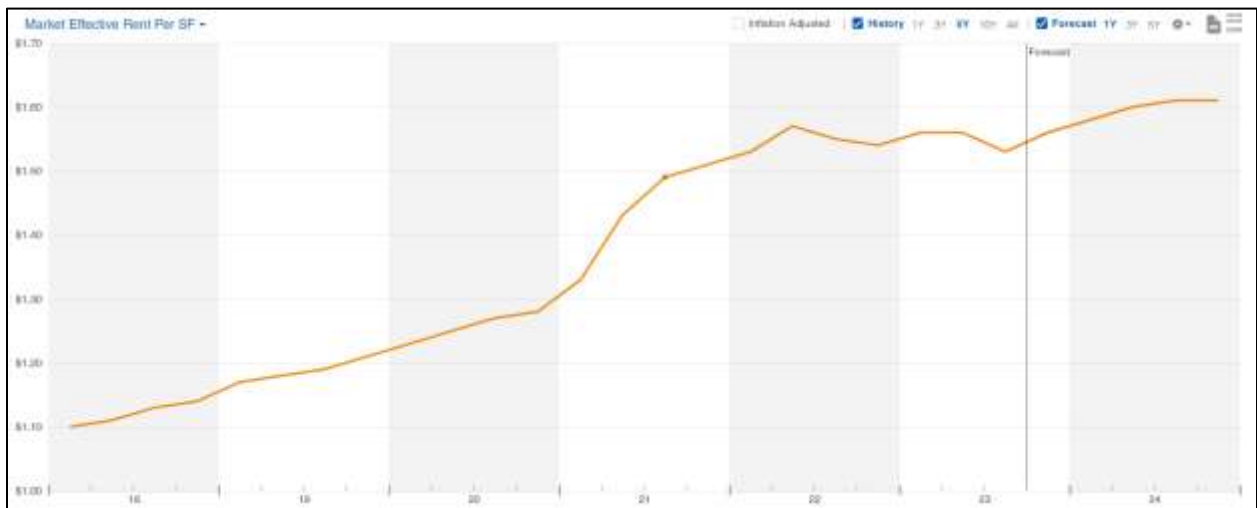
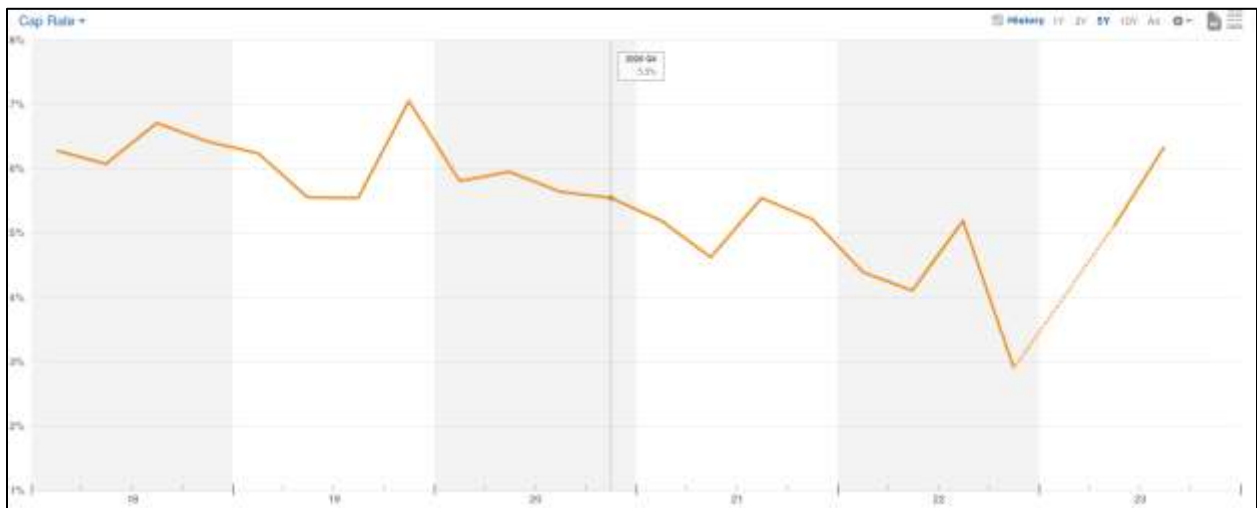
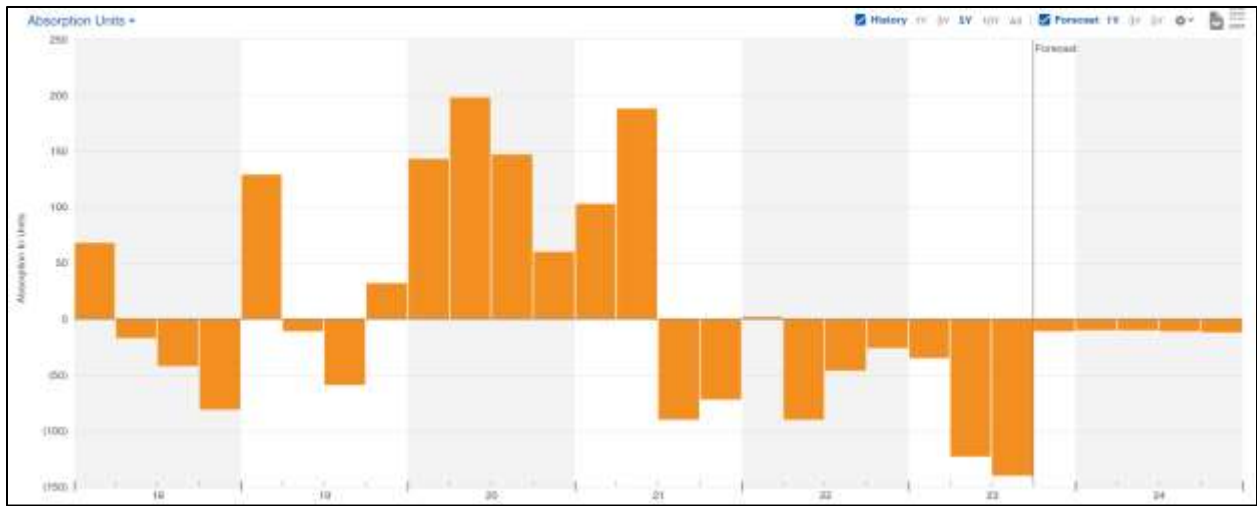
Sales Past Year		Demand	
Asking Price Per SF	\$146 ↓	12 Mo Net Absorp % of Inventory	1.3% ↑
Sale to Asking Price Differential	-1.1% ↑	12 Mo Leased SF	457K ↑
Sales Volume	\$34M ↓	Months on Market	15.2 ↓
Properties Sold	29 ↓	Months to Lease	4.8 ↓
Months to Sale	6.1 ↓	Months Vacant	3.5 ↓
For Sale Listings	21 ↑	24 Mo Lease Renewal Rate	33.7%
Total For Sale SF	560K ↑	Population Growth 5 Yrs	1.0%



Multi-Family Residential

According to CoStar, the 3.0 mile radius surrounding the subject property had a multi-family inventory of approximately 21,074 units. Of these units approximately 1,647 units were vacant equating to a vacancy rate of 7.8%. Over the past five years, vacancy rates ranged from 4.68% to the current rate of 7.8%. Over the past year, vacancy rates have been trending upward and are currently on the upper end of the five year range. Absorption rates decreased from 358 units in 2014 to 270 units in 2015. Absorption rates total -140 units in the current year. Since 2018, capitalization rates ranged between 2.9% and 7.0% and have been trending downward over the past year and are expected to increase in the following year. Over the past five years the effective rent per square foot has been increasing. The following charts were derived from CoStar and show vacancy rates, capitalization rates, absorption, deliveries and effective rent per unit by bedroom.





DEMOGRAPHICS:

Population	2 mile	5 mile	10 mile
2010 Population	56,150	339,966	1,280,947
2023 Population	61,776	383,412	1,428,808
2028 Population Projection	62,328	388,249	1,444,529
Annual Growth 2010-2023	0.8%	1.0%	0.9%
Annual Growth 2023-2028	0.2%	0.3%	0.2%
Median Age	39.2	38.5	37
Bachelor's Degree or Higher	31%	28%	26%
U.S. Armed Forces	30	132	660

Source: CoStar

DIRECTION AND DISTANCE TO EMPLOYMENT CENTERS:

Employment centers and other community support services, such as medical facilities, churches, schools and parks are available within the neighborhood or in the neighboring cities which surround the subject neighborhood.

COMMUNITY SERVICES AND FACILITIES:

Within the community there are adequate grade schools, middle schools and high schools, colleges/universities and trade schools that can provide public school education for the neighborhood. Additionally, there are adequate medical facilities nearby.

UTILITIES:

The subject neighborhood is located within the city limits of Phoenix. Water and sewer is provided by the City of Phoenix; Electricity is provided by Arizona Public Service (APS); Natural gas is provided by Southwest Gas; Telephone service is provided by CenturyLink. These services are adequate and are available at reasonable rates. The cost of obtaining these services is similar to competing neighborhoods in the Phoenix metropolitan area.

GOVERNMENTAL FORCES:

The governmental forces maintaining accord in the neighborhood and influencing development in the area have been Phoenix zoning regulations. Police and fire protection is provided by the City of Phoenix.

TRANSPORTION:

The major roadways for the area are Dunlap Road and Peoria Avenue to the north. Central Avenue, 7th Avenue, 19th Avenue and Interstate 17 to the west. Northern Avenue and Glendale Avenue to the south. 7th Street, 12th Street and Highway 51 to the east.

CONCLUSION:

The subject neighborhood is in a stable stage of development. The subject neighborhood is located within an area of Phoenix that consists of an adequate amount of retail centers, schools, medical facilities, and other goods and services that will promote the marketability of the subject neighborhood.

PLAT MAP



AERIAL VIEW



SITE DATA ANALYSIS

LOCATION:

The subject property is located 8930 North 3rd Street in Phoenix, Arizona 85020.

SITE DIMENSIONS AND SHAPE:

The subject site is rectangular in shape considered to be functionally adequate for most types of development. As per information supplied for this assignment along with the Maricopa County Assessor's map the site is comprised of 0.72 acres or 31,250 square feet. The site has approximately 250 feet of frontage along 3rd Street with a depth of approximately 125 feet.

IMPROVEMENTS:

The subject is vacant land and does not have any vertical improvements.

NUISANCES OR HAZARDS:

The appraisers have not been provided with any environmental studies. The appraisers are without the expertise to identify and/or detect such substances, upon physical inspection of the site, there are no known hazards that would affect the development of the property. Because of the liability generated if toxic wastes and/or contaminants are found on the site, it is strongly recommended that a specialist in the detection of toxic waste be retained to check for possible contamination.

If a toxic waste and/or contaminant is detected, the value estimate appearing in this report is null and void. If a re-appraisal is required, it will be made at an additional charge and upon receipt of any additional information requested (i.e., what the toxic waste and/or contaminant is and the cost of removal) by the appraisers.

TRANSPORTATION IMPROVEMENTS:

The subject property has visibility and access from 3rd Street and from the alleyway adjacent to the west. Roadway improvements adjacent to the subject site are as follows:

Street:	3rd Street
Road Surface:	Paved
Lanes:	Two lanes
Curbs/Gutters:	Yes
Sidewalks:	Yes
Street Lights:	Yes
Speed Limit:	25 mph
Traffic Count:	Light, Unmeasured

Street: Unnamed alleyway
Road Surface: Paved
Lanes: One lane
Curbs/Gutters: No
Sidewalks: No
Street Lights: No
Speed Limit: 25 mph
Traffic Count: Light, Unmeasured

TOPOGRAPHY, DRAINAGE AND SOIL CONDITIONS:

Elevations are level and at grade with adjoining property. A soils study has not been provided. The load bearing capacity of the top soil and sub-soils is unknown, but is assumed to be sufficient to support existing improvements.

FLOOD ZONE:

The location is within an area denoted as being in an "X" Flood Hazard Area, as found on Federal Emergency Management Agency Flood Insurance Rate Map number 04013C1730L based on the October 16, 2013 flood data. The "X" designation indicates:

Areas of 500-year flood; areas of 100-year flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas projected by levees from 100-year flood.

UTILITIES:

All utilities including electrical, water and telephone services are available to the site.

Sewer - City of Phoenix
Water - City of Phoenix
Electric - Arizona Public Service (APS)
Gas - Southwest Gas
Telephone - CenturyLink

EASEMENTS:

A title report was not provided. However, based upon a review of the available property information, there do not appear to be any easements, encroachments, or restrictions other than those that are typical for the property type. Our valuation assumes (see extraordinary assumptions) no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has a clear and marketable title.

ZONING:

The purpose of zoning is to provide for orderly growth and harmonious development. Zoning is intended to provide a common ground of understanding and a sound and equitable working

relationship between public and private interests to the end that both independent and mutual objectives can be achieved.

Approximately 40% of the subject site is zoned C-3, General Commercial and 60% of the site is zoned R-5, Multi-Family Residential according to the City of Phoenix.

The C-3 Commercial General District, is a district designed to provide for the intensive commercial uses necessary to the proper development of the community.

The R-5, Multifamily Residence District, is a district to provide for alternate living styles including rental, condominiums and single ownership of land with multiple units thereon or single or attached townhomes.

Phoenix Housing Plan

It should be noted that the subject site is part of the new Phoenix Housing Plan. The goal of the Phoenix Housing Plan is to create or preserve 50,000 homes by 2030, and increase overall supply of market, workforce, and affordable housing through the implementation of the following policy initiatives:

1. Prioritize New Housing in Areas of Opportunity
2. Amend Current Zoning Ordinance to Facilitate More Housing Options
3. Redevelop City-Owned Land with Mixed-Income Housing
4. Enhance Public-Private Partnerships and Increase Public, Private and Philanthropic Financing
5. Building Innovations and Cost Saving Practices
6. Increase Affordable Housing Developer Representation
7. Expand Efforts to Preserve Existing Housing Stock
8. Support Affordable Housing Legislation
9. Education Campaign

The aim is to substantially increase the number of available and affordable housing options for all Phoenix residents at all income levels. Federal guidelines suggest that households should spend no more than 30% of their income on housing and utility payments. Today, many residents spend a higher proportion of their income on rent and homeownership costs. As a result, many people do not have enough income remaining to adequately pay for food, healthcare and other basic needs. Some households have chosen to move farther away from employment centers in an attempt to find more affordable housing options. While this may reduce housing costs, it increases transportation costs and the length of their commute. The primary goal of this Plan is to create or preserve 50,000 units of housing through implementation of the aforementioned housing policy initiatives.

For too many Phoenicians, their ZIP code is a determinant of access to opportunities. The vision of the Housing Phoenix Plan is a city where all residents have equitable access to quality public services and amenities: including public spaces; schools; transit; retail; employment opportunities; affordable

housing; and environments that are healthy and safe. This Plan is focused on helping to deliver on this vision.

While housing is a stabilizing factor for affordable, equitable, and resilient communities, this Plan is intended to complement, not replace other city efforts, such as those focused on public safety, education, or public health. All these issues must be addressed to increase economic mobility and security for our residents and to ensure an equitable city.

Village Center

The City of Phoenix has implemented Neighborhood Initiative Areas and the subject site is located in the Village Center.

The City of Phoenix has established areas of greatest need with priority emphasis given to the following factors.

1. Areas in Phoenix having the greatest percentage of home foreclosures.
2. Areas in Phoenix with the highest percentage of homes financed by a subprime mortgage related loan.
3. Areas in Phoenix likely to face a significant rise in the rate of home foreclosures. Activities will be performed within the city adopted Neighborhood Initiative Areas of Isaac, Garfield, South Phoenix Village, and Village Center.

The City will purchase foreclosed or abandoned properties for the purpose of demolition to primarily address the most critical properties within the specific, defined Low, Moderate and Middle Income (LMMI) areas in the City of Phoenix Neighborhood Initiative Areas also referred as NIA. The NIAs are city adopted areas targeted for comprehensive, concentrated revitalization efforts through various city departments and programs. Although neighborhood revitalization was already occurring, Neighborhood Stabilization Program (NSP) funds are being used to help protect the investment made and continue revitalization efforts by acquiring vacant and foreclosed homes for blight removal.

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance is required. A more detailed description of the subject zoning is located within the Addenda.

TAX AND ASSESSMENT DATA:

Presently, the subject property is identified as assessor's tax parcel number: 160-50-079. The subject property is located in Maricopa County and valued by the county assessor for taxing purposes.

The Maricopa County Assessor's Office assesses the subject. Full Cash Value (FCV) has no relationship to market value as defined in this report. Full cash value is set by State law and is for tax assessment purposes only. It does not consider the future potential use of the property and is not always current with market transactions. Limited Property Value (LPV) is set by the State of Arizona and, by statute, cannot exceed full cash value.

In the State of Arizona, a sale of the subject does not trigger a reassessment.

Proposition 117 passed in 2012 by a majority of Arizona voters, Proposition 117 works as a mechanism to control the large valuation swings that did so much damage to, not only property owners, but to government budgets, during the recession.

Proposition 117 acts as a mandatory cap on valuation increases to the LPV, upon which both primary and secondary tax rates will now be based. So even though FCV may rise dramatically (as it is not limited and is based on market conditions), Proposition 117 caps increases in the LPV to 5% annually. It should be noted, this cap does not apply to new construction, additions, or deletions to your property.

Proposition 117 does not change statutory formulas used for calculating the amount of money which can be collected by taxing jurisdictions. Proposition 117 provides a stable and dependable value for LPVs, and, in theory, a stable tax base for taxing jurisdictions dependent on property taxes. Proposition 117 went into effect for Tax Year 2015.

Following is the available information concerning FCV, LPV, and Assessed Ratio for the subject property.

Tax Year	2024	2023	2022	2021	2020
Full Cash Value ②	\$313,500	\$222,700	\$165,800	\$165,800	\$143,000
Limited Value ③	\$100,275	\$95,500	\$90,952	\$86,621	\$82,496
Legal Class	2.R	2.R	2.R	2.R	2.R
Description	AG / VACANT LAND / NON-PROFIT R/P	AG / VACANT LAND / NON-PROFIT R/P	AG / VACANT LAND / NON-PROFIT R/P	AG / VACANT LAND / NON-PROFIT R/P	AG / VACANT LAND / NON-PROFIT R/P
Assessment Ratio	15%	15%	15%	15%	15%
Assessed LPV	\$15,041	\$14,325	\$13,643	\$12,993	\$12,374
Property Use Code	9705	9705	9700	9700	9700
PU Description	Municipal Ownership	Municipal Ownership	Municipal Ownership	Municipal Ownership	Municipal Ownership
Tax Area Code	061300	061300	061300	061300	061300
Valuation Source	Notice	Notice	Notice	Notice	Notice

The subject is owned by the City of Phoenix who are not required to pay taxes. Therefore, the appraiser surveyed property taxes of properties similar to the subject in order to estimate the taxes.

