CBRE Valuation & Advisory Services

Appraisal Report

A 0.72-ACRE COMMERCIAL LOT

8930 North 3rd Street
Phoenix, Arizona 85020

Prepared for: City of Phoenix Finance Department
Date of Report: September 3, 2024
CBRE File No.: CB24US070502-1

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CBRE

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Date of Report: September 3, 2024

Mr. Burton Byars
Review Appraiser
CITY OF PHOENIX FINANCE DEPARTMENT
251 West Washington Street, 8th Floor
Phoenix, Arizona 85003

RE: Appraisal of: A 0.72-Acre Commercial Lot
8930 North 3rd Street
Phoenix, Maricopa County, Arizona
CBRE File No.: CB24US070502-1

Dear Mr. Byars:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject property is identified as a 0.72-acre commercial lot located at 8930 North 3rd Street in Phoenix, Arizona. The site is currently zoned C-3, General Commercial by the City of Phoenix. Most land uses in the subject's immediate market area consist of Commercial and Residential designated land. Public utilities are readily available to the subject site along 3rd Street.

The purpose of this appraisal is to establish the market value of the property for potential asset disposition by the city of Phoenix. The appraised property was inspected on August 21, 2024, which represents the effective date of value. The intended use of this appraisal is for use by the **City of Phoenix** for potential asset disposition purposes. The client and intended user is the **City of Phoenix.**

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

MARKET VALUE CONCLUSION

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is - Land	Fee Simple Estate	August 21, 2024	$470,000

Compiled by CBRE

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute. It also conforms to the City of Phoenix Appraisal Requirements (Revised January 1, 2020).

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. As a condition to being granted the status of an intended user, any intended user who has not entered into a written agreement with CBRE in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between CBRE and the client who ordered the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES

Steve Porter, MAI
Vice President
Certified General Real Property Appraiser
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Email: steve.porter2@cbre.com

Jo Dance, MAI, CCIM
Managing Director
Certified General Real Property Appraiser
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Fax: (602) 735-5655
Email: jo.dance@cbre.com

Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our 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.
6. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Arizona.
7. 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.
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. As of the date of this report, Steve Porter, MAI and Jo Dance, MAI, CCIM have completed the continuing education program for Designated Members of the Appraisal Institute.
10. Steve Porter, MAI has and Jo Dance, MAI, CCIM has not made a personal inspection of the property that is the subject of this report.
11. Lance Porter (Licensed Appraiser 11322722-LA00) provided significant real property appraisal assistance to the person signing this report providing preliminary analysis of market data, preliminary selection of the comparable sales, and estimation of market value.
12. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
13. Steve Porter, MAI and Jo Dance, MAI, CCIM have not provided any 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 agreement to perform this assignment.

Steve Porter, MAI
Vice President
Arizona Certified General Appraiser
State of AZ No. 31677

Jo Dance, MAI, CCIM
Managing Director
Arizona Certified General Appraiser
State of AZ No. 30249

Subject Photographs

Aerial View

Looking north along 3rd Street

Looking south along 3rd Street

Looking easterly across subject site

Looking northerly across subject site

Looking northwesterly across subject site

Looking northerly along subject west boundary

Executive Summary

Property Name	A 0.72-Acre Commercial Lot	
Location	8930 North 3rd Street Phoenix, Maricopa County, AZ 85020	
Parcel Number(s)	160-50-079	
Client	City of Phoenix Finance Department	
Highest and Best Use		
As Vacant	General Commercial	
Property Rights Appraised	Fee Simple Estate	
Date of Inspection	August 21, 2024	
Estimated Exposure Time	6 - 12 Months	
Estimated Marketing Time	6 - 12 Months	
Primary Land Area	0.72 AC	31,250 SF
Zoning	C-3, General Commercial	
Buyer Profile	Developer or Investor	
VALUATION	***Total***	***Per SF***
Land Value	$470,000	$15.04

CONCLUDED MARKET VALUE			
Appraisal Premise	**Interest Appraised**	**Date of Value**	**Value**
As Is - Land	Fee Simple Estate	August 21, 2024	$470,000

Compiled by CBRE

Strengths, Weaknesses, Opportunities and Threats (SWOT)

Strengths/ Opportunities

- The subject benefits from its proximity to employment centers and businesses in North Phoenix.
- There are virtually no competing commercial (C-3) sites within the subject's immediate area.

Weaknesses/ Threats

- While subject has commercial zoning, the subject has no arterial frontage with limited exposure to traffic.
- Commercial real estate market conditions have deteriorated at the macro level. The significant recent increase in the cost of capital and reduced volume of transaction activity is impacting price discovery and creating an increase in uncertainty. Increasing interest rates and subdued economic growth will continue to weigh on commercial real estate fundamentals and investment transaction volumes. This creates a higher degree of uncertainty in general, though the impacts may vary by market and asset class/type.

Market Volatility

We draw your attention to a combination of inflationary pressures (leading to higher interest rates) and recent failures/stress in banking systems which have significantly increased the potential for constrained credit markets, negative capital value movements and enhanced volatility in property markets over the short-to-medium term.

Experience has shown that consumer and investor behavior can quickly change during periods of such heightened volatility. Lending or investment decisions should reflect this heightened level of volatility and the potential for deteriorating market conditions.

It is important to note that the conclusions set out in this report are valid as of the valuation date only. Where appropriate, we recommend that the valuation is closely monitored, as we continue to track how markets respond to evolving events.

Extraordinary Assumptions

An extraordinary assumption is defined as "an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions." 1

- None noted

Hypothetical Conditions

A hypothetical condition is defined as "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 purposes of analysis." 2

- None noted

Ownership and Property History

OWNERSHIP SUMMARY

Item	Current
Owner:	City of Phoenix
Sale in Last 3 Years?:	No
Pending Sale	
Under Contract:	No
Current Listing	
Currently Listed For Sale:	No

Compiled by CBRE

According to public records, the subject property is owned in by the City of Phoenix. There has been no known sales activity pertaining to the appraised property during the past three years. Additionally, the subject is not actively being marketed for sale, nor is the property known to be encumbered by any purchase agreements.

[1] The Appraisal Foundation, *USPAP, 2024 Edition* (Effective January 1, 2024)

[2] The Appraisal Foundation, *USPAP, 2024 Edition* (Effective January 1, 2024)

Exposure/Marketing Time

Current appraisal guidelines require an estimate of a reasonable time period in which the subject could be brought to market and sold. This reasonable time frame can either be examined historically or prospectively. In a historical analysis, this is referred to as exposure time. Exposure time always precedes the date of value, with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term marketing time is most often used. The exposure/marketing time is a function of price, time, and use. It is not an isolated estimate of time alone. In consideration of these factors, we have analyzed the following:

- exposure periods for comparable sales used in this appraisal;
- the opinions of market participants.

The following table presents the information derived from these sources.

EXPOSURE/MARKETING TIME DATA				
	Exposure/Mktg. (Months)			
Investment Type	Range			Average
Comparable Sales Data	1.0	-	52.0	16.0
Local Market Professionals	6.0	-	12.0	9.0
CBRE Exposure Time Estimate	**6 - 12 Months**			
CBRE Marketing Period Estimate	**6 - 12 Months**			
Various Sources Compiled by CBRE				

Table of Contents

Scope of Work

This Appraisal Report is intended to comply with the real property appraisal development and reporting requirements set forth under Standards Rule 1 and 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered, and analysis is applied.

Intended Use Of Report

The intended use of this appraisal is for use by the **City of Phoenix** for potential asset disposition purposes.

Client

The client is City of Phoenix Finance Department.

Intended User Of Report

This appraisal is to be used by City of Phoenix Finance Department. No other user(s) may rely on our report unless as specifically indicated in this report.

> Intended users are those who an appraiser intends will use the appraisal or review report. In other words, appraisers acknowledge at the outset of the assignment that they are developing their expert opinions for the use of the intended users they identify. Although the client provides information about the parties who may be intended users, ultimately it is the appraiser who decides who they are. This is an important point to be clear about: The client does not tell the appraiser who the intended users will be. Rather, the client tells the appraiser who the client needs the report to be speaking to, and given that information, the appraiser identifies the intended user or users. It is important to identify intended users because an appraiser's primary responsibility regarding the use of the report's opinions and conclusions is to those users. Intended users are those parties to whom an appraiser is responsible for communicating the findings in a clear and understandable manner. They are the audience. [3]

Reliance Language

Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible for any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith.

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[3] Appraisal Institute, *The Appraisal of Real Estate*, 15th ed. (Chicago: Appraisal Institute, 2020), 40.

Purpose of the Appraisal

The purpose of this appraisal is to establish the market value of the property for potential asset disposition by the **City of Phoenix**.

Definition of Value

The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. [4]

Interest Appraised

The value estimated represents Fee Simple Estate as defined below:

> *Fee Simple Estate* - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. [5]

Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor’s records
- legal description

Legal Description

The subject is identified as Maricopa County Assessor’s parcel number 160-50-079. The legal description is as follows along with the subdivision plat description:

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

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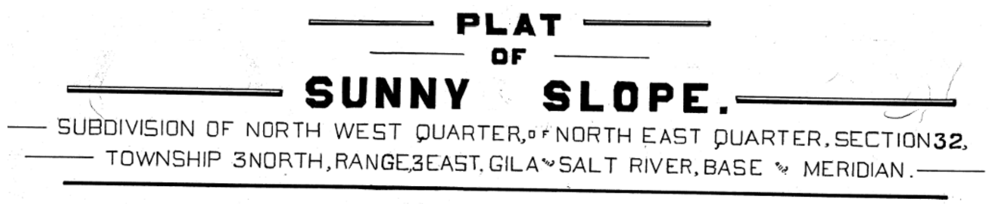
[4] 12 CFR, *Part 34, Subpart C-Appraisals, 34.42(h).*

[5] Appraisal Institute, *The Dictionary of Real Estate Appraisal, 7th ed.* (Chicago: Appraisal Institute, 2022), 73.


PLAT
OF
SUNNY SLOPE.
SUBDIVISION OF NORTH WEST QUARTER, OF NORTH EAST QUARTER, SECTION 32,
TOWNSHIP 3 NORTH, RANGE 3 EAST, GILA & SALT RIVER, BASE & MERIDIAN.

Extent to Which the Property is Inspected

Steve Porter, MAI and Lance Porter inspected the subject property and its surrounding environs on the effective date of value. The appraiser was unaccompanied during the inspection. This inspection was considered adequate and is the basis for our findings.

Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- comparable data

Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. For vacant land, the sales comparison approach has been employed for this assignment.

Statement of Competency

The appraisers have the appropriate knowledge, education, and experience to complete this assignment competently.

Data Resources Utilized in the Analysis

DATA SOURCES	
Item:	*Source(s):*
Site Data	
Size	Maricopa County Assessor
Zoning	City of Phoenix
Economic Data	
	ESRI; US Bureau of Labor Statistics; ADOT; CBRE Research; and CBRE Econometrics Advisors
Comparable Land Sales Data	
	CoStar, Inc.; Vizzda; public records; and market participants
Compiled by CBRE	

Appraisal Methodology

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available. Depending on a specific appraisal assignment, any of the following four methods may be used to determine the market value of the fee simple interest of land:

- Sales Comparison Approach;
- Income Capitalization Procedures;
- Allocation; and
- Extraction.

The following summaries of each method are paraphrased from the text.

The first is the sales comparison approach. This is a process of analyzing sales of similar, recently sold parcels in order to derive an indication of the most probable sales price (or value) of the property being appraised. The reliability of this approach is dependent upon (a) the availability of comparable sales data, (b) the verification of the sales data regarding size, price, terms of sale, etc., (c) the degree of comparability or extent of adjustment necessary for differences between the subject and the comparables, and (d) the absence of nontypical conditions affecting the sales price. This is the primary and most reliable method used to value land (if adequate data exists).

The income capitalization procedures include three methods: land residual technique, ground rent capitalization, and Subdivision Development Analysis. A discussion of each of these three techniques is presented in the following paragraphs.

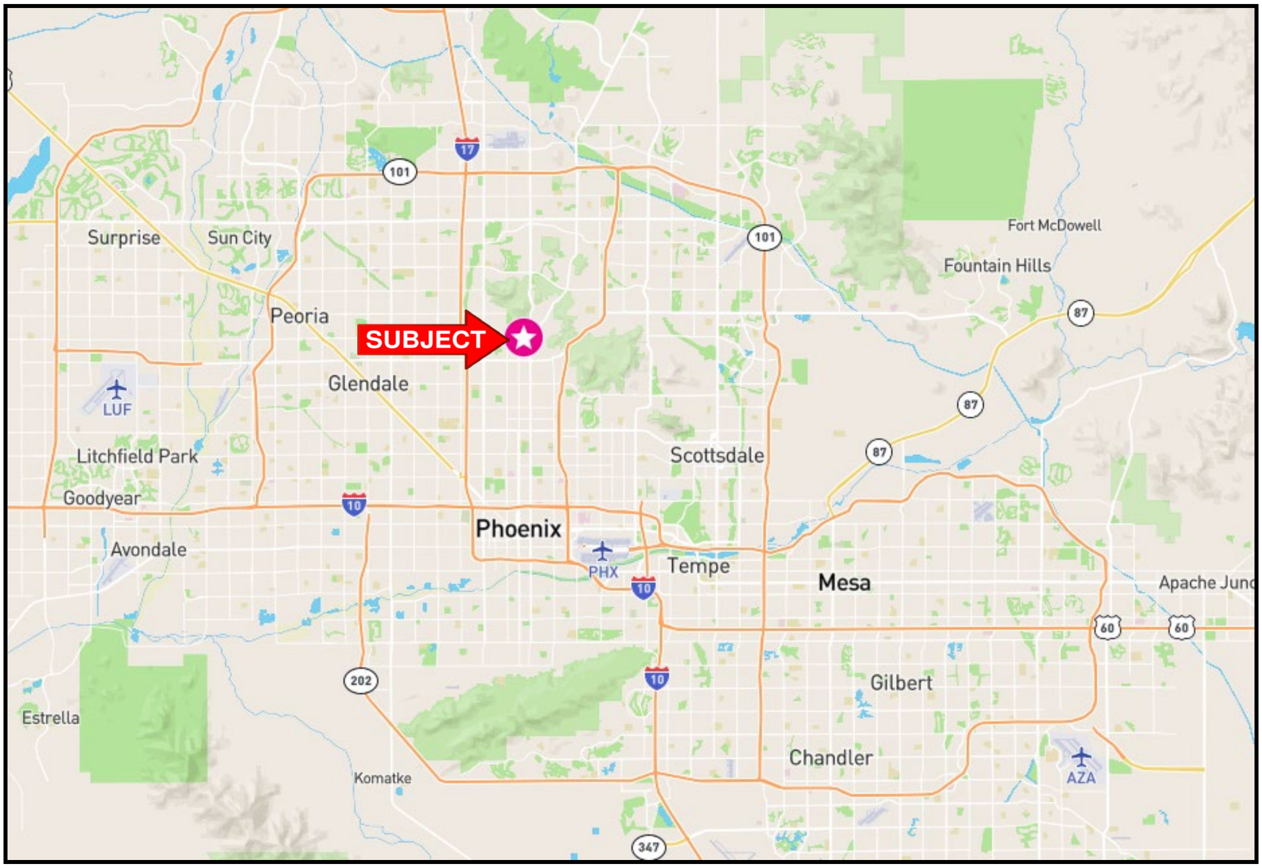
> The land residual method may be used to estimate land value when sales data on similar parcels of vacant land are lacking. This technique is based on the principle of balance and the related concept of contribution, which are concerned with equilibrium among the agents of production--i.e. labor, capital, coordination, and land. The land residual technique can be used to estimate land value when: 1) building value is known or can be accurately estimated, 2) stabilized, annual net operating income to the property is known or estimable, and 3) both building and land capitalization rates can be extracted from the market. Building value can be estimated for new or proposed buildings that represent the highest and best use of the property and have not yet incurred physical deterioration or functional obsolescence.
>
> The subdivision development method is used to value land when subdivision and development represent the highest and best use of the appraised parcel. In this method, an appraiser determines the number and size of lots that can be created from the appraised land physically, legally, and economically. The value of the underlying land is then estimated through a discounted cash flow analysis with revenues based on the achievable sale price of the finished product and expenses based on all costs required to complete and sell the finished product.
>
> The ground rent capitalization procedure is predicated upon the assumption that ground rents can be capitalized at an appropriate rate to indicate the market value of a site. Ground rent is paid for the right to use and occupy the land according to the terms of the ground lease; it corresponds to the value of the landowner's interest in the land. Market-derived capitalization rates are used to convert ground rent into market value. This procedure is useful when an analysis of comparable sales of leased land indicates a range of rents and reasonable support for capitalization rates can be obtained.

The allocation method is typically used when sales are so rare that the value cannot be estimated by direct comparison. This method is based on the principle of balance and the related concept of contribution, which affirm that there is a normal or typical ratio of land value to property value for specific categories of real estate in specific locations. This ratio is generally more reliable when the subject property includes relatively new improvements. The allocation method does not produce conclusive value indications, but it can be used to establish land value when the number of vacant land sales is inadequate.

The extraction method is a variant of the allocation method in which land value is extracted from the sale price of an improved property by deducting the contribution of the improvements, which is estimated from their depreciated costs. The remaining value represents the value of the land. Value indications derived in this way are generally unpersuasive because the assessment ratios may be unreliable and the extraction method does not reflect market considerations.

For the purposes of this analysis, we have utilized only the sales comparison approach as this methodology is typically used for commercial sites that are feasible for near term development.

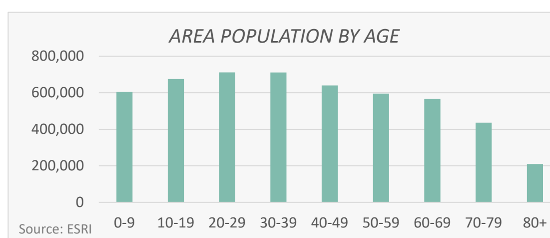
Area Analysis



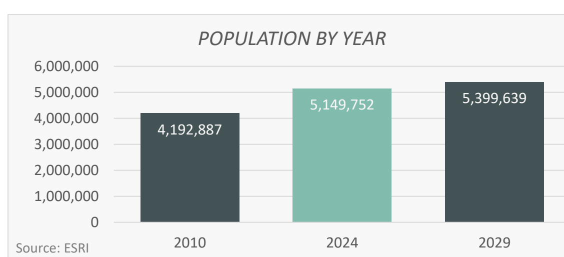
The subject is located in the Phoenix-Mesa-Chandler, AZ Metropolitan Statistical Area. Key information about the area is provided in the following tables.

Population

The area has a population of 5,149,752 and a median age of 38, with the largest population group in the 20-29 age range and the smallest population in 80+ age range.



Population has increased by 956,865 since 2010, reflecting an annual increase of 1.5%. Population is projected to increase by 249,887 between 2024 and 2029, reflecting a 1.0% annual population growth.



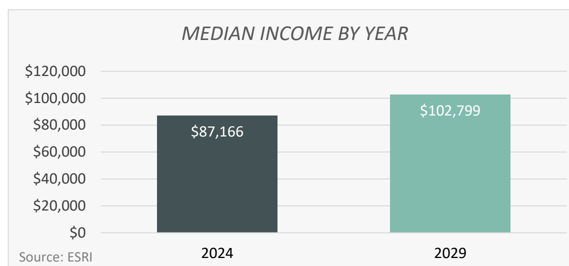
Source: ESRI, downloaded on Aug, 21 2024

Robust population growth across the Phoenix MSA is supported by strong net migration. The metro's population has grown from 375,000 people in 1950 to more than 5.0 million residents today. Greater Phoenix added an estimated 106,000 residents in 2020 while Maricopa County—where Phoenix is located—was in the top five fastest growing counties in the U.S. over the last decade. While many know Phoenix as a retirement destination, the metro boasts a relatively young population with a median age of 37.4 years—younger than the national median age of 38.5 (see exhibit below). This young and growing skilled labor pool offers long-term stability to metro employers.

The following graphs show median income for metropolitan Phoenix and a general breakdown of education.

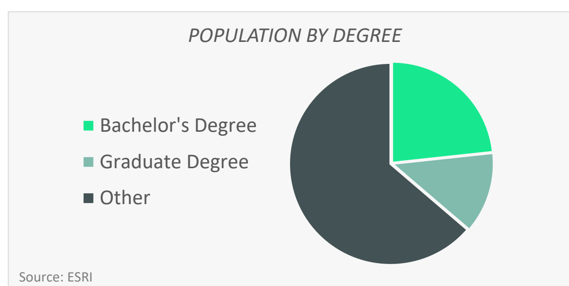
Income

The area features an average household income of $118,826 and a median household income of $87,166. Over the next five years, median household income is expected to increase by 17.9%, or $3,127 per annum.



Education

A total of 36.3% of individuals over the age of 24 have a college degree, with 23.3% holding a bachelor's degree and 13.0% holding a graduate degree.



As indicated above, the Phoenix MSA has a median and average household income of $79,851and $111,655, respectively. Approximately 36% of the population age 24 or older has a college or graduate degree.

The Phoenix Value Proposition

The metro Phoenix value proposition continues to attract residents and employers to the region.

- Phoenix is one of the fastest growing metros in the nation. Its growth is fueled by net migration which supports the deep and growing talent pool.
- Growth across a number of industries (most notability in education, leisure and hospitality and financial services) has decreased the metro's reliance on construction and real estate. Diversification insulates the metro area from future economic shocks that impact specific sectors.
- The metro boasts a relatively affordable cost of living which offers residents a higher quality of life.
- A relatively low regulatory and tax environment makes the State business friendly.
- Since the recession, new supply has remained in balance with demand, supporting market fundamentals.

Business Activity

With a competitive advantage in regard to cost, talent and quality of life, Phoenix is uniquely attractive to businesses. These factors, in addition to the metro's business-friendly regulatory environment and proximity to major markets, continue to help fuel growth. In recent years, a significant number of financial, technology and manufacturing companies have located and expanded operations in greater Phoenix.

The metro's growing prominence as a financial hub is fueled by companies such as USAA, State Farm, Charles Schwab, Freedom Financial, PayPal, Voya Financial, Vanguard, and Northern Trust, all of which have expanded operations within the last few years. As a result, hiring rates for finance and insurance jobs in Phoenix have been among the highest in the country. The financial activities sector accounts for 7.8% of total non-farm employment in Phoenix and is a growing sector that supports more than 171,000 jobs. Still, industries such as wholesale and retail trade, professional and business services, and healthcare and social services make up the largest share of the metro's labor economy.

In recent years, metropolitan Phoenix has gained recognition for its entrepreneurial community. The Phoenix MSA had a startup formation rate of 9.6% between 2014 and 2018, placing it seventh in the nation for startup activity. Greater Phoenix is also one of the most rapidly expanding high-tech job markets in the nation. In fact, the Phoenix MSA was in the top 20 for high tech employment growth in CBRE's 2021 Scoring Tech Talent report. With more than 98,220 high-tech employees, metro employment has grown 14.2% over a five-year period.

Another prominent industry sector in metro Phoenix that continues to expand is advanced manufacturing, driven largely by aerospace, semiconductors, and electric and autonomous vehicles. Industry leaders like Intel, Microchip and Benchmark Electronics have a strong presence in metropolitan Phoenix. In 2020, Lucid Motors completed construction on the initial phase of their electric car manufacturing plant in Casa Grande which is expected to generate 6,000 direct and indirect jobs over the next decade. In 2022, Pinal County purchased an additional 1,400 acres around Lucid's existing plant in Casa Grande for the expansion of a full original equipment manufacturer campus, which could total 5 million square feet at full build-out and include suppliers. Meanwhile, Nikola purchased about 1,000 acres in southern Buckeye recently for a proposed hydrogen production hub to support the deployment of Nikola's Tre FCEV trucks and hydrogen infrastructure.

In 2021, Taiwan Semiconductor, the world's largest maker of leading-edge silicon wafers, began construction of a $12 billion foundry in north Phoenix. In late-2022, the Taiwan-based chip giant confirmed its plans to invest $40 billion with two factories in Arizona with the north Phoenix facility scheduled to be operational by 2024, with the second facility being operational by 2026. TSMC is working with about 40 suppliers that are moving or expanding to Arizona, while it will eventually employ 4,500. As of year-end 2022, Intel is in the midst of a $20 billion expansion to their Ocotillo campus in south Chandler. This project will add nearly 3,000 jobs over the next few years. The outlook for this sector is bright and is a top priority for state and community leaders.

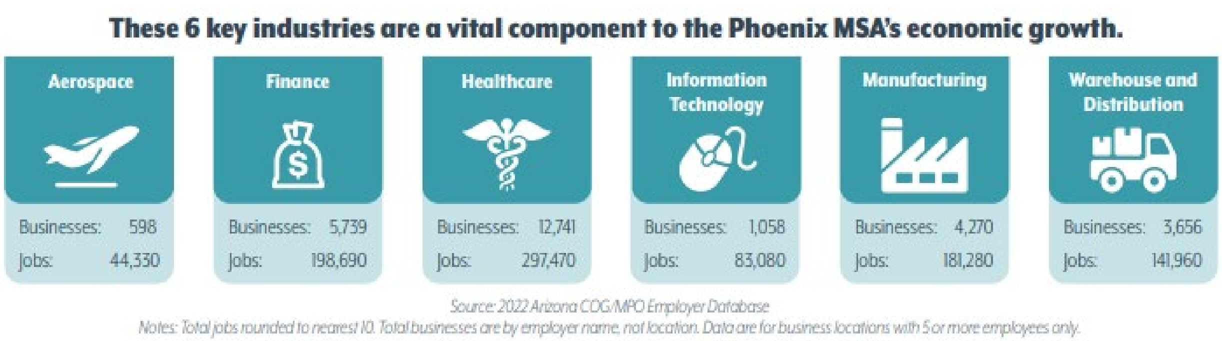
The Phoenix metro has ranked as one of the top growth markets for data centers across the U.S. and is expected to continue growing in 2023. In the past few years, both cloud providers and colocation providers, which lease out space, have made big plans to build up megawatt capacity across the Valley. Ongoing or planned projects include Facebook's $800 million data center in Mesa, Stack Infrastructure's new 234-megawatt campus in Phoenix and a planned data center campus across a 400-acre site in Glendale by QTS Realty Trust.

Nestle announced in 2022 that it will develop a new coffee creamer manufacturing plant in the West Valley and invest $675 million with 350 new jobs.

VAI Resort and Mattel Adventure Park is a $1 billion dollar resort under construction in west Glendale, just to the north of the Glendale Entertainment District and State Farm Stadium. At full build-out, the 60-acre resort will comprise three separate hotels, including a 5-star luxury hotel with 700 rooms, a family and group hotel with 311 rooms, and a hotel with 342 rooms. Additionally, the project will include: a conference, ballroom, meeting and wedding venue; an indoor theme park with roller coasters and attractions; a sprawling water feature; and 12 upscale restaurants, 10 exclusive bars and lounges and 100,000 square-feet of retail.

Most of the 50-year-old, Metrocenter regional mall in Phoenix was purchased by a group of developers for redevelopment into a new mixed-use project with housing and retail which could support the growing semiconductor industry in the area.

The top key industries in the Phoenix MSA are summarized below.



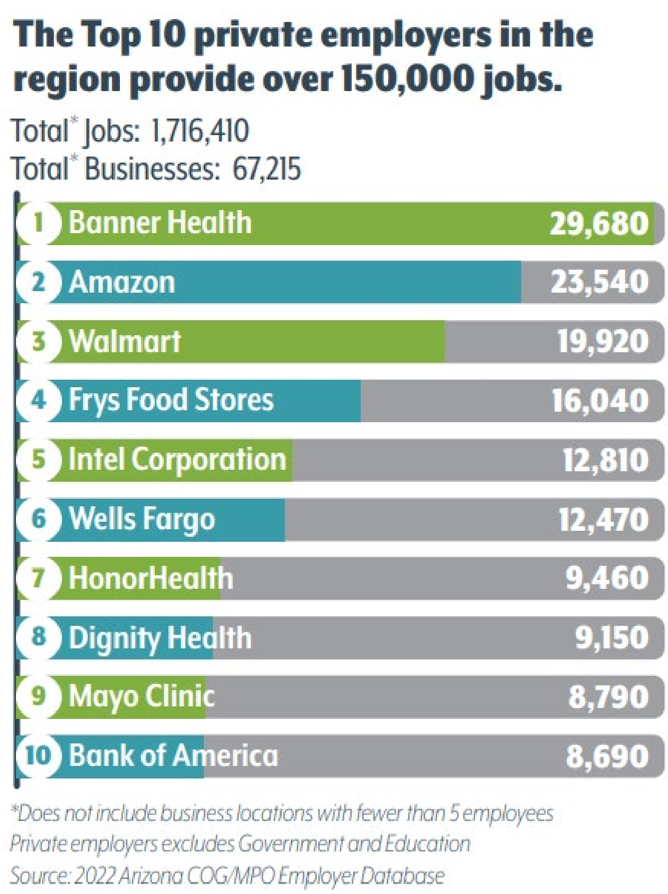
Metropolitan Phoenix is the economic engine of the state, accounting for two-thirds of Arizona residents and nearly three-fourths of the state's labor economy. The employment outlook for the metro is positive. Notable growth is occurring in the professional and business services, financial activities and health care employment sectors. Rising employment in these higher-paying industries, combined with an extremely tight post-pandemic labor market, is driving substantial wage increases.

The graph below shows employment growth by industry over the past year.

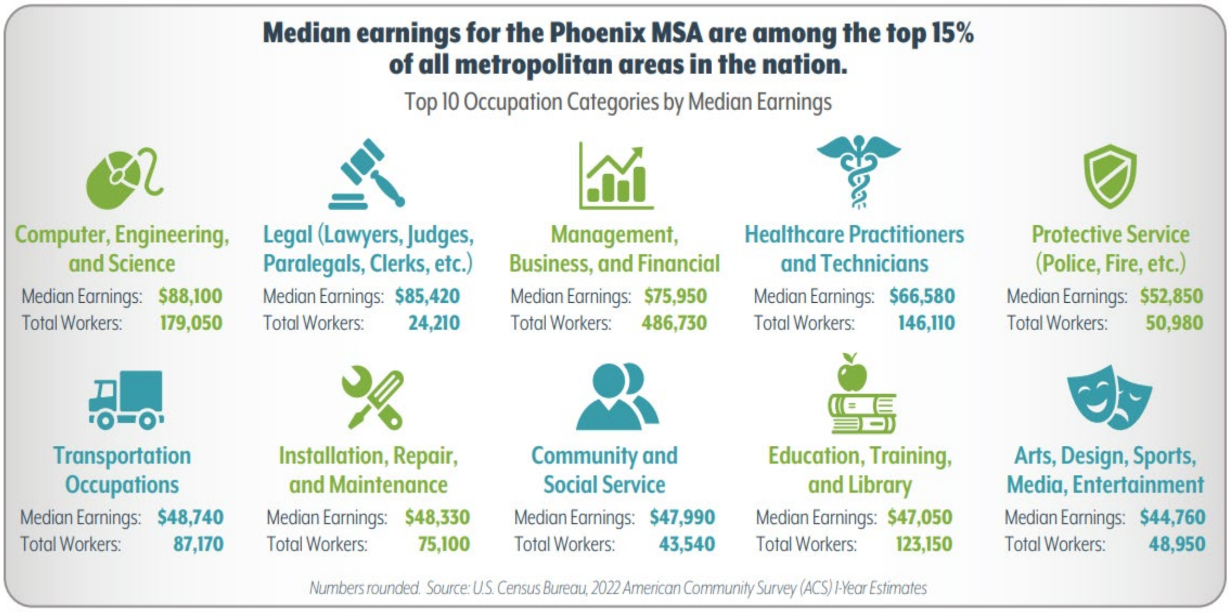
Phoenix metro area employment (number in thousands)	May 2024	Change from May 2023 to May 2024	
		Number	Percent
Total nonfarm	2,450.0	52.3	2.2
Mining and logging	3.8	0.5	15.2
Construction	170.7	1.7	1.0
Manufacturing	148.6	-0.6	-0.4
Trade, transportation, and utilities	475.7	11.6	2.5
Information	40.7	-2.4	-5.6
Financial activities	211.2	-0.3	-0.1
Professional and business services	394.4	4.8	1.2
Education and health services	413.2	30.3	7.9
Leisure and hospitality	250.8	-5.2	-2.0
Other services	78.8	1.5	1.9
Government	262.1	10.4	4.1

Source: U.S. BLS, Current Employment Statistics.