2023 APN 160-49-127A	
Legal Class	02.R
Tax Area	061300
Zoning	R-5
Parcels	Comp 1
2023 FCV	\$98,300.00
2023 LPV	\$47,518.00
Assess.Val.	\$7,128
Primary	0.077976
Secondary	0.052607
West-MEC	0.001807
Primary	\$555.81
Secondary	\$374.98
Flood	\$12.88
TAX Total	\$943.67

2023 APN 159-29-016B	
Legal Class	02.R
Tax Area	061300
Zoning	R-3
Parcels	Comp 2
2023 FCV	\$277,000.00
2023 LPV	\$97,886.00
Assess.Val.	\$14,683
Primary	0.077976
Secondary	0.052607
West-MEC	0.001807
Primary	\$1,144.92
Secondary	\$772.43
Flood	\$26.53
TAX Total	\$1,943.88

2023 APN 160-02-044	
Legal Class	02.R
Tax Area	061300
Zoning	R-4
Parcels	Comp 3
2023 FCV	\$173,100.00
2023 LPV	\$36,317.00
Assess.Val.	\$5,448
Primary	0.077976
Secondary	0.052607
West-MEC	0.001807
Primary	\$424.81
Secondary	\$286.60
Flood	\$9.84
TAX Total	\$721.25

2023 APN 151-01-006B	
Legal Class	02.R
Tax Area	061300
Zoning	R-5
Parcels	Comp 4
2023 FCV	\$248,200.00
2023 LPV	\$123,231.00
Assess.Val.	\$18,485
Primary	0.077976
Secondary	0.052607
West-MEC	0.001807
Primary	\$1,441.39
Secondary	\$972.44
Flood	\$33.40
TAX Total	\$2,447.23

2023 APN 159-36-138A	
Legal Class	02.R
Tax Area	061300

2023 APN 158-21-064	
Legal Class	02.R
Tax Area	061300

Zoning Parcels	R-5 Comp 5
2023 FCV	\$130,500.00
2023 LPV	\$46,385.00
Assess.Val.	\$6,958
Primary	0.077976
Secondary	0.052607
West-MEC	0.001807
Primary	\$542.56
Secondary	\$366.04
Flood	\$12.57
TAX Total	\$921.17

Zoning Parcels	R-4 Comp 6
2023 FCV	\$167,800.00
2023 LPV	\$30,794.00
Assess.Val.	\$4,619
Primary	0.077976
Secondary	0.052607
West-MEC	0.001807
Primary	\$360.17
Secondary	\$242.99
Flood	\$8.35
TAX Total	\$611.51

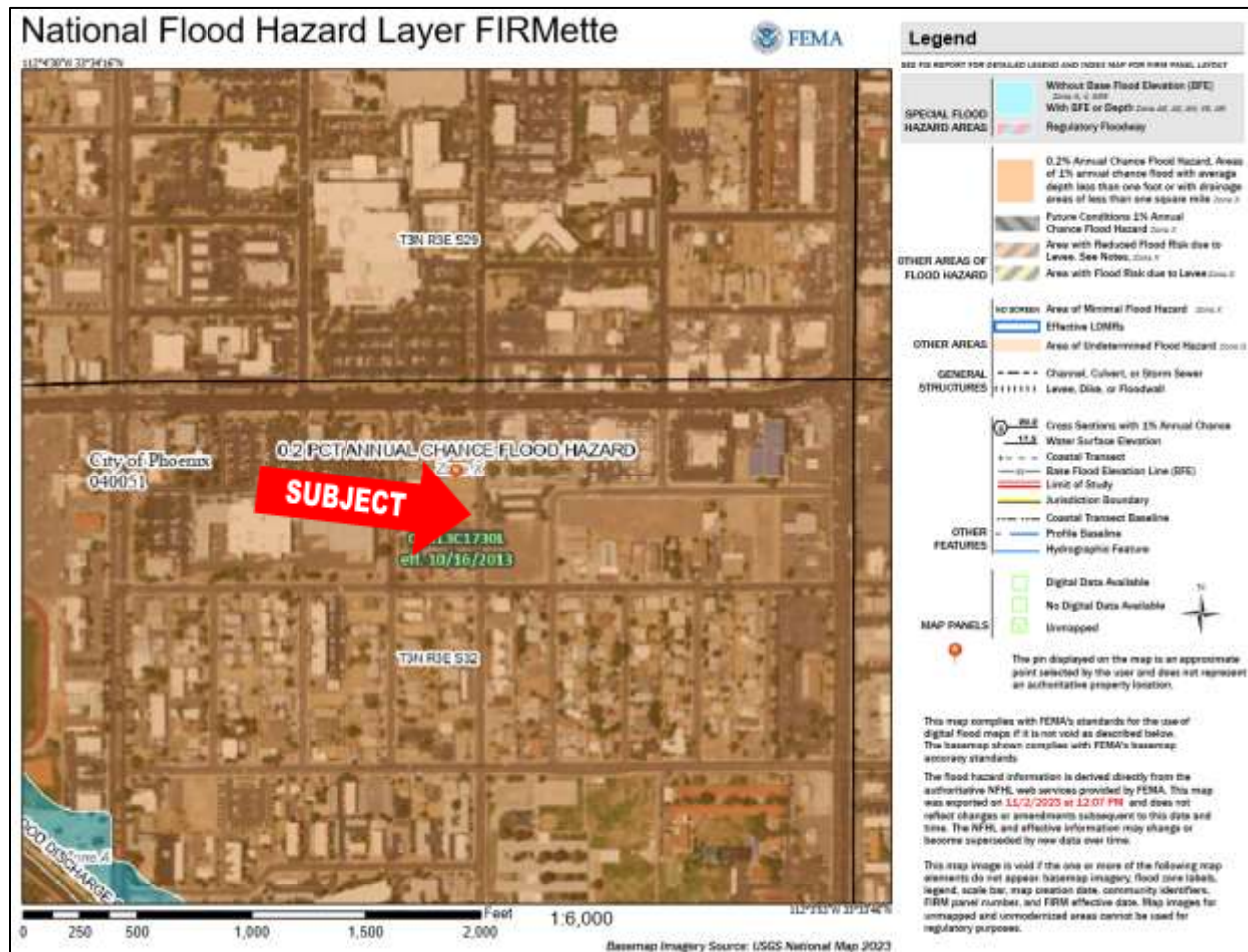
Subject	
2023 (Estimated)	
APN 158-21-064	
Legal Class	02.R
Tax Area	061300
Zoning	R-5
Parcels	Subject
2023 FCV	\$222,700.00
2023 LPV	\$95,500.00
Assess.Val.	\$13,643
Primary	0.077976
Secondary	0.052607
West-MEC	0.001807
Taxes (LPV)	\$1,063.83
Taxes (Flood)	\$717.72
Taxes (Limited Property)	\$24.65
TAX Total	\$1,806.20
ROUNDED	\$1,805.00

According to the Maricopa County Treasurer's Office, there are no delinquent taxes owed for the subject. The appraisers are unaware of any known special assessments which would affect the value of the property.

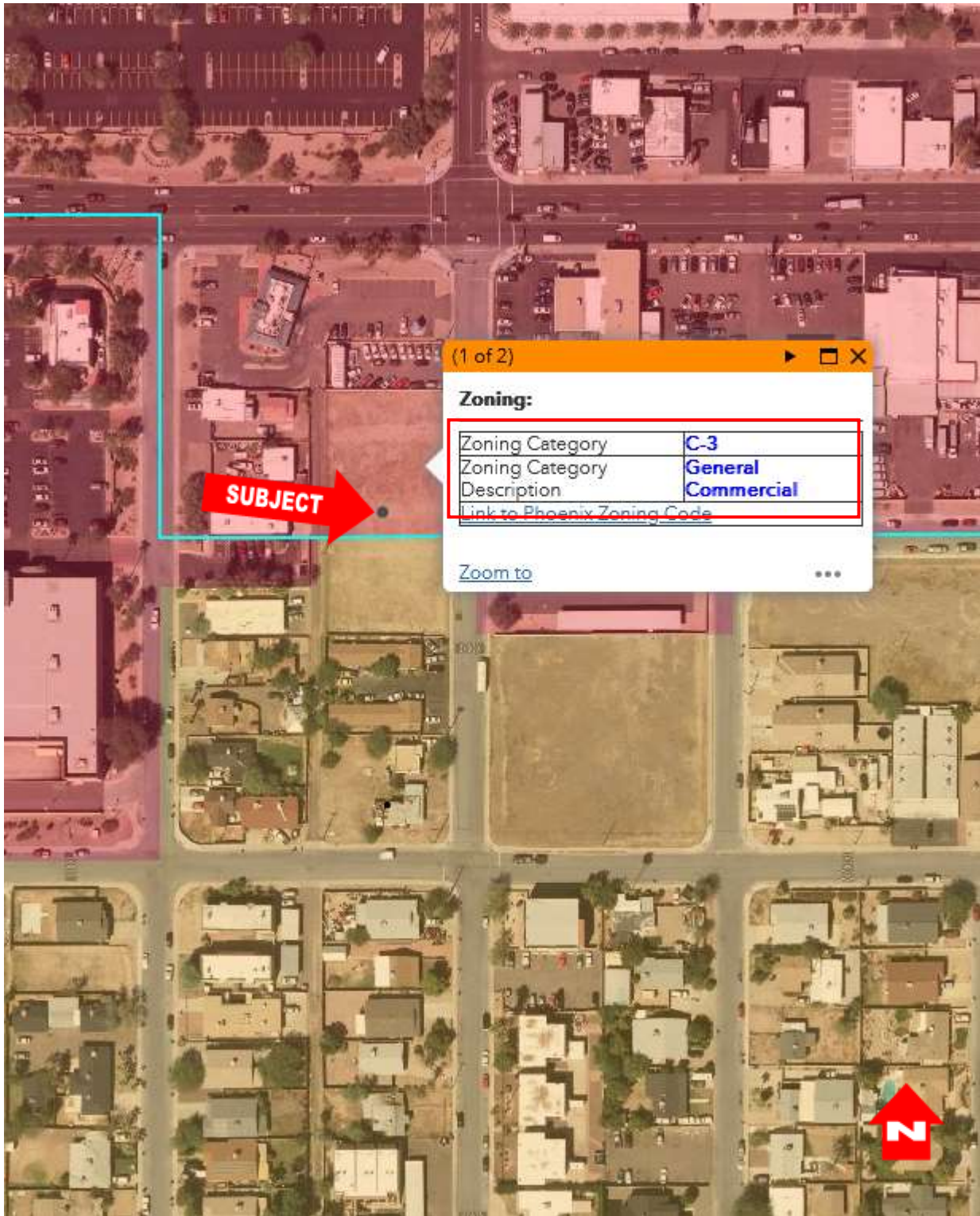
CONCLUSION:

In conclusion, the physical and functional characteristics of the site are considered to have adequate street visibility and access. The site is located in an area predominantly made up of commercial development along the major arterials and residential development along the secondary streets with adequate access to the goods and services of Metropolitan Phoenix. The site is at grade with the adjoining properties with no evidence of drainage problems or soil contamination. All city utilities/services and electricity are available to the site.

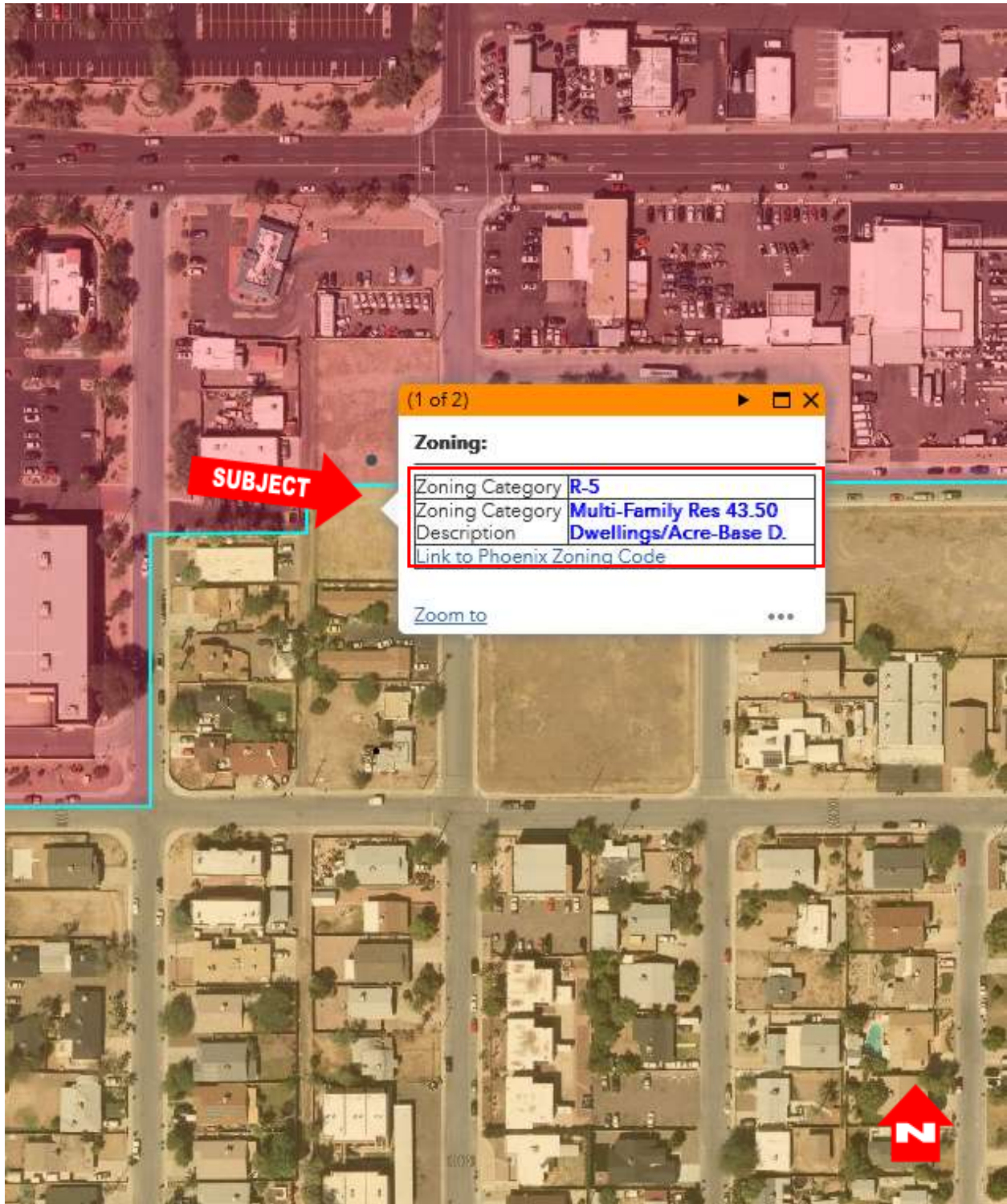
FLOOD ZONE MAP



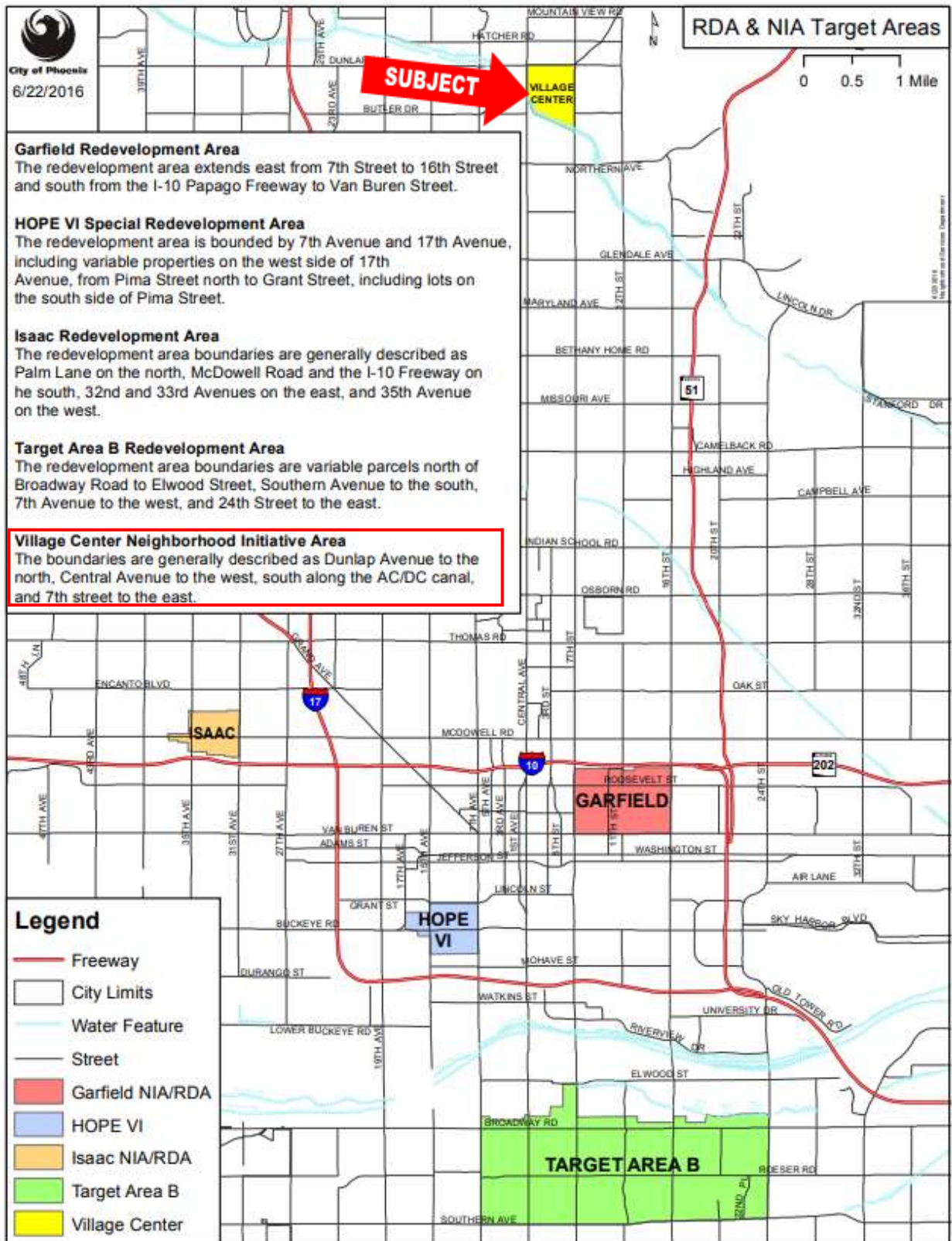
ZONING MAP



ZONING MAP



NEIGHBORHOOD INITIATIVE AREA MAP



SUBJECT PHOTOGRAPHS



Looking northwest across the subject site



Looking west across the subject site



Looking northwest across the subject site



Looking south along the unnamed alleyway, subject on the left



Looking north along the unnamed alleyway, subject on the right



Looking northeast across the subject site



Looking east across the subject site



Looking south along the western portion of the site



Looking north along the western portion of the subject site



Looking northeast across the subject site



Looking east along the southern portion of the subject site



Looking northwest across the subject site



Looking south along 3rd Street, subject on the right



Looking north along 3rd Street, subject on the left

HIGHEST AND BEST USE

Highest and best use is a market driven concept that focuses on market forces as each relates to the subject site identifying the most profitable and competitive use to which the property can be put.

Following is the definition of highest and best use as used in this report:

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.
2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that is would be willing to bid. (IVS)
3. The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (The Dictionary of Real Estate Appraisal, 7th edition 2022).

Highest and Best Use as a Vacant Site

Highest and best use of a site as vacant assumes that a parcel of land is vacant or can be vacated by demolishing existing improvements, as of the date valuation.

The purpose of determining the use of the site as vacant is to identify its potential. The goal of the analysis is to ascertain the optimum use of the land as vacant, and what variety or type of improvement, if any, is warranted given present market conditions.

In growth areas and neighborhoods in transition or where a change in the near term is expected, an interim use could be utilized. An interim use may be the existing use, a proposed development, an assemblage or to hold as a speculative investment.

Highest and best use implies contribution of that specific use (ideal improvements) to the community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied, is that the determination of highest and best use results from the appraisers' judgment and analytical skill, i.e., the use determined from analysis represents an opinion, not fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

The highest and best use conclusion may be identical to the one permitted by either zoning ordinances or private restrictions. In some instances land has a more valuable use than that permitted by law. When there is a strong possibility that a change in the legal use would be permitted, then it could properly be considered as a factor affecting value. Conversely, zoning could legally permit a use more intense than the site could reasonably be expected to perform. In such cases, if zoning will not

permit a less intense use, then it is necessary to determine whether or not the zoning could be changed and the effect of this factor upon the ultimate utilization of the property.

Although homogenetic use and compatibility are general considerations for developers, city and county planners and the basis of more intense land use studies, they do not usually indicate the Highest and Best Use of a property.

The Highest and Best Use is considered after analyzing current market conditions relating to the positive and negative attributes of the subject site, significant limitations to the future use and current relationship to other uses in the immediate neighborhood. Specifically, the use must be reasonable within the following areas:

- ***Legally Permissible:*** The use must be a legal use of the land, meeting all regulatory approvals from national to local levels.
- ***Physically Possible:*** The use must be physically feasible and appropriate for the site.
- ***Financially Feasible:*** This area incorporates tests for both financial feasibility and maximum profitability. There must be a proven market demand for any use. Further, the present worth of the economic benefits provided by the demand must be in excess of development costs. The use which returns the greatest profit to the land is considered the highest and best use.
- ***Maximally Productive:*** The most reasonable use which returns the greatest profit to the land is considered the highest and best use.

Each of these areas will be discussed in more detail in the following section of our analysis of Highest and Best Use.

To test highest and best use for the land as vacant, an appraiser analyzes all logical, feasible alternatives with legal permissibility and physical possibilities considered first.

LEGALLY PERMISSIBLE:

Legal permissibility is indicated by land use regulations and current zoning code of the controlling governmental agency.

The purpose of zoning is to provide for orderly growth and harmonious development. Zoning is intended to provide a common ground of understanding and a sound and equitable working relationship between public and private interests to the end that both independent and mutual objectives can be achieved.

Approximately 40% of the subject site is zoned C-3, General Commercial and 60% of the site is zoned R-5, Multi-Family Residential according to the City of Phoenix.

The C-3 Commercial General District, is a district designed to provide for the intensive commercial uses necessary to the proper development of the community.

The R-5, Multifamily Residence District, is a district to provide for alternate living styles including rental, condominiums and single ownership of land with multiple units thereon or single or attached townhomes.

Phoenix Housing Plan

It should be noted that the subject site is part of the new Phoenix Housing Plan. The goal of the Phoenix Housing Plan is to create or preserve 50,000 homes by 2030, and increase overall supply of market, workforce, and affordable housing through the implementation of the following policy initiatives:

1. Prioritize New Housing in Areas of Opportunity
2. Amend Current Zoning Ordinance to Facilitate More Housing Options
3. Redevelop City-Owned Land with Mixed-Income Housing
4. Enhance Public-Private Partnerships and Increase Public, Private and Philanthropic Financing
5. Building Innovations and Cost Saving Practices
6. Increase Affordable Housing Developer Representation
7. Expand Efforts to Preserve Existing Housing Stock
8. Support Affordable Housing Legislation
9. Education Campaign

The aim is to substantially increase the number of available and affordable housing options for all Phoenix residents at all income levels. Federal guidelines suggest that households should spend no more than 30% of their income on housing and utility payments. Today, many residents spend a higher proportion of their income on rent and homeownership costs. As a result, many people do not have enough income remaining to adequately pay for food, healthcare and other basic needs. Some households have chosen to move farther away from employment centers in an attempt to find more affordable housing options. While this may reduce housing costs, it increases transportation costs and the length of their commute. The primary goal of this Plan is to create or preserve 50,000 units of housing through implementation of the aforementioned housing policy initiatives.

For too many Phoenicians, their ZIP code is a determinant of access to opportunities. The vision of the Housing Phoenix Plan is a city where all residents have equitable access to quality public services and amenities: including public spaces; schools; transit; retail; employment opportunities; affordable housing; and environments that are healthy and safe. This Plan is focused on helping to deliver on this vision.

While housing is a stabilizing factor for affordable, equitable, and resilient communities, this Plan is intended to complement, not replace other city efforts, such as those focused on public safety, education, or public health. All these issues must be addressed to increase economic mobility and security for our residents and to ensure an equitable city.

Village Center

The City of Phoenix has implemented Neighborhood Initiative Areas and the subject site is located in the Village Center.

The City of Phoenix has established areas of greatest need with priority emphasis given to the following factors.

1. Areas in Phoenix having the greatest percentage of home foreclosures.
2. Areas in Phoenix with the highest percentage of homes financed by a subprime mortgage related loan.
3. Areas in Phoenix likely to face a significant rise in the rate of home foreclosures. Activities will be performed within the city adopted Neighborhood Initiative Areas of Isaac, Garfield, South Phoenix Village, and Village Center.

The City will purchase foreclosed or abandoned properties for the purpose of demolition to primarily address the most critical properties within the specific, defined Low, Moderate and Middle Income (LMMI) areas in the City of Phoenix Neighborhood Initiative Areas also referred as NIA. The NIAs are city adopted areas targeted for comprehensive, concentrated revitalization efforts through various city departments and programs. Although neighborhood revitalization was already occurring, Neighborhood Stabilization Program (NSP) funds are being used to help protect the investment made and continue revitalization efforts by acquiring vacant and foreclosed homes for blight removal.

Due to the surrounding development and lack of visibility from any major roadway, the most likely use of the subject site would be for multi-family residential development. According to the City of Phoenix zoning ordinance, the General Commercial zoning designation allows for 43.5 dwelling units per acre. The Multi-Family Residence zoning designation allows for the same density. Therefore, the most likely use for the subject site would be for multi-family residential development.

In conclusion, the subject site has a legally permissible use for multi-family residential development.

PHYSICALLY POSSIBLE:

Physical possibility is shown by indicating the capabilities and adaptability of the site for the proposed improvement (project) together with the availability of utilities and community services, modifications that may be required and limitations caused by physical characteristics of the site.

The subject site is rectangular in shape considered to be functionally adequate for most types of development. As per information supplied for this assignment along with the Maricopa County Assessor's map the site consists of 0.72 acres or 31,250 square feet. The site has approximately 250 feet of frontage along 3rd Street with a depth of approximately 125 feet.

The appraisers relied on Maricopa County Assessor information for the appraisal and on the physical inspection of the subject property.

There are no indicated development limitations observed from our inspection with exception to development limitations imposed by the planning department and zoning code of the City of Phoenix with respect to lot/building ratios and property line set-backs.

In conclusion, most types of development are physically possible on the subject site. However, as discussed in the legally permissible section, the most likely use would be for multi-family residential development.

FINANCIAL FEASIBILITY:

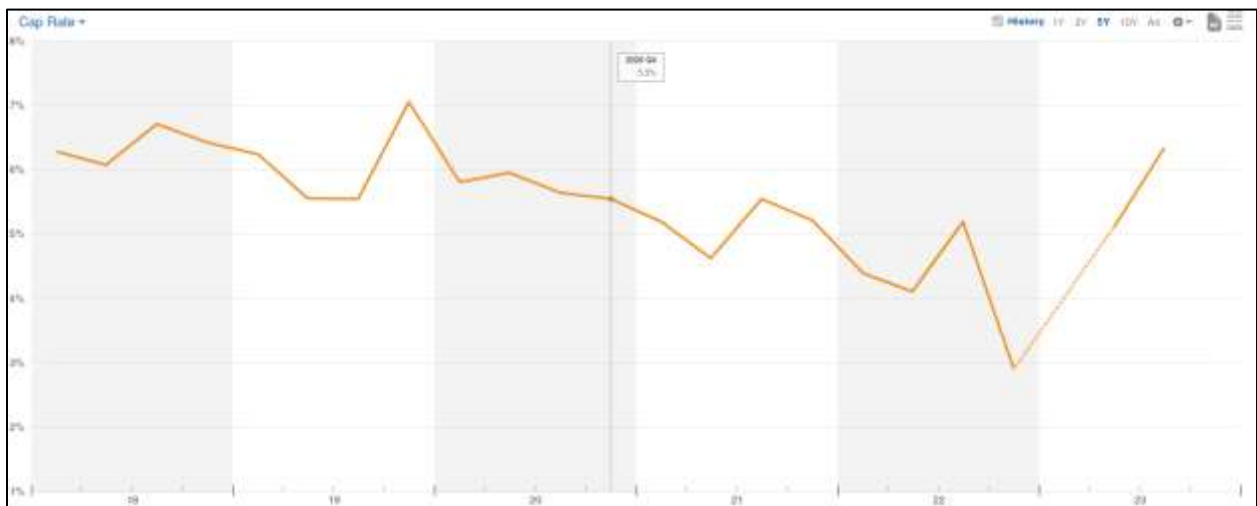
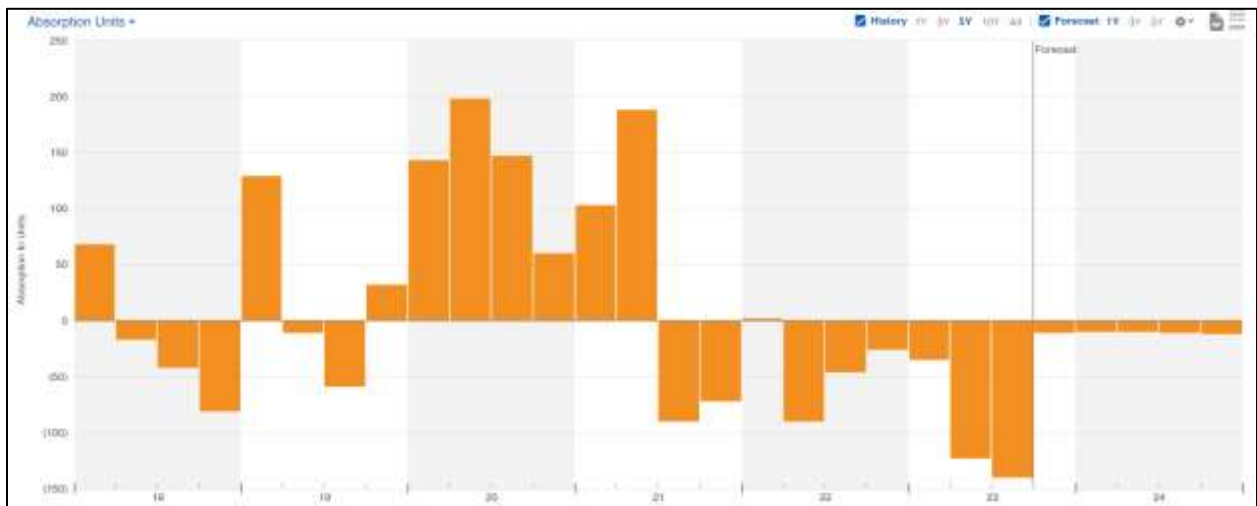
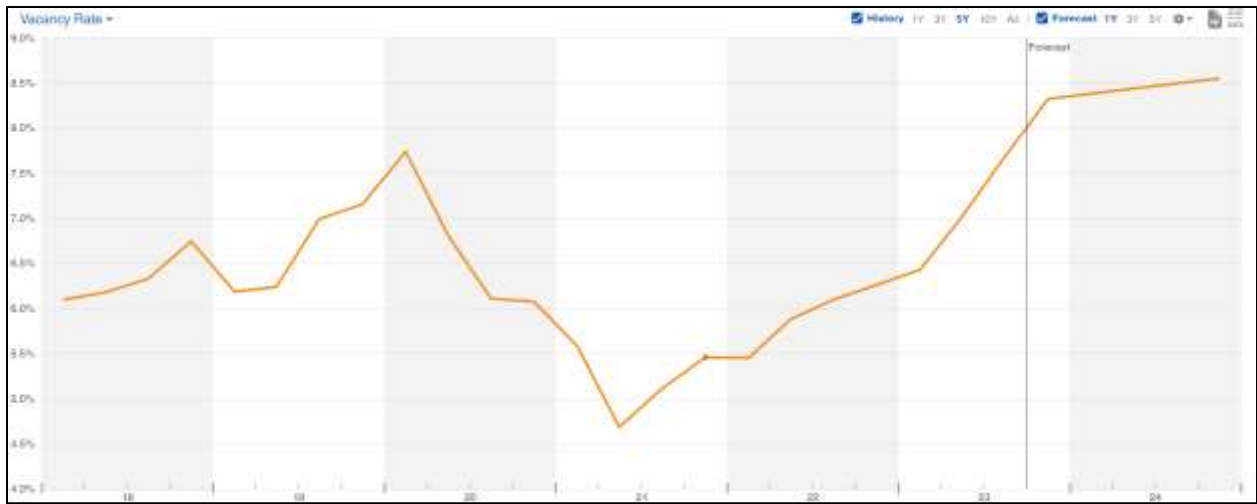
At this point of the Highest and Best Use analysis, the appraisers can conclude that the subject, from legal, physical and appropriate considerations, could be developed with an commercial/residential use. This conclusion statement considers the type of uses that are deemed to be the most reasonable and prudent uses for the subject, as of the date of valuation. Now at this point, one must divert the analysis with regards to the economic feasibility that may affect the subject site.

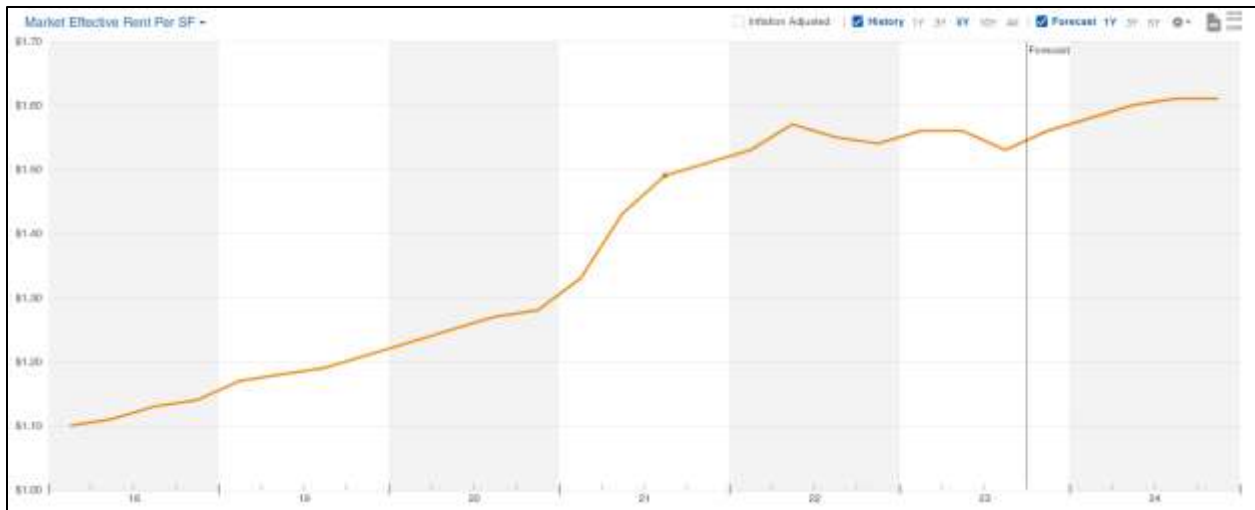
To do this task, a market study was conducted. For the purposes of this appraisal report, Market Study is defined as follows: Market Study, an analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. (The Dictionary of Real Estate Appraisal, 7th edition 2022).

As indicated, the subject is currently zoned for multi-family residential and commercial development. As was previously discussed, the most likely use of the subject site would be for multi-family residential development. Therefore, the appraisers have searched the market to determine if multi-family residential type development is currently feasible in the marketplace.

Multi-Family Residential

According to CoStar, the 3.0 mile radius surrounding the subject property had a multi-family inventory of approximately 21,074 units. Of these units approximately 1,647 units were vacant equating to a vacancy rate of 7.8%. Over the past five years, vacancy rates ranged from 4.68% to the current rate of 7.8%. Over the past year, vacancy rates have been trending upward and are currently on the upper end of the five year range. Absorption rates decreased from 358 units in 2014 to 270 units in 2015. Absorption rates total -140 units in the current year. Since 2018, capitalization rates ranged between 2.9% and 7.0% and have been trending downward over the past year and are expected to increase in the following year. Over the past five years the effective rent per square foot has been increasing. The following charts were derived from CoStar and show vacancy rates, capitalization rates, absorption, deliveries and effective rent per unit by bedroom.





Based on the preceding analysis, the appraisers believe that multi-family residential development is not considered financially feasible as vacancy rates have been increasing along with overall rates indicating a decline in the multi-family market. It is the appraisers opinion that current rental rates in the subject market would not support new construction.

From the preceding analysis, it is evident the multi-family residential use that is physically possible and legally permissible is not currently financially feasible.

MAXIMALLY PRODUCTIVE:

Of the uses that pass the test of financial feasibility, the use that yields the highest return, usually over the long term and consistent with the risk involved, is considered the highest and best use of the property. The ideal type and size improvement that would attain the highest possible rental income would be considered the most maximally productive use of the property.

From the preceding analysis, it is evident the multi-family residential use that is physically possible and legally permissible is not currently financially feasible and/or maximally productive at this time.

CONCLUSION:

Based on an evaluation of the four criteria in determining a property's Highest and Best Use, it has been concluded that the Highest and Best Use of the subject would be to hold for future multi-family residential development.

VALUATION PROCESS

The principles and concepts of real estate appraisal are basic to the valuation process. The principles of real estate are based on anticipation, change, supply and demand, competition, substitution, opportunity cost, balance, contribution, conformity and externalities.

The valuation process is:

A systematic set of procedures an appraiser follows to provide answers to a client's questions about real property value. (The Dictionary of Real Estate Appraisal, 7th edition 2022)

The first step in the procedure is to define the appraisal problem: i.e., identify the real estate, the effective date of the value estimate, the property rights being appraised, and definition of value sought. The next step is an overview of the character and scope of the assignment. Once accomplished, factors that affect market value are collected and analyzed. These factors are addressed in the regional, city and neighborhood analysis, the site and improvement analysis, the highest and best use analysis, and in the application of the three approaches to value (the Sales Comparison, the Cost, and Income Capitalization Approaches) which follows.

SALES COMPARISON APPROACH - *The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate unites of comparison, and making adjustments to the sale prices (or unite prices, as appropriated) 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 through vacant when an adequate supply of comparable sales is available.* (The Dictionary of Real Estate Appraisal, 7th edition 2022)

A Comparative analysis is the process by which a value indication is derived in the sales comparison approach. Comparative analysis may employ quantitative or qualitative techniques, either separately or in combination. The process by which a rental value indication is derived in a rental comparison analysis. Comparative analysis may employ quantitative or qualitative techniques, either separately or in combination. (The Dictionary of Real Estate Appraisal, 7th edition 2022)

COST APPROACH - *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; deducting depreciations from the total cost; and adding the estimated land value. The contributory value of any site improvements that have not already been considered in the total cost can be added on a depreciated-cost basis. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised.* (The Dictionary of Real Estate Appraisal, 7th edition 2022)

One of the approaches to value commonly applied in Market Value estimates and many other valuation situations. A comparative approach to the value of property or another asset that considers, as a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. The Valuer's estimate is based on the reproduction or replacement

cost of the subject property or asset, less total (accrued) depreciation. The Cost Approach establishes the value of a real property by estimating the cost of acquiring land and building a new property with equal utility or adapting an old property to the same use with no undue cost due to delay. An estimate of entrepreneurial incentive or developer's profit/loss is commonly added to land and construction costs. For older properties, the cost approach develops an estimate of depreciation including items of physical deterioration and functional obsolescence.