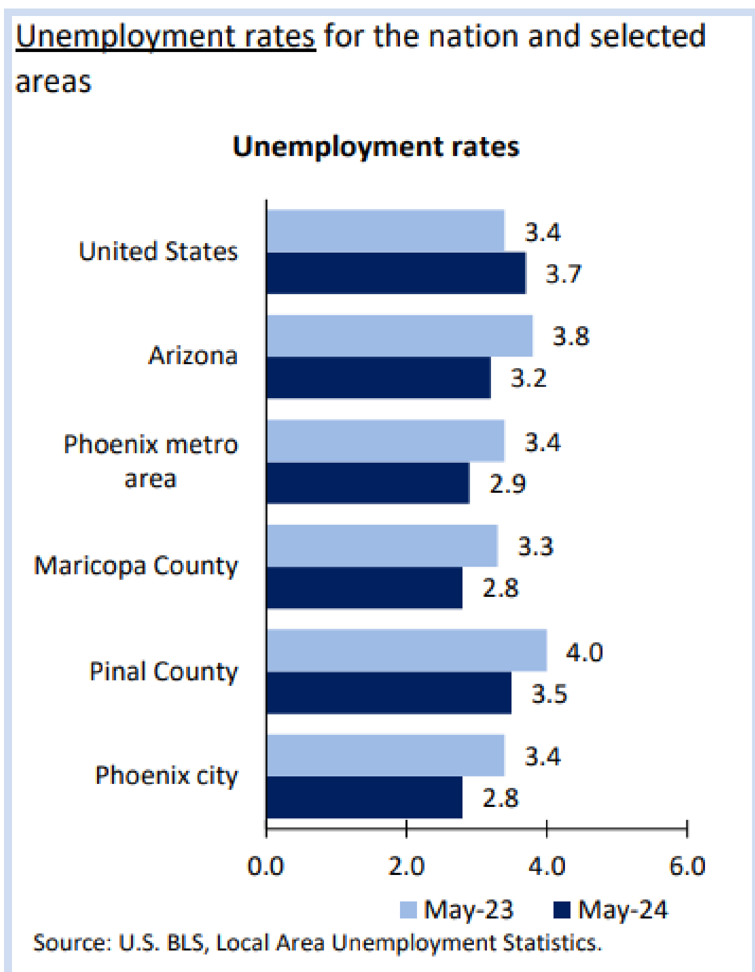
The following table summarizes the top 10 private employers in the Phoenix MSA.



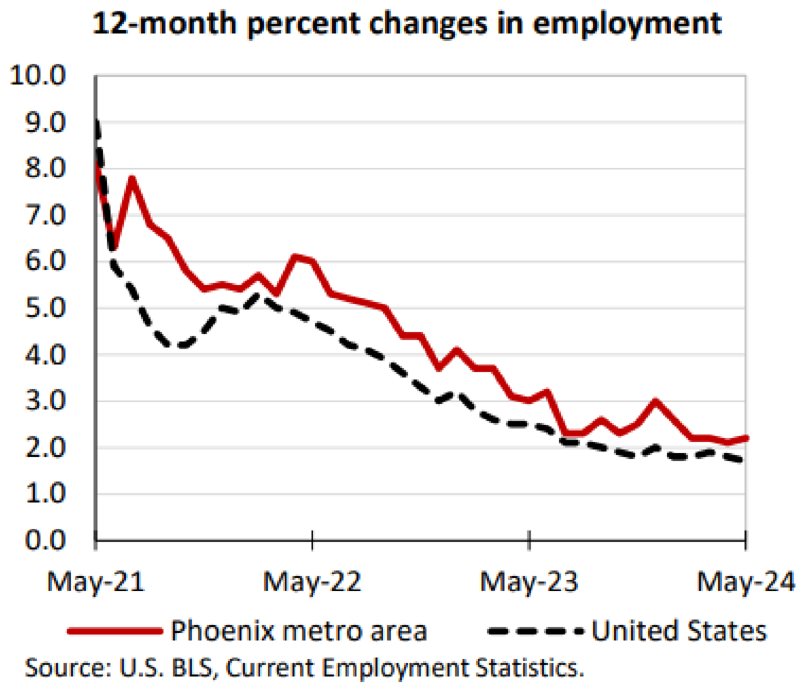
Median earnings for the top 10 occupational categories is displayed below.



The most recent employment picture for selected locations in Arizona, including metropolitan Phoenix, in comparison to the national averages is displayed below.



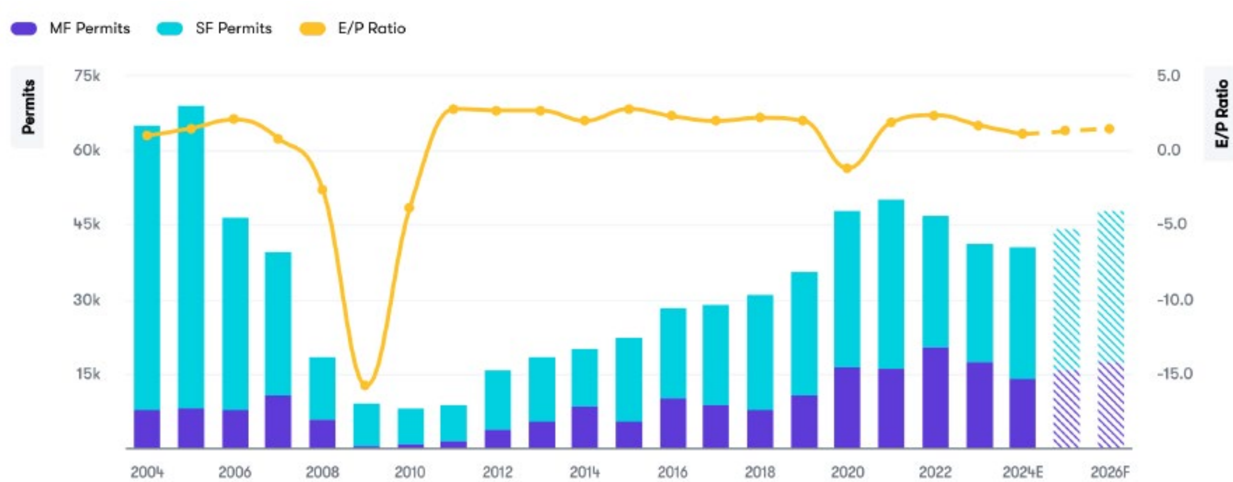
As indicated above, the unemployment rate decreased in metropolitan Phoenix and other locations in Arizona from May 2023 to May 2024. By contrast, the national unemployment rate increased from May 2023 to May 2024. The following line graph shows changes in employment for metropolitan Phoenix compared to the national average over the past three years.

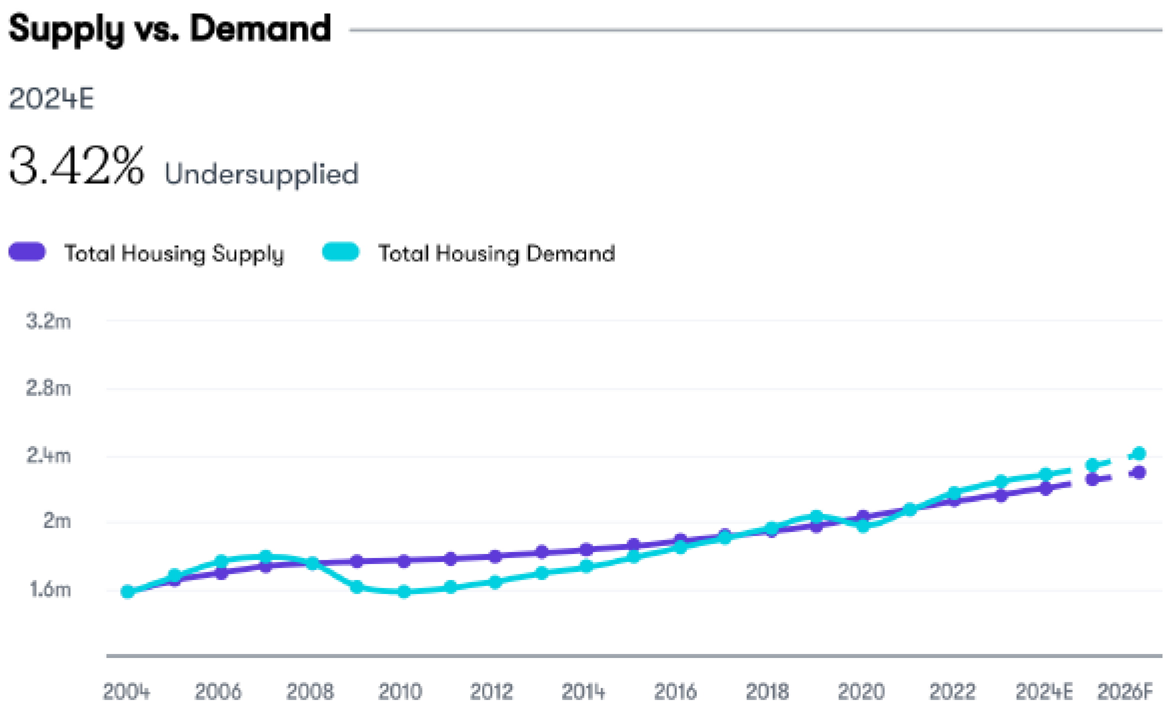


As indicated above, the Phoenix MSA has consistently outperformed the nation in employment growth over the past three years.

Housing (Single and Multi-Family)

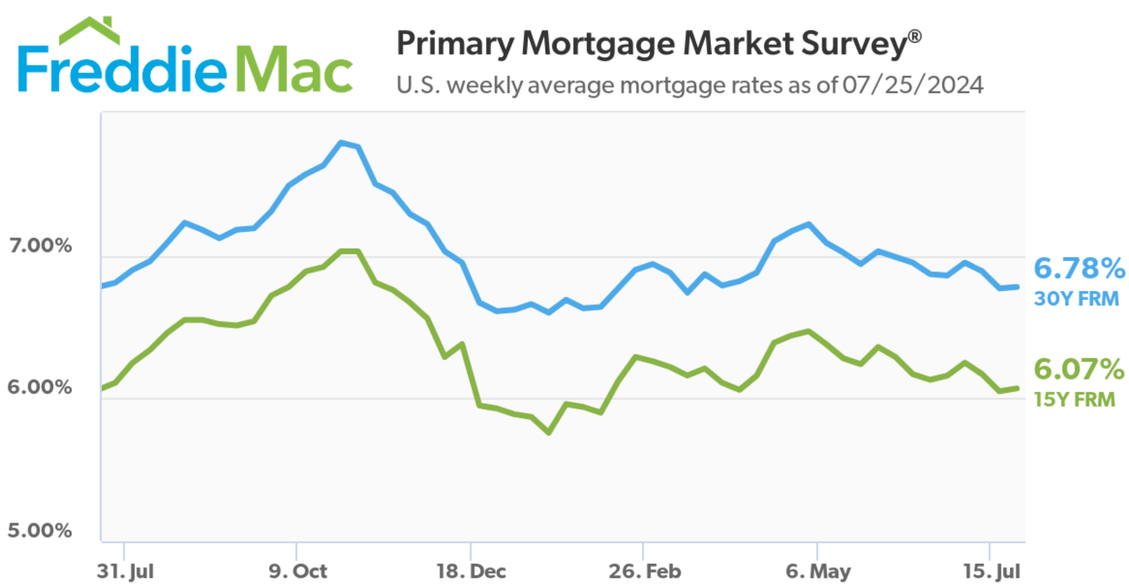
A summary of the residential permit activity (both single-family and multi-family residential) in metropolitan Phoenix dating back to 2004, as reported by Zonda is summarized in the following graphs.





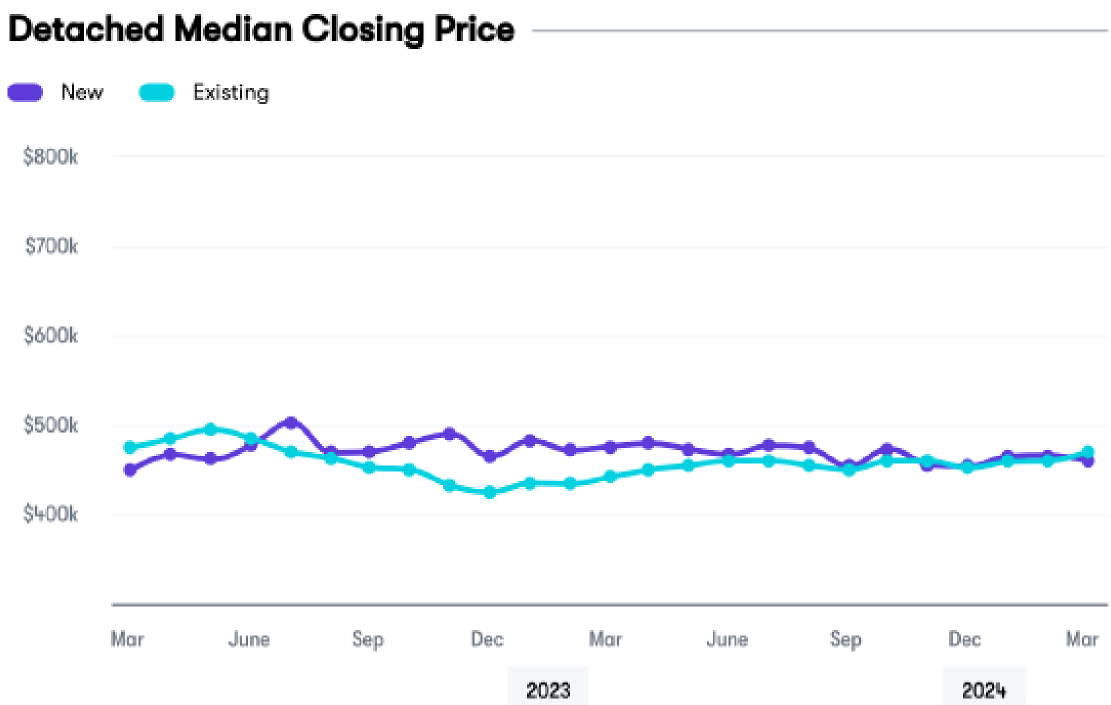
As indicated above, permit activity for both single-family and multi-family generally trended higher between 2012 and 2021; however, the combination of elevated home prices, higher mortgage interest rates and economic uncertainty resulted in reduced demand during 2022, 2023 and early-2024. Zonda reveals single-family permit activity decreased by 21.8% in 2022 and by 11.2% in 2023; however, single-family permit activity is projected to increase by 12.4% in 2024, 7.5% in 2025 and by 6.5% in 2026. The market is anticipated to remain underbuilt, but home prices are projected to remain overvalued through 2026.

The following graph tracks the 30 and 15-year fixed mortgage interest rates, along with the most popular adjustable-rate mortgage, for the past year (as of late-July 2024).



As indicated above, mortgage interest rates generally trended higher between about April and late-October 2023, before trending lower through mid-January 2024 and then reversing course and moving slightly higher. After a most recent downward trend, the 30-year mortgage averages 6.78% as of late-July 2024, while the 15-year mortgage averages 6.07%. Both the 30 and 15-year mortgage interest rates are toward the low end of the 52-week averages. The general consensus is mortgage interest rates have peaked for this market cycle and are likely to trend modestly lower during the second half of 2024.

The following graph shows new and existing, detached median homes prices over the past two years through March 2024, per Zonda.



As indicated above, new detached home prices trended higher between March 2022 and about July 2022 before trending slightly lower and then generally stabilizing over the past year or so. The median resale price for detached homes increased through about May 2022, before correcting downward through year-end 2022, but trended modestly higher in 2023 before stabilizing in recent months. The median existing home price decreased by 3.1% in 2023, but is projected to trend higher by 4.8% in 2024, 4.2% in 2025 and by 2.5% in 2026.

The multi-family sector bottomed in about 2009-2010 and demonstrated significant improvement most of 2022, with occupancy rates having stabilized near 93%+ on a metro-wide basis, steadily increasing effective rental rates and a steady flow of new construction activity. As a result, per unit and per square foot prices for multi-family properties increased significantly in recent years up through mid to late-2022. Due to increased borrowing costs and economic uncertainty, overall capitalization rates for improved apartment properties have increased resulting in a price correction in many cases that continued throughout 2023, although prices have stabilized somewhat as mid-2024. Real Page forecasts a substantial increase in new multi-family inventory for the next few years (2024-2026) before tapering off in 2027 and 2028, while occupancy rates are projected to maintain a stabilized rate during 2024 and then steadily increase through 2028, as supply and demand are projected to be in near equilibrium. Effective rental rates are projected to remain relatively stable in 2024 before modestly increasing through 2028.

Office/Retail/Industrial

Office

After six straight quarters of negative absorption largely attributed to the COVID-19 pandemic, the metro Phoenix office market experienced positive net absorption during Q4 2021, which was followed by negative net absorption in each quarter of 2022, again due to higher borrowing costs and economic uncertainty. The average vacancy as of Q2 2024 was 23.5%, which is higher than the 10-year average of 18.9%. Despite seeing a rise in vacancy, the rate remains below the post-pandemic high of 24.9%. Year-over-year, the average rental rate increased nominally. The 3-year average growth rate for metro Phoenix was 2.4% as of Q2 2024. There was 992,742 square feet of new office space delivered in 2022 and another 402,054 square feet of space added in 2023. There was a total of 287,054 square feet under construction as of Q2 2024, 88.6% of which has been pre-leased by single tenants

Retail

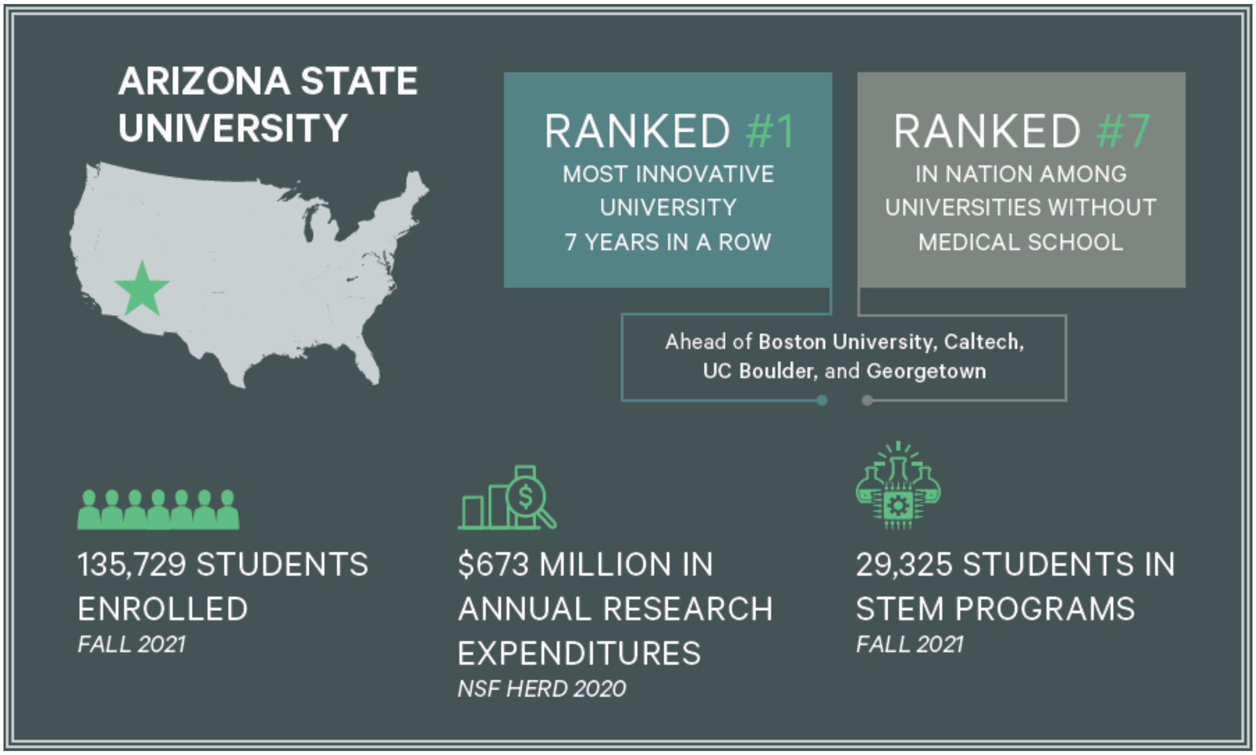
The retail sector has experienced a modestly downward trend in the average vacancy rate on a metro-wide basis in recent years, as net absorption was positive each year between 2012 and 2019. Net absorption was impacted in 2020 due to the COVID-19 pandemic, but rebounded in 2021 and 2022. The Phoenix retail sector experienced negative net absorption during the first quarter for the first time since Q2 2020. As a result, vacancy inched up 10 bps quarter-over-quarter to 5.4%. Still, despite this increase, the rate remains 190 bps below the trailing 5-year average and the metro ranks among the lowest vacancy retail markets in the nation. These tight market conditions have fueled rent growth in the market area. The average asking rent reached $17.24 per square foot in Q1 2024, marking a 1.1% quarter over quarter increase, a 6.6% year-over-year gain and a 11.5% growth rate over the past 3 years. During Q1 2024, new deliveries totaled 70,955 square feet while over 887,000 square feet remained under construction.

Industrial

In Q1 2024, the vacancy rate increased 150 bps quarter over quarter to 8.9%. The moderate increase in vacancy can be partially attributed by the 11.5 million square feet of delivered space outpacing 4.5 million square feet of net absorption. Leasing activity remains strong although the development pipeline continued to grow with 30.6 million square feet under construction. Users and developers from across the country continue to migrate to Phoenix due to strong market fundamentals, a robust workforce, and affordable industrial land and product. Rental rates trended higher in 2021, 2022 and 2023. The market direct average asking NNN lease rate remained unchanged from the prior quarter, which ended at $1.08 per square foot in Q1 2024. According to CBRE Econometric Advisors, rent growth is projected to be 5.2% in 2024, 4.9% in 2025, 4.4% in 2026, 4.1% in 2027, 4.1% in 2028 and 4.0% in 2029. The average vacancy rate as of Q1 2024 is slightly higher than the 10-year average of 6.7%.

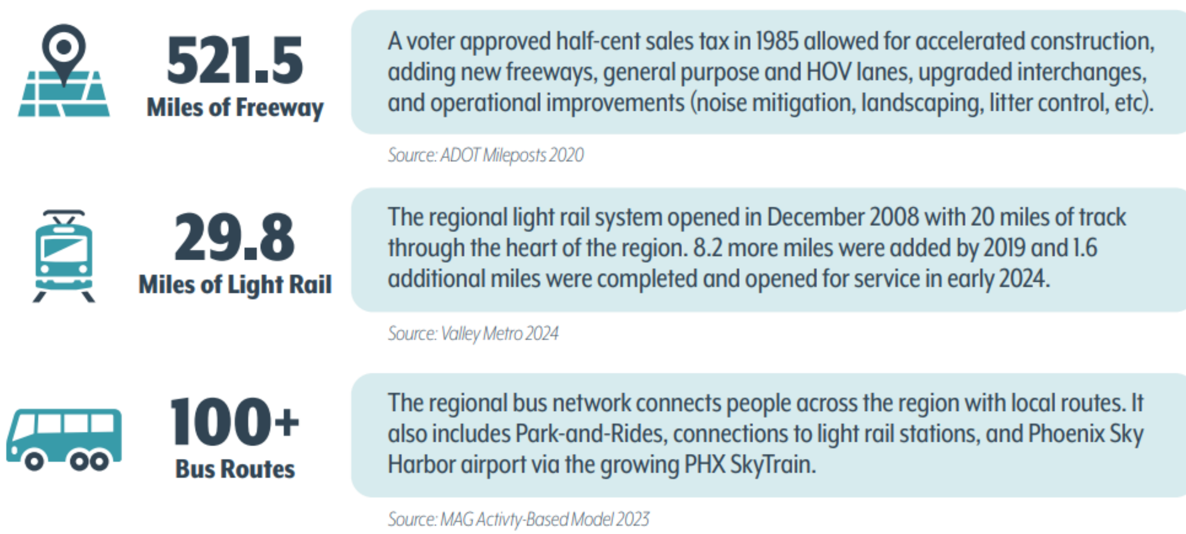
Education

The Phoenix metropolitan area is home to nationally ranked schools and world-renowned universities that prepare the area’s workforce to meet current and future employer needs. An abundance of higher education programs and the talent graduating from them help to maintain the metro’s attractiveness to businesses. The higher education system is led by Arizona State University which is highlighted below.

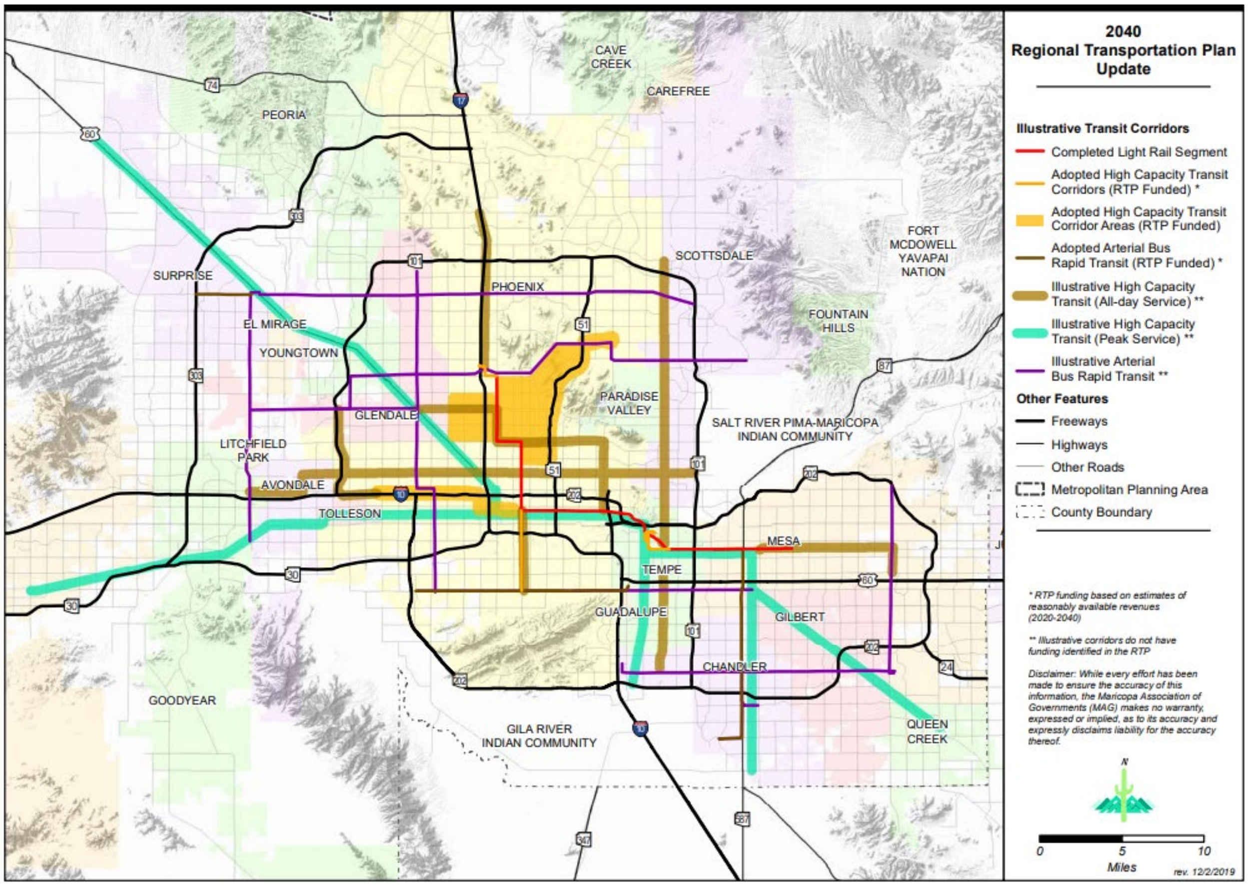


Transportation

The region has a growing transportation network as summarized below.

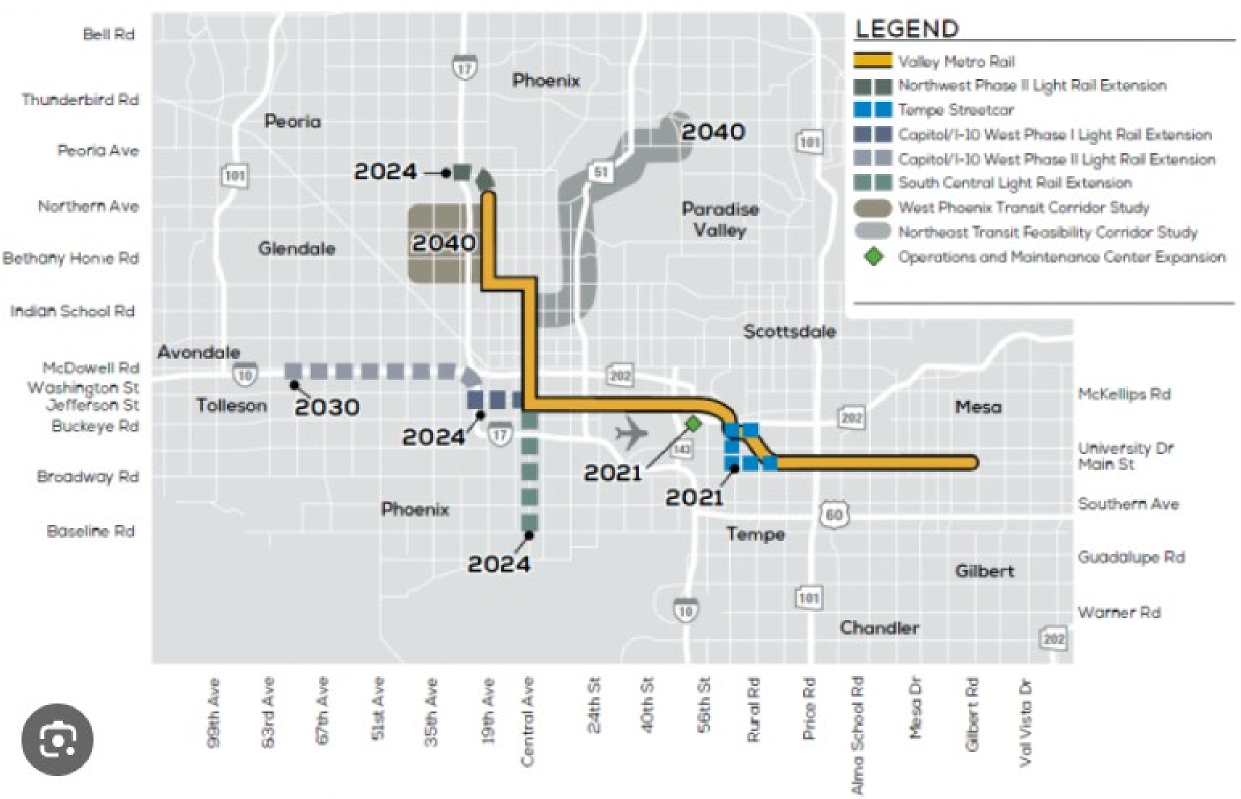


The Phoenix metro's modern infrastructure enables an efficient flow of goods and services for local businesses and provides easy access for its residents. Sound regional transportation strategy ensures the Valley can accommodate future growth and meet the evolving needs of the population. The region's automotive infrastructure is based on a looped highway system, providing drivers the ability to navigate the metro with numerous access points to outside markets via Interstates 10, 8 and 40. For travel within the metro, Loops 101, 202 and 303 are the main freeways. Recent and ongoing infrastructure developments include: the recently opened South Mountain Freeway, which provides a 22-mile extension of Loop 202, connecting the East and West valleys; an extension to State Route 24, to be completed in late 2022, will provide greater access to growing communities in east Mesa; major renovation to Interstate 10 will greatly improve traffic flow through downtown after its completion in 2024; and the Interstate 17 improvement project, slated to begin in late 2022, will alleviate congestion on a crucial stretch of freeway that connects Phoenix to central and northern Arizona. The most recent Regional Transportation Plan Freeway Program Map is presented below:



Source: Arizona Department of Transportation

Greater Phoenix is served by Valley Metro for regional public transportation, including 103 bus routes, light rail and a variety of shared commuter services. There is approximately 30 miles of light rail line in Phoenix that runs from north Phoenix through downtown Phoenix, and east to Tempe and Mesa. Extensions are in development to more than double the system's size to 66 miles throughout the region by 2034. All Valley Metro buses, and light rail train cars are equipped with bike racks. This multi-modal capacity helps connect bike commuters who use the Valley's surface streets and extensive bikeways for daily transport. Additionally, bike share programs have been adopted in Phoenix, Mesa, Scottsdale and Tempe, offering more than 1,000 bikes for riders. *The most recent Regional Transportation Plan Freeway Program Map is presented below:*



Source: ValleyMetro.org

Airports

Two major airports serve the greater Phoenix region: Phoenix Sky Harbor International Airport and Phoenix-Mesa Gateway Airport. Phoenix Sky Harbor Airport handles over 46 million passengers annually, providing domestic and international flights throughout Canada, Mexico, the United Kingdom and Germany. The airport serves over 120,000 passengers per day and generates a $106 million daily economic impact. Phoenix-Mesa Gateway Airport is a decommissioned air force base that today serves as a gateway to Phoenix. The airport serves more than 45 cities with non-stop service via Allegiant for domestic flights and Swoop and West Jet for flights to Canada, contributing over $1 billion annually to the Arizona economy.8 Phoenix-Mesa Gateway is developing as an international aerospace center and is a designated Foreign Trade Zone.