INCOME CAPITALIZATION APPROACH – *Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.* (The Dictionary of Real Estate Appraisal, 7th edition 2022)

A comparative approach to value that considers income and expense data relating to the property being valued and estimates value through a capitalization process. Capitalization relates income (usually net income) and a defined value type by converting an income amount into a value estimate. This process may consider direct relationships (whereby an overall capitalization rate or all risks yield is applied to a single year's income), yield or discount rates (reflecting measures of return on investment) applied to a series of incomes over a projected period, or both. The Income Approach reflects the principles of substitution and anticipation.

As the subject is vacant land and does not produce income and has no improvements, only the Sales Comparison Approach is considered in this report in order to determine a value of the subject site.

SALES COMPARISON APPROACH

In the Sales Comparison Approach, market value is estimated by comparing the subject property to similar properties that have been sold recently or for which offers to purchase have been made. A major premise of the Sales Comparison Approach is that the market value of a property is directly related to the prices of comparable, competitive properties.

There are five basic steps in the Sales Comparison Approach:

1. Research the market to locate sales of properties similar to the subject.
2. Confirm and verify the sales price, terms of sale, physical characteristics, income characteristics and that the sale represents an arms-length transaction.
3. Identify relevant elements of comparison and analyze each sale for each unit.
4. Compare the subject property to the comparable sales and adjust each for relevant differences to establish comparability.
5. Reconcile the various indications of value into a market value estimate for the subject property.

Public records of Maricopa County, Arizona have been searched for recent sales of comparable properties in the market. Additionally, market participants have been consulted regarding market sales and how participants analyze property for purchase. Sales have been confirmed with the seller, buyer, real estate broker or other persons knowledgeable about each transaction and verified by Affidavit of Property Value which is a sworn statement as to the validity of the transaction.

The appraisers have searched the market place for similar sized sites with similar utility and zoning as the subject. The sales utilized are considered the best comparable data available.

COMPARABLE LAND SALE NO. 1



LOCATION	1817 West Mountain View Road, Phoenix, AZ
GRANTOR	Eric and Joy Stevens
GRANTEE	Long Mountain Investments, LLC
RECORDING DATE	May 25, 2023
SALE DATE	5/23
DAYS ON MARKET	11
PARCEL NO.	158-21-064
DOCUMENT NO.	2023-0273830
SALE PRICE	\$201,000
SALE PRICE/SF	\$9.71
TERMS	Cash Equivalent
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction Typical
CONFIRMED BY	Steele Nash, Seller Broker 714.851.0426
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and CoStar.

AERIAL VIEW



COMPARABLE LAND SALE NO. 2



LOCATION 9216 North 8th Street, Phoenix, AZ

GRANTOR MJG 19, LLC
GRANTEE Long Mountain Investments, LLC

RECORDING DATE December 20, 2022
SALE DATE 12/22
DAYS ON MARKET 159
PARCEL NO. 159-36-138A
DOCUMENT NO. 2022-0904796

SALE PRICE \$185,000
SALE PRICE/SF \$13.36
TERMS Cash Equivalent
PROPERTY RIGHTS Fee Simple
CONDITION OF SALE Arm's Length Transaction
Typical

CONFIRMED BY Repeated attempts to contact the buyer, seller, and/or broker were unsuccessful; the vital sales data was confirmed through a signed affidavit of property value and CoStar.

DATA SOURCES Sworn Affidavit of Property Value signed by grantor and grantee, and CoStar.

AERIAL VIEW



COMPARABLE LAND SALE NO. 3



LOCATION	7104 North 27th Avenue, Phoenix, AZ
GRANTOR	CMC Rentals II, LLC
GRANTEE	La Fuente de la Comunidad, LLC
RECORDING DATE	December 8, 2022
SALE DATE	10/22
DAYS ON MARKET	N/Av
PARCEL NO.	151-24-001
DOCUMENT NO.	2022-0880206
SALE PRICE	\$1,800,000
SALE PRICE/SF	\$17.90
TERMS	Cash Equivalent
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction Typical
CONFIRMED BY	Christian Covaciu, Seller Broker 602.501.1688
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and CoStar.

SALES HISTORY	None in previous three years
SITE DATA	
Land Size/SF	100,536
Land Size/Acre	2.31
Frontage	Major
Location	Interior
Surroundings	Good
Traffic Count (vpd)	16,146
Topography	Level
Utilities	Available
Off-sites	Yes
Flood Zone	X
Density Du/Acre	43.5 per zoning 14 per pre approval
Neighborhood Initiative Area	No
Zoning	R-5. Multi-Family Residential
Present Use	Vacant Land
Highest and Best Use	Multi-family residential development

COMMENTS

The property is zoned for multi-family residential development. According to the broker, the City of Phoenix verbally approved the development of 34 townhomes. However, prior to any formal entitlements allowing for the multi development project, the site was purchased by a church who developed the property with a new religious facility. The site had plans for 14 dwelling units per acre. However, the property is zoned R-5 which allows for 43.5 dwelling units per acre.

AERIAL VIEW



COMPARABLE LAND SALE NO. 4



LOCATION	1302 West Sahuarro Drive, Phoenix, AZ
GRANTOR	Joseph Ters
GRANTEE	Midland Trading, LLC
RECORDING DATE	November 17, 2021
SALE DATE	11/21
DAYS ON MARKET	20
PARCEL NO.	159-15-037H & 037G
DOCUMENT NO.	21-1269703
SALE PRICE	\$150,000
SALE PRICE/SF	\$8.96
TERMS	Cash Equivalent
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction Typical
CONFIRMED BY	Laura Esparza, Seller Broker 480.353.9496
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and CoStar.

AERIAL VIEW



COMPARABLE LAND SALE NO. 5

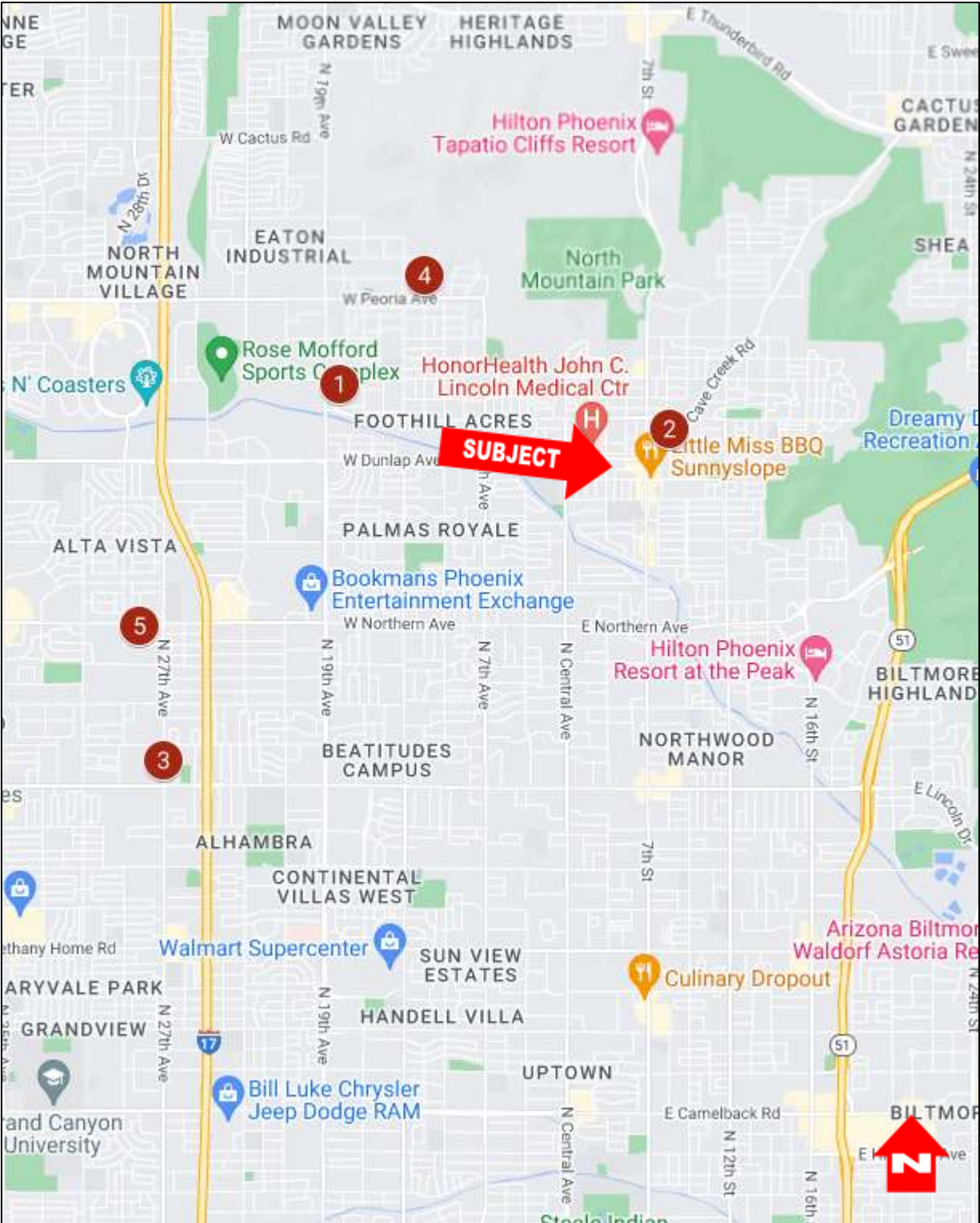


LOCATION	2815-2821 West Northern Avenue, Phoenix, AZ
GRANTOR	Shuki XXIX, LLC
GRANTEE	Second Chance Equity Partners, LLC
RECORDING DATE	December 3, 2021
SALE DATE	9/21
DAYS ON MARKET	144
PARCEL NO.	151-01-007A, 007C & 007D
DOCUMENT NO.	2021-1281449
SALE PRICE	\$825,000
SALE PRICE/SF	\$17.59
TERMS	Cash Equivalent
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction Typical
CONFIRMED BY	Repeated attempts to contact the buyer, seller, and/or broker were unsuccessful; the vital sales data was confirmed through a signed affidavit of property value and CoStar.
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and CoStar.

AERIAL VIEW



LAND SALES MAP



LAND SALES SUMMARY CHART

Sale Data	Subject Property	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4	Sale No. 5
Sales Price		\$201,000	\$185,000	\$1,800,000	\$150,000	\$825,000
Price/SF		\$9.71	\$13.36	\$17.90	\$8.96	\$17.59
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Terms	Cash	Cash Equivalent	Cash Equivalent	Cash Equivalent	Cash Equivalent	Cash Equivalent
Sale Condition	Typical	Typical	Typical	Typical	Typical	Typical
Recording Date		5/25/23	12/20/22	12/8/22	11/17/21	12/3/21
Sale Date		5/23	12/22	10/22	11/21	9/21
Land/SF	31,250	20,700	13,850	100,536	16,732	46,897
Land/Acre	0.72	0.48	0.32	2.31	0.38	1.08
Arterial Frontage	Minor	Minor	Minor	Major	Major	Major
Location/Access	Interior	Interior	Interior	Interior	Corner	Interior
Traffic Count (VPD)	Light, Unmeasured	5,874	Light, Unmeasured	16,146	Light, Unmeasured	56,369
Surroundings	Average	Avg/Good	Average	Good	Avg/Fair	Good
Topography	Level	Level	Level	Level	Sloping	Level
Utilities	Available	Available	Available	Available	Available	Available
Off-sites	Yes	Yes	Yes	Yes	Yes	Yes
Flood Zone	X	X	X	X	X	X
Density Du/Acre	43.5	29.0	43.5	43.5 (zoning) 14 (pre-plan)	14.5	43.5
Neighborhood Initiative Area	Yes	Yes	Yes	No	Yes	No
Zoning	C-3, General Commercial & R-5. Multi-Family Residential	R-4, Multi-Family Residence	R-5, Multi-Family Residence	R-5. Multi-Family Residential	R-3. Multi-Family Residential	R-5. Multi-Family Residential

SALES DATA:

A search was made to obtain comparable market data. Because no two properties are ever exactly the same, adjustments are considered to reflect the differences so that a valid estimate of value can be made. The unit of measure considered in this report is price per square foot. This unit of measure is commonly used in the market for vacant land property and is accepted as a method of assisting in the determination value.

The appraisers are of the opinion that the accumulated sales data accurately reflects the present market and its interrelated economic forces. Unfortunately, there is disparity within the data in relation to the most likely common denominator, (price per square foot). This disparity can be attributed to:

- (1) Varying locations of the respective sale properties.
- (2) Inconsistencies relative to the overall plot size of the sale properties in relation to the subject.
- (3) Physical characteristics and fill requirements.
- (4) Real Estate reflects an imperfect market.

The comparative sales analysis focuses on the legal, physical, location and economic characteristics of similar properties as compared to the subject property. Other considerations are real property rights conveyed, financing terms, conditions of sale, date of sale, physical and income characteristics, all of which can account for variations in price.

Adjustments to a property may be made either in terms of a percentage or dollars per acre. There is no "proper" method of adjustment to strictly adhere to since adjustments depend on how the relationship between the two properties is perceived by the market. A market value estimate is not determined by a set of precise calculations. Appraisal has an art aspect in that an appraiser uses their judgment to analyze and interpret quantitative data.

Adjustments to the sales are made as follows:

PROPERTY RIGHTS CONVEYED:

All of the comparable sales are believed to be unencumbered and the ownership rights transferred were Fee Simple Estate.

FINANCING:

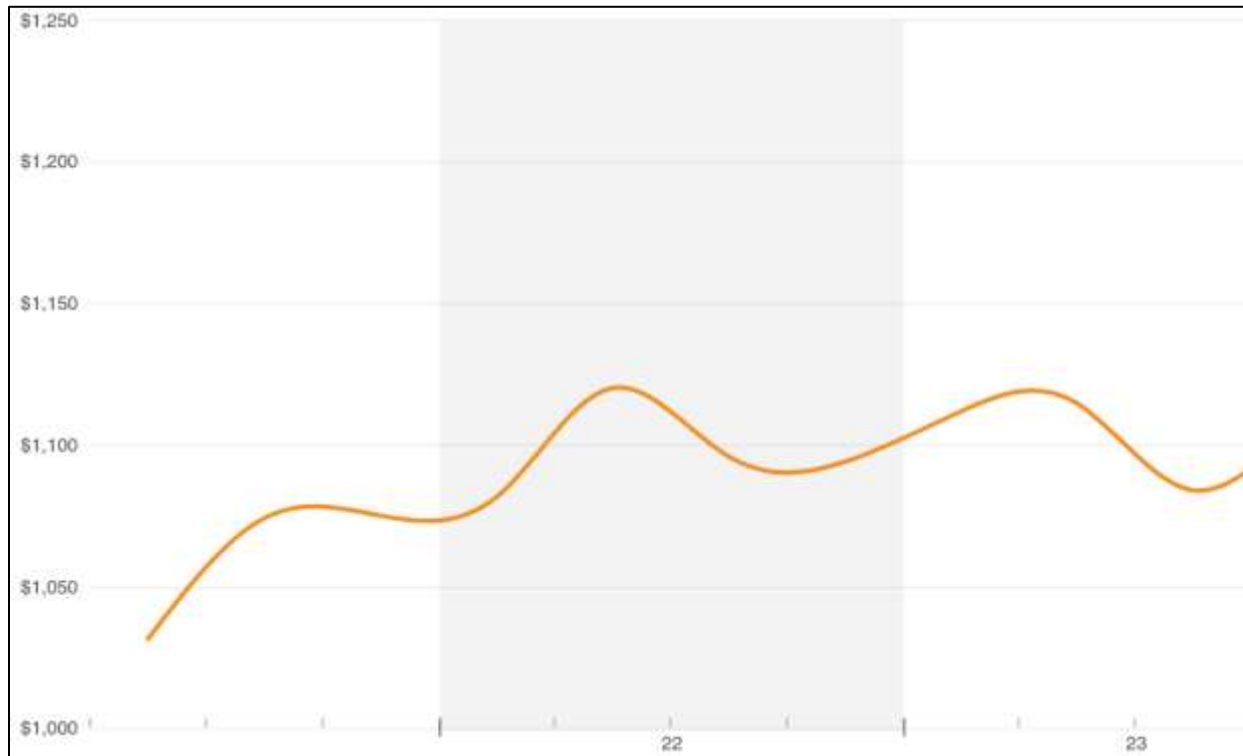
All of the comparable sales were all cash to the seller or equivalent and no adjustment is necessary for financing.

CONDITIONS OF SALE:

All of the comparable sales were reported to be arms-length transactions and no adjustments were made.

MARKET CONDITIONS:

The comparable sales were transacted between September 2021 and May of 2023. In order to determine a market conditions adjustment, the appraisers searched multi-family rental rates within a two mile radius of the subject as shown on the following chart.



Rental rates have increased from \$1,074 per unit in the third quarter of 2021 to \$1,084 in the current quarter equating to less than 1% increase. This increase is considered to be minimal and no adjustment for market conditions is warranted.

LOCATION:

An adjustment for location is necessary when the location characteristics of a comparable property are different from those of the subject property. Factors analyzed include overall frontage/visibility, surrounding development and access.

The subject has access, frontage and visibility from 3rd Street and an unnamed alleyway. The property has good frontage and access to the Metropolitan Phoenix transportation network.

Arterial Frontage:

The subject is located along one minor roadway and an unnamed alleyway. Comparable sales three and five had superior and frontage, along major roadways, as compared to the subject, and will be adjusted downward.

Access:

The subject has an interior location with access from 3rd Street. All of the comparable sales had similar access as compared to the subject and will not be adjusted.

Surroundings:

The subject site is located within a Neighborhood Initiative Area known as the Village Center. According to the City of Phoenix the City will purchase foreclosed or abandoned properties for the purpose of demolition to primarily address the most critical properties within the specific, defined Low, Moderate, and Middle Income (LMMI) areas in the City of Phoenix Neighborhood Initiative Areas also referred as NIA. The NIAs are city adopted areas targeted for comprehensive, concentrated revitalization efforts through various city departments and programs. Although neighborhood revitalization was already occurring, NSP funds are being used to help protect the investment made and continue revitalization efforts by acquiring vacant and foreclosed homes for blight removal.

Comparable sales one, two and four were located in the Village Center similar to the subject. Due to the fact that these properties do not include any buildings, it is unlikely potential developers would receive any additional funding from the city and no adjustments are made. Comparable sales three and five are located outside of the NIA and no adjustment is warranted.

The subject is located in an area with average surrounding development with lower rental rates compared to the larger Metropolitan Phoenix area. In order to determine a surroundings adjustment, the appraiser surveyed multi-family rental rates within a 0.5 mile radius of each comparable. Comparable sales three and five were located in areas with superior surrounding development as compared to the subject and will be adjusted downward. This is evident based on the fact these sales were not located in areas that require any revitalization efforts by the city. Comparable sales one was located in an area with slightly superior development as compared to the subject and will be adjusted downward. Comparable sale four is considered to be in an area with inferior surrounding development as compared to the subject and will be adjusted upward.