Rail

The Phoenix metro is served by two Class I railroads—BNSF and Union Pacific—that maintain more than 1,700 miles of rail throughout the state. The freight rail system transports cargo to ports in Southern California, across the nation and to Mexico via the Nogales crossing.

Quality of Life

The aptly named Valley of the Sun is known throughout the world for its climate, which averages 300 days of sunshine per year with an annual average temperature of 75 degrees. Valley residents embrace an active, outdoor-oriented lifestyle amid sweeping desert landscapes. metropolitan Phoenix boasts world-class resorts and professionally designed golf courses as well as a vibrant array of entertainment and nightlife options. Tourism remains an important economic driver in the metro. In 2019, travel to the Valley generated a record $16.7 billion in direct spending and supported 115,7000 jobs. With more than 300 golf courses in the region, the Valley is a top destination for golfers. Each year, Phoenix hosts the PGA, LPGA and Senior PGA tours, including the world-famous WM Phoenix Open. The Phoenix Open consistently sets PGA records for the most fans in attendance boasting nearly 700,000 spectators at the “Greatest Show on Grass”. There are more than 120 parks within the Valley, including South Mountain Park and Preserve—the largest municipal park in the United States. Breathtaking mountains and vibrant scenery provide an ideal backdrop for hundreds of trails spanning from wheelchair accessible pathways to expert hiking and mountain biking trails. The metro’s top destinations include Camelback Mountain, which attracts 750,000 people per year and Piestewa Peak with more than 350,000 visitors annually.

Sports

The major local sports teams include: the NFL’s Arizona Cardinals, MLB’s Arizona Diamondbacks, and NBA’s Phoenix Suns. In addition, Phoenix is home to the WNBA’s Mercury and USL’s Phoenix Rising Football Club founded in 2014. Major League Baseball has made a substantial investment in metropolitan Phoenix. Fifteen major league teams host spring training across the Valley— the greatest concentration of professional baseball facilities found anywhere in the U.S. Annually, the Cactus League contributes an estimated $644 million in economic impact in Arizona where the median spring training visitor group spends four days and $405 per day in the state.

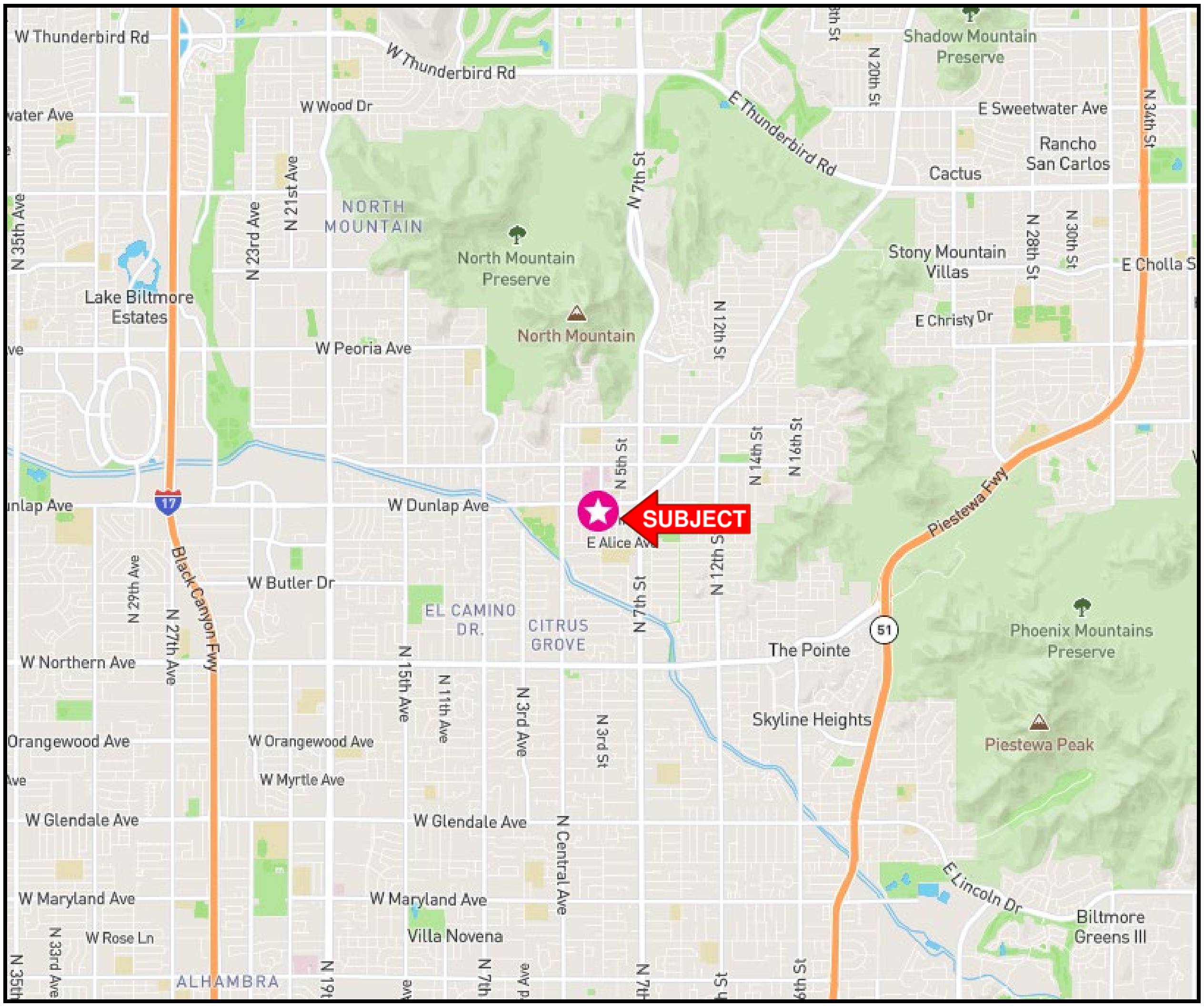
Arts & Culture

Metropolitan Phoenix boasts 20 museums, including the Phoenix Art Museum, Musical Instrument Museum and the world-famous Heard Museum. The city is also home to the Phoenix Symphony, Arizona Opera Company, Ballet Arizona and a host of professional theatre companies. There are several live concert and entertainment venues throughout the metro. One of the most popular music venues is Ak-Chin Pavilion that hosts live bands and concerts and seats 20,000 spectators. Additionally, large venues like State Farm Stadium, Gila River Arena, Comerica Theater, Orpheum Theater, Footprint Arena and ASU Gammage Auditorium host numerous comedy tours, musicals, concerts and performances throughout the year.

Conclusion

Economic conditions in the Phoenix MSA are expected to remain favorable over the next several years as incomes increase, employment increases, and the population continues to expand. Over the past five years, total employment in the Phoenix MSA has grown at a significantly higher rate than the national average. Market conditions within the single and multifamily housing sectors as well as the industrial sector remain generally favorable, despite some recent softening in the market, while the retail and hospitality sectors continue to recover from the COVID-19 pandemic. The office market represents the sector which has been most impacted by the lingering effects of the COVID-19 pandemic, and the more recent economic uncertainty.

Neighborhood Analysis



The subject is in the city of Phoenix and is located approximately eight miles north of the Phoenix Central business district.

The neighborhood boundaries are detailed as follows:

North:	Thunderbird/Cactus Roads
South:	Glendale Avenue
East:	SR-51
West:	19th Avenue

Land Use

The neighborhood comprises single family homes constructed in the 1960s and 70s that were considered at the time to be more affordable than other areas. In addition to the single-family component, there various garden style multi-family projects within the neighborhood, primarily along the major and secondary arterials of Glendale Avenue, Bethany Home Road, 7th Street, and 16th Street. More recent redevelopment activities include a recent for rent multi-family project as well as recently constructed for sale townhome projects.

Public education is also noted to be one of the area's more important attributes with the quality of the school system frequently being cited as the reasons for the area's long-term popularity. The neighborhood is largely located within the Madison School District. Middle schools include Madison #1 (16th Street and Missouri Avenue), Madison Park (16th Street and Campbell Avenue), and Madison Meadows (just west of Central Avenue on Ocotillo Avenue, north of Maryland Avenue). Elementary schools include Madison Camelview (20th Street and Campbell Avenue), Madison Simis (west side of 10th Street, north of Glendale Avenue), Madison Rose Lane (12th Street and Rose Lane), and Madison Heights (22nd Street just north of Glendale Avenue/Lincoln Drive), and Madison Traditional Academy (16th Street and Missouri Avenue). The closest public high schools are Central High (Central Avenue between Camelback Road and Indian School Road). The closest private high schools are Brophy College Preparatory and Xavier College Preparatory, which are both located just south of Camelback Road between Central Avenue and 7th Street.

Major parks in the area include the Piestewa Peak/Dreamy Draw preserves being immediately east and north forming the subject neighborhood boundaries. Additional small neighborhood parks to include Granada Park (20th Street, just south of Glendale Avenue), Royal Palm Park (15th Avenue and Butler Avenue) also provide recreational opportunities. Farther west is the North Mountain Park (7th Street at Peoria Avenue alignment).

There are numerous hiking and biking trails along the North Mountain and Piestewa Peak areas. The 2,608-foot Piestewa Peak is not only one of prominent landmarks in the Valley, but one of its most popular hiking venues where over a half a million people hike its Summit Trail every year. The numbers of hikers enjoying Piestewa is second only to the Grand Canyon's Bright Angel Trail.

Limited office and retail developments are in place along the east-west arterial roads such as Northern and Glendale Avenues, Bethany Home Road, and Camelback Road. However, along 16th Street between Glendale Avenue and Northern Avenue there are several large office complexes.

Area retail includes a Safeway-anchored neighborhood shopping center at the northeast corner of 7th Street and Glendale Avenue and a Sprouts-anchored center at 16th Street and Glendale. Regional retailing is available at The Camelback Colonnade is a large power center located at the southwest corner of Camelback Road and 20th Street that is anchored by Old Navy, Fry's, PetSmart, and Staples. Additional major area shopping is provided by Biltmore fashion park at 24th Street and Camelback Road. Principle tenants include Saks Fifth Avenue, Macy's Seasons 52 (restaurant), Lulu Lemon, Ann Taylor and Coach.

Pointe Hilton Squaw Peak Resort

This 563-suite resort offers 48,000 square feet of flexible function space, including three spacious ballrooms and 46 choices of conference rooms. The hotel was developed by Gosnell builders in 1976 and is currently managed by Hilton Hotels Corporation. It was last renovated in 2008 and has 600 employees. The Pointe Hilton Squaw Peak Resort is home to the Hole-in-the-Wall River Ranch - a water wonderland with acres of pools and a putting course; Tocasierra Spa, Salon & Fitness, tennis, Coyote Camp™(children's program), themed dining establishments (serving breakfast, lunch and dinner), access to the Lookout Mountain Golf Club and all-suite accommodations which feature the Hilton Serenity Bed & Bath™ collection. This property is adjacent to one of the subject buildings.

Transportation

Freeway access for the neighborhood is generally good with the SR 51 Freeway running north and south east of the 16th Street alignment and Interstate 17 just west of 19th Avenue. Both freeways provide access to the downtown Phoenix area, as well as Interstate 10. Interstate 17 also connects the subject with Flagstaff and Interstate 40 to the north.

Surface are roads follow a section line grid system, and include Glendale Road, Maryland Avenue, Bethany Home Road, Missouri Avenue, and Camelback Road.

The subject's immediate frontage is along Northern Avenue and 16th Street. The subject's access attributes are considered to be highly positive with no deficiencies noted.

Access

Major east-to-west arterial roadways in the subject neighborhood include Glendale Avenue, Northern Avenue, Dunlap Avenue, Peoria Avenue, Cactus Road, and Thunderbird Road. North-to-south access through the subject neighborhood is provided by 7th Street, Central Avenue, 19th Avenue, 35th Avenue, 43rd Avenue, and 51st Avenue. The subject neighborhood is considered to have excellent freeway access. The Outer Loop 101 freeway system forms a circle around the outer metropolitan area. Grand Avenue, a major arterial, extends from downtown Phoenix, through west Phoenix, Glendale, Peoria, and Sun City and serves as U.S. Highway 60, 89, and State Highway 93 in the subject area. Interstate 17 (Black Canyon Freeway) is the oldest and most heavily traveled freeway in the metropolitan area, and runs from the junction with I-10 north to Flagstaff. It is one of several links between the subject neighborhood and downtown Phoenix.

Growth Trends

The neighborhood is nearly fully developed. Barriers to entry, reflected in land availability and the ability to rezone land to higher density uses, are high.

Demographics

Selected neighborhood demographics in 1-, 3- and 5-mile radius from the subject are shown in the following table:

SELECTED NEIGHBORHOOD DEMOGRAPHICS				
8930 North 3rd Street Phoenix, AZ 85020	1 Mile Radius	3 Mile Radius	5 Mile Radius	Phoenix-Mesa-Chandler, AZ Metropolitan Statistical Area
Population				
2029 Total Population	17,880	118,776	372,844	5,399,639
2024 Total Population	18,019	119,308	370,360	5,149,752
2010 Total Population	17,636	110,610	335,790	4,192,887
2000 Total Population	19,450	116,406	351,660	3,251,876
Annual Growth 2024 - 2029	*-0.15%*	*-0.09%*	*0.13%*	*0.95%*
Annual Growth 2010 - 2024	*0.15%*	*0.54%*	*0.70%*	*1.48%*
Annual Growth 2000 - 2010	*-0.97%*	*-0.51%*	*-0.46%*	*2.57%*
Households				
2029 Total Households	7,815	52,018	155,146	2,048,005
2024 Total Households	7,764	51,508	151,382	1,922,675
2010 Total Households	7,237	46,707	135,989	1,537,173
2000 Total Households	7,809	48,708	142,143	1,194,250
Annual Growth 2024 - 2029	*0.13%*	*0.20%*	*0.49%*	*1.27%*
Annual Growth 2010 - 2024	*0.50%*	*0.70%*	*0.77%*	*1.61%*
Annual Growth 2000 - 2010	*-0.76%*	*-0.42%*	*-0.44%*	*2.56%*
Income				
2024 Median Household Income	$70,855	$71,322	$73,336	$87,166
2024 Average Household Income	$100,150	$107,386	$105,512	$118,826
2024 Per Capita Income	$43,344	$46,341	$43,119	$44,441
2024 Pop 25+ College Graduates	4,578	34,159	93,872	1,275,970
Age 25+ Percent College Graduates - 2024	35.5%	40.8%	36.6%	36.3%
Source: ESRI				

Conclusion

The neighborhood has a good mixture of retail, residential, office, and industrial uses. The location allows for good access to the city's existing freeway system and the developing network of expressways. The area's long-term potential appears to be good due to its central location and overall desirable commercial environment. Overall, the subject property is considered to be positively impacted by its location within the neighborhood.

Site Analysis

The following chart summarizes the salient characteristics of the subject site.

SITE SUMMARY AND ANALYSIS			
Physical Description			
Net Site Area		0.72 Acres	31,250 Sq. Ft.
Primary Road Frontage		3rd Street	250 Feet
Shape		Rectangular	
Topography		Generally Level	
Parcel Number		160-50-079	
Zoning District		C-3, General Commercial	
Flood Map Panel No. & Date		04013C1730L	16-Oct-13
Flood Zone		Zone X (Shaded)	
Comparative Analysis		**Rating**	
Visibility		Average	
Functional Utility		Good	
Traffic Volume		Low	
Adequacy of Utilities		Adequate	
Landscaping		Average	
Drainage		Adequate	
Utilities	**Availability**	**Comments**	
Water	Yes	City of Phoenix	
Sewer	Yes	City of Phoenix	
Natural Gas	Yes	Southwest Gas	
Electricity	Yes	SRP	
Telephone/Cable/Internet	Yes	Cox	
Mass Transit	Yes	Valley Metro	
Other	**Yes**	**No**	**Unknown**
Detrimental Easements		X	
Encroachments		X	
Deed Restrictions		X	
Reciprocal Parking Rights		X	

Various sources compiled by CBRE

SHAPE AND FRONTAGE

The site is generally rectangular and has average frontage and exposure along 3rd Street.

Ingress/Egress

Ingress and egress are available to the site along the west side of 3rd Street.

3rd Street, at the subject, is a north/south collector street that is improved with one lanes of traffic in each direction. Street improvements include asphalt paving, concrete curbs and gutters, and street lighting. Street parking is not permitted.

TOPOGRAPHY AND DRAINAGE

The site is generally level and at street grade. The topography of the site is not seen as an impediment to the development of the property. During our inspection of the site, we observed no drainage problems and assume that none exist.

SOILS

A soils analysis for the site has not been provided for the preparation of this appraisal. In the absence of a soils report, it is a specific assumption that the site has adequate soils to support the highest and best use.

Easements and Encroachments

There are no known easements or encroachments impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a current title policy outlining all easements and encroachments on the property, if any, prior to making a business decision.

Covenants, Conditions and Restrictions

There are no known covenants, conditions or restrictions impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a copy of the current covenants, conditions and restrictions, if any, prior to making a business decision.

Utilities and Services

The site includes all municipal services, including police, fire and refuse garbage collection. All utilities are available to the site in adequate quality and quantity to service the highest and best use.

Environmental Issues

Although CBRE was not provided an Environmental Site Assessment (ESA), a tour of the site did not reveal any obvious issues regarding environmental contamination or adverse conditions.

The appraiser is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE, Inc. has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

Adjacent Properties

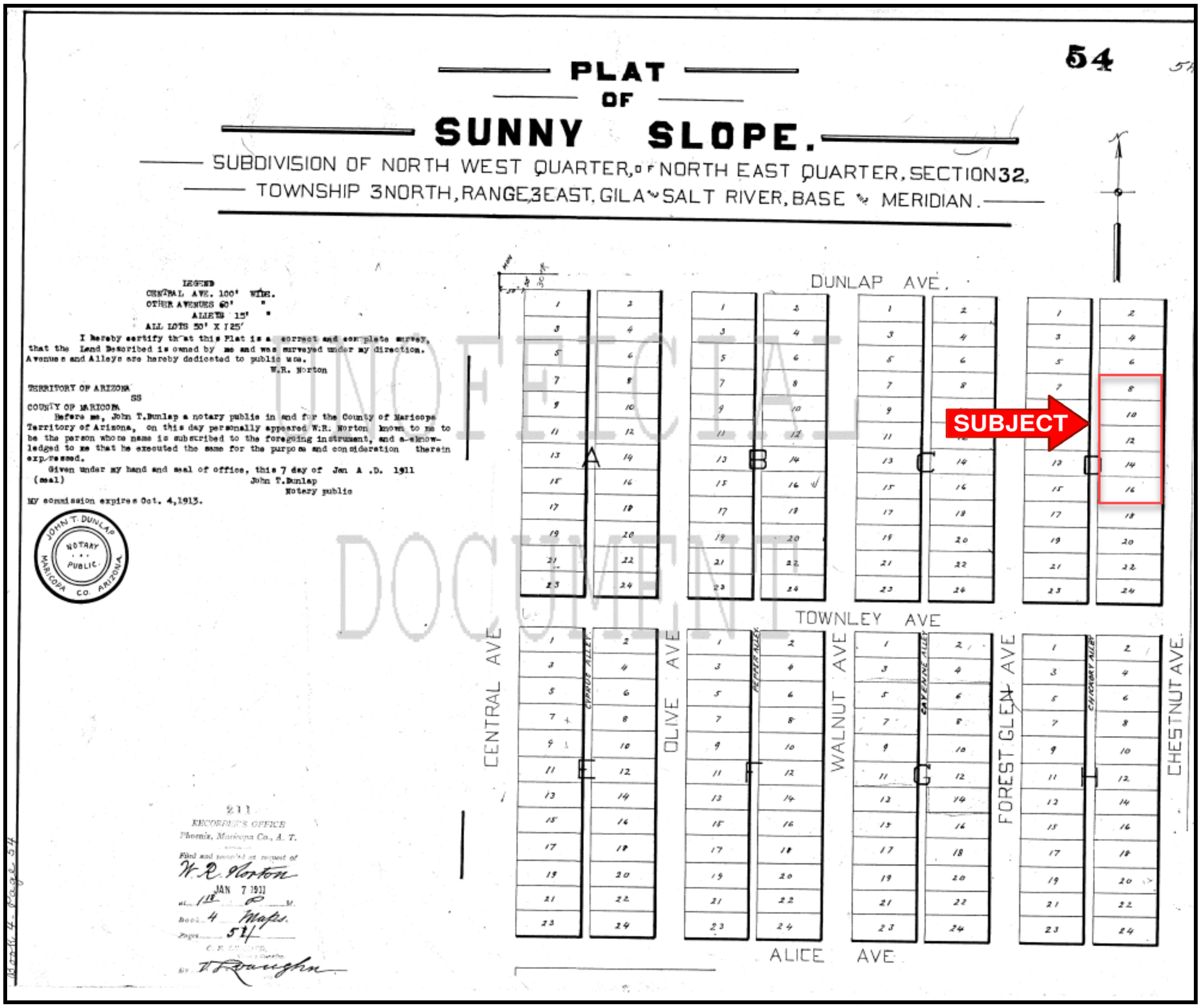
The adjacent land uses are summarized as follows:

North:	Commercial development followed by Dunlap Avenue followed by Honor Health Medical Center
South:	Residential Development
East:	3^{rd} Street followed by transit bus station
West:	Commercial Development

Conclusion

The size, configuration, topography, availability of utilities and services, surrounding land uses, and accessibility are factors conducive to retail oriented development. There do not appear to be any easements, encroachments, covenants, restrictions, or conditions, which appear to adversely affect the utility of the site. Overall, the subject site has adequately functional configuration, and average development characteristics.

Plat Map


54
PLAT OF SUNNY SLOPE.
SUBDIVISION OF NORTH WEST QUARTER, OF NORTH EAST QUARTER, SECTION 32,
TOWNSHIP 3 NORTH, RANGE 3 EAST, GILA & SALT RIVER, BASE & MERIDIAN.
LEGEND
CENTRAL AVE. 100' WIDE.
OTHER AVENUES 60' "
ALLEYS 15' "
ALL LOTS 50' X 125'
I hereby certify that this Plat is a correct and complete survey, that the Land Described is owned by me and was surveyed under my direction. Avenues and Alleys are hereby dedicated to public use.
W.R. Norton
TERRITORY OF ARIZONA
SS
COUNTY OF MARICOPA
Before me, John T. Dunlap a notary public in and for the County of Maricopa Territory of Arizona, on this day personally appeared W.R. Norton known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purpose and consideration therein expressed.
Given under my hand and seal of office, this 7 day of Jan A.D. 1911
(seal)
John T. Dunlap
Notary public
My commission expires Oct. 4, 1913.
JOHN T. DUNLAP NOTARY PUBLIC MARICOPA CO. ARIZONA
UNOFFICIAL DOCUMENT
DUNLAP AVE.
TOWNLEY AVE
ALICE AVE
CENTRAL AVE
OLIVE AVE
WALNUT AVE
FOREST GLEN AVE
CHESTNUT AVE.
A
B
C
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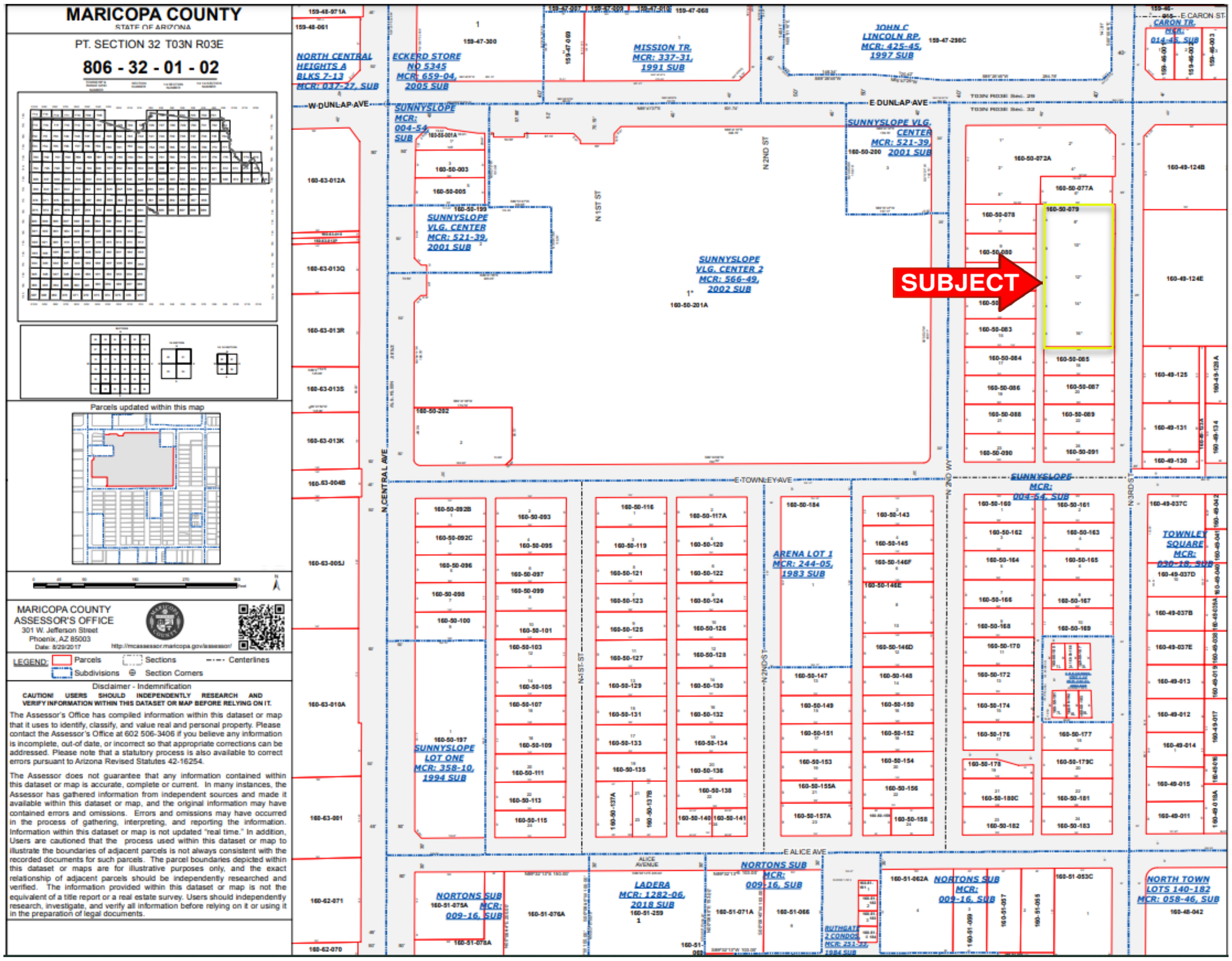
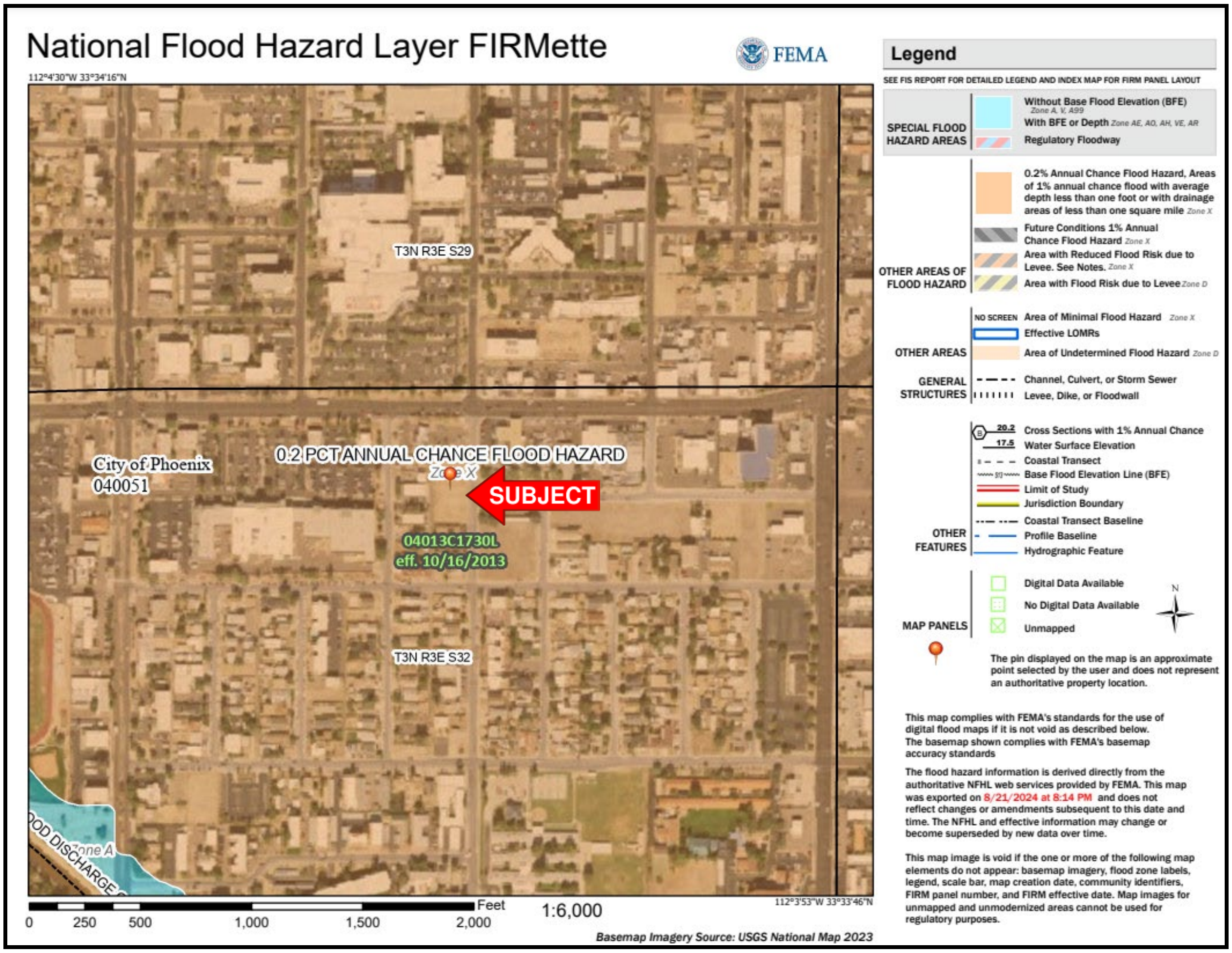
H
SUBJECT

Parcel Map


MARICOPA COUNTY
STATE OF ARIZONA
PT. SECTION 32 T03N R03E
806 - 32 - 01 - 02
Parcels updated within this map
MARICOPA COUNTY
ASSESSOR'S OFFICE
301 W. Jefferson Street
Phoenix, AZ 85003
LEGEND:
Parcels
Sections
Centerlines
Subdivisions
Section Corners
Disclaimer - Indemnification
CAUTION! USERS SHOULD INDEPENDENTLY RESEARCH AND VERIFY INFORMATION WITHIN THIS DATASET OR MAP BEFORE RELYING ON IT.
The Assessor's Office has compiled information within this dataset or map that it uses to identify, classify, and value real and personal property. Please contact the Assessor's Office at 602 506-3406 if you believe any information is incomplete, out-of-date, or incorrect so that appropriate corrections can be addressed. Please note that a statutory process is also available to correct errors pursuant to Arizona Revised Statutes 42-16254.
The Assessor does not guarantee that any information contained within this dataset or map is accurate, complete or current. In many instances, the Assessor has gathered information from independent sources and made it available within this dataset or map, and the original information may have contained errors and omissions. Errors and omissions may have occurred in the process of gathering, interpreting, and reporting the information. Information within this dataset or map is not updated "real time." In addition, Users are cautioned that the process used within this dataset or map to illustrate the boundaries of adjacent parcels is not always consistent with the recorded documents for such parcels. The parcel boundaries depicted within this dataset or maps are for illustrative purposes only, and the exact relationship of adjacent parcels should be independently researched and verified. The information provided within this dataset or map is not the equivalent of a title report or a real estate survey. Users should independently research, investigate, and verify all information before relying on it or using it in the preparation of legal documents.
W DUNLAP AVE
E DUNLAP AVE
E TOWNLEY AVE
E ALICE AVE
N CENTRAL AVE
N 1ST ST
N 2ND ST
N 3RD ST
SUBJECT
SUNNYSLOPE VLG. CENTER 2
MCR: 566-49,
2002 SUB
MISSION TR.
MCR: 337-31,
1991 SUB
ECKERD STORE
NO 5345
MCR: 659-04,
2005 SUB
NORTH CENTRAL HEIGHTS A
BLKS 7-13
JOHN C LINCOLN RP
MCR: 425-45,
1997 SUB
SUNNYSLOPE VLG. CENTER
MCR: 521-39,
2001 SUB
ARENA LOT 1
MCR: 244-05,
1983 SUB
SUNNYSLOPE LOT ONE
MCR: 358-10,
1994 SUB
TOWNLEY SQUARE
NORTONS SUB
MCR:
009-16, SUB
LADERA
MCR: 1282-06,
2018 SUB
NORTH TOWN
LOTS 140-182
MCR: 058-46, SUB
160-50-201A
160-50-079

Flood Plain Map



Zoning

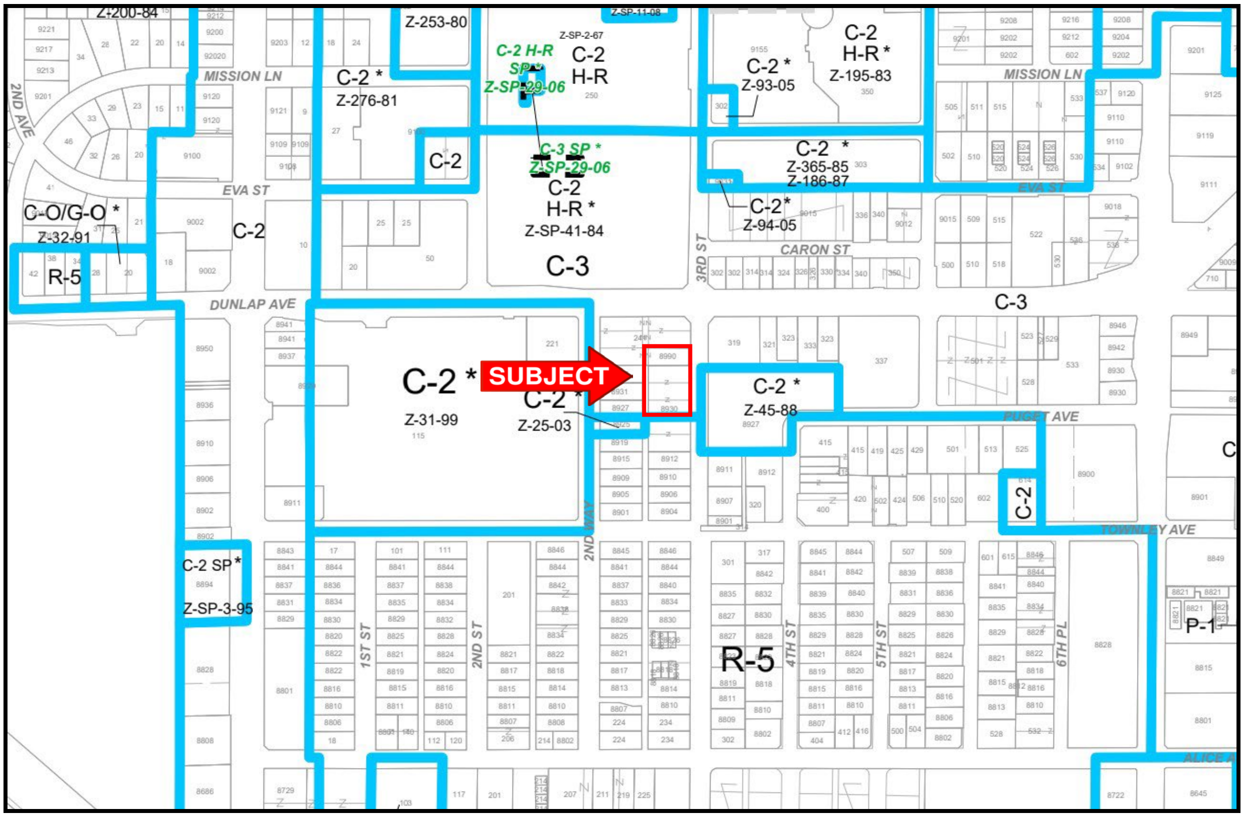
The following chart summarizes the subject’s zoning requirements.

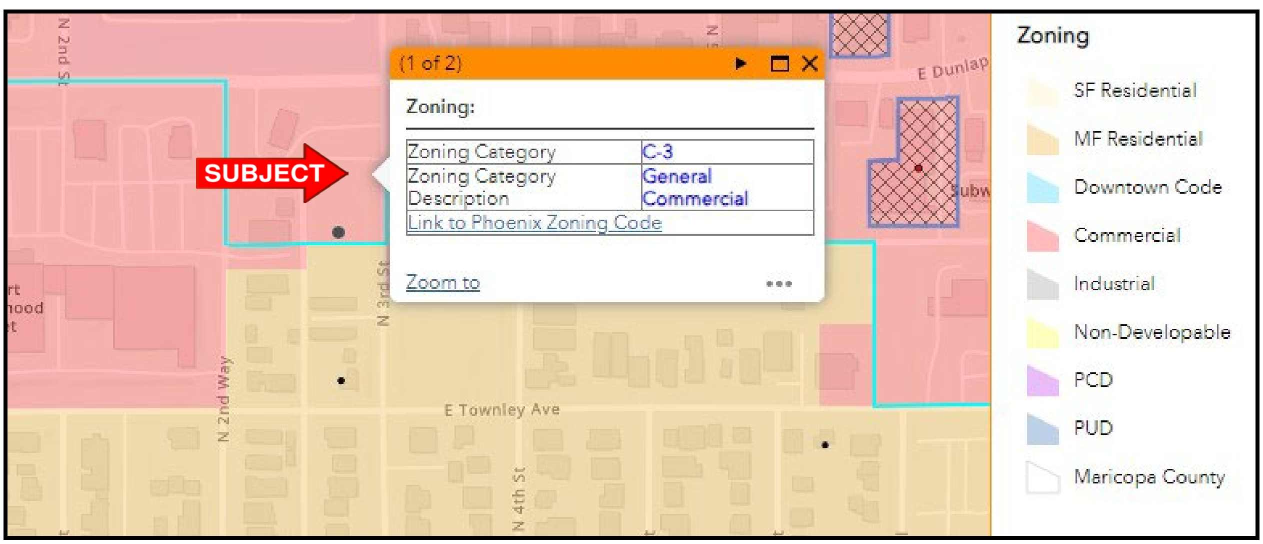
ZONING SUMMARY	
Current Zoning	C-3, General Commercial
Uses Permitted	The C-3 district is s a district designed to provide for the intensive commercial uses necessary to the proper development of the community. Permitted uses also include R1-6 if zoned commercial prior to January 5, 1994, non-single-family residential, and single-family attached uses permited in R-3, R-4, R-5, R-4A, C-1 and C-2 districts. Other permitted uses include (but not a complete list): material, storage and wholesale; outdoor recreation facility; automobile, body and fender shops; atomobile rental and leasing; boats, custon fabrication; boilers, retal sales; cabinet makers; camper sales; car wash; carpenters' shops; carpets and rugs, whoesale, warehouse and manufacturing; drive-in restaurant, electrical appliances, whoesale; furniture, wholesale and storage; hardware, wholesale; lumber, use and wholesale; machine tools, storage; and mobile home sales.
Zoning Change	Not likely
Source: City of Phoenix Planning and Zoning Dept.	

Analysis and Conclusion

Additional information may be obtained from the appropriate governmental authority. For purposes of this appraisal, CBRE has assumed the information obtained is correct.

Zoning Maps


SUBJECT
C-2 *
Z-31-99
C-2 *
Z-25-03
C-2 *
Z-45-88
C-3
R-5
C-2 *
Z-276-81
Z-253-80
C-2
H-R
C-2 H-R
SP *
Z-SP-29-06
C-3 SP *
Z-SP-29-06
C-2
H-R *
Z-SP-41-84
C-2 *
Z-93-05
C-2
H-R *
Z-195-83
C-2 *
Z-365-85
Z-186-87
C-2*
Z-94-05
C-O/G-O *
Z-32-91
R-5
C-2 SP *
Z-SP-3-95
P-1
MISSION LN
EVA ST
CARON ST
DUNLAP AVE
PUGET AVE
TOWNLEY AVE
2ND AVE
1ST ST
2ND ST
2ND WAY
3RD ST
4TH ST
5TH ST
6TH PL


SUBJECT
(1 of 2)
Zoning:
Zoning Category
C-3
Zoning Category Description
General Commercial
Link to Phoenix Zoning Code
Zoom to
E Dunlap
E Townley Ave
N 2nd St
N 3rd St
N 2nd Way
N 4th St
Zoning
SF Residential
MF Residential
Downtown Code
Commercial
Industrial
Non-Developable
PCD
PUD
Maricopa County

Tax and Assessment Data

Arizona's Property Tax System

All property in Arizona, whether real or personal, is subject to property taxes unless specifically exempted. Examples of exempt properties include government buildings, educational institutions, hospitals, and churches. Property taxes are levied on real and personal property based on the state's statutory classification system, valuation methods, assessment ratios, and the taxing jurisdiction's tax rate.

Property in Arizona is classified and valued by the Arizona Department of Revenue (ADOR) and county assessors. The value of the property refers to the monetary worth of the property based on market values and statutory formulas.

With the exception of centrally valued properties and personal property, all property is valued based on its full cash value (FCV) and limited property value (LPV). FCV is synonymous with market value with no limit to annual growth, while LPV is the basis for the assessment of property taxes and is determined by a constitutional formula utilizing the previous year's LPV and capping growth at 5% annually.

Arizona's property tax system classifies property according to its use under nine classes (each with one or more additional subclasses), and each class is assigned an assessment ratio ranging from 1% to 18%. The assessment ratio is applied to a property's LPV to determine the net assessed value (NAV). The following table summarizes Arizona's property classes and assessment ratios

Tax Year 2020 Property Classification and Assessment Ratios		
Property Class	**Assessment Ratio**	**Description of Class**
Class 1	18%	Mines and mining claim property and standing timber. Local telecommunications service, gas, water and electric utility company property, pipeline company property, producing oil and gas property. Commercial and industrial real property (A.R.S. § 42-12001).
Class 2	15%	Agricultural real property, golf courses, and vacant land (A.R.S. § 42-12002).
Class 3	10%	Primary residential residence of owner or owner's relative (A.R.S. § 42- 12003).
Class 4	10%	Property used for residential rental purposes, including property owned in foreclosure by a financial institution that is not otherwise included in any other class (A.R.S. § 42-12004).
Class 5	15%	Railroad, private rail car, and airline flight property (A.R.S. § 42-12005).
Class 6	5%	Noncommercial historic property, foreign trade zone property, qualifying military reuse zone property, enterprise zone property that qualified prior to the 7/1/11 sunset (primary taxes only), qualifying environmental technology property, and qualifying environmental remediation property (A.R.S. § 42-12006).
Class 7	18%	Historic commercial and industrial property (18%) and renovations (1%) (A.R.S. § 42-12007 and 42-12101).
Class 8	10%	Residential rental historic property (10%) and renovations (1%) (A.R.S. § 42-12008 and 42-12101).
Class 9	1%	Possessory interests and real property and improvements, regardless of ownership, leased and used exclusively by a nonprofit organization that operates as a charter school or church, religious assembly, or religious institution (A.R.S. § 42-12009).

Source: ADOR *Assessment Procedures Manual Part 3: Assessment Procedures.*

Property taxes are levied on a property's NAV by government bodies (i.e., the state, counties, community college districts, school districts, cities and towns, and special taxing districts) using the tax rate of each taxing jurisdiction. Property taxes are composed of two rates, primary and secondary. Primary tax rates typically fund the operational budgets of governments, while secondary tax rates typically fund voter approved general obligation bonds and overrides, and special taxing districts (i.e., fire districts and countywide special taxing districts for library, flood, jails, etc.).

The sum of the two rates is the total tax rate. The statewide average total property tax rate for tax year (TY) 2020 was $12.17 per $100 of assessed values. The tax rate applies to all property types, unless exempt, no matter the class.

Arizona Tax Burden by Class

Although all property classes are subject to the same taxing jurisdiction's tax rate, the amount of tax owed as a percent of property value ranges by use because of the state's property classification system and varying assessment ratios. The actual amount owed (i.e., tax liability) is the effective tax.

Comparing effective tax rates is a more accurate representation of a property's overall tax liability given Arizona's varying assessment ratios. For context, based on the previous example, the effective tax rate for the Class 3 (residential) property is 1.1% (e.g., $2,190.60/$200,000) vs. 2.0% (e.g., $19,715.40/$1,000,000) for Class 1 (commercial) property.

The following table summarizes the tax year (TY) 2020 effective tax rates in Arizona, the FCV, and tax liability by class type.

TY 2020 Full Cash Value, Tax Liability, and Effective Tax Rates by Class

Class	Type	Assessment Ratio	Full Cash Value	Percent of Total	Total Liability	Percent of Total	Effective Rate
1	Business, industrial, telecom, utility, mines	18%	$157,474,354,302	20.27%	$2,774,678,108	34.29%	1.76%
2	Agricultural, vacant land, golf courses, nonprofits	15%	$28,634,763,379	3.69%	$340,231,943	4.21%	1.19%
3	Owner occupied residential	10%	$384,724,534,914	49.51%	$3,194,863,898	39.49%	0.83%
4	Rental residential; nonprofit residential	10%	$196,455,693,981	25.28%	$1,706,415,967	21.09%	0.87%
5	Railroads & flight property	15%	$2,155,280,389	0.28%	$33,760,595	0.42%	1.57%
6	Historic prop; FTZ; enviro tech; (more)	5%	$7,069,367,584	0.91%	$37,651,269	0.47%	0.53%
7	Comm historic property	18%/1%	$63,669,468	0.01%	$762,850	0.01%	1.20%
8	Rental residential historic property	10%/1%	$22,702,792	0.00%	$657,739	0.01%	2.90%
9	Possessory interests; leased churches	1%	$424,713,434	0.05%	$1,792,740	0.02%	0.42%
Total			**$777,025,080,244**	**100.00%**	**$8,090,815,110**	**100.00%**	**1.04%**

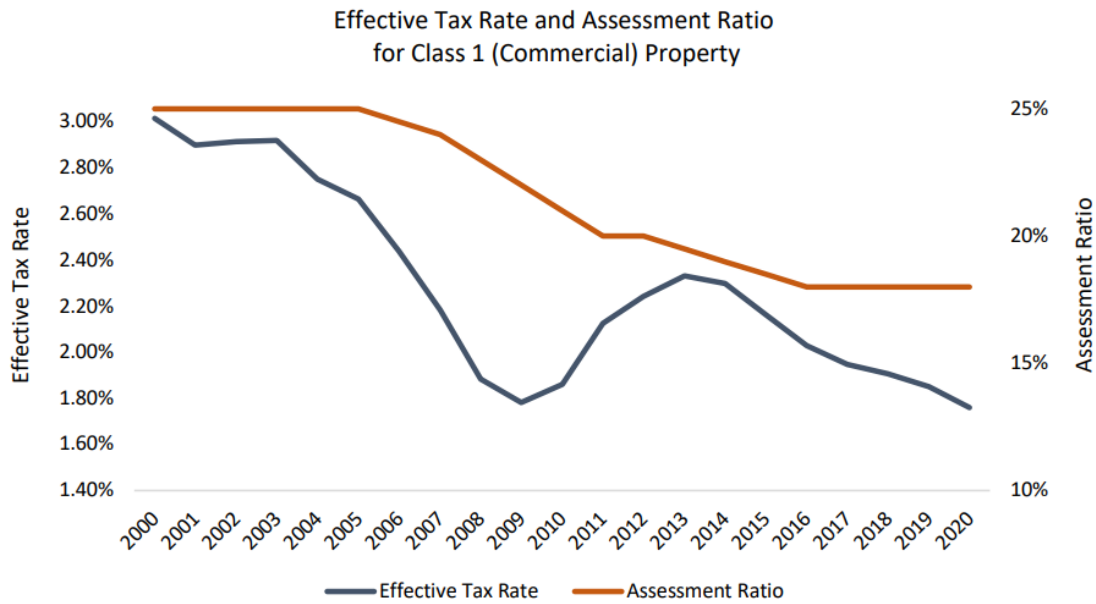
Source: Arizona Tax Research Association.

Historical Changes to the Assessment Ratio

The legislation currently being proposed is not the first passed in Arizona that is focused on equalizing the tax burden and lowering the assessment ratio for commercial properties. A competitive tax policy is often linked with economic growth and development. A review of historical changes to the commercial assessment ratio in Arizona provides support to this idea.

Prior to 2006, the assessment ratio on commercial property was 25%. Beginning after December 31, 2005, the assessment ratio was gradually reduced until reaching 18% in 2016. As a result, the effective tax rate declined from 3.01% in 2000, to 2.03% in 2016 and, most recently, 1.76% in 2020. This resulted in a gradual decline in the effective tax rate between 2000 and 2009.

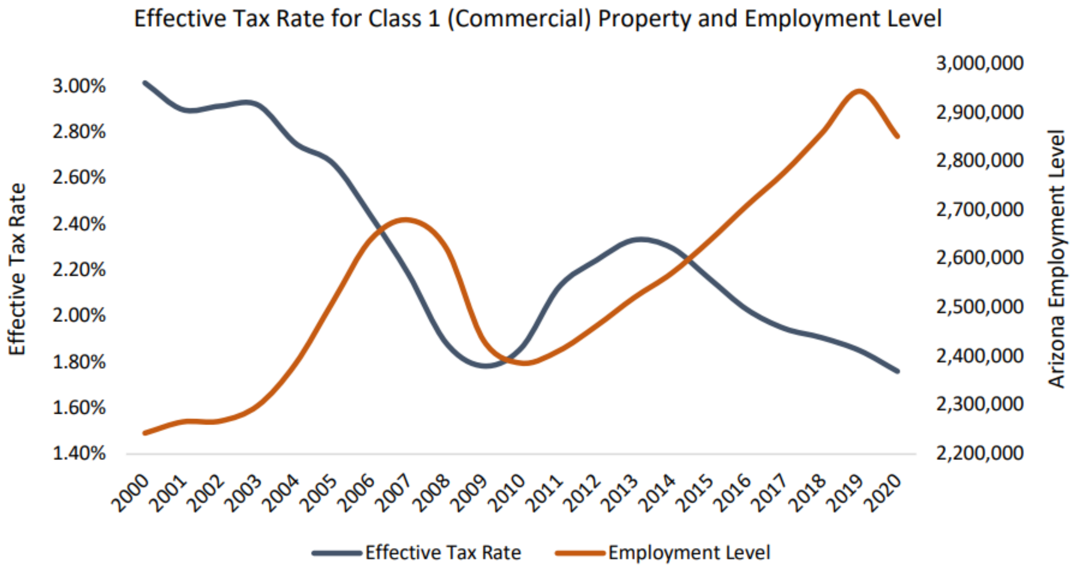
However, in 2009, property values and construction activity began to decline as a result of the Great Recession of 2008. To offset this reduction in property taxes, taxing jurisdictions began raising property tax rates. This brought the effective rate up until it began to decline again in 2013.



Source: ATRA

Employment, a key indicator for economic growth and overall economic health, increased over this timeframe as the effective tax rate on commercial property declined (see the following chart). Employment grew at an average rate of 1.2% per year. The FCV of commercial property grew at an average annual rate of 5.1%. This indicates that as the effective rate declined, Arizona's improved competitive position helped fuel additional economic growth and resulted in a net gain in tax collections.

Arizona was experiencing strong employment growth from 2000 to 2007 until the economic downturn in the business cycle. If not for the Great Recession of 2008, employment would have grown at a faster rate. In fact, after the Great Recession employment grew at an average annual rate of 2.4% between 2010 to 2019 (the year before the most recent economic downturn).



Source: Arizona Office of Economic Opportunity; ATRA

While many factors influence economic growth, maintaining a competitive position related to tax policy encourages economic development, business procurement, retention and expansion. This leads to wage enhancements and employment growth throughout the state. The following assessment ratios apply to the three most used classifications.

PROPERTY ASSESSMENT RATIO

Tax Year	Vacant Land	Residential	Commercial
2010	16.0%	10.0%	21.0%
2011	16.0%	10.0%	20.0%
2012	16.0%	10.0%	20.0%
2013	16.0%	10.0%	19.5%
2014	16.0%	10.0%	19.0%
2015	16.0%	10.0%	18.5%
2016-2021	16.0%	10.0%	18.0%
2022	16.0%	10.0%	17.5%
2023	16.0%	10.0%	17.0%
2024	16.0%	10.0%	16.5%
2025	16.0%	10.0%	16.0%

Sources: County Asssesor's Office

Analysis of Changes to the Commercial Property Assessment Ratio - State of Arizona

March 2021 | Prepared for NAIOP | Prepared by RCG

Rounds Consulting Group, Inc. was retained to analyze changes to Arizona's assessment ratio for commercial property. This analysis is part of the Arizona Chapter of NAIOP's, the Commercial Real Estate Development Association, larger effort to position the state to be a preferred choice for business locations and expansions, support commercial real estate development, and grow the state's economy.

In order to continue advancing the state's economy, Arizona will need to remain competitive. At the present time, legislation is being considered that would gradually phase down the commercial property assessment ratio from 18% to 17% over two years.

Lawmakers should give consideration to the economic benefits that would result from lowering uncompetitive business tax burdens. Enacting commercial property tax reforms would help equalize the varying tax burdens among commercial and all other property, incentivize additional real estate development, and advance the state's business attraction and expansion efforts.

Proposed Property Tax Changes

In the first session of the 55th State Legislature of Arizona, legislation is being considered to change how commercial property taxes are calculated. The proposed change would gradually phase down the Class 1 (i.e., commercial property) assessment ratio from 18% to 17% over two years. The assessment ratio determines a property's assessed value to which property tax rates are then applied.

Commercial property in Arizona has the highest assessment ratio of any other property type. The proposed reform establishes a new assessment rate of 17.5% for tax year 2022. After 2022, the rate would drop to 17%. While not in the current reform proposal, ideally, the assessment ratio should be gradually decreased to 15%.

The goal of the proposed legislation is to add to the competitiveness of the state's economic fundamentals. In the longer term the enhanced level of competitiveness could allow for modest reductions in the need for project-specific incentives.

There will exist short-term "costs" absent any consideration for tax rate changes. However, that is not a likely scenario. Ultimately, the reductions in the commercial assessment ratio of the property tax formula will result in modifications to local government tax rates, resulting in a more competitive balance in the tax code.

The Legislature's estimate of net assessed value (NAV) reduction will equal $1.39B by tax year 2023, which represents only a 1.7% reduction. However, statewide commercial property values have been increasing by more than 6% per year over the last 5 years. Thus, the anticipated growth will more than fully offset any modest reductions in the assessment ratio. In addition, business cycle impacts to the property tax formula have been met with modifications in the tax rates. This means it is likely that a portion of the NAV reduction will be offset through the flexibility of rate adjustment.

When examining economic fundamentals, individual categories (i.e., competitive tax policy, infrastructure investment, workforce development, etc.) cannot be fully separated. In other words, the shift in property tax burden, when combined with other fundamentals, will indeed lead to additional economic growth. In fact, the potential for a full offset of any tax revenue losses will be greater as the assessment ratio for commercial property is reduced to the recommended 15%.

Historical Property Tax Changes

The legislation currently being proposed is not the first passed in Arizona that is focused on equalizing the tax burden and lowering the assessment ratio for commercial properties. Prior to 2006, the assessment ratio on commercial property was 25%. Beginning after December 31, 2005, the assessment ratio was gradually reduced until reaching 18% in 2016. Since property taxes are levied on net assessed values, this resulted in effective tax rate declines going from 3.01% in 2000, to 2.03% in 2016 and, most recently, 1.76% in 2020.

As the effective rate declined, the value of commercial properties increased at an average annual rate of 5.1% between 2000 and 2020. This indicates that as the effective rate declined, Arizona's improved competitive position helped fuel additional economic growth and resulted in a net gain in tax collections.

While many factors influence economic growth, maintaining a competitive position related to tax policy encourages economic development, business procurement, retention and expansion. This leads to wage enhancements and employment growth throughout the state.

When examining economic fundamentals, individual categories cannot be fully separated. In other words, the shift in property tax burden, when combined with other fundamentals, will ultimately lead to additional economic growth.

Property tax payments are typically factored into the rent a tenant pays. Many small businesses were significantly impacted by the COVID-19 pandemic. Building owners and landlords worked with their tenants to temporarily modify rents to help these local merchants survive. Moving forward, a reduction in the property tax assessment ratio has the potential to provide additional relief to small businesses in the form of lower rent payments.

Further, this review clearly identifies a tax category that is uncompetitive, and modifications to the assessment ratio will yield positive economic benefits. Continuing to reduce the rate to 15% over time will produce similar benefits.

Rule "B"

Arizona courts have interpreted the term full cash value to mean the "cash equivalent value" of the property. However, the value established by the assessor may be equal to, or less than, the actual market value. These lower values are the result of adjusting all sale prices for mass appraisal error, creative financing, personal property, and time on the market. Full cash values are unlimited in the amount that they increase each year since they fluctuate with the market. Following the Proposition 117 amendment, the yearly increase in limited property value was further limited from 10% to 5% of the previous year's value, with a few exceptions. The exceptions include properties that have had changes in use, new construction, tenant improvements, demolition, parcel splits, parcel combinations, change in legal descriptions, or other changes from the previous year. According to the new statute, if a property falls under one of these exceptions, the limited property value may be recalculated using what is known as the "Rule B" factor. For the 2015 tax year, the Rule B factor mandates that the limited property value equate to 93.5% of the full cash value for commercial property, 96.2% for primary residences, 95.2% for rental residential property, and 95.3% for vacant land. Whether an exception applies to a property or not, the limited property value cannot exceed the full cash value.

SUBJECT PROPERTY TAX INFORMATION

In Arizona, a sale of a property does not initiate its reassessment; instead, property values are reassessed biannually. By statute, the Limited Value increases by 5% per annum but cannot exceed the property's current Full Cash Value. Taxes are determined by applying the tax rate to the assessed value, which is the Limited Value multiplied by the assessment ratio.

AD VALOREM TAX INFORMATION						
	2022 Actual		2023 Actual		2024 Pro Forma	
APN Number	Full Cash	Limited	Full Cash	Limited	Full Cash	Limited
160-50-079	$165,800	$90,952	$222,700	$95,500	$313,500	$100,275
Subtotal		$90,952		$95,500		$100,275
Assessment Rate		15.00%		15.00%		15.00%
Taxation Type	Primary	Secondary	Primary	Secondary	Primary	Secondary
Total Taxes		**$0**		**$0**		**$0**
Sources: Maricopa County Treasurer's Office; Maricopa County Asssesor's Office						

Delinquency and Conclusion

According to the Maricopa County the subject is owned and maintained by the City of Phoenix and bears no tax responsibility.

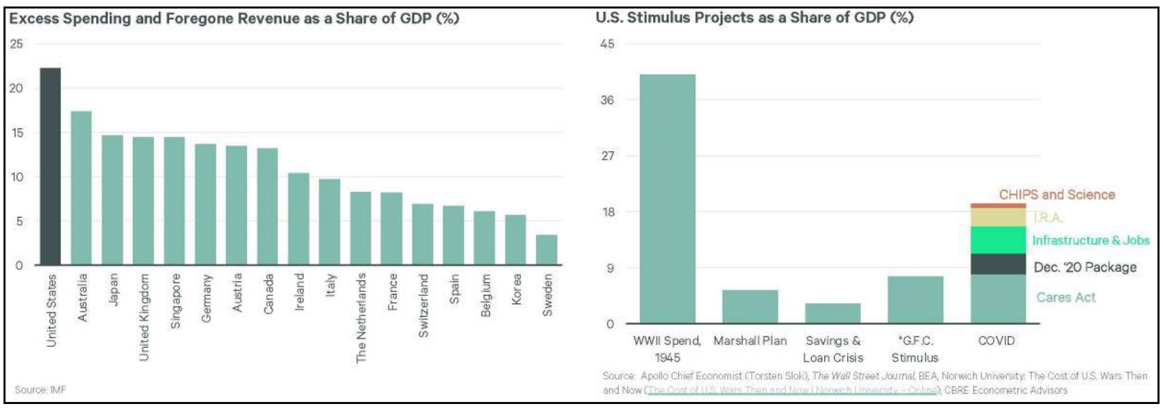
Market Analysis

An overview of local market conditions is a necessary aspect of the appraisal process. The market analysis forms a basis for assessing market area boundaries, supply and demand factors, and indications of financial feasibility. Primary data utilized for this analysis are drawn from CBRE Econometric Advisors, CBRE Research, PwC, and ESRI. In this section, CBRE discusses the status of relevant market characteristics for retail properties. The following discussion analyzes the retail market first on a macro then micro basis.