Locational Characteristics Chart:

Location Factors	Subject Property	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Arterial Frontage	Minor	Similar	Similar	Superior	Similar	Superior
Adjustment		0%	0%	-5%	0%	-5%
Access	Interior	Similar	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%	0%
Surroundings	Average	Superior	Similar	Superior	Inferior	Superior
Adjustment		-5%	0%	-15%	+5%	-10%
Quantitative Adjustment		-5%	0%	-20%	+5%	-15%

PHYSICAL CHARACTERISTICS:

Physical characteristics include the following; size of parcel, shape of parcel, topography, improvements, and availability of utilities.

As previously reported in the Site Data section of this report, the subject site is 0.72 acres or 31,250 square feet in size with a level topography. The subject has all utilities to the site. It is noted that the subject is vacant land with no vertical improvements.

Size:

The subject is 31,250 square feet in size and the comparable sales ranged in size from 13,850 square feet to 100,536 square feet. Typically, smaller sites will sell at a higher price on a price per square foot basis primarily due to economies of scale. Comparable sales two and four were smaller than the subject and will be adjusted downward. Comparable sales three and five were larger than the subject and will be adjusted upward for size.

Shape:

The subject is rectangular in shape. All of the comparable sales had similar shapes as compared to the subject and will not be adjusted.

Topography:

The subject has a level topography. Comparable sale four had a sloping topography. The cost to develop this site would be greater than a property with a level topography. However, the site has desirable views which slightly offsets the extra cost of development. This sale will be adjusted upward for having an inferior topography as compared to the subject.

Utilities:

The subject has all utilities available to the site. All of the comparable sales had utilities available and will not be adjusted.

Off-Sites:

All of the comparable sales had off-sites similar to the subject and will not be adjusted.

Flood Zone:

All of the comparable sales were located in the "X" flood zone designation similar to the subject and will not be adjusted.

Physical Characteristics Chart:

Physical Attributes	Subject Property	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Size (SF)	31,250	Similar	Smaller	Larger	Smaller	Larger
Adjustment		0%	-5%	+10%	-5%	+5%
Shape	Rectangular	Similar	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%	0%
Topography	Level	Similar	Similar	Similar	Inferior	Similar
Adjustment		0%	0%	0%	+10%	0%
Utilities	Available	Similar	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%	0%
Off-Sites	All to site	Similar	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%	0%
Flood Zone	X	Similar	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%	0%
Quantitative Adjustment		0%	-5%	+10%	+5%	+5%

ZONING:

Approximately 40% of the subject site is zoned C-3, General Commercial 60% of the site is zoned R-5, Multifamily Residence by the City of Phoenix. Permitted uses in the C-3 district include R-3, R-4, R-4A, R-5, C-1 and C-2. Therefore, the subject has an allowable density of 43.5 dwelling units per acre. Comparable sales one and four had inferior allowable densities as compared to the subject and will be adjusted upward for zoning accordingly. Although Comparable three was not purchased for multi-family development, it was previously approved for multi-family uses and was ultimately purchased for the development of a religious facility, which paid a similar price for the site as if it were to be developed for multi-family and no adjustment is made.

In conclusion, the values indicated in the Summary of Sales show a range from \$8.96 per square foot to \$17.90 per square foot before adjustments. It is believed the indicated value range is reflective of the utility, wants, and needs of buyers in the current marketplace.

SALES ADJUSTMENT CHART

Elements of Comparison	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5
Price/SF	\$9.71	\$13.36	\$17.90	\$8.96	\$17.59
Property Rights	0.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Price	\$9.71	\$13.36	\$17.90	\$8.96	\$17.59
Financing	0.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Price	\$9.71	\$13.36	\$17.90	\$8.96	\$17.59
Condition of Sale	0.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Price	\$9.71	\$13.36	\$17.90	\$8.96	\$17.59
Market Conditions	0.00%	0.00%	0.00%	0.00%	0.00%
Adjusted Price	\$9.71	\$13.36	\$17.90	\$8.96	\$17.59
Locational Factors	-5%	0%	-20%	+5%	-15%
Physical Attributes	0%	-5%	+10%	+5%	+5%
Zoning	+5%	0%	0%	+10%	0%
Overall Adjustment	0%	-5%	-10%	+20%	-10%
Final Indicated Value	\$9.71	\$12.69	\$16.11	\$10.75	\$15.83

CONCLUSION OF SITE VALUE:

After adjustments have been made to the cumulative adjustment factors a value range results from \$9.71 per square foot to \$16.11 per square foot with an indicated mean of \$13.02 per square foot. All of the comparable sales are located within the same general market with comparables one and two considered to be most similar to the subject.

Based on this information, after due consideration is given to the subject's size and location, the appraisers will conclude to a market value of the subject site near the middle of the range of Comparables one and two or \$11.50 per square foot.

This would equate to a Market Value of the subject site of:

31,250 square feet x \$11.50 per square foot = \$359,375

Rounded to: \$360,000

RECONCILIATION

The Final Reconciliation is the process of coordinating and integrating related facts to form a unified conclusion. Final Reconciliation is defined as: *The last phase in the development of a value opinion in which two or more value indications derived from market data are resolved into a final value opinion, which may be either a range of value, in relation to a benchmark, or a single point estimate.* (The Dictionary of Real Estate Appraisal, 7th edition 2022)

The orderly connection of interdependent elements is a prerequisite of proper reconciliation. This requires a re-examination of specific data, procedures, and techniques within the framework of approaches used to derive preliminary estimates. The approach utilized to conclude to a value estimate considered appraisal techniques which encompassed: (1) reviewed to make sure that the data is authentic and reflects pertinent market activity and (2) the analytical techniques used and the logic followed are valid, realistic, and consistent. In addition, all mathematical calculations have been checked by someone other than the appraisers in an attempt to eliminate errors.

One approach to value have been employed in the analysis. The data together with the line of reasoning followed for each approach is clearly set forth.

Sales Comparison Approach \$360,000

The reconciliation considers and evaluates alternate value indication to arrive at a final value estimate. Each value indication is weighted according to relative significance, applicability, and defensibility and relies most heavily on the approach that is most appropriate to the purpose of the appraisal.

In an appraisal report, the final value estimate may be stated as a single figure or as a range of values. Or an appraiser may choose to show the range and then cite the final value as a single figure within the range. Traditionally, a **point estimate** is *a value indication reported as a single dollar amount. In estimating market value, a point estimate is typically regarded as the most probable number, not the only possible number.* (The Dictionary of Real Estate Appraisal, 7th edition 2022)

The Sales Comparison Approach was based upon sales of similar properties considered comparable to the subject. These sales, after adjustments for the various elements of comparison, were analyzed from which an indication of value was derived. Sales were selected that were considered the most representative properties that could be located in the market. This approach is considered a good indication of value and a reflection of the motivations of market participants and was utilized.

Based on the information found in our investigation, the appraisers are of the opinion that the "As Is" Market Value of the subject, as of October 31, 2023, is:

THREE HUNDRED SIXTY THOUSAND DOLLARS
(\$360,000.00)

CERTIFICATION

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

The statements of fact contained in this report are true and correct. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

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.

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of 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, Zach Sinay, MAI, R/W-AC has completed the continuing education program for Designated Members of the Appraisal Institute.

Zach Sinay has made a personal inspection of the property that is the subject of this report. It should be noted that Jeff Sinay provided significant real property appraisal assistance to the person signing this certification. This included participation in the following:

- Inspection of the subject property
- Data collection and verification
- Report writing
- Value conclusions
- Packaging

Zach Sinay possesses the knowledge and experience to thoroughly complete this appraisal assignment. Please refer to the Qualifications of the Appraiser included in the following pages for additional information regarding professional education and pertinent experience of the aforementioned appraiser.

Under federal mandate, state licensing and/or certification of appraiser is required on or before August 15, 1991. Permission is hereby granted by the client for the appraiser to furnish the appropriate governmental authority or their authorized designated representative(s) any and all materials requested for oversight review.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*, the Code of Professional Ethics, Bylaws, Regulations and Standards of Professional Appraisal Practice of the Appraisal Institute.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Zach Sinay', with a large, stylized flourish at the end.

Zach Sinay, MAI, R/W-AC
Certified General Real Estate Appraiser No. 31199
480.285.3868
zsinay@atiaz.com

QUALIFICATIONS OF ERIC ZACHARY SINAY
Certified General Real Estate Appraiser No. 31199

FORMAL EDUCATION:

Graduated from Arizona State University, May 1998, Bachelor of Science.

PROFESSIONAL EDUCATION:

Arizona School of Real Estate, Real Estate Valuation 101, Scottsdale, AZ, 1999
Arizona School of Real Estate, Real Estate Valuation 102, Scottsdale, AZ, 1999
Arizona School of Real Estate, Real Estate Valuation 103, Scottsdale, AZ, 2001
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McKissock, Land and Site Valuation, 2021
7-Hour Uniform Standards of Professional Appraisal Practice (USPAP) – Current

PROFESSIONAL AFFILIATIONS:

Appraisal Institute - MAI designated member. "The Appraisal Institute conducts a voluntary program of continuing education for its designated members. MAIs and SRAs who meet the minimum standards of this program are awarded periodic educational certification. I am certified under this program."

International Right of Way Association, "The Right of Way (R/W) Certification is granted to IRWA members who have achieved professional status through experience, education and examination in a single right of way discipline." I have been awarded the Right of Way Appraisal Certification (R/W-AC).

EXPERIENCE:

Independent Contract Appraiser, Appraisal Technology, Inc., April 1999-Present

SCOPE OF WORK:

Assignments have included the valuation of:

- Residential:** Single and multiple family properties.
- Commercial:** Retail shopping centers, offices, restaurants and hotels.
- Industrial:** Warehouse, manufacturing, distribution, automotive and self-storage.
- Vacant Land:** All types.
- Right-of-Way:** Total & partial acquisition



ADDENDA

EXHIBIT 1

Engagement Letter



October 18, 2023

E. Zachary Sinay, MAI
Appraisal Technology, LLC
220 S. River Drive
Tempe, AZ 85281

SUBJECT: One Appraisal – of a vacant land parcel located at 8930 North 3rd Street, Phoenix; CC: 8850110000; APN: 160-50-079; PM 1831; Project: NSD: Housing Phoenix – Potential Dispositions

Dear Mr. Sinay:

This letter is your authorization to appraise the above referenced property. You are to develop an opinion of the market value of the property as per the documentation provided to you. Your appraisal report must comply with the current edition of the Uniform Standards of Professional Appraisal Practice. The Intended Use of the appraisal is to assist the City of Phoenix – Neighborhood Services Department with internal planning decisions and possible disposition. Please ensure the appraisal incorporates the Arizona definition of market value cited in ARS 28-7091. The appraisal must be developed with the understanding that these parcels are subject to the Housing Phoenix - Affordable Housing Program.

Your stated fee for this work is _____ Please submit one electronic copy of your appraisal no later than November 15, 2023. The City of Phoenix may request up to three (3) hard copies at a later date. If the reports are not delivered to the City's Appraisal Section on or before the contractual due date and no written extension has been agreed upon by both parties at least three days prior to the deadline, \$300 per day may be deducted as a late delivery penalty.

By reference, this agreement incorporates all the terms and conditions specified in the City Contract 21-038 and the City of Phoenix Appraisal Requirements (Rev. 01/2020) which have been provided to you previously.

If you agree with the above, please sign below and return a copy of this letter.

Sincerely,

A handwritten signature in blue ink that reads 'Burton Byars'.

Burton Byars
Review Appraiser
City of Phoenix

APPROVED:

A handwritten signature in black ink that reads 'E. Zachary Sinay'.

E. Zachary Sinay, MAI
Certified General Real Estate Appraiser No. 31199
Vendor #3529449 / Clerk #153711 / SRM #4701007964

EXHIBIT 2

Zoning Designation

Section 618. R-5 Multifamily Residence District.

A. **Purpose.** The purpose of the multifamily residence districts is to provide for alternate living styles including rental, condominiums and single ownership of land with multiple units thereon or single or attached townhomes.

The density ranges offered are intended to allow for a greater interaction of residents with at least the opportunity for less individual maintenance, unit cost, and size as compared with a conventional single-family residence.

The design options of average lot subdivision, planned residential, and single-family attached development are intended to provide flexibility as to unit placement, variable yard requirements, more reasonable and practical use of open spaces, staggered height limits up to three and four stories and more standardized parking and street improvement requirements. Bonus provisions are intended to facilitate and enhance the utilization of smaller infill parcels as well as unusual and irregular parcels throughout the City.

Along with the freedom that the multifamily district offers are certain responsibilities which must be met for project residents, but more importantly for the overall adjacent neighborhood. These are expressed in terms of standards and performance criteria. The standards internal to a project are intended to increase livability with amenities including landscaping, recreational facilities and project design. On the other hand the exterior standards provide a better fit, [and] better the project and the neighborhood environs. Criteria relating to setbacks, screening and landscaping are intended to reduce noise, maintain privacy and minimize psychological feelings to a change in development character and avoid any adverse effect on property values.

B. District Regulations.

1. **Development Standards for Residential Uses.** The following tables establish standards to be used in the R-5 District. The definitions of terms used in these standards are found in Section [608.I](#). The single-family attached development option must meet Section [608.F.8](#) requirements.

Table A. Single-Family, Detached Development (Subdivided on or after May 1, 1998)

<i>Standards</i>	<i>R-5 Development Option</i>	
	<i>Conventional</i>	<i>Planned Residential Development</i>
Minimum lot width (in the event of horizontal property regimes, "lot" shall refer to the width of the structure and exclusive use area)	55' minimum	45' minimum (unless approved by either the design advisor or the Single-Family Architectural Appeals Board for demonstrating enhanced architecture that minimizes the impact of the garage (see Section 507 Tab A.II.C.8(8.3)))

Table A. Single-Family, Detached Development (Subdivided on or after May 1, 1998)

Standards	R-5 Development Option	
	Conventional	Planned Residential Development
Minimum lot depth	None, except 110' adjacent to freeway or arterial	None, except 110' adjacent to freeway or arterial
Dwelling unit density (units/gross acre)	5.0	6.5; 12 with bonus
Minimum perimeter building setbacks	Front: 15'; Rear: 15' (1-story), 20' (2-story); Side: 10' (1-story), 15' (2-story)	Street (front, rear or side): 15' (in addition to landscape setback); Property line (rear): 15' (1-story), 20' (2-story); Property line (side): 10' (1-story), 15' (2-story)
Common landscaped setback adjacent to perimeter streets (2)	None	15' average, 10' minimum (does not apply to lots fronting onto perimeter streets)
Minimum interior building setbacks	Front: 10'; rear: 10'; combined front and rear: 35', street side: 10'; sides: 13' total (3' minimum, unless 0')	Front: 10'; rear: none (established by Building Code); street side: 10'; sides: none (established by Building Code)
Minimum building separation	10'	None
Minimum garage setback	18' from back of sidewalk for front-loaded garages, 10' from property line for side-loaded garages	18' from back of sidewalk for front-loaded garages, 10' from property line for side-loaded garages
Maximum garage width	For lots <60': 2 car widths, for lots ≥60' to 70': 3 car widths, for lots >70': no maximum	For lots <60': 2 car widths, for lots ≥60' to 70': 3 car widths, for lots >70': no maximum
Maximum height	2 stories and 30'	2 stories and 30' (except that 3 stories not exceeding 30' are permitted when approved by the design advisor for demonstrating enhanced architecture)

Table A. Single-Family, Detached Development (Subdivided on or after May 1, 1998)

Standards	R-5 Development Option	
	Conventional	Planned Residential Development
Lot coverage	Primary structure, not including attached shade structures: 40% Total: 50%	Primary structure, not including attached shade structures: 40% Total: 50%
Common areas	None	Minimum 5% of gross area
Required review	Development review per Section 507 , and subdivision to create 4 or more lots	Development review per Section 507 , and subdivision to create 4 or more lots
Street standards	Public street, or private street built to City standards with a homeowners' association established for maintenance	Public street or private accessway ⁽¹⁾
On-lot and common retention	Common retention required for lots less than 8,000 sq. ft. per grading and drainage ordinance requirements	Common retention required for lots less than 8,000 sq. ft. per grading and drainage ordinance requirements
Landscape standards		Perimeter common: trees spaced a maximum of 20 to 30 feet on center (based on species) or in equivalent groupings, and 5 shrubs per tree.

(1) Public streets may be required as a part of subdivision or development review for extensions of street patterns, for circulation within neighborhoods, or to continue partial dedications.

(2) For the purposes of this section, canal rights-of-way shall be treated the same as public street rights-of-way.

Table B. Single-Family (Subdivided Prior to May 1, 1998), Single-Family Attached and Multifamily Development

Standards	R-5 Development Option			
	(a) Subdivision	(b) Average Lot	(c) Planned Residential Development	(d) Single-Family Attached⁽⁴⁾
Minimum lot dimensions (width and depth)	60' width, 94' depth	40' width, 50' depth	None	Individual unit lot: 20' width, no minimum depth
Dwelling unit density (units/gross acre)	43.5	43.5	45.68; 52.20 with bonus	45.68; 52.20 with bonus
Perimeter standards	None	20' front, 15' rear, 10' side	20' adjacent to a public street; this area is to be in common ownership unless lots front on the perimeter public street; 10' adjacent to property line	10' for units fronting street rights-of-way; 15' for units siding street rights-of-way. This area is to be in common ownership or management. 10' adjacent to property line
Building setbacks	20' front, 15' rear, 10' and 3' side	10' front, 30' front plus rear	10' front	Individual unit lot: none
Maximum height	4 stories or 48' ⁽¹⁾ (2)	4 stories or 48' ⁽¹⁾ (2)	4 stories or 48' ⁽¹⁾ (2)	4 stories or 48' ⁽¹⁾
Lot coverage	50%	50%	50%	100%
Common areas	None	None	Minimum 5% of gross area ⁽³⁾	Minimum 5% of gross area
Required review	Subdivision to create 4 or more lots	Subdivision with building setbacks	Development review per Section 507	Development review per Section 507

The Phoenix Zoning Ordinance is current through Ordinance G-7134, passed June 28, 2023.

Table B. Single-Family (Subdivided Prior to May 1, 1998), Single-Family Attached and Multifamily Development

<i>Standards</i>	<i>R-5 Development Option</i>			
	<i>(a) Subdivision</i>	<i>(b) Average Lot</i>	<i>(c) Planned Residential Development</i>	<i>(d) Single-Family Attached⁽⁴⁾</i>
Street standards	Public street required	Public street	Public street or private accessway	Development site: Public street or private accessway. Individual unit lot: Private accessway, alley right-of-way or driveway.

(1) There shall be a 15-foot maximum height within ten feet of a single-family zoned district, which height may be increased one foot for each additional one foot of building setback to the maximum permitted height.

(2) The height limitation of four stories or 48 feet applies to residential uses.

(3) For purposes of this section, canal rights-of-way shall be treated the same as public street rights-of-way.

(4) The single-family attached development option must meet Section [608.F.8](#) requirements.

2. Development standards for commercial and mixed uses (including hotels and motels) shall be in accordance with Section [622.E.3](#) and E.4.

C. Special Regulations.

1. A site plan in accordance with Section [507](#) is required for all development in the R-2, R-3, R-3A, R-4, R-4A and R-5 districts except when the development consists of single-family dwellings on individual lots.