Macroeconomic Outlook

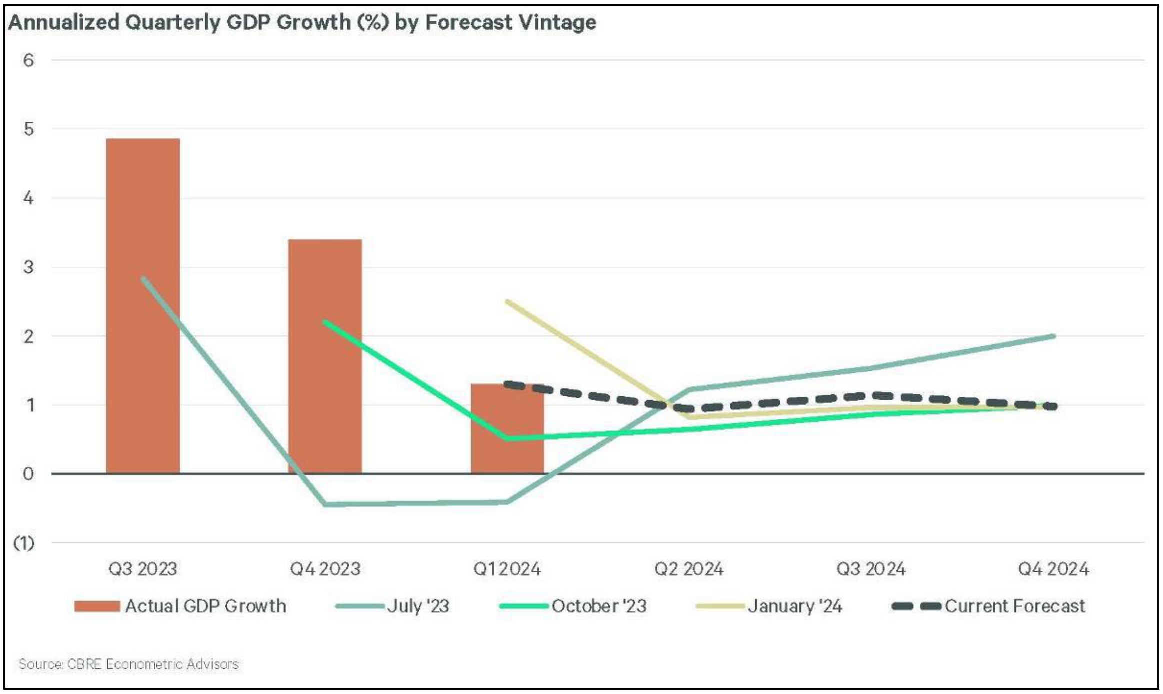
CBRE Econometric Advisors (CBRE-EA) 2Q 2024 U.S. Quarterly Outlook provides the following macroeconomic outlook as of 2Q 2024.

U.S. Fiscal Stimulus has been Exceptional this Cycle



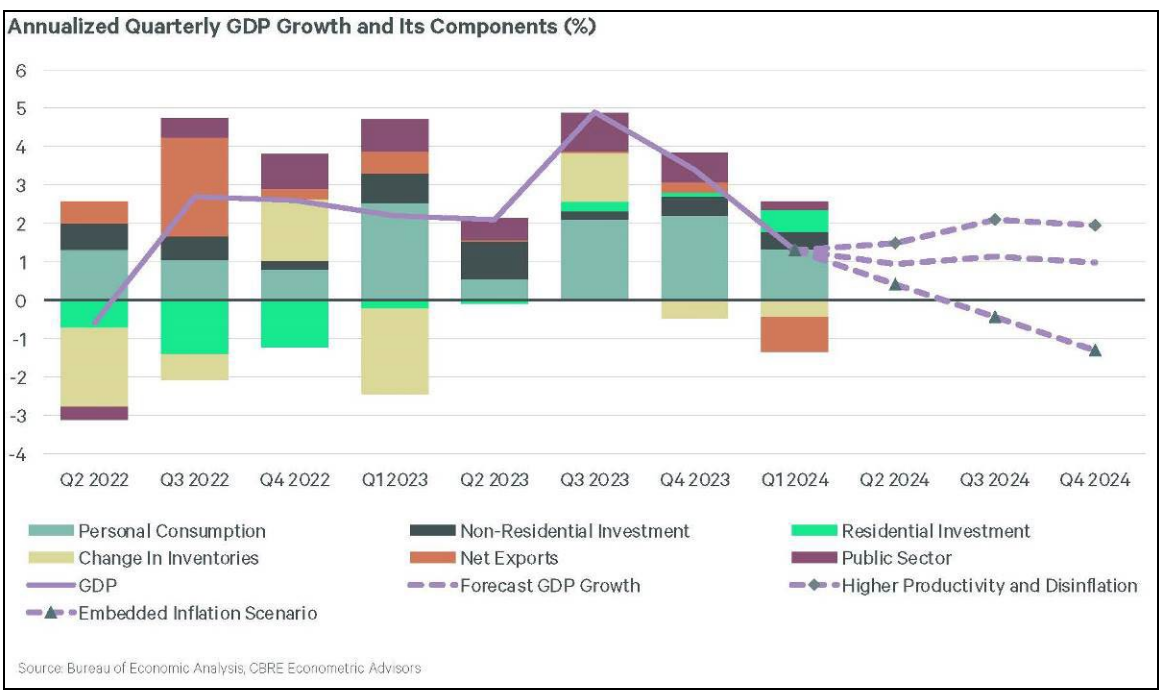
- The U.S. economy grew by 3.1% in 2023, well above 1% for the Eurozone. Arguably, a key driver for U.S. out-performance was the scale of fiscal stimulus pumped into the economy during the pandemic years. The I.M.F. estimates that total stimulus, including foregone revenue, as a share of GDP was 22%, well above other OECD countries.
- Not only was U.S. COVID spending large relative to other countries, but it was sizable compared with previous bouts of public spending.

Excess Stimulus Resulted in Higher-than-Expected GDP Growth



- Concerns surrounding tighter financial conditions began to weigh on our economic outlook during H2 2022. This stance was emboldened by a string of bank failures in early 2023. However, monetary policy was strong enough to quell the banking crises and maintain growth. Given the pace of continued expansion and current macro fundamentals we have abandoned our 2024 'moderate recession' call.
- Q1 2024 GDP growth came in below expectations for 2.5%. Our expectation for 2024 growth is in the 1% – 2% range – consistent with past forecast vintages.

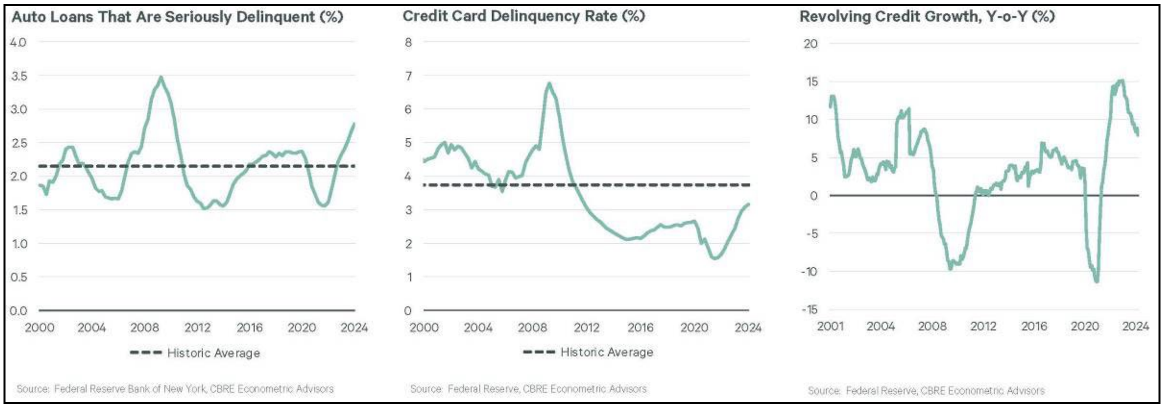
With Fiscal Stimulus in the Rear-View Mirror, Growth is Easing



The U.S. economy continues to head toward a ‘soft landing’. CBRE EA expects annualized quarterly growth will remain in the 1% range for the remainder of 2024 due to the following factors:

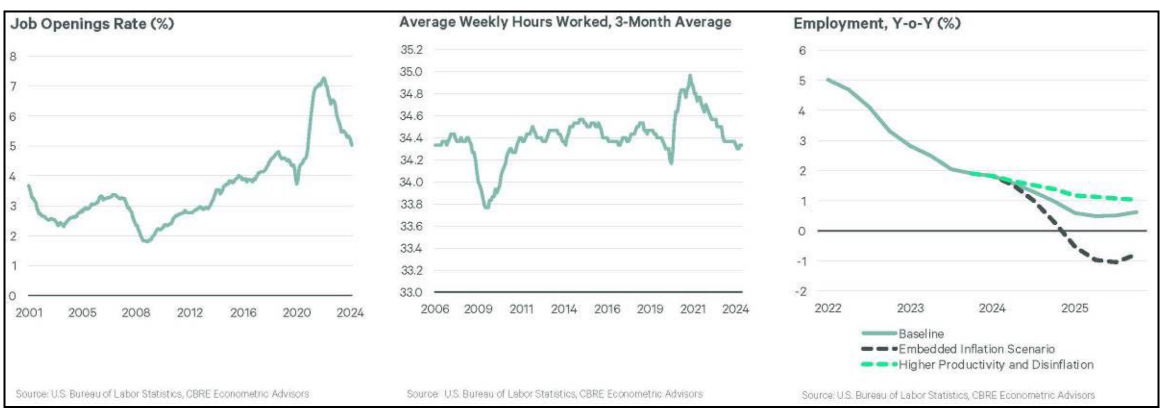
- The U.S. consumer was a key factor in 2023’s sturdy performance but we doubt they can replicate this performance. On the margin, credit growth is a concern.
- A strong USD suggests that imports could weigh on growth.
- Private investment could be a tailwind and positive manufacturing PMIs are an encouraging sign. Albeit firms remain cautious in this high interest rate operating environment. Residential investment is adjusting to higher mortgage rates.

Consumer Trends are Normalizing, Pockets of Distress Emerge



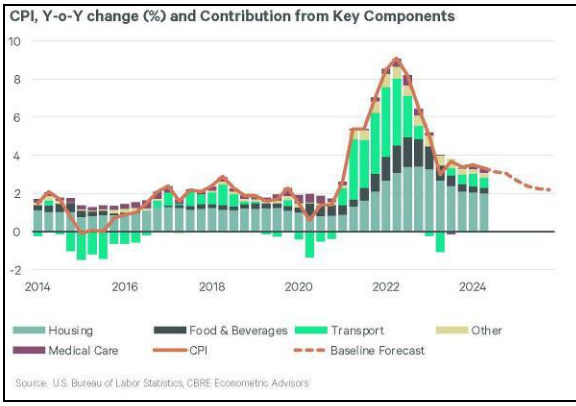
- Most consumer health metrics appear balanced. However, when investigating specific cohorts there are clear pockets of weakness. Delinquent auto loans have quickly escalated; however, most of this uptick is clustered amongst younger borrowers in the 18-39 age range. There is evidence that the bulk of credit card delinquencies are also clustered amongst younger, lower-income borrowers. Revolving credit distress levels are trending toward their historic mean.
- Since early 2022 the typical credit card interest rate increased by 48%, to 21.6%, per the Federal Reserve. This material increase in credit costs is forcing many to reign-in on borrowing. The pace of Y-o-Y revolving credit growth has been halved from its peak in early 2023. This slowdown is poised to weigh on retail spend.

Demand for Labor is Normalizing



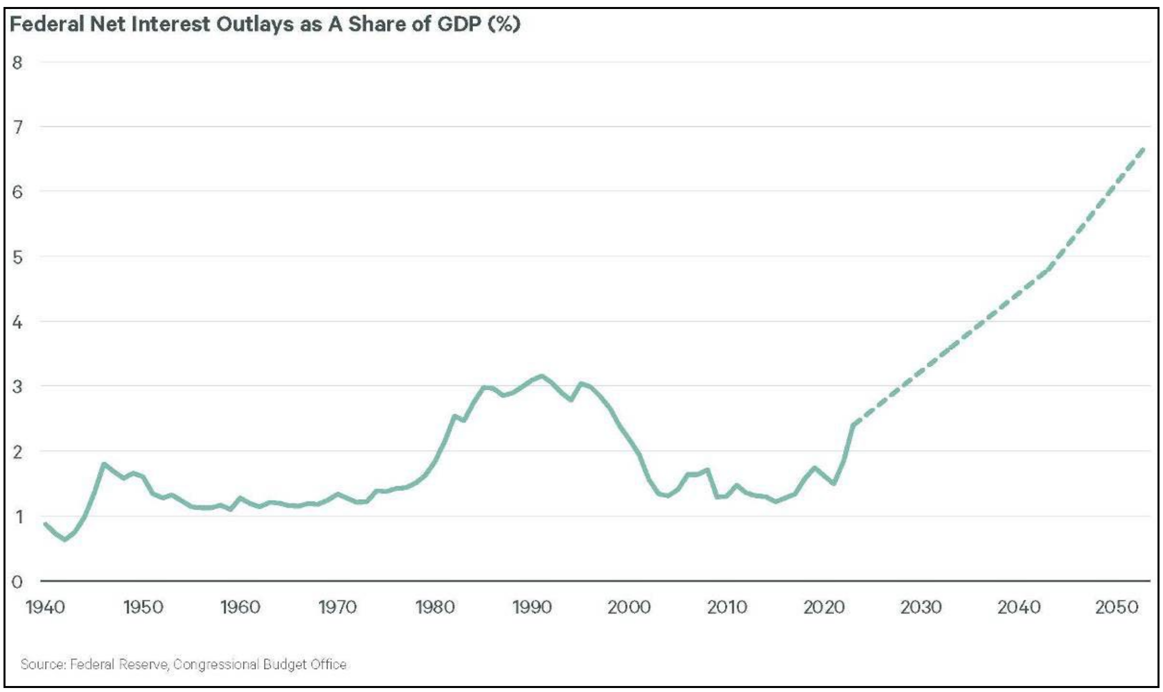
- The job openings rate is steadily falling back toward pre-COVID levels as many firms cite slowing sales amid high labor costs. Firms are also controlling labor costs by cutting back hours. Average weekly hours worked has now fallen back to pre-COVID levels.
- Because the surplus supply of labor is already thin, job growth would only be marginally better within our Upside, or ‘Higher Productivity and Disinflation’ scenario. There is much more room to fall should stubborn inflation keep interest rates elevated long enough that growth eventually stalls.

Inflation Should Continue to Trend Downward



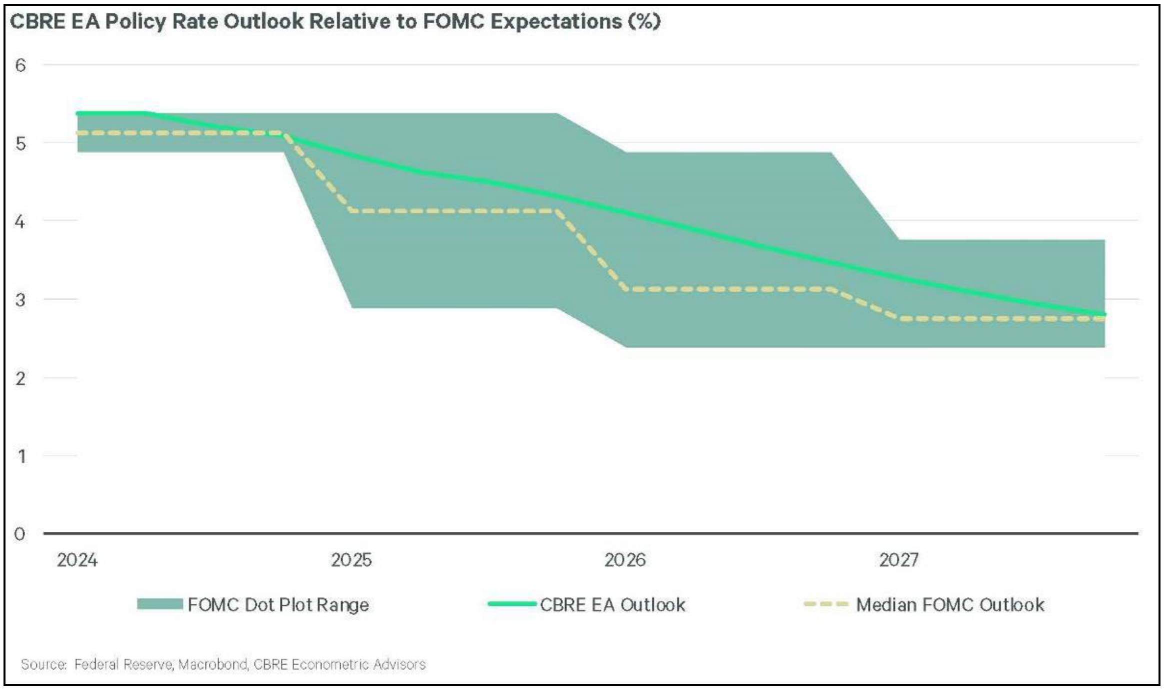
- The pace of disinflation has slowed, mainly due to heated services and some commodity costs. In May, Core CPI has declined to its slowest pace since 2021.
- Rent of Primary Residence is a good example of a backward – looking factor influencing inflation. CPI rents consistently lag in-place rents by a few quarters. As CPI rents trend toward in-place market rents – which are presently flat – this will put downward pressure on the broader index.
- The risk of lingering inflation is real, but our Baseline forecast expects CPI to end 2024 at 3.1% and fall another percentage point by late 2025.

Government Debt Needs will Keep Upward Pressure on Rates



- U.S. government debt is approaching $35 trillion. Because this debt is growing faster than GDP, interest payments will become a larger portion of federal outlays and GDP over time. In 2023, net interest outlays were 2.4% of GDP. The CBO is projecting this to reach 6.3% by 2054 with debt levels greater than 166% of GDP.
- At any given time, there is a fixed pie of savings available for investment. Federal borrowing crowds out private investment by reducing the availability of savings. The large demand for savings from the government can also push up the price of debt (interest rates) for the wider economy.

CBRE's Policy Rate Outlook Relative to the Fed

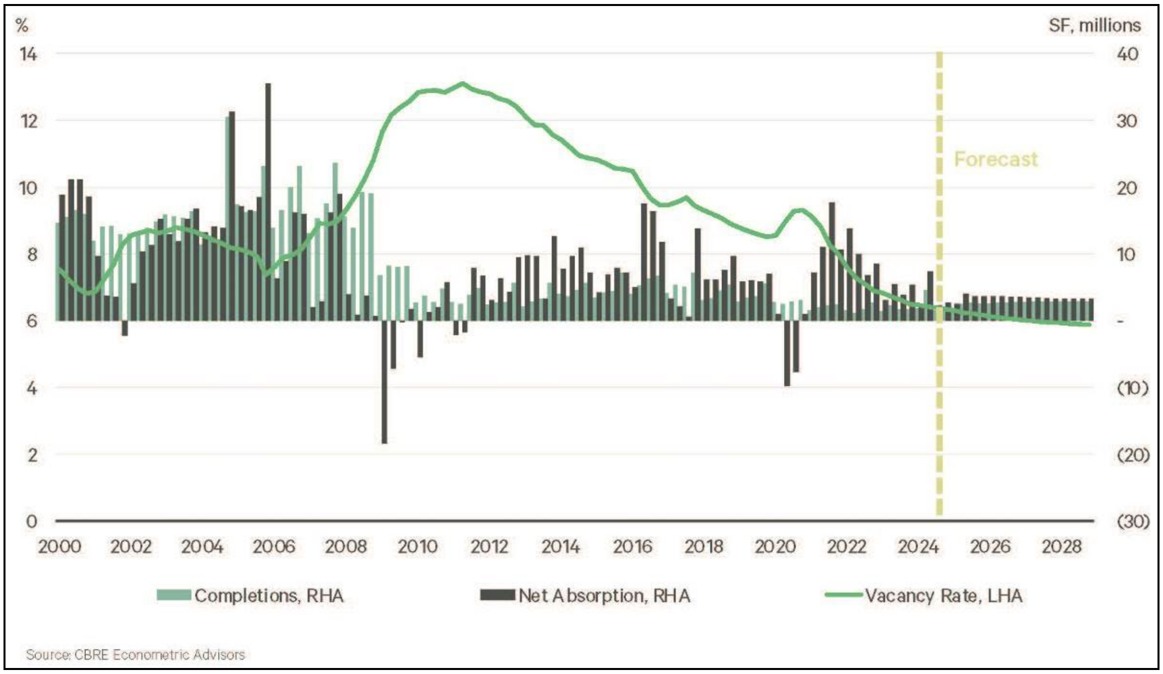


- Recent communication from the FOMC states the Committee is concerned about the lack of progress on inflation and will "wait and see" before making its first rate cut. Although recent labor market data does show moderation, stronger headline payroll figures suggests the Fed's first rate cut will not happen this summer.
- The graphic to the right exhibits the FOMC's range of views on future policy rates. CBRE EA's Baseline forecast remains moderately above the FOMC's median outlook. A key feature of this outlook is that the Fed Funds Rate will remain relatively heightened compared with previous tightening cycles. This will also impact the longer end of the curve with a view that U.S. 10-year Treasury yields remain above 4% through early 2025.

U.S. Retail Market Outlook

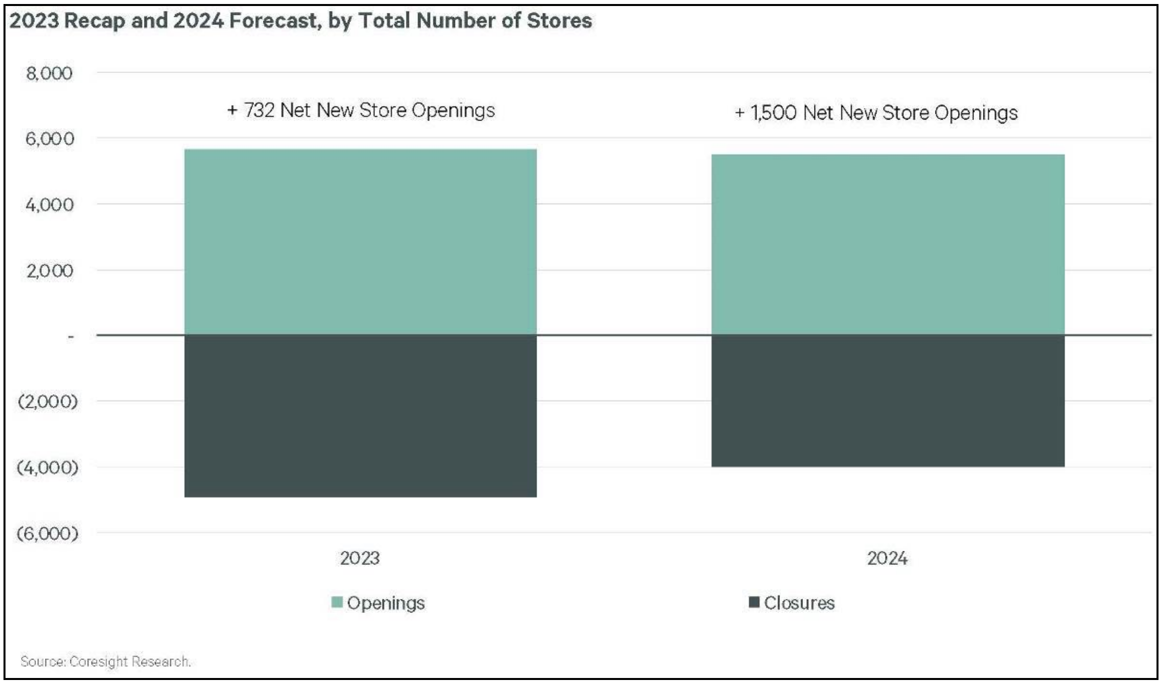
CBRE Econometric Advisors (CBRE-EA) U.S. Quarterly Chartbook provides the following overview of retail fundamentals as of 2Q 2024 (dated June 13, 2024).

It is Fair to Say 'There's a Shortage of Retail Space'



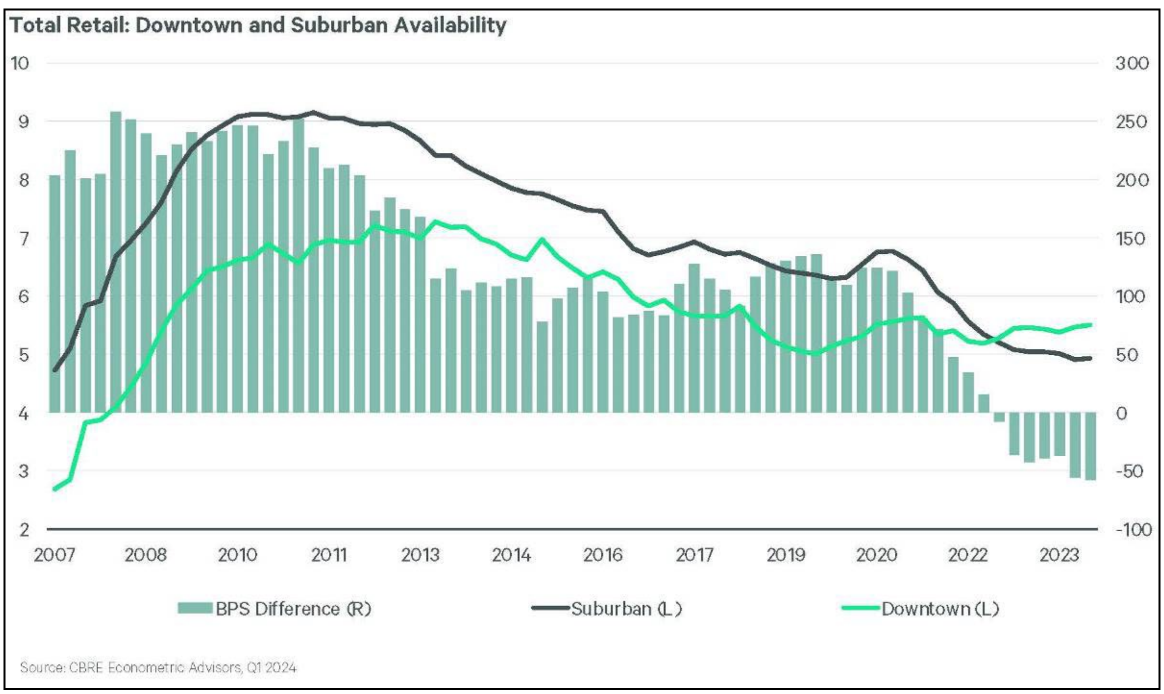
- The combination of consistent spending and extremely limited construction activity equates to a shortage of retail space.
- Market fundamentals are so tight that a recent string of retail bankruptcies are unlikely to be a material threat to space market health. New vacancies will be welcomed by retailers who have been searching for well located spaces.
- Moving forward, we expect the relationship between supply and demand to be more closely aligned as the pace of retail spending slows. However, the market is currently well positioned to absorb a weaker consumer relative to previous cycles.

Net Store Openings Contribute to Sturdy Fundamentals



- There is considerable churn across different retail formats and brands. Despite headlines of high-profile bankruptcies more stores are opening than closing.
- Net store openings combined with very limited ground-up retail development are resulting in even tighter space markets.

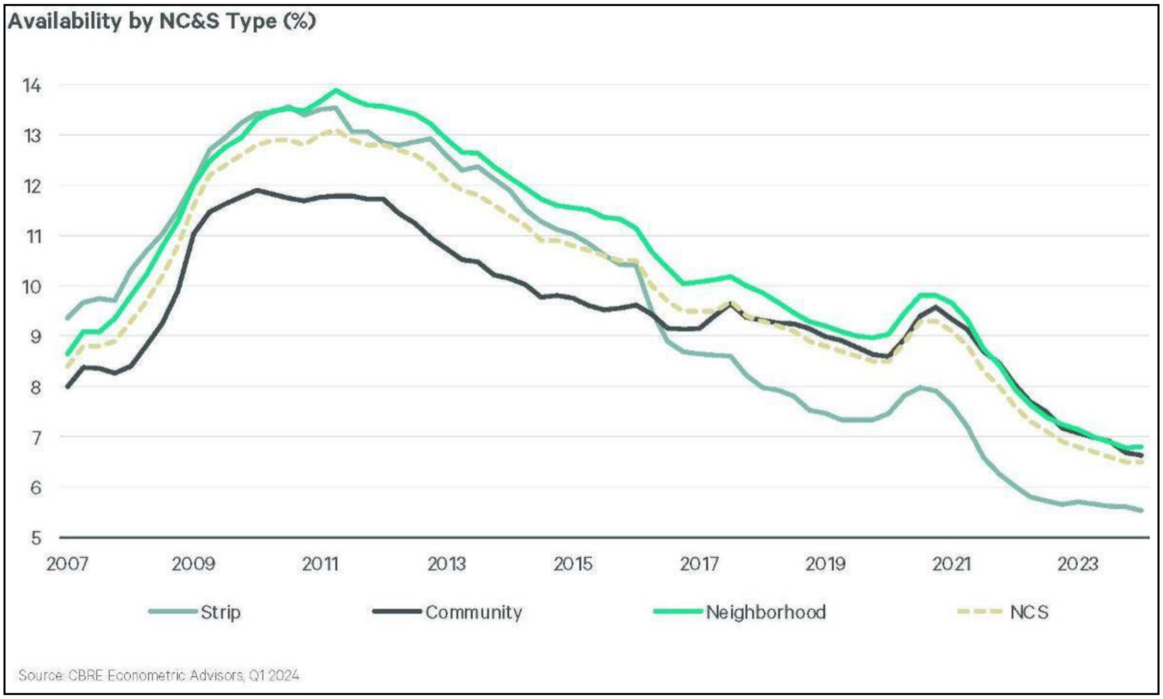
One of the Biggest Trends in Retail – the Shift to the Suburbs



- For the first time in more than 15 years availability of all retail space in downtown CBDs has surpassed that of all suburban retail.

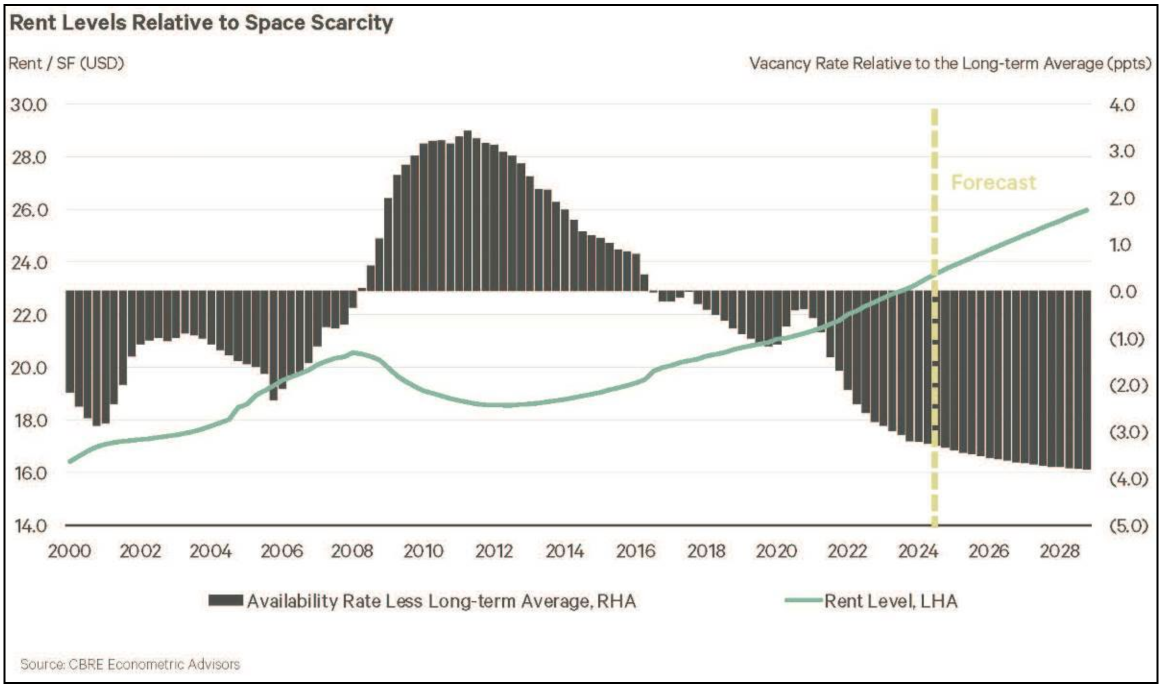
- With the rise of remote work, workers began spending more money closer to home, forging new and lasting shopping habits. Retailers took notice.

Strip Centers are Leading the Occupancy Gains



- Strip centers, generally embedded in population centers, have been the primary beneficiary of this shift in consumer patterns.
- Though it is worth noting strip centers captured increased occupier interest back in 2016.
- Strip center rents have grown 24% since 2016 compared with the 21% growth for all NC&S centers. Despite outpacing other open-air centers in rent growth, they remain the most affordable option (rents 5-15% lower than other open-air centers).

Low Vacancy Levels Will Keep Rents on an Upward Trajectory



- The continuing dearth of retail development, exacerbated by the pandemic, has translated into the ability of retail landlords to more efficiently convert greater consumer spending in rental growth.

Demographic Analysis

Demand for retail properties is a direct function of demographic characteristics analyzed on the following pages.

Housing, Population and Household Formation

The following table illustrates the population and household changes for the subject neighborhood with primary focus on the 1-, 3- and 5-mile radius.

POPULATION AND HOUSEHOLD PROJECTIONS				
Population	1 Mile Radius	3 Mile Radius	5 Mile Radius	Phoenix-Mesa-Chandler, AZ Metropolitan Statistical Area
2029 Total Population	17,880	118,776	372,844	5,399,639
2024 Total Population	18,019	119,308	370,360	5,149,752
2010 Total Population	17,636	110,610	335,790	4,192,887
2000 Total Population	19,450	116,406	351,660	3,251,876
Annual Growth 2024 - 2029	*-0.15%*	*-0.09%*	*0.13%*	*0.95%*
Annual Growth 2010 - 2024	*0.15%*	*0.54%*	*0.70%*	*1.48%*
Annual Growth 2000 - 2010	*-0.97%*	*-0.51%*	*-0.46%*	*2.57%*
Households				
2029 Total Households	7,815	52,018	155,146	2,048,005
2024 Total Households	7,764	51,508	151,382	1,922,675
2010 Total Households	7,237	46,707	135,989	1,537,173
2000 Total Households	7,809	48,708	142,143	1,194,250
Annual Growth 2024 - 2029	*0.13%*	*0.20%*	*0.49%*	*1.27%*
Annual Growth 2010 - 2024	*0.50%*	*0.70%*	*0.77%*	*1.61%*
Annual Growth 2000 - 2010	*-0.76%*	*-0.42%*	*-0.44%*	*2.56%*

Source: ESRI

As shown, the subject's neighborhood is experiencing moderate positive increases in both population and households.

Income Distributions

Household income available for expenditure on consumer items is a primary factor in determining the retail supply and demand levels in a given market area. In the case of this study, a projection of household income identifies (in gross terms) the market from which the subject submarket draws. The following table illustrates estimated household income distribution for the subject neighborhood.

HOUSEHOLD INCOME DISTRIBUTION				
Households by Income Distribution (2024)	1 Mile Radius	3 Mile Radius	5 Mile Radius	Phoenix-Mesa-Chandler, AZ Metropolitan Statistical Area
<$15,000	7.83%	8.91%	8.33%	6.30%
$15,000 - $24,999	8.59%	6.66%	6.69%	4.46%
$25,000 - $34,999	6.21%	7.45%	7.46%	5.42%
$35,000 - $49,999	10.47%	11.11%	11.47%	9.31%
$50,000 - $74,999	19.22%	17.79%	16.86%	16.47%
$75,000 - $99,999	15.04%	12.53%	13.35%	14.38%
$100,000 - $149,999	15.46%	15.65%	17.24%	20.15%
$150,000 - $199,999	8.50%	8.71%	8.15%	10.73%
$200,000+	8.68%	11.20%	10.45%	12.76%

Source: ESRI

The following table illustrates the median and average household income levels for the subject neighborhood.

HOUSEHOLD INCOME LEVELS				
Income	1 Mile Radius	3 Mile Radius	5 Mile Radius	Phoenix-Mesa-Chandler, AZ Metropolitan Statistical Area
2024 Median Household Income	$70,855	$71,322	$73,336	$87,166
2024 Average Household Income	$100,150	$107,386	$105,512	$118,826
2024 Per Capita Income	$43,344	$46,341	$43,119	$44,441

Source: ESRI

CBRE Phoenix MSA Retail Market – Q2 2024

Key Takeaways

- The Phoenix MSA retail sector recorded 216,802 square feet of positive net absorption and 1,463,577 million square feet of gross absorption in Q2 2024
- Vacancy inched up by 20 basis points (bps) to 5.6% in Q2 2024
- New deliveries totaled 472,298 square feet while 492,294 square feet remained under construction

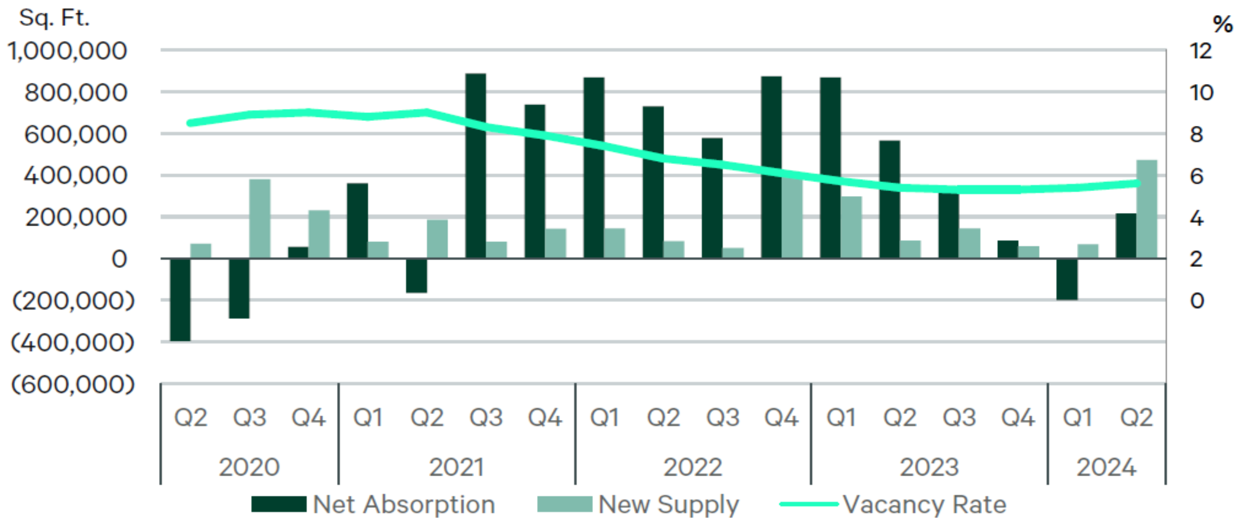
Net absorption returned to positive territory in Q2 2024, after dipping into the red during the prior quarter. However, vacancy inched up 20 bps quarter-over-quarter to 5.6%, as deliveries outpaced net absorption by more than 200,000 square feet. Still, despite this increase, the rate remains 170 bps below the trailing 5-year average and the Phoenix MSA ranks among the lowest vacancy retail market in the nation. These robust market fundamentals continue to fuel rent growth in the Phoenix MSA. The average asking rent reached $17.47 per square foot in Q2 2024, marking a 1.6% quarter over quarter increase and a 5.5% year-over-year gain. Gross absorption during Q2 2024 rose to 1.4 million square feet, which marks a 41.8% increase quarter-over-quarter and the 16th consecutive quarter that gross absorption eclipsed the 1 million square foot threshold.

The metropolitan Phoenix retail market study reflects both shopping centers and freestanding retail buildings greater than 30,000 square feet.

5.6%	216,802	492.3 K	$17.47
Vacancy Rate	SF Net Absorption	SF Construction	NNN / Lease Rate

Note: Arrows indicate change from previous quarter.

FIGURE 1: Supply and Demand



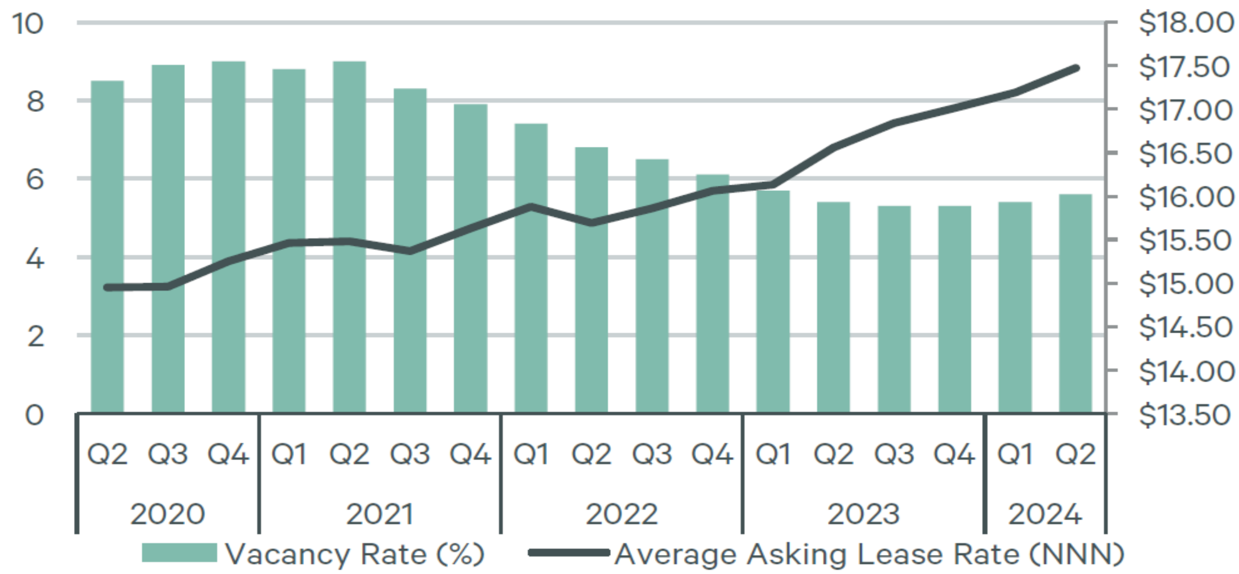
Source: CoStar Group.

Availability and Vacancy

Vacancy increased marginally in the Phoenix MSA during Q2 2024, finishing the three-month span at 5.6%. However, despite this rise, the rate was still 400 bps below the metro's long-term average, indicating market fundamentals are very strong in comparison to historical statistics. Apache Junction the largest quarter-over-quarter increase, as vacancy jumped 290 bps to 12.9%, the highest rate among Phoenix MSA submarkets. In contrast, the South Mountain and Scottsdale submarkets each recorded vacancy declines of 150 bps and 40 bps, respectively. Vacancy is the tightest in the South Mountain and West Phoenix submarkets, where rates are at or below 3%.

In the second quarter of 2024, Phoenix MSA retail availability remained relatively steady at 5.2%. The Airport Area and Apache Junction submarkets each observed their local availability rates increase by at least 100 bps during the quarter to 8.5% and 10.6%, respectively. However, submarkets such as the South Mountain and North Scottsdale, each recorded quarter-over-quarter declines of at least 40 bps. At 2.9%, availability remained the tightest in the West Phoenix submarket, while the Apache Junction had the metro's highest availability at 10.6%, which is more than 200 bps higher than any other submarket.

FIGURE 2: Overall Vacancy and Lease Rate



Source: CoStar Group..

Lease Rates

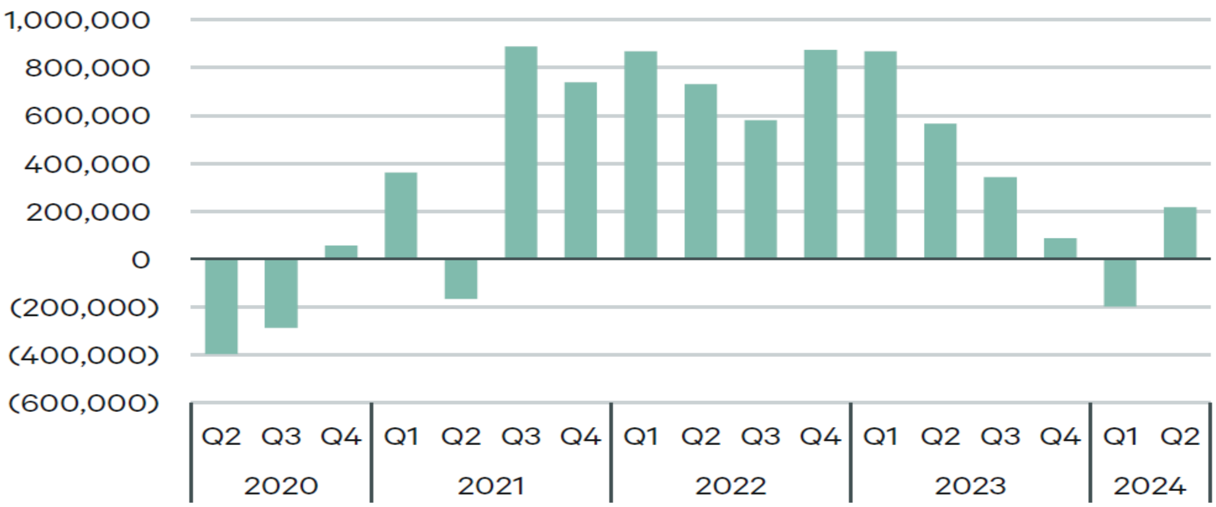
The average direct asking NNN lease rate was $17.47 per square foot in Q2 2024, up $0.28 per square foot from the previous quarter. This amounts to a 1.6% quarter-over-quarter increase and a 5.5% growth rate over the past year. The largest quarter-over-quarter gain in lease rates was in North Phoenix, where the average asking rent increased by nearly 7% to $16.02 per square foot. The North Scottsdale submarket maintained the metro's highest average asking rent at $28.40 per square foot.

Net Absorption and Leasing Activity

The Phoenix MSA retail market experienced 216,802 square feet of positive net absorption in Q2 2024. The West Phoenix submarket garnered the lion's share of activity, recording 272,827 square feet of net absorption during Q2 2024. Tenant demand was much softer in areas such as the Airport Area, Apache Junction, Downtown Phoenix, North Phoenix, Northwest Phoenix, and Scottsdale, with each of these submarkets registered negative net absorption for the quarter.

The Phoenix MSA retail sector saw just over 1.4 million square feet of leasing activity in the second quarter. Round 1 Bowling & Arcade and Slick City signed the largest deals in Q2 2024, each committing to spaces at or above 50,000 square feet. Leasing activity among discount retailers were also strong, as Dollar Tree inked 10 new leases across the Phoenix MSA with an average space size of 22,604 square feet.

FIGURE 3: Net Absorption (Sq. Ft.)

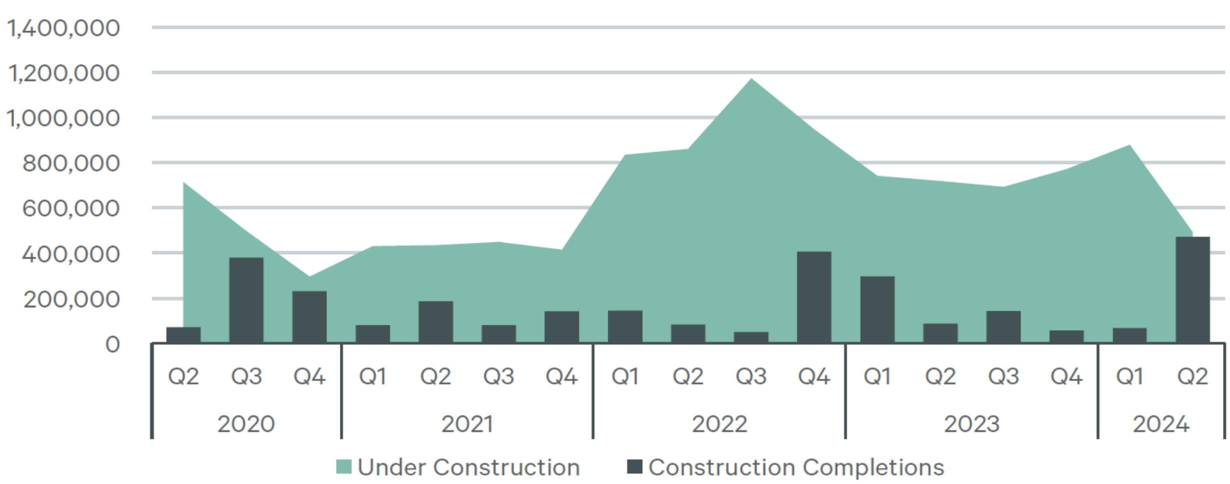


Source: CoStar Group.

Development Activity

Supply additions have been modest in this recent expansion cycle, as elevated debt, land, and construction costs have made it much more difficult for new speculative projects to pencil. Despite these headwinds, shopping center deliveries rose to the highest level since Q4 2017, as approximately 472,298 square feet of space was completed during the second quarter. The bulk of deliveries occurred in the West Phoenix submarket, which added more than 390,000 square feet to the market. The Village at Prasada and a Safeway-anchored, each located in Surprise, were some of the notable developments to come online to the submarket. These deliveries brought the total under construction total down to 492,294, square feet exiting Q2 2024, which amounts to approximately one-third of the metro's trailing long-term average for retail product under construction. Overall, more than 89% of the development pipeline has already been pre-leased as of Q2 2024.

FIGURE 4: Under Construction and New Supply (Sq. Ft.)



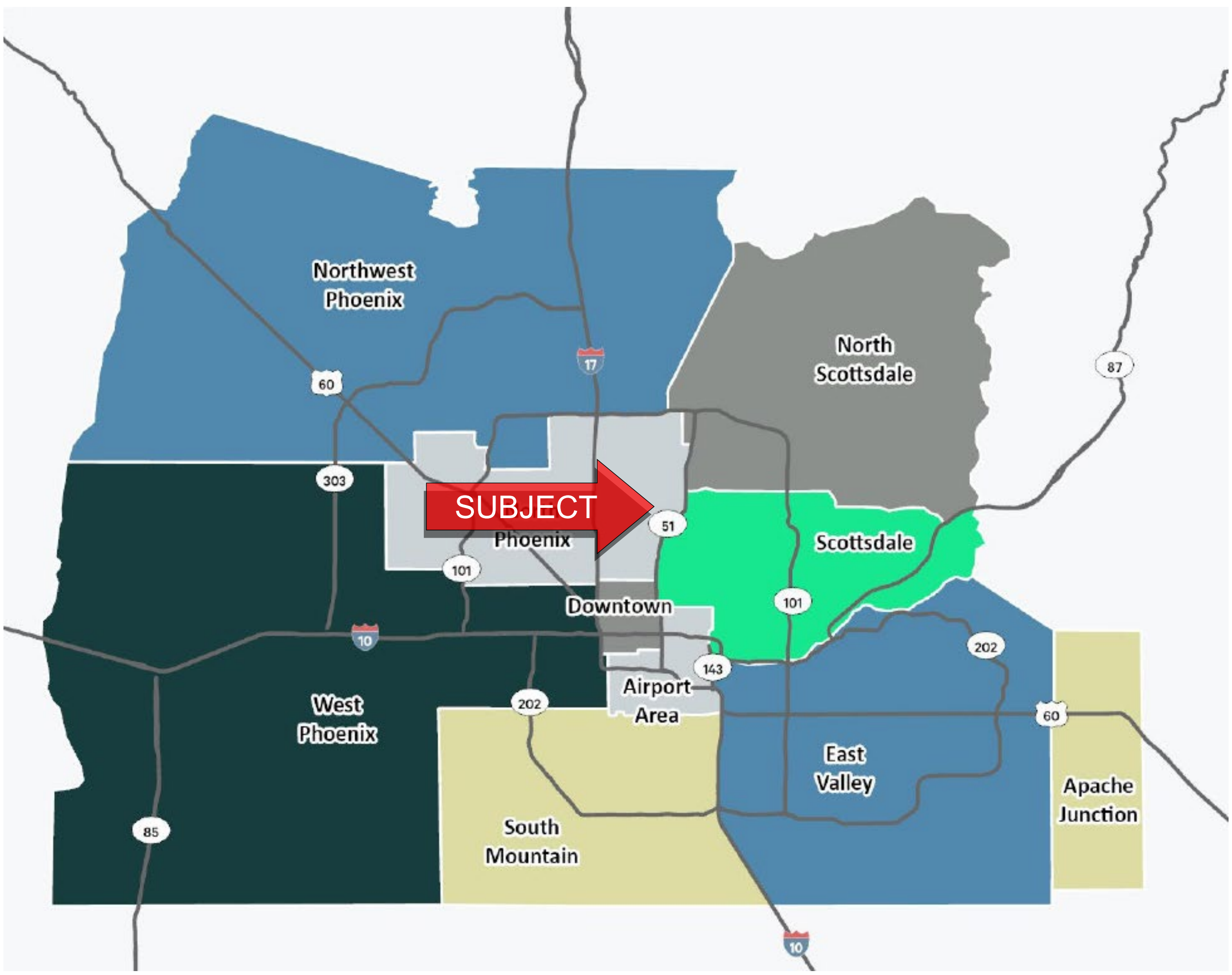
Source: CoStar Group.

Submarket Stats

	Net Rentable Area	Availability %	Vacancy %	Net Absorption Q2 2024	Net Absorption 2024 YTD	Gross Activity Q2 2024	Under Construction	Construction Completions	Avg. Direct Asking Lease Rate ($PSF/NNN)
Airport Area	2,930,371	8.5	6.9	(57,442)	(37,340)	6,906	0	0	$14.53
Apache Junction	1,166,032	10.6	12.9	(33,492)	(53,037)	29,194	14,500	0	$11.70
Downtown Phoenix	2,281,603	7.2	7.0	(13,709)	(16,712)	7,482	0	0	$12.69
East Valley	54,882,206	5.8	6.7	46,437	(131,677)	486,098	136,620	41,800	$16.34
North Phoenix	25,795,471	6.1	6.8	(14,623)	(48,501)	212,443	16,328	2,400	$16.02
North Scottsdale	11,984,661	3.9	4.6	50,063	(4,115)	103,206	92,000	0	$28.40
Northwest Phoenix	15,801,488	4.6	4.3	(19,889)	36,307	101,307	57,644	20,114	$17.97
Scottsdale	13,930,607	5.2	4.7	(47,774)	(89,249)	52,509	56,766	0	$20.80
South Mountain	5,548,962	3.3	2.8	34,404	48,617	52,495	7,000	17,707	$22.55
West Phoenix	18,074,918	2.9	3.0	272,827	314,455	411,937	111,436	390,277	$18.90
Phoenix Total	152,396,319	5.2	5.6	216,802	18,748	1,463,577	492,294	472,298	$17.47

Source: CoStar Group.

A map demonstrating the submarket boundaries, which is presented on the following page summarizes the inventory and vacancy for the various retail submarkets. The subject is located in the North Phoenix submarket.



Retail Micro Analysis

The boundaries of the North Phoenix retail submarket are illustrated on the submarket map page. The CBRE survey indicates approximately 25,795,471 square feet of retail space, making it the 2nd largest of the 10 metropolitan Phoenix submarkets.

The overall vacancy rate for the overall Phoenix MSA was reported to be 5.6%. At the end of second quarter 2024, the subject's North Phoenix submarket had a vacancy rate of 6.8%, and net absorption of negative 14,623 square feet with year-to-date net absorption of negative 48,501 square feet. The average asking lease rate in the subject's submarket is currently $16.02 per square foot, triple-net, which is below the market-wide average of $17.47 per square foot. There is 492,294 square feet of under construction retail space within the Phoenix MSA. Of this total, approximately 16,328 square feet is located within the subject's North Phoenix submarket, or approximately 3.3% of the total under construction retail development.

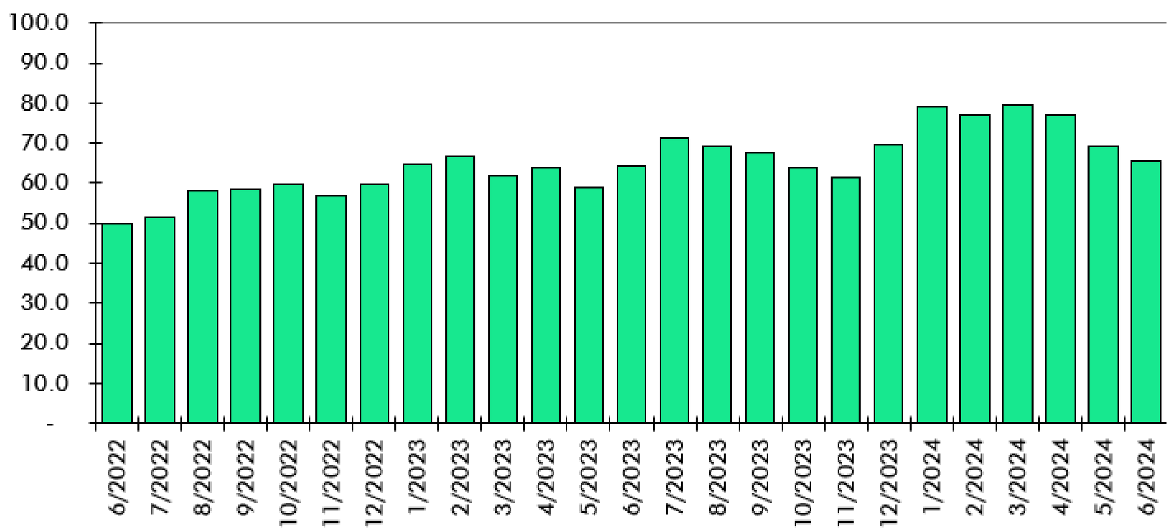
Outlook

The Phoenix MSA continues to solidify itself as one of the top performing retail markets in the nation as it has added nearly 300,000 new residents since the end of 2019 and boasts an unemployment rate more than 100 bps below the national average as of May 2024. The robust job market and standout population growth bolstered consumer spending, which in turn, has driven retail demand to new heights. Despite the recent uptick in vacancy, the rate remains 400 below the metro's long-term average and Phoenix MSA ranks among the tightest retail markets in the nation. With over 89% of all retail space under construction already pre-leased, supply pressure will be minimal, which should keep vacancy compressed while promoting additional rent growth over the coming quarters. Looking further ahead, projections suggest the Phoenix MSA will gain more than 700,000 new residents over the next decade. This demographic growth will help the metro sustain this momentum over the mid-to-long term. However, speculative construction levels will likely need to increase over time to help meet the rising tenant demand in this rapidly growing metropolitan area. It is becoming progressively more difficult for new or expanding tenants to find high quality space that fits their business needs in this tight market.

Consumer Sentiment Indices

The University of Michigan Surveys of Consumers is a rotating panel survey based on a nationally representative sample that gives each household in the coterminous U.S. an equal probability of being selected. Interviews are conducted throughout the month by telephone. The minimum monthly change required for significance at the 95% level in the Sentiment Index is 4.8 points.

INDEX OF CONSUMER SENTIMENT



Source: University of Michigan Surveys of Consumers

According to University of Michigan economist and director of surveys, Joanne Hsu from the preliminary June 2024 results: Consumer sentiment was little changed in June; this month's reading was a statistically insignificant 3.5 index points below May and within the margin of error. Sentiment is currently about 31% above the trough seen in June 2022 amid the escalation in inflation. Assessments of personal finances dipped, due to modestly rising concerns over high prices as well as weakening incomes. Overall, consumers perceive few changes in the economy from May.

Year-ahead inflation expectations were unchanged this month at 3.3%, above the 2.3-3.0% range seen in the two years prior to the pandemic. Long-run inflation expectations inched up from 3.0% last month to 3.1% this month; the June reading should be interpreted as essentially unchanged from May. Long-run inflation expectations have been remarkably stable over the last three years but remain elevated relative to the 2.2-2.6% range seen in the two years pre-pandemic.

All of these patterns are visible when looking at trends within phone interviews alone or web interviews alone, and thus they are not artifacts of the survey's methodological transition. The considerable improvement in sentiment—31% since the historic low in June 2022, concurrent with the easing in realized inflation—has been uneven across the population. Since June 2022, sentiment for consumers with the top tercile of incomes rose 56%, in contrast to 29% for the middle tercile and only 11% for the lowest tercile. These sharp differences by income are largely attributable to the differing impact of post-pandemic inflation on the three groups. The chart plots the share of consumers spontaneously mentioning that high prices are eroding their personal finances. Generally, lower-income consumers tend to voice these complaints more frequently than higher-income consumers, who typically have the resources to buffer against higher prices. The run-up in inflation in 2021 and 2022 saw a sharp increase in mentions and a convergence across income groups; by June 2022, about half of all three income groups mentioned the pain of high prices.

Over the past year, however, a divergence by income has re-appeared. Although high price complaints have generally fallen since 2022 for higher-income consumers, these complaints have continued largely unabated during this period for those with lower incomes. While lower-income families have, as a group, seen notable wage gains in a strong labor market, their budgets remain tight amid continued high prices even as inflation has slowed. The views of middle-income consumers resemble those of their lower-income counterparts, a departure from historical patterns in which their mentions are squarely in between those of higher- and lower-income consumers. Despite the enduring high price concerns, lower- and middle-income consumers are fully aware that inflation has eased over the past two years, as reflected in the fact that all three income groups saw large declines in one-year inflation expectations since June 2022.

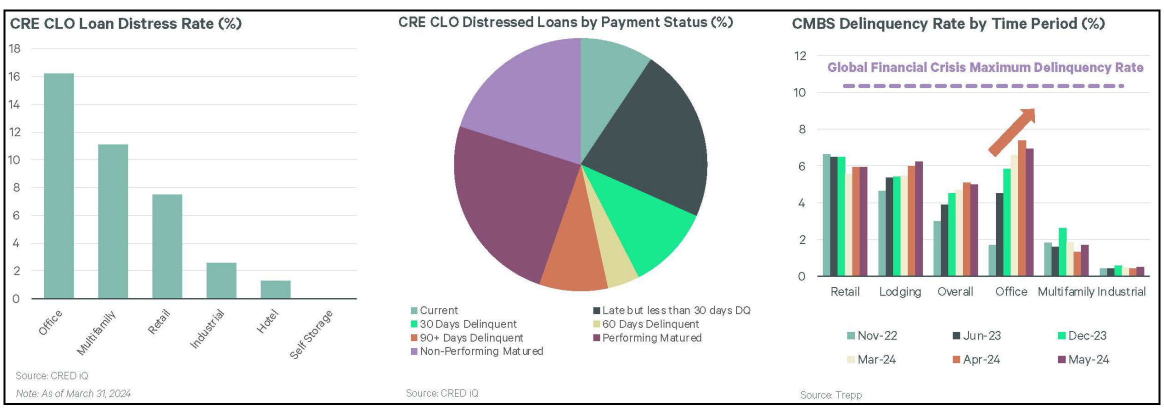
The dramatic improvement in attitudes among higher-income consumers over the past two years may mitigate some of the downside risks to the economy, given that this group is responsible for the lion’s share of consumer spending. While strong labor markets have blunted some of the impact of high prices on lower- and middle-income consumers in recent years, the continued challenges they face should not be ignored.