D. Permitted Uses.

1. Adult day care center, subject to a use permit; and provided, that:
 - a. Outdoor recreation areas shall be screened from adjacent properties by a six-foot-high landscape hedge, solid fence, or solid wall.
2. Bed and breakfast establishment.
3. Biomedical and Medical Research Offices. A biomedical or medical research laboratory shall be permitted as an accessory use to a biomedical and medical research office, subject to the following limitations:

- a. The use shall be subject to obtaining a use permit in accordance with the procedures and standards of Section [307](#).
 - b. Entrance to the laboratory shall only be from within the building and shall not be through doors which open to the outside of the building.
 - c. No sign or display for the laboratory shall be visible from adjacent public rights-of-way.
 - d. Access to a property containing a laboratory shall only be from a major arterial or arterial, as designated on the street classification map.
4. Birthing center.
 5. Boarding house, subject to a use permit and the following conditions:
 - a. Such home shall be registered with, and administratively verified by, the Planning and Development Department Director's designee, as to compliance with the standards of this section as provided in Section [701](#).
 - b. No boarding house shall be located on a lot with a property line within 1,320 feet, measured in a straight line in any direction, of the lot line of another boarding house, group home, or community residence home or center within a residential zoning district.
 - c. A maximum lot coverage of 25 percent.
 - d. A minimum of 50 square feet of usable outdoor open space per bed shall be provided.
 6. Branch offices of the following uses are permitted subject to a use permit: banks, building and loan associations, brokerage houses, savings and loan associations, finance companies, title insurance companies, and trust companies.
 7. Community residence center, subject to a use permit and the following conditions:
 - a. Such center shall be registered with, and administratively verified by, the Planning and Development Department Director's designee, as to compliance with the standards of this section as provided in Section [701](#).
 - b. No community residence center shall be located on a lot with a property line within 1,320 feet, measured in a straight line in any direction, of the lot line of another community residence home or center within a residential zoning district.
 - c. Disability accommodation from the spacing requirement may be requested by an applicant per Section [701.E.3](#).
 - d. A maximum lot coverage of 25 percent.
 - e. A minimum of 50 square feet of usable outdoor open space per bed shall be provided.

8. Copy and reproduction center, subject to a use permit.
9. Dependent care facility for 13 or more dependents and schools for the mentally or physically handicapped subject to securing a use permit pursuant to Section [307](#).
10. Group foster home.
11. Group home, subject to a use permit and the following conditions:
 - a. Such home shall be registered with, and administratively verified by, the Planning and Development Department Director's designee, as to compliance with the standards of this section as provided in Section [701](#).
 - b. No group home shall be located on a lot with a property line within 1,320 feet, measured in a straight line in any direction, of the lot line of another group home, boarding house, or community residence home or center within a residential zoning district.
 - c. A maximum lot coverage of 25 percent.
 - d. A minimum of 50 square feet of usable outdoor open space per bed shall be provided.
12. Dormitories and convents shall be permitted as accessory uses to churches or similar places of worship.
13. Hospice, subject to a use permit.
14. Hotel or Motel. The following accessory uses are permitted; provided, that the entrance to said accessory uses shall be from within the building only and that no sign or display for the accessory uses shall be located so as to be visible from a public thoroughfare or adjacent property:
 - a. Auto rental agency; provided, that there are no more than three vehicles stored on the hotel property.
 - b. Child care, for hotel/motel guests only.
 - c. Cocktail lounges with recorded music or one musician.
 - d. Convention or private group activities.
 - e. Gift shop.
 - f. News stand.
 - g. Restaurants with recorded music or one musician.
 - h. Other services customarily accessory thereto.
15. Office for Administrative, Clerical, or Sales Services. No commodity or tangible personal property, either by way of inventory or sample, shall be stored, kept, or exhibited for purposes of sale in any said office or on

the premises wherein the said office is located. Seminars shall be permitted as an accessory use; provided, that they are clearly accessory to the office use.

16. Office for professional use, including medical center, wellness center, and counseling services (provided that services are administered or overseen by a State licensed professional).

a. The following accessory uses are permitted; provided, that the entrance to said accessory uses shall be from within the building only, that no sign or display for the accessory uses shall be located so as to be visible from a public thoroughfare or adjacent property, and that no more than 25 percent of the floor area can be used for the accessory uses:

- (1) Fitness center.
- (2) Massage therapy, administered by a State licensed massage therapist.
- (3) Ophthalmic materials dispensing.
- (4) Pharmacy.
- (5) Sleep disorder testing with less than a 24-hour stay duration.
- (6) Snack bar.
- (7) Surgical center, provided there are no overnight stays.

b. The following accessory uses are permitted, subject to a use permit and provided that the entrance to said accessory uses shall be from within the building only, that no sign or display for the accessory uses shall be located so as to be visible from a public thoroughfare or adjacent property:

- (1) Medical and dental laboratories.
- (2) Orthotics and prosthetic laboratories.

17. Nursing home, subject to a use permit and the following conditions:

- a. A maximum lot coverage of 25 percent.
- b. A minimum of 50 square feet of usable outdoor open space per bed shall be provided.

18. Private clubs and lodges qualifying by law as a nonprofit entity, subject to a use permit. The use permit is not required if a special permit, according to Section [647](#), is obtained. Bingo may be operated as an accessory use on the premises of the club no more than two days per week.

19. Residential convenience market is permitted as an accessory use to a multiple-family development, subject to the following conditions:

- a. Signage shall be allowed only as part of a comprehensive sign plan pursuant to Section [705](#). The Zoning Administrator may approve wall-mounted signage up to a maximum height of 30 feet as part of an approved comprehensive sign plan.
 - b. The development shall contain a minimum of 400 dwelling units.
 - c. The market shall not exceed 1,000 square feet in total floor area (display and storage) if the development contains less than 850 dwelling units. The market shall not exceed 3,000 square feet in total floor area (display and storage) if the development contains 850 or more dwelling units.
 - d. No parking spaces shall be required or permitted for the market except for spaces designated for deliveries or handicapped individuals.
20. Teaching of the fine arts, subject to use permit.
21. Volunteer community blood centers qualifying by law as a nonprofit entity, subject to a use permit. (Ord. No. G-3465, 1991; Ord. No. G-3480, 1991; Ord. No. G-3483, 1991; Ord. No. G-3498, 1992; Ord. No. G-3529, 1992; Ord. No. G-3553, 1992; Ord. No. G-3562, 1992; Ord. No. G-3629, 1993; Ord. No. G-3630, 1993; Ord. No. G-4039, 1997; Ord. No. G-4041, 1997; Ord. No. G-4078, 1998; Ord. No. G-4111, 1998; Ord. No. G-4188, 1999; Ord. No. G-4857, 2007; Ord. No. G-5329, 2009; Ord. No. G-5380, 2009; Ord. No. G-5561, 2010; Ord. No. G-5582, 2011; Ord. No. G-5643, 2011; Ord. No. G-5743, 2012; Ord. No. G-5874, 2013; Ord. No. G-6331, 2017; Ord. No. G-6451, 2018)

The Phoenix Zoning Ordinance is current through Ordinance G-7134, passed June 28, 2023.

Disclaimer: The City Clerk's Office has the official version of the Phoenix Zoning Ordinance. Users should contact the City Clerk's Office for ordinances passed subsequent to the ordinance cited above.

City Website: www.phoenix.gov

Hosted by Code Publishing Company, A General Code Company.

Section 624. Commercial C-3 District—General Commercial.

A. **Purpose.** The C-3 Commercial General District, is a district designed to provide for the intensive commercial uses necessary to the proper development of the community.

B. **Reserved.**

C. **District Restrictions.**

1. Any lighting shall be placed so as to reflect the light away from adjacent residential districts. No noise, odor or vibration shall be emitted so that it exceeds the general level of noise, odor or vibration emitted by uses outside the site. Such comparison shall be made at the boundary of the site.

2. The display of merchandise outdoors as an accessory use to the permitted uses set forth in Section [624.D](#) is prohibited unless a use permit is obtained and subject to the following standards for the outdoor display area:

- a. A maximum 300 square feet of display area can be located anywhere along the building except as noted in Section [624.C.2.b](#);
- b. No display or sale is permitted within ten linear feet of either side of the building entrance or exit;
- c. The depth, measured from the front facade of the building, may not exceed ten feet unless otherwise approved by the Planning and Development Department upon a determination that a greater depth does not interfere with any pedestrian passage;
- d. Payment for the products displayed must occur indoors;
- e. Outdoor display or sales shall not be located within any required setbacks or in the parking lot;
- f. Outdoor display of second hand/used merchandise sales is prohibited.

3. A commercial property owner can display for sale vehicles, which for purposes of this provision includes trailers, watercraft or other types of transportation that are built to carry passengers or cargo, when the display is being done on behalf of or in conjunction with a registered vehicle retail sales dealership and a use permit has been obtained in compliance

with Section 307. The actual sale of the vehicle displayed must be completed by the registered retail sales dealership at their vehicle sales dealership site.

4. With the exception of those instances listed above in 624.C.3., no other types of vehicle built to carry passengers or cargo can be sold or displayed for sale on-site except by a registered vehicle retail sales dealership.

D. **Permitted Uses.** All uses permitted in R1-6 if zoned commercial prior to January 5, 1994, non-single-family residential, and single-family attached uses permitted in R-3, R-4, R-5, R-4A, C-1 and C-2 districts; and in addition the following, including the storage of all raw materials and finished products in connection herewith:

1. Acoustical Material, Storage and Wholesale
2. Adult bookstore, adult novelty store, adult theatre, adult live entertainment, erotic dance or performance studio, subject to the following conditions or limitations:
 - a. None of the above listed uses may be located within 1,000 feet of the same type of adult use or any of the other adult uses listed above. This distance shall be measured from the exterior walls of the buildings or portions thereof in which the businesses are conducted or proposed to be conducted.
 - b. None of the above listed uses may be located within 1,320 feet of child care facility licensed by the State, private, public or charter school, a publicly owned playground, a publicly owned park recreation facility, or place of worship. This distance shall be measured from the nearest point on the property line of a parcel containing an adult oriented business to the nearest point on the property line of a parcel containing the specified use. In addition an adult use shall not locate within 1,320 feet of any of the following use districts: RE-43, RE-35, RE-24, R1-18, R1-14, R1-10, R1-8, R1-6, R-2, R-3, R-3A, R-4, R-4A, R-5, S-1, PAD-1 through PAD-15. This distance shall be measured from the nearest point on the property line of a parcel containing an adult oriented business to the nearest zoning district line.

An adult use lawfully operating in conformity with this section does not violate this section if the uses listed or zoning districts in this subsection subsequently locate within 1,320 feet of the adult use.

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- c. These provisions shall not be construed as permitting any use or act which is otherwise prohibited or made punishable by law.
 - d. Notwithstanding any other provision of this ordinance, an adult bookstore, adult novelty store, adult theatre, adult live entertainment establishment, or erotic dance or performance studio which is a nonconforming use or which does not conform to the separation standards set forth in this section shall not be converted to another of the above listed adult uses. An adult bookstore, adult novelty store, adult theatre, adult live entertainment establishment, or erotic dance or performance studio which is a nonconforming use or which does not conform to the separation standards set forth in this section shall not be expanded beyond the floor area devoted to such adult use on the effective date of this ordinance.
3. Ammunition, commercial loading of small arms subject to the following limitations:
 - a. The quantities, arrangement, and distance requirements for the storage of propellant powder, primers, and percussion caps shall be in accordance with the Fire Code.
 - b. A permit to load ammunition shall be obtained from the Fire Department.
 - c. A use permit shall be obtained subject to the provisions of Section [307](#)
 - d. In addition to the requirements of subsections 1-3 above, the loading of specialty or custom ammunition shall be subject to obtaining a use permit pursuant to the provisions of Section [307](#).
 4. Amusement park or other outdoor recreation facility; and subject to a use permit, temporary outdoor exhibition or production as provided in Section [637A.4](#); and, as an accessory use, subject to a use permit, power driven miniature vehicle track, where miniature vehicles do not exceed five horsepower engine.
 5. Artificial Limbs, Manufacturing
 6. Asbestos Products, Wholesale and Storage
 7. Auctioneers' Auditorium, other than livestock
 8. Automobile, Body and Fender Shops

9. Automobile Radiator Shops
10. Automobile Rental and Leasing
11. Bank Vault Storage
12. Battery Repair
13. Belting, Repairing
14. Beverages, Bottling
15. Blacksmiths
16. Bleach Blending
17. Boats, Custom Fabrication
18. Boilers, Retail Sales
19. Bottled or containerized fuel, storage, distribution, and retail sales.
20. Bottles, Wholesale
21. Butter and Cheese, Manufacturing
22. Cabinet Makers
23. Camper Sales
24. Candy, Manufacturing
25. Canvas Goods, Fabrication
26. Carbide Sales and Distribution
27. Carbonic Gas Sales and Storage
28. Carbonic Ice Bulk Sales and Distribution
29. Carpenters' Shops
30. Carpets and Rugs, Wholesale, Warehouse and Manufacturing

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31. Car Wash
 32. Cigars, Manufacturing, Machine Rolled
 33. Cleaning Compounds Storage
 34. Clothing Manufacturing
 35. Cold Storage, No Slaughtering
 36. Concrete, Retail Sales upon compliance with the following conditions:
 - a. The securing of a use permit from the Zoning Administrator or the Board of Adjustment. In no event shall either issue a use permit for more than two batch mixers.
 - b. Any mobile or stationary batch-mixer on site shall not exceed one cubic yard capacity.
 37. Corsets and Brassieres, Manufacturing
 38. Commercial Radio or Television Tower or Transmitting Station
 39. Dairy Products Manufacturing
 40. Dance Halls, subject to a use permit
 41. Department Stores Warehouse
 42. Desks, Manufacturing
 43. Disinfectants, Storage and Wholesale
 44. Drive-in Restaurant
 45. Drive-in Theatre
 46. Electrical Appliances, Wholesale
 47. Electrical Contractors' Shops
 48. Equipment, Rentals

49. Excelsior, Storage and Distribution, Bulk
50. Express Companies, Warehouses and Garage
51. Firewood, Storage
52. Fish, Wholesale
53. Floor Refinishing, Contractors' Shop
54. Food Processing, Wholesale
55. Food Products, Warehouse
56. Freight Depot
57. Freight Forwarders' Warehouses
58. Frozen Foods, Processing
59. Fruit and Vegetable Market, Wholesale
60. Furnaces, Cleaning and Repairing Shop
61. Furniture, Wholesale and Storage
62. Golf or Baseball Driving Range
63. Grocers, Wholesale and Warehouse
64. Hardware, Wholesale
65. Horseshoeing
66. Ice Cream, Manufacturing
67. Imported Goods, Warehouse
68. Ink, Compounding, Packaging, Storage
69. Insecticides, Storage and Distribution
70. Iron, Custom Decorative Wrought Iron Shops

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71. Linoleum Storage
 72. Lubricating Compounds, Storage
 73. Lumber, Cabinet Shop
 74. Lumber
 75. Lumber, Used and Wholesale
 76. Machine Shops
 77. Machine Tools, Storage
 78. Machinery Rentals, other than industrial
 79. Matches, Wholesale and Storage
 80. Mattresses, Manufacturing
 81. Meat, Storage and Wholesale
 82. Meat and Fish Wholesale Market
 83. Mexican Food Preparation, Wholesale
 84. Milk Bottling Plant
 85. Mining Machinery Supplies, Display and Retail Sales
 86. Mobile Home Sales
 87. Mobile vendors subject to the following conditions or limitations:
 - a. Mobile vendors or mobile food vendors shall not locate a mobile vending unit or mobile food vending unit less than one thousand three hundred twenty feet (1,320'), measured in a straight line from another mobile vending unit or mobile food vending unit on the same side of the street. The measurement shall be made from a line drawn around the mobile vending unit or mobile food vending unit with the line being at all points ten feet from the nearest point of the mobile vending unit or mobile food vending unit.
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- b. Notwithstanding the provisions of subsection a above, no more than two mobile vendors, mobile food vendors or a combination of the two shall be permitted on the corner lots at any intersection.
- c. Mobile vendors and mobile food vendors shall operate only upon surfaces that comply with the dustproofing and paving requirements for parking and maneuvering areas as set forth in Section [702.A.2.d](#) of the Zoning Ordinance.
- d. Mobile vendors and mobile food vendors shall not be located so as to obstruct parking spaces required by this ordinance for the operation of any other use on the site.
- e. Mobile vendors and mobile food vendors must maintain on the site a minimum of three parking spaces designated for their use.
- f. The use of signs by mobile vendors and mobile food vendors shall be governed by the sign regulations contained in Section [705](#) of the Zoning Ordinance.
- g. Any mobile vendor and/or mobile food vendor located on a vacant lot shall be considered a use and be subject to all of the district regulations relating to users, except that the perimeter landscaping requirements of Section [624.F.4.d](#) of the Zoning Ordinance shall not apply.
- h. Notwithstanding the provisions of the subsection below (subsection i), a mobile vending unit or mobile food vending unit located on a lot which has another use shall also be considered a use if the mobile vending unit OR mobile food vending unit is located within or under any permanent structure. Such use shall comply with all of the regulations for a use in the district, except that the perimeter landscaping requirements of Section [624.F.4.d](#) of the Zoning Ordinance shall not apply. For the purpose of this section, "permanent structure" shall mean a structure that is built or constructed such as an edifice, building, walls, benches, shade structure or any piece of work artificially built up or composed of parts joined together in some definite manner, and permanently attached to the ground.
- i. If a mobile vendor or mobile food vendor is located on a lot which has another use, the mobile vendor or mobile food vendor shall be considered an accessory use.
- j. No mobile vending unit or mobile food vending unit shall:

- (1) Be placed within fifteen feet of any street right-of-way.
- (2) Be placed within one hundred feet of the intersection of an on- or off-ramp of a freeway and the street to which the ramp exists.

k. Exemptions. These provisions shall not apply to mobile vendors or mobile food vendors or their respective vending units (1) located in a swap meet licensed pursuant to chapter [10](#) of the Phoenix City Code; (2) used exclusively for the sale of seasonal items such as Christmas trees or pumpkins that are sold prior to holidays or traditional observances such as Christmas or Halloween; (3) regulated as a temporary use pursuant to Section [708.D](#) of the Zoning Ordinance; or (4) regulated pursuant to Section [637.A.4](#) (Promotional events at shopping centers).

l. Neither the Zoning Administrator nor the Board of Adjustment shall have the jurisdiction to grant variances from the provisions of subsections (a), (b), (c), (d), (e), and (j)(1) and (2) above.

m. Any parcel upon which a mobile vendor or mobile food vendor use has been legally established shall be considered to be a mobile vendor or mobile food vendor site for purposes of applying subsections a and b above. In the event that the mobile vendor or mobile food vendor use ceases on the site for a period of one hundred eighty consecutive days and is not legally reestablished by the end of one-hundred-eighty-day period, the site shall no longer be considered a mobile vendor or mobile food vendor site for the purpose of applying subsections a and b above.

88. Monument Works, no outdoor sandblasting

89. Motor Freight Company Garages

90. Movers, Warehouses

91. Neighborhood Collection Center, subject to the following limitations:

- a. A use permit shall be secured.
- b. All loose materials shall be stored within an enclosed container or building.