Investment Trends

Capital Markets & Commercial Real Estate

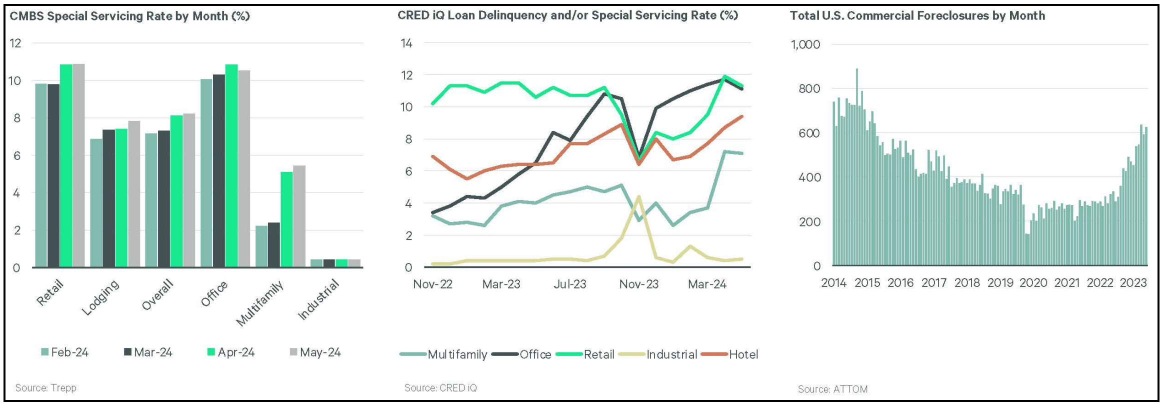
CBRE Econometric Advisors Quarterly Chartbook offers the following overview of capital markets and commercial real estate as of 2Q 2024.

The Inability to Refinance and Service Debt is Causing Distress



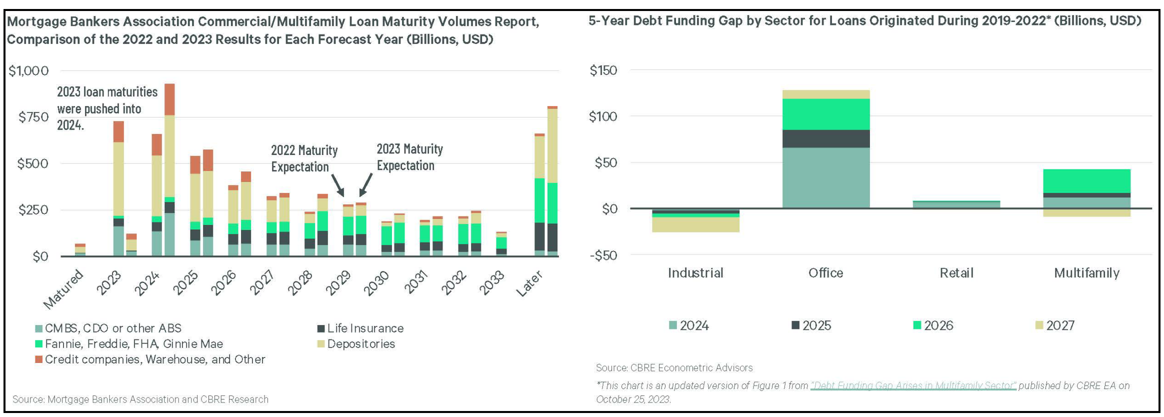
- Distress and special servicing rates have rapidly increased over the past year. According to CRED iQ, the distress rate for CRE CLO loans climbed from 7.4% at the end of 2023 to 10.2% at the close of Q1. This is due to the short-term and floating-rate nature of many of these loans. Of these distressed CRE CLO loans, approximately 20% are not performing and have already matured! The inability to find new financing is contributing to distress. Nearly 38% of CRE CLO loans are on a watchlist.
- The overall CMBS delinquency rate has risen to 5.1% from 3% in November 2022. Most of this increase is driven by the office sector. Presently, the CMBS delinquency rate sits well below the levels achieved during the Global Financial Crisis but is expected to continue climbing in the near-term.

Distress is up Across Public and Private Debt Markets



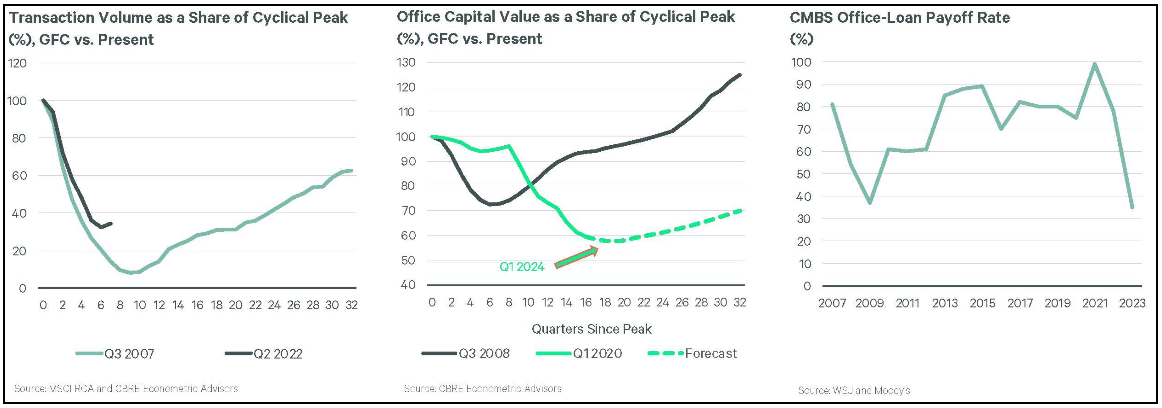
- The CMBS special servicing rate jumped 80 basis points (bps) in April, the largest increase since 2020. This was led by a significant spike in the multifamily rate. This increase in distress was supported by multiple sources. CRED iQ found the distress rate for multifamily increased due in part to a loan backed by a 3,221-unit multifamily property in San Francisco going into special servicing. The large spike in industrial delinquency in November of 2023 was attributable to a $2.2 billion portfolio that failed to pay off at maturity but later became current.
- An analysis by ATTOM found total U.S. commercial foreclosures increased from 141 in May 2020 to 625 in March 2024. The trend began to turn in 2023 when the Fed's base rate began to push well past 4%. The recent spike was led by California where foreclosures increased 405% on an annual basis.

Massive Loan Extensions into 2024 Suggest More Distress Lies Ahead



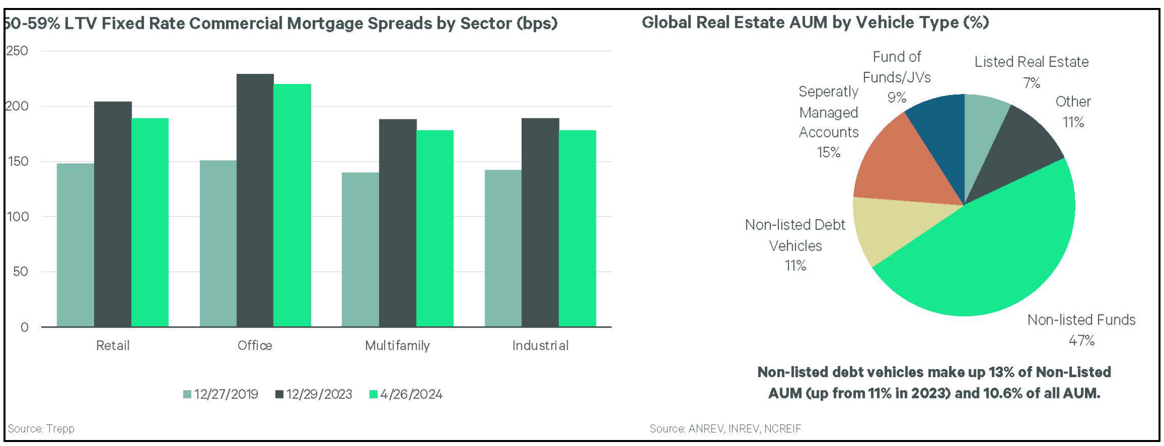
- The 2022 MBA Commercial/Multifamily Loan Maturity Volumes report (left-hand bars) had more than $600 billion set to mature in 2024. The more recent 2023 report (right-hand bars) now shows extensions boosted expected 2024 maturities to $929 billion. More than 83% of the 2023 maturities appear to have been extended!
- To be sure, these extensions have contributed to a significant volume of office maturities in 2024. A key concern is that many of these maturing loans will have a financing gap, especially within the office sector, which we estimate has a gap of $127 billion. This is causing distress as investors with negative equity exercise their valuable option to default. Although not as large, we see a gap of roughly $34 billion for the multifamily sector. We assumed 84% of the 2023 funding gap is extended into 2024.

Office Capital Markets has Some Similarities to 2008



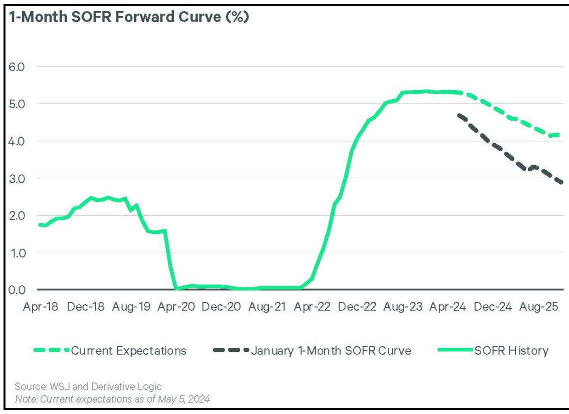
- As a percentage of peak transaction volume, the current situation is slightly less illiquid than the GFC. As of Q1 2024, office sales volume was 34% of the peak volume in Q2 2022. The comparable period during the GFC, when credit markets were frozen, saw only 14% of peak volume.
- The serious situation facing the office sector is reminiscent of the Global Financial Crisis, but with important differences. The GFC was characterized by a steep one-year decline in office values followed by a quick recovery, whereas our forecasted losses are deeper and longer lasting due to both a structural change in demand and higher borrowing costs.
- Moody's reported the rate at which office loans backing CMBS pools pay-off at maturity is at the lowest level since they started tracking the data in 2007.

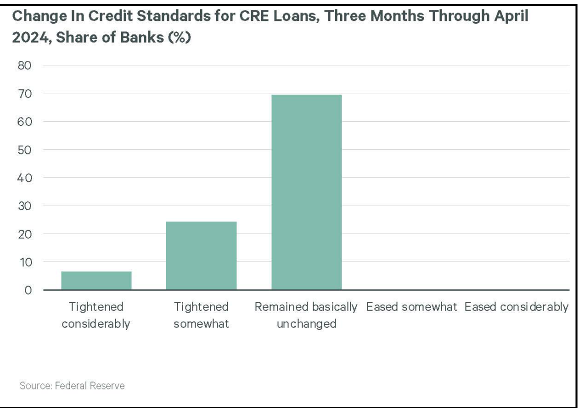
Imbalance in Supply and Demand for Credit Presents Opportunities



- Although they have moderated to start the year, an analysis by Trepp found spreads on fixed-rate commercial mortgages with LTVs between 50% and 59% have increased considerably since the end of 2019. The office sector in particular saw spreads climb from 151 to 220 bps over treasury yields.
- Investors have taken notice, raising multiple billion-dollar funds specifically for debt investments. Still, the $42.7 billion in dry powder held by CRE debt funds pales in comparison to the size of the wall of maturity the market is facing. There will be plenty of opportunities available for private investors such as family offices.
- Non-listed debt vehicles make up 13% of the non-listed real estate, up from 11% in 2023.

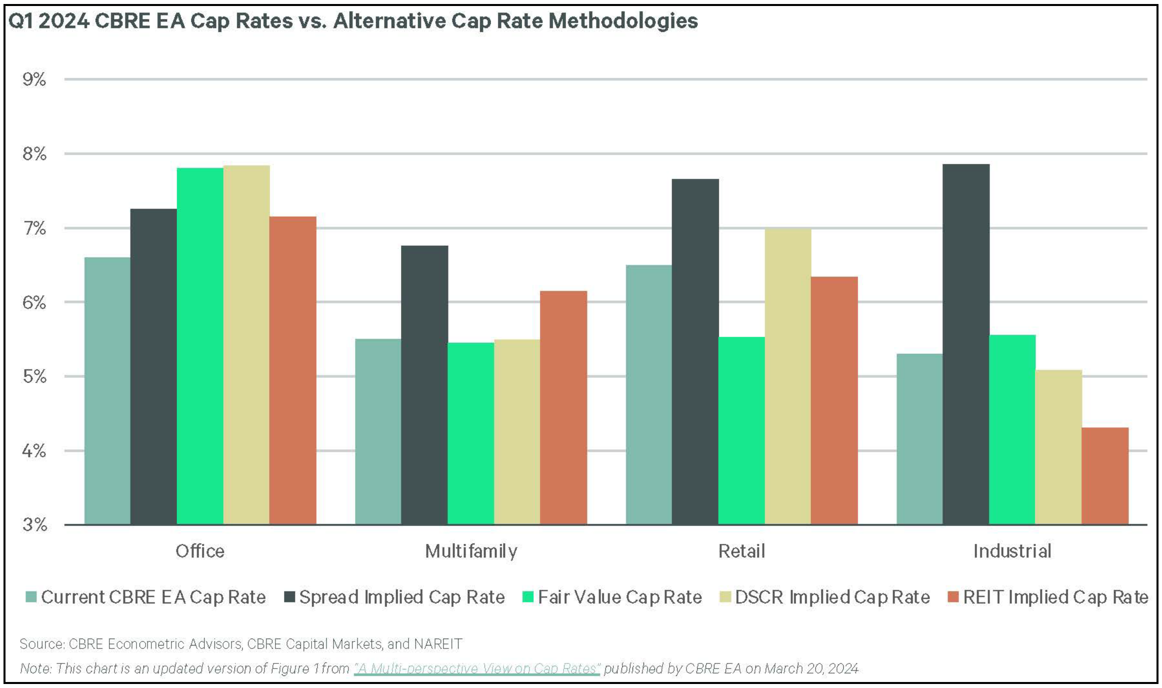
What is Holding Liquidity Back? Expensive and Rigid Credit Markets





- CRE professionals report high interest rate levels, debt availability, and wide bid-ask spreads as key factors limiting transaction volume. Regarding the high cost of capital, expectations for several rate cuts in 2024 have been dashed by stronger inflation and economic growth. Financial market are now pricing in only one or two cuts.
- The April 'Senior Loan Officer Opinion Survey' shows CRE lending standards either remained unchanged or tightened. Within the same survey, banks reported lower demand for CRE loans mainly due to higher rates.

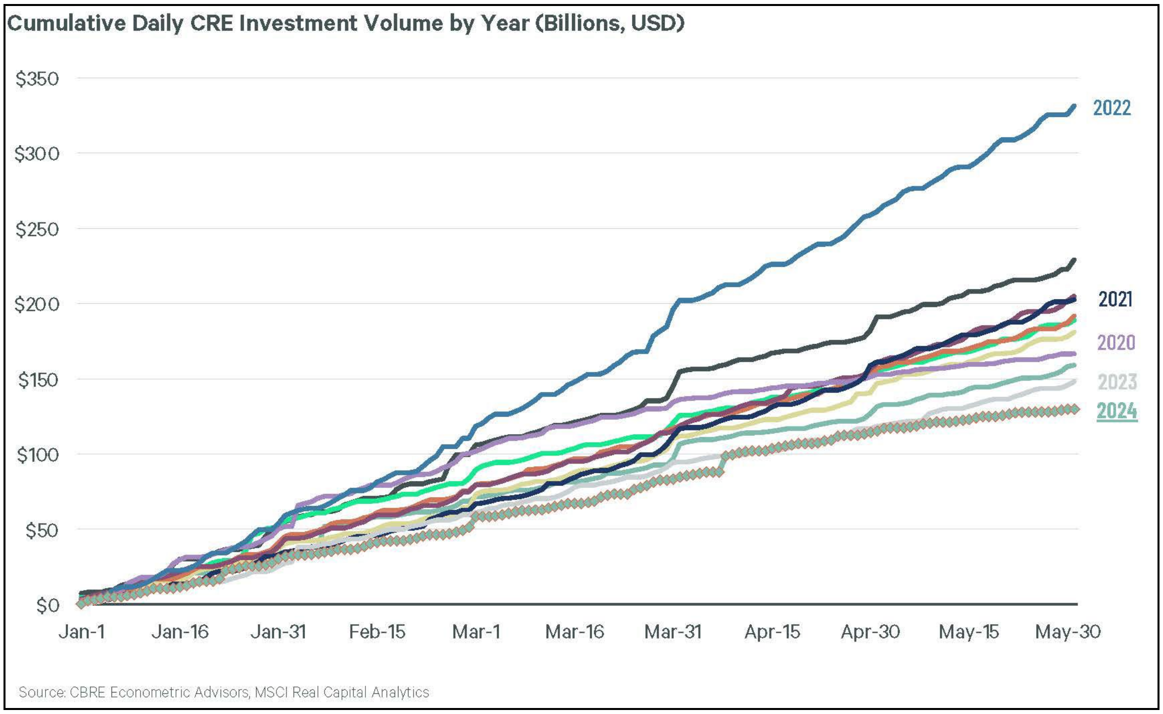
What is Holding Liquidity Back? Understanding Where Pricing is



- There are a few ways to estimate cap rates. Each method provides unique insight into what different participants believe is valuable. This graphic compares CBRE EA estimated cap rates against other cap rate estimates:
  - Treasury spread-implied cap rate;
  - Fair-value (Gordon Growth model) cap rate;
  - DSCR-implied cap rate;
  - REIT-implied cap rate.

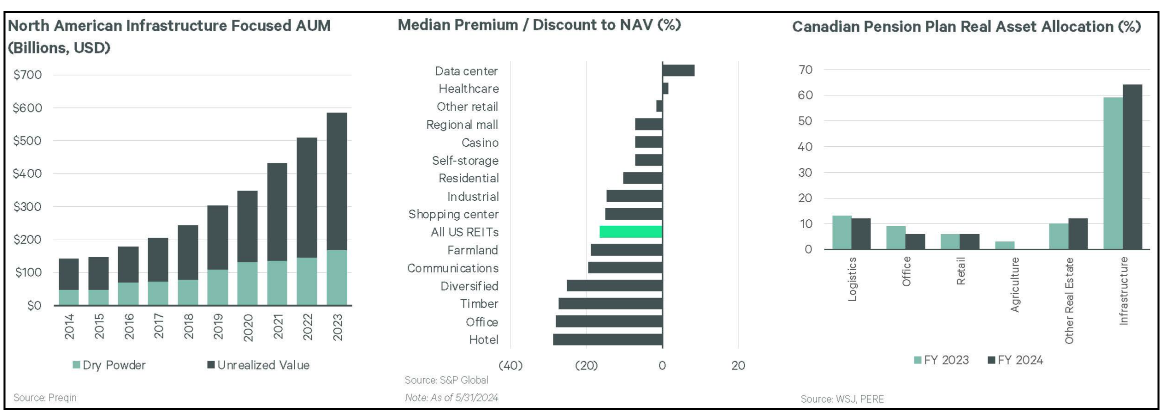
- This graph suggests that CBRE EA office and multifamily yields have more room for expansion, given the other estimates. Retail and industrial seem to have the most appropriate pricing currently.
- Upshot: Incorporating different price signals can highlight where pricing should be.

"Survive until 2025" might just be right



- Year-to-date investment volume is plagued by wider bid-ask spreads, higher interest rate levels, lack of debt availability, and a general mood of uncertainty. Many market participants expected investment volumes to start recovering by H2 2024; however, the slowest start in recent history suggests a more robust increase in sales volume will be delayed until 2025.

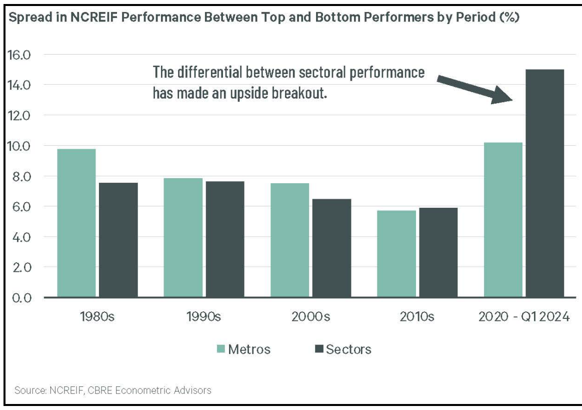
Meanwhile, Capital is Increasing its Allocation to Other Real Assets

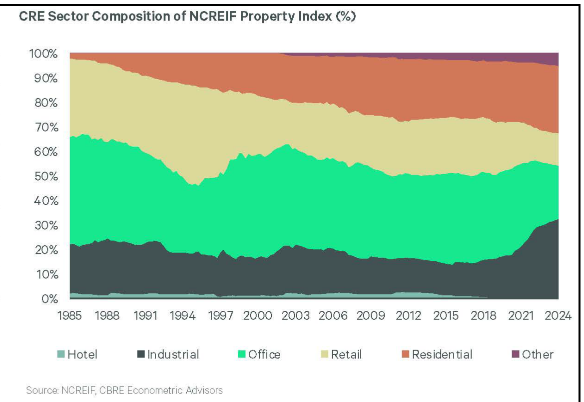


- Several broader trends are attracting capital to niche real assets: **1)** The transition to green energy; **2)** Poorly-maintained and aging public infrastructure; **3)** Growing demand for data storage and computing power to service AI tools. Investing into these opportunities can deliver attractive yields, inflation-linked cash flows, and portfolio diversity.

- Demand for data centers has driven optimism in both public and private markets. Indeed, data centers is one of the two REIT sector to trade at a premium to NAV.
- One major example of a pension fund increasing their allocation to infrastructure is the Canadian Pension Plan which increased their target infrastructure allocation from 59% to 64% of their real asset portfolio at the expense of logistics and office investments.

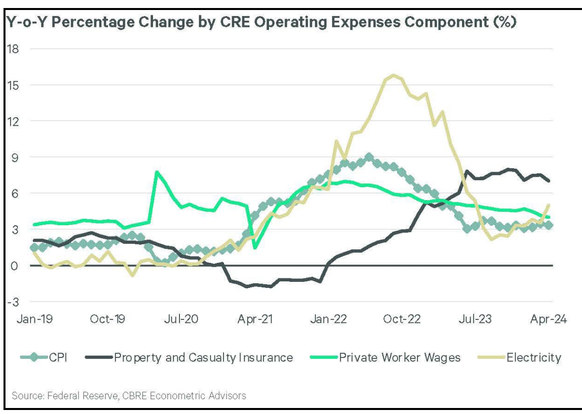
Historically, Market Selection Matters More than Sector Selection

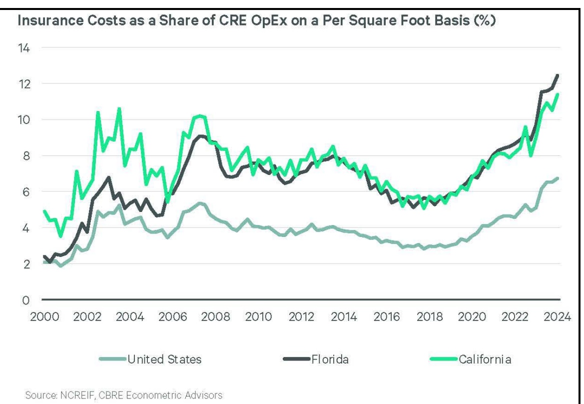




- Historically, metro selection has driven slightly greater outperformance compared to sector selection. Since 2020, this has not been the case due in part to the divergence in industrial and office returns.
- Structural shifts across entire sectors are causing allocations to change. Since 2016 industrial's composition increased at the expense of offices and this pattern accelerated since 2020. Although 'Other', such as data centers, accounts for just 5% of the NPI this represents a doubling from 2015 levels. Strong income returns is poised to redirect more capital to these market niches.

Operating Expenses – Especially Insurance Costs - Are Up





- Several key inputs for CRE OpEx have increased far faster than overall CPI in recent years. Rising expenses eat into NOIs and lower total returns.
- Of notable concern are insurance costs as a share of CRE OpEx in sensitive places, such as Florida and California. As the risks associated with major weather events are expected to increase, insurance costs are poised to remain heightened across several geographic areas.
- As interest rates fall and certain expenses continue to grow rapidly, the NPV of investments in properties to reduce expenses will increase.

PWC Real Estate Investor Survey

The *PwC Real Estate Investor Survey, Second Quarter 2024*, published by PwC, reports for second quarter 2024, the average overall capitalization (cap) rate increases in 32 Survey markets, declines in six, and holds in three compared to last quarter. For all markets, the quarterly average shift is a 25-basis-point increase. The average annual change is a 100-basis-point increase.

Over the next six months, most investors expect overall cap rates to increase in the greatest portion of markets (18 of them) while they expect rates to hold steady in the second-highest portion (16 markets).

While most average overall cap rates remain lower for CBD submarkets than for their suburban counterparts, the Dallas, Phoenix, and Seattle office markets post the reverse this quarter. As a whole, the spread between the average overall cap rates for the CBDs versus the suburbs continues to shrink, declining from 72 basis points in first quarter of 2023 to 42 basis points this quarter.

PwC Real Estate Barometer

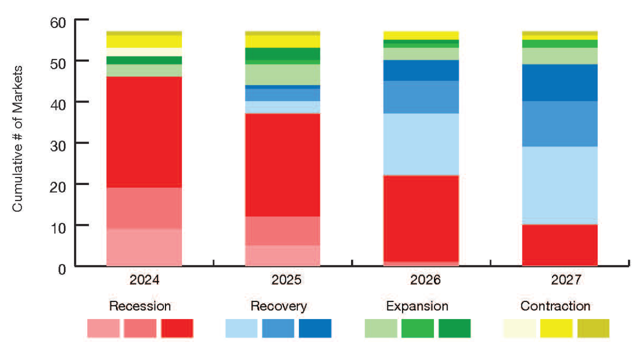
Real estate cycles vary across markets and geographic areas, as well as within markets and geographic locations based on property type – office, retail, industrial, and multifamily. This observation means that national cycles differ for the same property type across individual markets. It also means that within a specific location, the cycle for each property type can be in a different phase at any given time.

An in-depth analysis of historical and forecast stock data provided by CBRE Economic Advisors and Reis allows us to gauge each sector's likely shifts over the near term. The results of our research are shown in Charts REB-1 through REB-4. The charts represent the cumulative number of U.S. metros analyzed for each property type and the aggregate positions in our barometer analysis. Individual barometer readings for U.S. regions, as well as various metros, are shown for each sector in Forecast-1 through Forecast-4.

Office

For the rest of 2024, the U.S. office sector is forecasted to continue to feel the negative impact from indecision on the part of tenants and enduring hybrid work trends. By year-end 2024, 81.0% of the 57 metros analyzed are expected to be in the recession phase of the real estate cycle (see Chart REB-1). Only five office metros are likely to be in expansion at some point this year – Cleveland, Fort Lauderdale, Honolulu, Riverside, and West Palm Beach.

Chart REB-1
PwC REAL ESTATE BAROMETER
U.S. Office Markets - 2024 to 2027



Source: Data provided by CBRE, compiled and analyzed by PwC

Retail

The recovery phase of the real estate cycle is expected to increasingly dominate the U.S. retail sector over the next four years (see Chart REB-2). By the end of 2025, more than half of the metros analyzed are forecasted to be in recovery – growing to 60.0% for both 2026 and 2027. While few retail metros will be in the expansion phase over this time, metros that hold this distinction include Colorado Springs, Louisville, Kentucky, and Portland, Oregon.

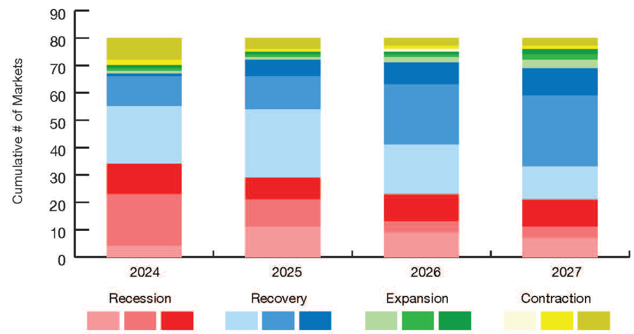
Industrial

A slowdown in leasing activity and higher-than-average additions to supply have moved supply ahead of demand in many metros across the U.S industrial sector, leading to increasing vacancy rates and lower rental growth. Over the next four years, the contraction phase of the real estate cycle is expected to characterize most of this sector (see Chart REB-3). The second-largest portion of metros will be in recession, including Seattle and Riverside, California.

Multifamily

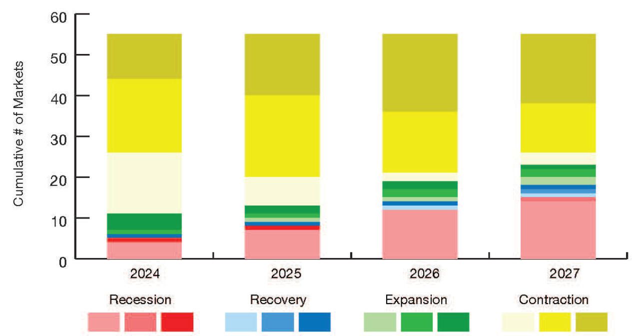
While most metros in the U.S. multifamily sector should be in contraction by year-end 2024, expansion will lead this sector in 2025 and 2026 (see Chart REB-4). Metros forecasted to be in the expansion phase through 2027 include Houston, Jacksonville, and Providence. The number of metros in recession declines through 2027 while the number of them in recovery increases.

Chart REB-2
PwC REAL ESTATE BAROMETER
U.S. Retail Markets - 2024 to 2027



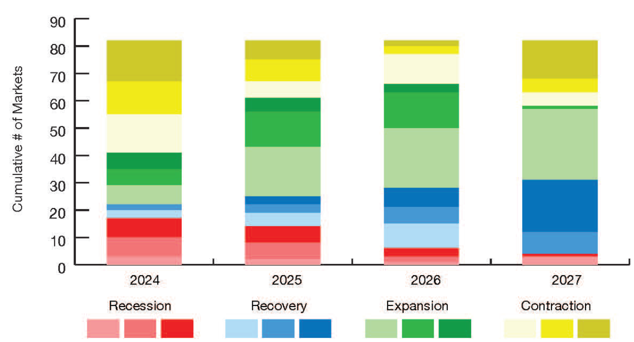
Source: Data provided by Moody's Analytics, compiled and analyzed by PwC

Chart REB-3
PwC REAL ESTATE BAROMETER
U.S. Industrial Markets - 2024 to 2027



Source: Data provided by CBRE, compiled and analyzed by PwC

Chart REB-4
PwC REAL ESTATE BAROMETER
U.S. Multifamily Markets - 2024 to 2027



Source: Data provided by Moody's Analytics, compiled and analyzed by PwC

Relevance to the subject

In the current environment, we would anticipate the subject receiving a typical level of interest. Market criteria are reflected in our analysis, which incorporates current investor rate and return requirements.

Conclusion

Based on the available information and the analysis presented herein, the immediate area surrounding the subject property is projected to experience growth in household formation and income levels and retail expenditures are expected to remain relatively stable into the foreseeable future. The commercial/retail industry is healthy, following years of growth and historically high profit levels. Given the area demographics, demand for comparable properties and the subject should continue. Overall, the supply and demand trends at this time remain in balance for the commercial and retail market segments, with continued demand for new facilities evidenced and reported by market participants.

Highest and Best Use

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed below.

As Vacant

Legal Permissibility

The legally permissible uses were discussed in the Site Analysis and Zoning Sections. To our knowledge, there are no deed restrictions that negatively affect the subject. The only legal restrictions consist of the Phoenix zoning and development ordinance requirements of C-3, General Commercial district. This zoning category has a broad range of uses from limited to general commercial, retail, wholesale and material storage uses to multi-family residential development. Legally permissible uses include a variety of commercial and retail uses along with single-family attached and multi-family development as allowed by zoning.

Physical Possibility

The subject is adequately served by utilities, and has an adequate shape and size, sufficient access, etc., to be a separately developable site. There are no known physical reasons why the subject site would not support any legally probable development. The size of the site allows for a broad number of small commercial and residential development.