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- c. The use shall be operated so as not to emit matter causing unpleasant odors that are perceptible by the average person at or beyond any lot line of the lot containing the use.
 - d. If the permitted use is for a location where processing as defined will be in an open environment and not in an enclosed building or container:
 - (1) The use shall be located no closer than seventy-five (75) feet to a public street.
 - (2) The use shall be located no closer than one hundred fifty (150) feet to a residential zoning district.
 - (3) The use shall be screened by a six (6) foot high solid masonry wall.
 - (4) Any storage shall be no higher than six (6) feet plus one (1) foot in height for every additional three (3) feet of setback from a property line.
 - e. No bay door shall face a residential zoning district if the use is located within one hundred fifty (150) feet of such a district.
 - f. The average noise level, measured at the property line, shall not exceed 55 dB (ldn) or ambient noise level in the immediate area whichever is greater when measured on an "A-weighted" sound level meter.
 - g. Other restrictions regarding hours of operation and outdoor activities as the hearing body shall deem appropriate.
- 92. Oil Burners, Service and Repair
 - 93. Office Furniture, Storage and Warehouse
 - 94. Paper Products, Wholesale and Storage
 - 95. Pattern Shop
 - 96. Perfumes, Compounding, Packaging, Storage
 - 97. Pet Care Facility, subject to the following limitations:
 - a. Animal housing units shall be constructed so as not to allow for direct, unaccompanied access by animals to the outside areas of the buildings.

- b. Animals must be accompanied by a facility employee at all times when outside of the building. All walks and exercise periods must take place on facility grounds.
 - c. When located adjacent to a residential district, every building and every outdoor dog exercise run shall be set back at least fifty feet from any lot line abutting such residential district.
 - d. A solid masonry wall or fence seven feet in height shall be constructed along the property line in both the rear and side yards.
 - e. Solid waste shall be removed from outdoor exercise areas five hours at a minimum during periods when these areas are in use.
 - f. The average noise level, measured at the property line, shall not exceed fifty-five dB (ldn) when measured on an "A-weighted" sound level meter and according to the procedures of the Environmental Protection Agency.
- 98. Pharmaceutical Products, Compounding, Packaging, Storage
 - 99. Plant Nursery
 - 100. Plating Works, Precious Metals
 - 101. Plumbers' Shops
 - 102. Plumbing Fixtures and Supplies, Wholesale and Storage
 - 103. Pony Rides
 - 104. Potato Chip Manufacturing
 - 105. Printers' Equipment and Supplies, Wholesale
 - 106. Private Clubs and Lodges Qualifying by Law as a Non-Profit Entity
 - 107. Produce (Garden), Wholesale
 - 108. Produce, Warehouse
 - 109. Quick Freeze Plant
 - 110. Radio Equipment, Assembling

111. Refrigerators, Wholesale, Storage

112. Restaurants, Bars and Cocktail Lounges, subject to the following conditions or limitations:

a. Music or entertainment shall be permitted subject to the following regulations:

(1) The stage or performance area shall be a maximum of 200 square feet unless a use permit is obtained.

(2) The noise level, measured at any point on the received property, shall not exceed 55 dBa unless a use permit is obtained. An occurrence where the sound level increases up to 60 dBa for five continuous seconds or less shall not be deemed a violation of this section as long as there are no more than five occurrences within an hour long interval.

(3) Nothing in this section shall be construed to include an adult use.

b. Patron dancing shall be permitted.

c. Outdoor recreation uses, outdoor dining, and outdoor alcoholic beverage consumption shall be permitted as accessory uses only upon securing a use permit, if within 500 feet of a residential district. This distance shall be measured from the exterior wall of the building or portion thereof in which the business is conducted or proposed use is to be conducted closest to the residential district zoning line.

d. Drive-through facilities as an accessory use to a restaurant, subject to the following conditions:

(1) Access to the site is to be from an arterial or collector street as defined on the street classification map.

(2) Securing a use permit if the queuing lane for the drive-through facility is less than 300 feet from a residential district zoning line. This distance shall be measured from the point of the queuing lane closest to the residential district zoning line.

e. Any bar or cocktail lounge which exceeds 5,000 square feet in gross floor area and is located on a lot or parcel within 300 feet of a residential district shall be permitted

only upon securing a use permit. This distance shall be measured from the exterior wall of the building or portion thereof in which the business is conducted or proposed use is to be conducted closest to the residential district zoning line.

f. Outdoor food preparation and cooking shall be permitted as an accessory use subject to the following conditions:

(1) Securing a use permit.

(2) The regularly used cooking area inside the establishment shall be of equal or greater size than the outdoor cooking area.

(3) The outdoor cooking area shall be located within 50 feet of a building entrance from where the restaurant is operated. This distance shall be measured from the appliance in the outdoor cooking area closest to the building entrance from where the restaurant is operated.

(4) The outdoor cooking area shall be set back a minimum of 300 feet from a residential district. This distance shall be measured from the appliance in the outdoor cooking area closest to the residential district zoning line.

113. Restaurant Equipment Service and Repair Shop

114. Roofing Material, Storage and Sales

115. School, Trade

116. Self-Service Storage Warehouses

a. All storage shall be within a closed building except that boats, trailers and motor vehicles may be placed in outdoor storage areas which are separate from the buildings and screened from view from adjacent streets and property by walls, fences or landscaping. Outdoor storage areas shall not exceed ten percent (10%) of the gross site area and shall not count toward meeting parking requirements.

117. Sheet Metal Work, Custom Fabrication

118. Sheltered Workshops

119. Shirt Factory

- 120. Shooting Gallery
- 121. Sign Shops, Any Type
- 122. Skating Rinks
- 123. Soaps, Compounding, Packaging, Storage
- 124. Soda Water Manufacturing
- 125. Stoves and Ranges, Wholesale Storage
- 126. Termite Control Contractor Shops
- 127. Terrazzo Contractor Shops
- 128. Tire Repairing and Recapping
- 129. Toiletries, Compounding, Packaging, Storage
- 130. Toys, Fabrication
- 131. Trailer Rental
- 132. Trailer Sales
- 133. Transfer Business
- 134. Travel Trailer Sales
- 135. Truck Freight Movers
- 136. Used and New Car Sales
- 137. Vegetable Market, Wholesale
- 138. Wallboard, Wholesale and Storage
- 139. Wine Bottling
- 140. Wholesale Produce Storage or Market, Commercial
- 141. Woodworking, Equipment, Wholesale

No use shall be considered an accessory use which is listed as a permitted or accessory use in any of the following districts: A-1, A-2, S-1.

E. Yard, Height and Area Requirements. To protect surrounding neighborhoods and preserve the public welfare, standards are herein established for yard, height and area requirements to provide an appropriate transition between commercial uses and adjoining neighborhoods. In recognition of the goals contained in the General Plan for uses and intensities within core areas, greater heights and intensities are herein encouraged.

1. Any multiple family residential use shall conform to the yard, height, area and density requirements set forth in Section [615](#) except as provided herein:

- a. Where dwelling units do not occupy the ground floor, a front yard shall be maintained as provided in Section [701.D.3](#) for property defined in Section [624.E.3](#).
- b. A request to exceed the yard, height, area or density requirements of Section [615](#) up to, but not to exceed those of Section [618](#), may be granted by the City Council, after a recommendation is received from the Planning Commission and in accordance with Section [506](#), upon finding that such increase is not detrimental to adjacent property or the public welfare in general and that:
 - (1) The property is within an area of a village core designated on approved plans for such development, or
 - (2) The property is adjacent to high density residential development of similar intensity and character.

Requests to amend a previously approved application shall follow the amendment procedure set forth in Section [506](#).

- c. A site plan approved in accordance with Section [507](#) of this ordinance is required for all uses approved pursuant to Section 624.E.I.b.
- d. Neither the Zoning Administrator nor the Board of Adjustment shall have jurisdiction to vary the provisions of Section [624.E.1](#).
- e. Any residential use within the downtown redevelopment area, as defined in City Council Resolution No. 15143, shall conform to the yard, height, area, and density requirements set forth in Section [618](#).

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2. Any single-family residential use shall conform to the following requirements:
 - a. Such development shall be permitted only if the property is designated as residential on the General Plan Map. If this standard is satisfied, the remainder of this section shall apply.
 - b. The applicant shall submit in writing to the Zoning Administrator a declaration of the development option (standard subdivision, average lot subdivision, conventional, or planned residential development) and density proposed for the residential use.
 - c. The Zoning Administrator shall determine the residential zoning district to which the proposed single-family development is equivalent. The use shall satisfy the development standards contained in Sections [609](#) through [613](#) for the development option and density of the equivalent zoning district.
 - d. Upon completion of development of a single-family residential use in accordance with this section, the Planning Commission shall initiate an application for rezoning the site to the residential zoning district appropriate for the site.
 3. The following yard, height and area requirements shall apply to: 1) all structures located in a core area as defined in the General Plan except that for purposes of this provision, the Central City Village Core shall be defined as the area bounded by 7th Avenue, 7th Street, Roosevelt Street and Madison Street; 2) structures located on property which abuts Central Avenue between Camelback Road on the north and Harrison Street on the south; and 3) structures that have received rezoning approval prior to June 15, 1988, and are subject to a City Council stipulated site plan in accordance with Section [506.B](#) and with exceptions as provided for residential uses in Section [624.F.1](#).
 - a. A front yard is required as provided in Section [701.D.3](#).
 - b. Side yards are required as provided in Section [701.D.3](#).
 - c. Pumps dispensing liquid fuel at automobile service stations shall maintain such setbacks as required in Section [622.D](#) (No. 141), Section [701.A.7](#), and as required by the City of Phoenix Fire Code.
 - e. Where a district boundary abuts a residential district (RE-43 through R1-6 and any PAD) there shall be provided the following:

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- (1) No building or structure shall be placed within thirty (30) feet of the residential district.
 - (2) A six (6) foot solid fence or wall shall be erected on said district boundary or the fence or wall shall be erected adjacent to a landscaped area which shall be installed with an appropriate watering system and be maintained between the wall and the district boundary.
- f. Where a district is located on a street in which more than fifty percent (50%) of the lineal frontage of both sides of the street for the block in which the district is located is zoned residential (RE-43 through R1-6 and any PAD) there shall be provided the following:
- (1) Any open use, visible from the abutting street, shall be screened with a six (6) foot solid fence or wall.
 - (2) Landscaping and setbacks shall be as provided by Sections [701.D.3](#) and 703.B of this ordinance.
- g. A maximum building height of four (4) stories not to exceed fifty-six (56) feet shall be permitted.
4. For any other non-residential uses permitted in this district, except as provided in Sections [624.E.3](#) and [624.E.5](#), the following requirements shall apply:
- a. A maximum building height of two (2) stories not to exceed thirty (30) feet shall be permitted.
 - b. Request to exceed the above height limits may be granted by the City Council for developments up to four (4) stories not to exceed fifty-six (56) feet upon recommendation from the Planning Commission or the Zoning Hearing Officer finding that such additional height is not detrimental to adjacent property or the public welfare in general.
 - c. Canal Right-of-Way Setbacks: An average 20-foot setback shall be provided for sites containing structures not exceeding two stories or 30 feet in height with a minimum 15-foot setback permitted for up to 50 percent of the structure (including projections). An average 30-foot setback shall be provided for sites containing any structure

exceeding two stories or 30 feet in height with a minimum 20-foot setback permitted for up to 50 percent of the structure (including projections). Landscaping equal to the required average setback times the canal frontage (exclusive of necessary driveways or canal right-of-way access ways) shall be provided adjacent to the canal right-of-way property line and shall not be less than 15 feet in depth.

d. Except as provided in Section [622.E.4.f](#), the following building setbacks (excluding canal right-of-way setbacks) shall apply:

BUILDING SETBACKS				
Adjacent to Streets				
For structures not exceeding two stories or 30'	Average 25'	Minimum 20' permitted for up to 50% of structure, including projections		
For structures exceeding two stories or 30'	Average 30'			
Not adjacent to Streets				
	When Adjacent Zoning is:			
Maximum building height	S-1, S-2, RE-43 to R-3(*)	R-3A, R-4, R-5, R-4A(*)	CP, Ind. Pk., PSC, RSC, MUA, DC, GC, RH, UR	C-1, C-2, C-3 A-1, A-2, CP, Ind. Pk., P-1, P-2
1 story (or 15')	25'	10'	10'	0'
2 story (or 30')	50'	15'	10'	0'

BUILDING SETBACKS				
3 story (or 42')	100'	30'	10'	0'
4 story (or 56')	150'	45'	10'	0'

(*) An additional one foot setback shall be provided for every one foot of height above 30 feet.

e. Landscaping requirements/materials, except as provided in 624.E.4.f:

Streetscape	
Landscaped Setback	Average 25' for structures not exceeding two stories or 30', minimum 20' permitted for up to 50% of the frontage. Average 30', for structures exceeding two stories or 30' minimum 20' for up to 50% of the frontage.
Plant Type	Minimum Planting Size
Trees*	Min. 2-inch caliper (50% of required trees) Min. 3-inch caliper or multi-trunk tree (25% of required trees) Min. 4-inch caliper or multi-trunk tree (25% of required trees)
Shrubs	Min. five (5) 5-gallon shrubs per tree
Parking Lot Area	

Streetscape	
Interior surface area (exclusive of perimeter landscaping and all required setbacks)	Min. 10%
Landscaped planters	At ends of each row of parking & approximately every 110'
Landscaped planters**, single row of parking	Min. 120 sq. ft.***
Landscaped planters**, double row of parking	Min. 240 sq. ft.***
Additional parking lot landscaping	As needed to meet 10% minimum requirement, evenly distributed throughout the entire parking lot. Min. interior dimension 5' (length and width).
Additional parking lot landscaping	As needed to meet 10% minimum requirement, evenly distributed throughout the entire parking lot. Min. interior dimension 5' (length and width).
Plant Type	Minimum Planting Size
Trees	Min. 2-inch caliper (60% of required trees) Min. 1-inch caliper (40% of required trees)

Streetscape	
Shrubs	Min. five (5) 5-gallon shrubs per tree
Perimeter Property Lines (not adjacent to a street)	
Property lines not adjacent to a street	Min. 10-foot landscaped setback
Property lines not adjacent to a street, but adjacent to property zoned C-1 C-2, C-3, A-1, A-2, Commerce Park	None
Plant Type	Minimum Planting Size
Trees*	Min. 2-inch caliper (60% of required trees) Min. 1-inch caliper (40% of required trees)
Shrubs	Min. five (5) 5-gallon shrubs per tree
Adjacent to a Building	
Building facades within 100' of the public right-of-way or adjacent to public entries to the building (excluding alleys)****	Min. 25% of the exterior wall length shall be treated with either a landscaped planter a min. five (5) feet in width or an arcade or equivalent feature.
Plant Type	Minimum Planting Size
Trees*	Min. 2-inch caliper (60% of required

Streetscape	
	trees) Min. 1-inch caliper (40% of required trees)
Shrubs	Min. five (5) 5-gallon shrubs per tree

* 20 feet on center or equivalent groupings.

** Measured from inside face of curb to inside face of curb.

*** Not to exceed the length of a standard City of Phoenix parking stall. Modifications to the square footage may be approved by Planning and Development Department if the overall intent of the standard is being met.

**** Or as approved by the Planning and Development Department.

f. For new commercial and office development on parcels of five acres or less which are not located in commercial developments with shared access and parking that are adjacent to pre-existing structures that have less than a 25-foot front building setback:

(1) The twenty-five (25) foot minimum building and landscaped setback adjacent to a street for buildings less than two (2) stories or thirty (30) feet in height shall be reduced to the minimum setback established by the average frontage of existing buildings on a block not to exceed three hundred feet on any side of the subject property. The reduced building setback shall not conflict with visibility requirements.

(2) A minimum of five (5) feet landscaping, canopy/shade structure, or combination thereof shall be provided adjacent to the street frontage.

(3) At least one (1) identifiable public entrance directly accessible within fifty (50) feet adjacent to the street frontage shall be provided.

(4) A minimum of 50% of the area of the front building facade shall be composed of windows, shadow boxes, artwork or comparable architectural feature. The area

to be counted toward the 50% shall begin no higher than 12 feet above finished floor. This computation will exclude entrances to parking and loading areas.

(5) A use permit in accordance with the provisions of Section [307](#) is required to modify:

(a) The requirements for structure setback and number or location of public entrances directly adjacent to the street frontage may be modified by up to fifty percent (50%) when:

(1) The modification furthers the intent of this section through the provision of alternative design features that enhance the urban character of the pre-existing structures on the subject block, or

(2) Due to a small or irregular lot size or configuration, reasonable compliance with the standards of this Section is precluded or impractical.

(b) The requirements involving the area of the building facade that must be composed of windows, shadow boxes, artwork, or other architectural features, and the location of said features, may be modified by up to twenty-five percent (25%) when:

(1) The modification furthers the intent of this Section through the provision of alternative design features that enhance the urban character of the pre-existing structures on the subject block, or

(2) Due to a small or irregular lot size or configuration, reasonable compliance with the standards of this Section is precluded or impractical.

g. Accessory Uses: No accessory uses except for site ingress and egress, and public transportation related pedestrian amenities shall be provided within any required perimeter landscaped setback.

Surface and above grade public utilities may be permitted within the required perimeter landscaped setback subject to a use permit as approved by the Zoning Administrator or Board of Adjustment.

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- h. **Lot Coverage:** Lot coverage shall not exceed 50 percent (50%) of the net lot area exclusive of the first six (6) feet of roof overhang, open carports, covered patios or covered walkways.
 - i. **Site Access:** Access to a site containing any structure exceeding two (2) stories or (30) feet in height shall only be from an arterial or collector street as defined on the street classification map.
 - j. **Site Plans:** A site plan approved in accordance with Section [507](#) is required for sites containing any structure exceeding two (2) stories or thirty (30) feet in height.
 - k. Neither the Board of Adjustment nor the Zoning Administrator shall have the jurisdiction to vary the height provision of this Section.
 - l. The lot coverage, landscape or structure setback requirements up to 25 percent of the established setback for one- and two-story structures may be modified only upon securing a use permit and when:
 - (1) The proposed structure or use would occupy a lot which had been developed and used prior to June 15, 1988, and
 - (2) Due to the lot size or configuration, reasonable compliance with the standards of this Section is precluded, and
 - (3) It is demonstrated that the proposed structure and use furthers the intent of this Section through the provisions of alternative measures such as enhanced landscaping, screening walls, etc. which exceed the minimum standards as contained herein.
 - m. **Walls and Screening:** Outdoor storage shall be screened with a solid wall/fence or combination wall/fence and landscaping. Such storage shall be no higher than twelve (12) feet.

5. Any Large Scale Commercial Retail development shall conform to the following requirements:

- a. **Applicability:** For all Large Scale Commercial Retail development for which unexpired preliminary or final Planning and Development Department site plan

approval has been obtained prior to February 19, 2003, these standards shall not apply.

Building Setbacks	
From all property lines	Minimum 60-feet
Building Height	
Within 60 feet of property lines	Max. 35 feet
Greater than 60 feet	See Section 624.E.4.d
Landscape	
Streetscape	
Setback	Average 30-foot setback, minimum 25-foot setback permitted for up to 50% of the frontage.****
Plant Type	Minimum Planting Size
Trees*	Min. 2-inch caliper (50% of required trees) Min. 3-inch caliper or multi-trunk tree (25% of required trees) Min. 4-inch caliper or multi-trunk tree (25% of required trees)
Shrubs	Min. five (5) 5-gallon shrubs per tree

Parking Lot Area	
Interior surface area (exclusive of perimeter landscaping and all setbacks)	Min. 10%
Landscaped planters	At ends of each row of parking and approx. every 110'
Landscaped planters**, single row of parking	Min. 150 sq. ft.***
Landscaped planters**, double row of parking	Min. 300 sq. ft.***
Landscaping adjacent to pedestrian walkways	See b.(1) and b.(2) below
Additional parking lot landscaping*	As needed to meet 10% minimum requirement, addl. landscaping to be evenly distributed throughout the entire parking area. Min. interior dimension five (5) feet (length and width). Min. rate of one (1) for every six (6) parking spaces, evenly distributed throughout the entire parking area.
Plant Type	Minimum Planting Size
Trees	Min. one 2-inch caliper per planter****
Shrubs	Min. five (5) 5-gallon shrubs per planter

Perimeter Property Lines (not adjacent to a street)	
Property lines adjacent to an existing residential use or residential zoning district	Min. 15-foot landscaped setback
All other perimeter property lines	Min. 10-foot landscaped setback
Property lines not adjacent to a street, but adjacent to property zoned C-2, C-3, A-1, A-2, Commerce Park	None
Adjacent to a Building	
Buildings that face a public street	See c.(1) and c.(2) below

* 20 feet on center or equivalent groupings.

** Measured from inside face of curb to inside face of curb.

*** Not to exceed the length of a standard City of Phoenix parking stall. Modifications to the square footage may be approved by Development Service Department if the overall intent of the standard is being met.

**** Or as approved by the Planning and Development Department.

**** Standard is required for entire center in which large scale commercial retail development is located.

- b. For landscaping adjacent to pedestrian walkways in parking lot, provide either:
- (1) Minimum 15-foot wide combination sidewalk/landscaped planter along the walkway as approved by Planning and Development Department. Where planters are adjacent to head-in parking, they shall be a minimum 7.5 feet wide. At installation, the landscape palette shall contain a mixed maturity consisting of 60% trees with minimum 2-inch caliper, 40% with minimum 1 inch caliper, or

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- (2) An equivalent shade structure as approved by the Planning and Development Department.
- c. Buildings that face a public street shall provide either:
- (1) A minimum 15-foot combination sidewalk/landscaped planter at grade level adjacent to the building. The sum total of the landscaping shall be a minimum one-third (1/3) the length of the building facade and a minimum five (5) foot wide. Landscaping shall include minimum 2-inch caliper size trees placed 20 feet on center or in equivalent groupings with 5-gallon shrubs per tree, or
 - (2) An arcade or equivalent feature, as approved by the Planning and Development Department.
- d. Access:
- (1) The development shall have direct site access as follows:
 - (a) To a freeway frontage road, or
 - (b) To one arterial road, or
 - (c) To a collector road.
 - (2) Except in a Village Core, access from a minor collector street where single-family residential zoning or uses are located within one-quarter (1/4) mile of the subject property shall be subject to a use permit in accordance with the provisions of Section [307](#).
 - (3) No access is permitted from a local street.
- e. Loading standards:
- (1) Hours of operation for developments within 300 feet of a residential district:
 - (a) Loading permitted between the hours of 6:00 a.m. and 10:00 p.m. Any expansion of the above mentioned hours are subject to obtaining a use permit in accordance with Section [307](#).
 - (2) Provide designated tractor-trailer stacking area that is not any closer than 60 feet to a residentially zoned property.

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- (3) Loading areas/docks shall not be closer than 60 feet to a residentially zoned district.
 - (4) Loading docks closer than 100 feet to a residential zoning district shall be screened with a solid masonry wall at a height determined by the Planning and Development Department to completely screen loading areas and delivery vehicles.
- f. Standards for permanent outdoor garden sales (garden/outdoor living center):
- (1) Permanent outdoor sales areas are limited to a maximum of 35,000 gross square feet.
 - (2) The outdoor sales area may be increased from 35,000 gross square feet to a maximum area of 50,000 gross square feet only upon securing a use permit and when:
 - (A) It is demonstrated that the proposed modification is not detrimental to adjacent property or the public welfare in general, or
 - (B) Due to a small or irregular lot size or configuration, reasonable compliance with the standards of this section is precluded or impractical.
 - (3) Products sold outdoors shall be screened by a minimum eight (8) foot high solid masonry wall or screened so as not to be visible from property line or street. Wall shall have a decorative finish that is complimentary to the primary building walls for all required screening.
 - (4) Decorative screen material(s) may be used only in garden centers but shall not exceed 50% of the screened area. Decorative screening may include one or more of the following: wire, fabric, screen material, landscaping and/or alternative materials, as approved by the Planning and Development Department.
 - (5) Chain link fencing is not permitted.
- g. Temporary outdoor display and sales:
- (1) Designate the area reserved for outdoor display and sales at front of building on site plan and delineate decoratively on the property.

(2) Temporary outside display and sales areas are subject to the following standards:

- (A) Maximum 500 square feet of display area;
- (B) No display and/or sales is permitted within 25 linear feet of either side of the building entrance(s)/exit(s);
- (C) The allowable square footage and/or proximity of the display area to the building entrances/exits may be modified by 50 percent only upon securing a use permit when it is clearly demonstrated that the proposed modification is not detrimental to adjacent property and the public welfare in general.

h. Temporary outdoor storage containers:

- (1) Designate an area for screened temporary storage containers at rear or sides of property, if provided.
- (2) Temporary storage container area shall be screened by a minimum eight (8) foot high solid masonry wall or screened so as not to be visible from property line or street.
- (3) A use permit must be obtained in accordance with the provisions of Section [307](#) in order to install/place temporary storage container(s).

F. Outdoor Storage, Push Carts.

1. Push carts made available for use by the public may be stored in temporary cart corrals located within the parking area of the retail center during normal business hours. Push carts must be stored inside the building or in an outdoor enclosure that is fully screened so as not to be visible from the property line or street after normal business hours or when not being used on a daily basis. (Ord. No. G-3378, 1990; Ord. No. G-3447, 1991; Ord. No. G-3461, 1991; Ord. No. G-3483, 1991; Ord. No. G-3494, 1992; Ord. No. G-3604, 1992; Ord. No. G-3621, 1993; Ord. No. G-3720, 1994; Ord. No. G-3731, 1994; Ord. No. G-4041, 1997; Ord. No. G-4058, 1997; Ord. No. G-4109, 1998; Ord. No. G-4298, 2000; Ord. No. G-4366, 2001; Ord. No. G-4498, 2003; Ord. No. G-4515, 2003; Ord. No. G-4526, 2003; Ord. No. G-4532, 2003; Ord. No. G-4566, 2003; Ord. No. G-4685, 2005; Ord. No. G-5242, 2008; Ord. No. G-5561, 2010; Ord. No. G-5544, 2010; Ord. No. G-5632, 2011; Ord. No. G-5633, 2011; Ord. No. G-5716, 2012; Ord. No. G-5874, 2013; Ord. No. G-5951, 2014; Ord. No. G-5959, 2014; Ord. No. G-6279, 2017)

Section 625. B3—Special Commercial.

(Reserved.)

The Phoenix Zoning Ordinance is current through Ordinance G-7134, passed June 28, 2023.

Disclaimer: The City Clerk's Office has the official version of the Phoenix Zoning Ordinance. Users should contact the City Clerk's Office for ordinances passed subsequent to the ordinance cited above.

[City Website: www.phoenix.gov](http://www.phoenix.gov)

[Hosted by Code Publishing Company, A General Code Company.](#)

EXHIBIT 3

Contingent and Limiting Conditions

CONTINGENT AND LIMITING CONDITIONS

1. LIMITS OF LIABILITY: The liability of Appraisal Technology, LLC, and/or Independent Contractor(s) is limited to the client only and to the fee actually received by them. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraiser is in no way to be responsible for any costs incurred to discover or correct **any** deficiencies of **any** type present in the property; physically, financially, and/or legally. In the case of limited partnerships or syndication offering or stock offerings in real estate, the client agrees that in case of lawsuit (brought by lender, partner or part-owner in any form of ownership, tenant, or any other party), any and all awards, settlements of any type in such suit, regardless of outcome, the client will hold the appraiser completely harmless in any such action.

2. COPIES, PUBLICATION, DISTRIBUTION, USE OF REPORT: Possession of this report or any copy thereof does not carry with it the right of publication. It is a privileged communication. It may not 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.

All valuations in the report are applicable only under the stated program of Highest and Best Use and are not necessarily applicable under other programs of use. The valuation of a component part of the property is applicable only as a part of the whole property. The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

The Bylaws and Regulations of the Appraisal Institute requires each Member and Candidate to control the use and distribution of each appraisal report signed by such Member or Candidate; except as here-in-after provided, the client may distribute copies of this appraisal report in its entirety to such third parties as he may select; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of the 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), particularly as to valuation conclusions, the identity of the appraiser(s), the firm, or any reference to the Appraisal Institute, the M.A.I., or SRA designations. (See last item in following list for client agreement/consent).

3. CONFIDENTIALITY AND TRADE SECRETS: 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, unless indicated as "Review Appraiser". No change of any item in the report shall be made by anyone other than the appraiser. The appraiser and firm shall have no responsibility if any such unauthorized change is made. The appraiser may not divulge the material (evaluation) 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 the Appraisal Institute as they may request in confidence for ethics enforcement, or by a court of law or body with the power of subpoena.

This appraisal was prepared by the appraisers signing this report and/or related independent contractor(s) and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552 (b) (4). Notify the appraiser(s) signing this report, Appraisal Technology, LLC of any request to reproduce this appraisal in whole or in part.

4. INDEPENDENT CONTRACTORS: Be advised that the people associated with Appraisal Technology, LLC are independent contractors.

5. INFORMATION AND DATA: The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other source thought reliable; all are considered appropriate for inclusion to the best of our factual judgment and knowledge. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the client consider independent verification as a prerequisite to any transaction involving sale, lease, or other significant commitment of funds or property.

6. TESTIMONY, CONSULTATION, COMPLETION OF INVOICE FOR APPRAISAL SERVICES: **When the invoice for appraisal, consultation or analytical service is fulfilled, the total fee is payable upon completion.** The appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal (unless arrangements have previously been made). Any post appraisal consultation with the client or third parties will be at an additional fee. If testimony or deposition is required because of any subpoena, the client shall be responsible for any additional time, fees, and charges regardless of issuing party.

7. STATEMENT OF POLICY: The following statement represents official policy of Appraisal Institute with respect to neighborhood analysis and the appraisal of residential real estate:

- a. It is improper to base a conclusion or opinion of value upon the premise that the racial, ethnic or religious homogeneity of the inhabitants of an area or of a property is necessary for maximum value.
- b. Racial, religious and ethnic factors are deemed unreliable predictors of value trends or price variance.
- c. It is improper to base a conclusion or opinion of value, or a conclusion with respect to neighborhood trends, upon stereotyped or biased presumptions relating to race, color, religion, sex or national origin or upon unsupported presumptions relating to the effective age or remaining life of the property or the life expectancy of the neighborhood in which it is located.

8. MANAGEMENT OF THE PROPERTY: The appraisers have no control over management; however, the appraisers consider the management of this investment of prime importance. Reasonable and prudent (not exceptional) management practices and expertise is assumed (anticipated) in the appraisal.

Should the present/prospective owner be unable and/or unwilling to take those actions required by reasonable and prudent management practices (see appraiser's observations at time of inspection

following the purpose of appraisal) to meet financial goals and/or reasonable expectations, we recommend a careful reconsideration of the investment risk.

9. APPRAISAL IS NOT A LEGAL OPINION: No responsibility is assumed for matters of legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value estimated is given without regard to any questions of title, boundaries, encumbrances, or encroachments.

It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report. It is assumed that all applicable zoning and use of regulations and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered in the appraisal report.

It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

If the Appraiser has not been supplied with a termite inspection, survey or occupancy permit(s), no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranties are made concerning obtaining the above mentioned items.

It is assumed that adequate municipal services including disposal are available and will continue to be.

Virtually all land in Arizona is affected by pending or potential litigation by 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 State's New Ground Water 99Management Act may also restrict future ground water pumping in various parts of Arizona. Given this uncertainty, neither the appraiser(s) nor any of his representatives can make warranties concerning rights to or adequacy of the water supply with respect to the property being appraised, although, the sale of premises include such water rights as are appurtenant thereto.

10. FEDERAL AND STATE REGULATIONS: Further, the value reported is based upon cash, or its equivalent, and was drafted to adhere to the standards and practices of the Appraisal Institute, plus the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) by the Appraisal Foundation and in accordance with appraisal standard required by Title XI of Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the Office of the Comptroller of the Currency (OCC).

Under federal mandate, state licensing and/or certification of appraiser is required on or before August 1, 1991. Permission is hereby granted by the client for the appraiser to furnish the appropriate governmental authority or their authorized designated representative(s) any and all materials requested for oversight review.

11. CHANGES, MODIFICATIONS, FEE: The appraiser(s) reserves the right to alter statements, analysis, conclusion or value estimate contained in the appraisal if a fact(s) pertinent to the appraisal process unknown prior to the completion of the appraisal is/are discovered.

The fee for this appraisal or study is for the service rendered and not for the time spent on the physical report or the physical report itself.

Compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

The writing of this report to meet the requirements of the Competitive Equality Banking Act of 1987 ("CEBA") and in adherence with the standards and practices of the Appraisal Institute, plus the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) by the Appraisal Foundation involves an interpretation of the phrase "totally self-contained".

Because no report regardless of length or the extent of documentation is "totally self-contained", the appraiser has tried to furnish sufficient documentation, analysis and detail to meet a "reasonableness criteria". Should the client reviewing this report require additional information, analysis, documentation, etc., it will be supplied in an expeditious manner at no charge to the client, following receipt of a written critique (within 2 months of the date of this letter), in the form of a new report.

12. APPRAISAL IS NOT A SURVEY: It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and that there is no encroachment or trespass unless noted with the report.

The legal description is assumed to be correct as used in this report as furnished by the client, his designee, or when not supplied, as derived by the appraiser. The appraiser(s) assume no responsibility for such a survey, or for encroachments or overlapping that might be revealed thereby.

The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Photos, if any, are included for the same purpose. Site plans are not surveys unless shown from a separate surveyor.

13. APPRAISAL IS NOT AN ENGINEERING REPORT: This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraisers are not construction, engineering, or legal experts, and any opinion given on these matters in this report should be considered preliminary in nature.

The observed condition of the foundation, roof, exterior walls, interior walls, floors, heating and/or cooling system, plumbing, insulation, electrical service, and all mechanical and construction is based on a casual inspection only and no detailed inspection was made. For instance, we are not experts

on heating and/or cooling systems and no attempt was made to inspect the interior of the heating and/or cooling equipment. The structures were not checked for building code violations and it is assumed that all buildings meet the building codes unless so stated in the report.

Items such as conditions behind walls, above ceiling, behind locked doors, or under the ground are not exposed to casual view and, therefore, were not inspected. The existence of insulation (if any is mentioned) was found by conversation with others and/or circumstantial evidence.

Since it is not exposed to view, the accuracy of any statements about insulation cannot be guaranteed.

It is assumed that there are no hidden or unapparent conditions of the property, sub-soil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or the engineering which may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Sub-surface rights (mineral and/or energy related) were not considered in making this appraisal.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any observed condition comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating system, air-conditioning system, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we strongly suggest that a construction expert be hired for a detailed investigation. Although a walk-through inspection has been performed, an appraiser is not an expert in the field of building inspection and/or engineering. An expert in the field of engineering/seismic hazards detection should be consulted if an analysis of seismic safety and seismic structural integrity is desired.

The appraisers are not seismologists. The appraisal should not be relied upon as to whether a seismic problem exists, or does not actually exist on the property. The appraisers assume no responsibility for the possible effect on the subject property of seismic activity and/or earthquakes.

14. PROPOSED IMPROVEMENT, CONDITIONED VALUE: Improvements proposed, if any, on or off-site, as well as any repairs required are considered, for purposes of this appraisal, to be completed in a good and workmanlike manner according to information submitted and/or considered by the appraiser(s). In cases of proposed construction, the appraisal is subject to change upon inspection of the property after construction is completed. This estimate of value is as of the date shown, as proposed, as if completed and operating at levels shown and projected unless otherwise set forth.

15. INSULATION AND TOXIC MATERIALS: The existence of potentially hazardous materials used in the construction or maintenance of the structure, such as urea formaldehyde foam insulation, and/or the existence of toxic waste on or in the ground, which may or may not be present has not been considered (unless otherwise set forth). The appraiser(s) is not qualified to detect such substances. The client should retain an expert in this field. If such is present, the value of the property may be adversely affected; therefore, if a toxic waste and/or contaminant is detected, the value indicated in this report is Null and Void. A re-appraisal at an additional cost may be necessary to estimate the effects of hazardous materials.

16. AUXILIARY AND RELATED STUDIES: No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made unless otherwise specified in an invoice for services or in the report.

17. APPRAISAL IS MADE UNDER CONDITIONS OF UNCERTAINTY: Information (including projections of income and expenses) provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, sellers, property owners, bookkeepers, accountants, attorneys, and others is assumed to be true, correct, and reliable. No responsibility for the accuracy of such information is assumed by the appraiser.

The comparable sales data relied upon in the appraisal is believed to be from reliable sources. Though all the comparable sales were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.

Engineering analyses of the subject property were neither provided or used nor made as a part of this appraisal contract. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on a rudimentary investigation by the appraiser and the value conclusions are subject to said limitations.

All values shown in the appraisal report are projections based on our analysis as of the date of the appraisal. These values may not be valid in other time periods or as conditions change. Since the projected mathematical models are based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.

This appraisal is an estimate of value based on an analysis of information known to us at the time the appraisal was made. The appraisers do not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance comes to light and/or becomes known, the value given in this report is subject to change without notice.

18. AMERICANS WITH DISABILITIES ACT: The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraiser(s) have not made an analysis of this property to determine whether or not it is in conformity with the ADA requirements. It is possible that a compliance survey of the property, together with a detailed analysis of the ADA requirements could reveal that the property is not in compliance for one or all requirements. If so, this fact could have a negative effect upon the value of the property. The appraiser(s) have no direct evidence relating to this issue and did not consider possible non-compliance with the requirement of the ADA in estimating the value of the property.

19. INSURABLE VALUE: At the Client's request (if applicable), the appraiser(s) have provided an insurable value estimate. The estimate is based on figures derived from a national cost estimating service and is developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage for replacing any structure. The appraiser(s) make no warranties regarding the accuracy of this estimate. Insurable Value is directly related to the portion of the real estate that is covered under the asset's insurance policy. The appraiser(s) have based this opinion on the building's replacement

cost new (RCN) which has no direct correlation with its actual market value. The appraiser(s) developed an opinion of RCN using the Calculator Cost Method developed by Marshall & Swift. The RCN is the total construction cost of a new building with the same specifications and utility as the building being appraised, but built using modern technology, materials, standards and design. For insurance purposes, RCN includes all direct costs necessary to construct the building improvements. Items that are not considered include land value, individual site improvements or accrued depreciation. To develop an opinion of insurable value, exclusions for below-grade improvements, some site work/improvements, foundations and architectural fees must be deducted from RCN.

20. ACCEPTANCE OF, AND/OR USE OF, THIS APPRAISAL REPORT BY CLIENT OR ANY THIRD PARTY CONSTITUTES ACCEPTANCE OF THE FOREGOING CONDITIONS. APPRAISER(S) LIABILITY EXTENDS ONLY TO STATED CLIENT, NOT SUBSEQUENT PARTIES OR USERS AND IS LIMITED TO THE AMOUNT OF THE FEE RECEIVED BY THE APPRAISER(S).