Financial Feasibility

The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. With respect to the legal uses for the subject site, the local commercial/retail market is generally active and Phoenix MSA continues to one of the top performing retail markets in the nation. Overall vacancy in the subject's submarket (North Phoenix) continues to remain stable at an average vacancy rate of 6.8% and lease rates are trending upward. New development continues to be built in the submarket with 16,328 square feet currently under construction and 2,400 square feet recently completed. Development of a build-to-suit structure for a specific tenant/owner would be financially feasible.

Maximum Productivity - Conclusion

The final test of highest and best use of the site as vacant is that the use be maximally productive, yielding the highest return to the land. Based on the information presented above and the data and analysis contained in the market and neighborhood analysis, we conclude that the highest and best use of the subject site is retail development that does not require immediate frontage to arterial traffic. As noted, the subject fronts along a collector street just south of the intersection of Dunlap Avenue (an arterial) and 3rd Street. Potential uses include automotive services and repair, wholesale retail and material storage, and contractor shops and services. Considering that the subject lacks immediate arterial frontage, we have also considered the potential for multi-family residential development. As noted, the subject's C-3 zoning allows for R-5 zoning uses, which in fact subject is adjacent to R-5 zoning to the south. The subject could easily be treated as a transitional buffer between commercial and residential development.

The relatively small size of the site, its location south of the intersection of Dunlap Avenue and 3rd Street, its proximity to employment centers and businesses, and given the small amount of inventory of commercial and multi-family residential lots within the neighborhood suggests a commercial development with potential for multi-family residential development allowed by R-5 zoning provides maximum productivity of the site. As will be demonstrated in the land valuation section, we have included both commercial and multi-family residential land sales and found no significant difference in price per square foot between the two uses.

Our analysis of the subject and its respective market characteristics indicate the most likely buyer would be an investor (land speculation) or developer.

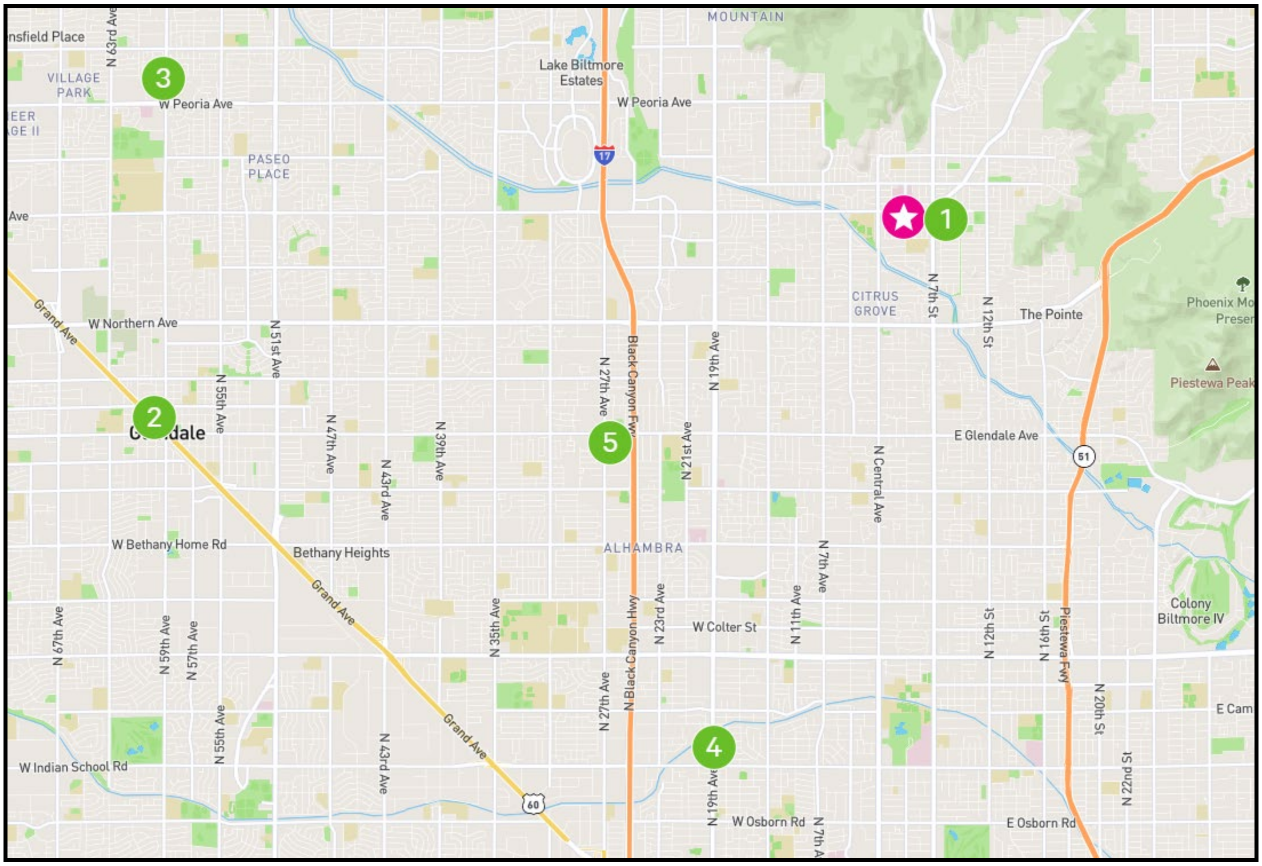
Land Value

The Sales Comparison Approach compares the subject lots, with recent bulk lot sales considered to be similar. This approach is based on the principle of substitution, which states ". . . the value of a property tends to be set by the price that would be paid to acquire a substitute property of similar utility and desirability."

The vacant land sales are compared to the subject site on a price per net square foot basis. This unit of comparison is most typical in the valuation of land zoned and designated for industrial use. Each sale comparison was related to the subject site in terms of the following factors:

1. *Real Property Rights Conveyed*
2. *Financing Terms*
3. *Conditions Of Sale*
4. *Market Conditions (Date Of Sale)*
5. *Location*
6. *Physical Characteristics*
7. *Zoning*
8. *Highest And Best Use*

In determining the market value of the subject site, and based on its highest and best use, similar industrial land sales were analyzed. **Given the subject site is zoned and designated for commercial use by the City of Phoenix, the search for comparable sales was limited to vacant land parcels acquired for commercial-oriented use. Given the relatively limited amount of commercial land sales within the subject market area, in addition the commercial land sales, we included two multi-family land sales.** *Aerial photographs and current photographs of each land sale are presented on the following pages. Land sale data sheets are included in the Addenda. A location map and a table summarizing pertinent information for each sale are presented on a subsequent page.*



SUMMARY OF COMPARABLE LAND SALES

No.	Property Location	Transaction Type	Transaction Date	Zoning	Actual Sale Price	Size (Acres)	Size (SF)	Price Per SF
1	0.58-Acre Multi-Family Parcel 8910 North 8th Street Phoenix, AZ 85020	Sale	May-24	R-4, Multi-Family 29.00 Dwellings/Acre	$360,000	0.58	25,132	$14.32
2	0.63 Acres of Commercial Land 5954 West Grand Avenue Glendale, AZ 85301	Sale	Jun-24	C-2, General Commercial	$315,000	0.63	27,333	$11.52
3	1.61 Acres of Commercial Land NWC of 60th Avenue and 59th Avenue Glendale, AZ 85304	Sale	Jul-24	PAD, Planned Area Development District	$915,000	1.61	70,198	$13.03
4	0.18 Acres of Commercial Land 4209 North 19th Avenue Phoenix, AZ 85015	Sale	Aug-24	C-2, Intermediate Commercial	$175,000	0.18	7,911	$22.12
5	0.97-Acres Multi-Family Lot 6819 North 27th Avenue Phoenix, AZ 85017	Escrow	Aug-24	R-5, Multi-Family Res 43.50 Dwellings/Acre	$649,000	0.97	42,080	$15.42
Subject	8930 North 3rd Street Phoenix, AZ 85020	---	---	C-3, General Commercial	---	0.72	31,250	---

Compiled by CBRE

The sales utilized represent the best data available for comparison with the subject and were selected from the greater Phoenix area. These sales were chosen based on location, size, zoning, speculative nature and highest and best use.

Discussion/Analysis of Land Sales

Land Sale One

This comparable is the sale of a 0.58-acre parcel of land located at 8910 North 8th Street in Phoenix, Arizona. The site is currently in raw condition and undeveloped with generally level topography within. The site is currently zoned R-4, Multi-Family. The property sold in May 2024 for $360,000, or $14.32 per square foot. No offsite infrastructure will be required upon development.

Land Sale Two

This comparable is the sale of 0.63 acres of commercial land located at 5954 West Grand Avenue in Glendale, Arizona. The site is currently in raw condition and undeveloped with generally level topography and situated along the north side of Grand Avenue. The site is currently zoned C-2, General Commercial. The property sold in June 2024 for $315,000, or $11.52 per square foot. No offsite infrastructure will be required upon development.

Land Sale Three

This comparable is the sale of 1.61 acres of PAD land located at the NWC of 60th Avenue and 59th Avenue in Glendale, Arizona. The site is in raw condition and situated along the northwest corner of 60th Avenue and 59th Avenue. The property sold in July 2024 for $915,000, or $13.03 per square foot. No offsite infrastructure will be required upon development.

Land Sale Four

This comparable is the sale of 0.18 acres of commercial land located at 4209 North 19th Avenue in Phoenix, Arizona. The site is currently in raw condition and undeveloped with generally level topography and situated along the east side of 19th Avenue. The site is currently zoned C-2, Intermediate Commercial. The property sold in August 2024 for $175,000, or $22.12 per square foot. No offsite infrastructure will be required upon development.

Land Sale Five

This comparable is the sale of 0.97 acres of commercial land located at 6819 North 27th Avenue in Phoenix, Arizona. The site is currently in raw condition and undeveloped with generally level topography and situated along the east side of 27th Avenue. The site is currently zoned R-5, Multi-Family. The property is currently in escrow at $671,842, or $15.42 per square foot. No offsite infrastructure will be required upon development.

Elements Of Comparison

Real Property Rights Conveyed

The real property rights conveyed in each comparable is the fee simple interest, which is consistent with the property rights of the subject property being appraised; therefore, no adjustments for property rights conveyed are indicated.

Financing Terms

The market value opinion for the subject property is based on all-cash, or cash-equivalent financing. Cash transactions typically sell for less than those sales which involve favorable financing terms such as below market interest rates, buy downs, wraparound mortgages, interest only loans, etc. Therefore, cash equivalency adjustments must be made to sales involving favorable financing terms. Since all comparables represent cash-to-seller or cash equivalent transactions, no adjustments for financing terms are required.

Conditions Of Sale

An adjustment for conditions of sale is used to reflect the motivations of buyers and sellers in sales that are not arm's-length transactions, due to duress, special relationships, or unusual circumstances. Since all seven comparables represent arm's-length transactions with no atypical circumstances reported, no adjustments are required.

Market Conditions

The comparables included in this analysis date between May 2024 and August 2024. Market conditions have somewhat deteriorated over the last year and a half with higher interest rates but as The Fed has continued to pause any further interest rate hikes, it is assumed the market will stabilize. Further the sales are represent current market activity warranting no measurable adjustment for differences in market conditions.

Location

The subject property is located at 8930 North 3rd Street in North Phoenix. Comparables 2 and 3 are located within inferior performing submarkets, as evidenced by the lower average median home value and lower average household income. No location adjustments are applied to the remaining comparables as shown below.

LAND SALES LOCATION ADJUSTMENT ANALYSIS

Comparable Number	Subject	1	2	3	4	5
Address	8930 North 3rd Street	8910 North 8th Street	5954 West Grand Avenue	NWC of 60th Avenue and 59th Avenue	4209 North 19th Avenue	6819 North 27th Avenue
Radius for Demographic Analysis	5 Mile Radius	5 Mile Radius	5 Mile Radius	5 Mile Radius	5 Mile Radius	5 Mile Radius
2024 Households	151,382	149,094	165,867	153,786	184,024	186,573
2024 Average Household Income	$105,512	$107,404	$83,649	$88,635	$92,084	$88,336
AHI Relative to Subject	---	1.8%	-20.7%	-16.0%	-12.7%	-16.3%
2024 Median Value of Owner Occupied Housing Units	$464,194	$476,879	$339,492	$375,817	$412,329	$386,083
2024 % Renter Occupied Housing Units	41.8%	41.9%	39.8%	37.7%	49.5%	46.9%
2024 % College/Graduate Degree Age 25+	36.6%	38.0%	16.6%	22.8%	29.3%	27.1%
2024 Median Age	37.6	38.2	32.5	36.1	33.7	34.2
Indicated Qualitative Adjustment	---	**Similar**	**Inferior**	**Inferior**	**Similar**	**Similar**
Concluded Quantitative Adjustment	---	*0%*	*10%*	*10%*	*0%*	*0%*

Compiled by CBRE

Physical Characteristics

Adjustments for physical characteristics are necessary when the physical characteristics of a comparable property are different from those of the subject. Primary factors analyzed include site configuration, site size (net acres), access to utilities, and on-site and off-site development requirements.

Site Size

Typically, as the size of a site increases, the per square foot price decreases, which is primarily due to economies of scale, higher holding costs and greater risk of changes in initial investor assumptions due to a longer development time frame. Inversely, the per square foot price generally increases as the size of a given site decreases, due to the fact that more buyers have the ability to acquire smaller parcels, thus increasing demand for smaller parcels. On the other hand, if a parcel is too small development potential can be more limited which results in less prospective buyer demand. The subject lot encompasses 0.72 net acres. By comparison, the comparables range in size from 0.18 to 1.61 net acres. Comparable 3 warrants an upward adjustment of 10% for lager site size while Comparable 4 warrants a downward adjustment of 25% for smaller size site

Frontage and Exposure

The subject is situated within an interior location with limited exposure. Comparable 5 is located along 27th Avenue with good frontage and exposure warranting a downward adjustment. The remaining comparables are similar to the subject warranting no adjustments.

Site Configuration

The subject site has an rectangular configuration that is functional for development activity. Since all five comparables have configurations well suited for their oriented use, no adjustments are considered necessary.

Access to Utilities

As discussed, all utilities are available to the subject site. Since all comparables had similar access to utilities at the times of sale, no adjustments are considered necessary for this factor.

On-Site Development Requirements (Topography)

The subject site has a generally level topography and is not situated in a flood zone. Since all comparables had generally level topographies and are located outside of a flood hazard area, no adjustments are deemed necessary.

Off-Site Improvements

Since the exterior streets bordering the subject are fully improved, no substantial off-site improvements will be required upon development. Similarly, all the comparables sold with no significant off-site improvements required upon development, no adjustments are required for this category.

Zoning

The subject site is zoned and designated for commercial-oriented use. Comparables 2, 3, and 4 are similarly zoned and purchased for commercial development warranting no adjustments. Comparables 1 and 5 include high density multi-family designations warranting a slight upward adjustment.

Summary Of Elements Of Comparison

Several factors were considered in the land value analysis including real property rights conveyed, financing terms, conditions of sale, market conditions (time), location, physical characteristics, and zoning. Presented in the following table is a summary of the adjustments for each comparable.

Summary of Adjustments

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

LAND SALES ADJUSTMENT GRID						
Comparable Number	1	2	3	4	5	Subject
Transaction Type	Sale	Sale	Sale	Sale	Escrow	---
Transaction Date	May-24	Jun-24	Jul-24	Aug-24	Aug-24	---
Zoning	R-4, Multi-Family 29.00 Dwellings/Acre	C-2, General Commercial	PAD, Planned Area Development District	C-2, Intermediate Commercial	R-5, Multi-Family Res 43.50 Dwellings/Acre	C-3, General Commercial
Actual Sale Price	$360,000	$315,000	$915,000	$175,000	$649,000	---
Size (Acres)	0.58	0.63	1.61	0.18	0.97	0.72
Size (SF)	25,132	27,333	70,198	7,911	42,080	31,250
Price Per SF	$14.32	$11.52	$13.03	$22.12	$15.42	---
Price ($ PSF)	$14.32	$11.52	$13.03	$22.12	$15.42	
Property Rights Conveyed	0%	0%	0%	0%	0%	
Financing Terms [1]	0%	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	0%	
Market Conditions (Time)	0%	0%	0%	0%	0%	
Subtotal	$14.32	$11.52	$13.03	$22.12	$15.42	
Size	0%	0%	10%	-25%	0%	
Shape	0%	0%	0%	0%	0%	
Corner	0%	0%	0%	0%	0%	
Frontage	0%	0%	0%	0%	-5%	
Topography	0%	0%	0%	0%	0%	
Location	0%	10%	10%	0%	0%	
Zoning & Entitlements	5%	0%	0%	0%	5%	
Utilities	0%	0%	0%	0%	0%	
Highest & Best Use	0%	0%	0%	0%	0%	
Total Other Adjustments	5%	10%	20%	-25%	0%	**Average**
Value Indication for Subject	**$15.04**	**$12.67**	**$15.64**	**$16.59**	**$15.42**	**$15.07**
Absolute Adjustment	*5%*	*10%*	*20%*	*25%*	*10%*	
Compiled by CBRE						

Conclusion

The adjusted comparables support a market value range from $12.67 to $16.59 per square foot, with an average of $15.07 per square foot. Each of the sales have been considered; however, most weight is applied to Sale 1 which required the least absolute adjustments and located nearest to the subject.

The following table presents our valuation conclusion for the 0.72-acre site:

CONCLUDED LAND VALUE				
$ PSF		Subject SF		Total
$14.50	x	31,250	=	$453,125
$15.50	x	31,250	=	$484,375
Indicated Value:				**$470,000**
		(Rounded $ PSF)		$15.04
Compiled by CBRE				

Reconciliation of Value

In the sales comparison approach, the subject is compared to similar properties that have been sold recently or for which listing prices or offers are known. The sales used in this analysis are considered comparable to the subject, and the required adjustments were based on reasonable and well-supported rationale. In addition, market participants are currently analyzing purchase prices on investment properties as they relate to available substitutes in the market. Therefore, the sales comparison approach is considered to provide a reliable value indication.

After considering all facts available, subject to the underlying assumptions and limiting conditions included, it has been concluded the fee simple interest in the subject property had an "as is" market value as follows:

MARKET VALUE CONCLUSION

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is - Land	Fee Simple Estate	August 21, 2024	$470,000

Compiled by CBRE

Assumptions and Limiting Conditions

CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.

1. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
2. Unless otherwise expressly noted in the Report, CBRE has assumed that:
   (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.

   (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.

   (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.

   (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.

   (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.

   (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.

   (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.

   (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently, nor super-efficiently.

   (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.

   (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

(xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property, nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report and any conclusions stated therein. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

3. CBRE has assumed that all documents, data and information furnished by or on behalf of the client, property owner or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report and any conclusions stated therein. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
4. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including, without limitation, any termite inspection, survey or occupancy permit.
5. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
6. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. This Report has been prepared in good faith, based on CBRE's current anecdotal and evidence-based views of the commercial real estate market. Although CBRE believes its views reflect market conditions on the date of this Report, they are subject to significant uncertainties and contingencies, many of which are beyond CBRE's control. In addition, many of CBRE's views are opinion and/or projections based on CBRE's subjective analyses of current market circumstances. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections. Further, other firms may have different opinions, projections and analyses, and actual market conditions in the future may cause CBRE's current views to later change or be incorrect. CBRE has no obligation to update its views herein if its opinions, projections, analyses or market circumstances later change.
7. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
8. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge including, but not limited to, environmental, social, and governance principles ("ESG"), beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
9. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

10. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
11. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.
12. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
13. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
14. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

Addenda

Addendum A

Land Sale Data Sheets

Sale — Land - Multi Unit Residential — No. 1

Property Name	0.58-Acre Multi-Family Parcel
Address	8910 North 8th Street Phoenix, AZ 85020
County	Maricopa
Govt./Tax ID	160-03-077C
Area Measurement(NRA)	
Land Area Net	0.577 ac/ 25,132 sf
Land Area Gross	N/A/ N/A
Site Development Status	Raw
Utilities	To site
Maximum FAR	N/A
Max Allow Bldg Units/Density	N/A
Min Land Bldg Ratio	N/A
Shape	Rectangular
Primary Frontage	N/A
Secondary Frontage	N/A
Topography	Generally Level
Flood Zone Class	N/A
Flood Panel No./ Date	N/A
Zoning	R-4, Multi-Family 29.00 Dwellings/Acre
Entitlement Status	N/A
Proposed Use or Development	Multi-Family Development

Transaction Details

Type	Sale	Primary Verification	Cynthia L Jennings, 520-251-1540 Nexthome Complete Realty
Interest Transferred	Fee Simple	Transaction Date	05/25/2024
Condition of Sale	Arm's Length and reasonable	Recording Date	05/25/2024
Buyer Type	Private Investor	Sale Price	$360,000
Recorded Seller	FOOTPRINT PROPERTIES LLC	Financing	Cash to Seller
Marketing Time	8 Month(s)	Cash Equivalent	$360,000
Listing Broker	Cynthia L Jennings, 520-251-1540 Nexthome Complete Realty	Capital Adjustment	$0
Doc #	20240278522	% Interest Purchased	100%
		Adjusted Price	$360,000
		Adjusted Price / ac and / sf	**$623,917 / $14.32**
		Adjusted Price/ FAR	**N/A**
		Adjusted Price/ Unit	**N/A**

Comments

This comparable is the sale of a 0.58-acre parcel of land located at 8910 North 8th Street in Phoenix, Arizona. The site is currently in raw condition and undeveloped with generally level topography within. The site is currently zoned R-4, Multi-Family. The property sold in May 2024 for $360,000, or $14.32 per square foot. No offsite infrastructure will be required upon development.

Sale — Land - Retail / Commercial — No. 2

Property Name	0.63 Acres of Commercial Land
Address	5954 West Grand Avenue Glendale, AZ 85301
County	Maricopa
Govt./Tax ID	143-44-055B
Area Measurement(NRA)	
Land Area Net	0.628 ac/ 27,333 sf
Land Area Gross	N/A/ N/A
Site Development Status	Raw
Utilities	To site
Maximum FAR	N/A
Max Allow Bldg Units/Density	N/A
Min Land Bldg Ratio	N/A
Shape	Triangular
Primary Frontage	318 ft on Grand Avenue
Secondary Frontage	N/A
Topography	Generally Level
Flood Zone Class	N/A
Flood Panel No./ Date	N/A
Zoning	C-2, General Commercial
Entitlement Status	N/A
Proposed Use or Development	Commercial Development

Transaction Details

Type	Sale	Primary Verification	Joe Pequeno (602) 510-0003, NAI Horizon
Interest Transferred	Fee Simple	Transaction Date	06/28/2024
Condition of Sale	Arm's Length and reasonable	Recording Date	06/28/2024
Buyer Type	Private Investor	Sale Price	$315,000
Recorded Seller	NEW IMPACT MINISTRY	Financing	Cash to Seller
Marketing Time	3 Month(s)	Cash Equivalent	$315,000
Listing Broker	Joe Pequeno (602) 510-0003, NAI Horizon	Capital Adjustment	$0
Doc #	20240328334	% Interest Purchased	100%
		Adjusted Price	$315,000
		Adjusted Price / ac and / sf	**$501,992 / $11.52**
		Adjusted Price/ FAR	**N/A**
		Adjusted Price/ Unit	**N/A**

Comments

This comparable is the sale of 0.63 acres of commercial land located at 5954 West Grand Avenue in Glendale, Arizona. The site is currently in raw condition and undeveloped with generally level topography and situated along the north side of Grand Avenue. The site is currently zoned C-2, General Commercial. The property sold in June 2024 for $315,000, or $11.52 per square foot. No offsite infrastructure will be required upon development.

Sale | Land - Retail / Commercial | No. 3

Property Name	1.61 Acres of Commercial Land
Address	NWC of 60th Avenue and 59th Avenue Glendale, AZ 85304
County	Maricopa
Govt./Tax ID	143-02-002L
Area Measurement(NRA)	
Land Area Net	1.612 ac/ 70,198 sf
Land Area Gross	N/A/ N/A
Site Development Status	Raw
Utilities	To site
Maximum FAR	N/A
Max Allow Bldg Units/Density	N/A
Min Land Bldg Ratio	N/A
Shape	Irregular
Primary Frontage	350 ft on 59th Avenue
Secondary Frontage	N/A
Topography	Generally Level
Flood Zone Class	N/A
Flood Panel No./ Date	N/A
Zoning	PAD, Planned Area Development District
Entitlement Status	N/A
Proposed Use or Development	Commercial Development

Transaction Details

Type	Sale	Primary Verification	Beth Jo Zeitzer (602) 499-9621, ROI Properties, LLC
Interest Transferred	Fee Simple	Transaction Date	07/18/2024
Condition of Sale	Arm's Length and reasonable	Recording Date	07/18/2024
Buyer Type	Private Investor	Sale Price	$915,000
Recorded Seller	Han Robert Christy & Junghi Choe Christy	Financing	Cash to Seller
Marketing Time	52 Month(s)	Cash Equivalent	$915,000
Listing Broker	Beth Jo Zeitzer (602) 499-9621, ROI Properties, LLC	Capital Adjustment	$0
Doc #	20240380954	% Interest Purchased	100%
		Adjusted Price	$915,000
		Adjusted Price / ac and / sf	**$567,794 / $13.03**
		Adjusted Price/ FAR	**N/A**
		Adjusted Price/ Unit	**N/A**

Comments

This comparable is the sale of 1.61 acres of PAD land located at the NWC of 60th Avenue and 59th Avenue in Glendale, Arizona. The site is in raw condition and situated along the northwest corner of 60th Avenue and 59th Avenue. The property sold in July 2024 for $915,000, or $13.03 per square foot. No offsite infrastructure will be required upon development.

Sale — Land - Retail / Commercial — No. 4

Property Name	0.18 Acres of Commercial Land
Address	4209 North 19th Avenue Phoenix, AZ 85015
County	Maricopa
Govt./Tax ID	155-49-104D
Area Measurement(NRA)	
Land Area Net	0.182 ac/ 7,911 sf
Land Area Gross	N/A/ N/A
Site Development Status	Raw
Utilities	To site
Maximum FAR	N/A
Max Allow Bldg Units/Density	N/A
Min Land Bldg Ratio	N/A
Shape	Rectangular
Primary Frontage	90 ft on 19th Avenue
Secondary Frontage	N/A
Topography	Generally Level
Flood Zone Class	N/A
Flood Panel No./ Date	N/A
Zoning	C-2, Intermediate Commercial
Entitlement Status	N/A
Proposed Use or Development	Commercial Development

Transaction Details

Type	Sale	Primary Verification	Yessica Jasmin Arellano (602) 491-8112
Interest Transferred	Fee Simple	Transaction Date	08/07/2024
Condition of Sale	Arm's Length and reasonable	Recording Date	N/A
Buyer Type	Private Investor	Sale Price	$175,000
Recorded Seller	SUNSET PROPERTIES & ENTERPRISES	Financing	Cash to Seller
Marketing Time	1 Month(s)	Cash Equivalent	$175,000
Listing Broker	Yessica Jasmin Arellano (602) 491-8112, Occasio Realty	Capital Adjustment	$0
Doc #	Not yet recorded	% Interest Purchased	100%
		Adjusted Price	$175,000
		Adjusted Price / ac and / sf	**$963,656 / $22.12**
		Adjusted Price/ FAR	**N/A**
		Adjusted Price/ Unit	**N/A**

Comments

This comparable is the sale of 0.18 acres of commercial land located at 4209 North 19th Avenue in Phoenix, Arizona. The site is currently in raw condition and undeveloped with generally level topography and situated along the east side of 19th Avenue. The site is currently zoned C-2, Intermediate Commercial. The property sold in August 2024 for $175,000, or $22.12 per square foot. No offsite infrastructure will be required upon development.

Escrow — Land - Multi Unit Residential — No. 5

Property Name	0.97-Acres Multi-Family Lot
Address	6819 North 27th Avenue Phoenix, AZ 85017
County	Maricopa
Govt./Tax ID	156-01-048
Area Measurement(NRA)	
Land Area Net	0.966 ac/ 42,080 sf
Land Area Gross	N/A/ N/A
Site Development Status	Raw
Utilities	To site
Maximum FAR	N/A
Max Allow Bldg Units/Density	N/A
Min Land Bldg Ratio	N/A
Shape	Rectangular
Primary Frontage	100 ft on 27th Avenue
Secondary Frontage	N/A
Topography	Generally Level
Flood Zone Class	N/A
Flood Panel No./ Date	N/A
Zoning	R-5, Multi-Family Res 43.50 Dwellings/Acre
Entitlement Status	N/A
Proposed Use or Development	Multi-Family Development

Transaction Details

Type	Escrow	Primary Verification	Doug daCosta and Francine Dinh, Re/Max Excalibur Commercial, (602) 430-3788
Interest Transferred	Fee Simple	Transaction Date	08/15/2024
Condition of Sale	Arm's Length and reasonable	Recording Date	N/A
Buyer Type	N/A	Sale Price	$649,000
Recorded Seller	NGUYEN THU T	Financing	Cash to Seller
Marketing Time	N/A	Cash Equivalent	$649,000
Listing Broker	Doug daCosta and Francine Dinh, Re/Max Excalibur Commercial, (602) 430-3788	Capital Adjustment	$0
Doc #	N/A	% Interest Purchased	100%
		Adjusted Price	$649,000
		Adjusted Price / ac and / sf	**$671,843 / $15.42**
		Adjusted Price/ FAR	**N/A**
		Adjusted Price/ Unit	**N/A**

Comments

This comparable is the sale of 0.97 acres of commercial land located at 6819 North 27th Avenue in Phoenix, Arizona. The site is currently in raw condition and undeveloped with generally level topography and situated along the east side of 27th Avenue. The site is currently zoned R-5, Multi-Family. The property is currently in escrow at $671,842, or $15.42 per square foot. No offsite infrastructure will be required upon development.

Addendum B

Client Contract Information

City of Phoenix
FINANCE DEPARTMENT
REAL ESTATE DIVISION

August 9, 2024

Ms. Jo Dance, MAI, CCIM
CBRE Valuation
2575 East Camelback Road, Suite 500
Phoenix, AZ 85016

SUBJECT: One Appraisal – for the potential disposition of a 31,250 square foot vacant parcel of land located at 8930 North 3rd Street, Phoenix; APN: 160-50-079; CC: 8850110000; PM 1884; Project: Neighborhood Services - 3rd Street Parcel

Dear Mrs. Dance:

This letter is your authorization to complete an appraisal on the property referenced above. Your appraisal report must comply with the current edition of the Uniform Standards of Professional Appraisal Practice. The purpose of the appraisal is to develop an opinion of market value to assist in the potential asset disposition by the City of Phoenix. Please ensure the appraisal incorporates the Arizona definition of market value cited in ARS 28-7091.

Your stated fee for this work is $2,000.00. Please submit one copy of your appraisal report no later than August 23, 2024. If the report is 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 City Contract 21-038 and the City of Phoenix Appraisal Requirements (Rev. 01/2020) which were previously provided to you.

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

Sincerely,

Burton Byars

Burton Byars
Real Estate Project Manager
City of Phoenix

APPROVED:

JDance

Jo Dance, MAI, CCIM
Certified General Real Estate Appraiser No. 30249
Vendor #3539339 / Clerk #153703 / SRM # 4701007997

Addendum C

Qualifications

Steve E. Porter, MAI

CBRE

Vice President, Phoenix

T + 602 735 5116
M +480 259 9781
steve.porter2@cbre.com

2575 E. Camelback Rd.,
Suite 500
Phoenix, Arizona 85016

Clients Represented

- U.S. Dept. of Interior
- Trust for Public Lands
- Conservation Fund
- State of UT School Trust Lands
- State of Arizona
- Mutual of Omaha Bank
- California Bank & Trust
- Western Alliance Bank
- U.S. Bancorp
- National Bank of Arizona
- Zions First National Bank
- City of Henderson, NV
- Bank of Hope
- Academy Bank
- Celtic Bank
- Northern Arizona University
- First Horizon

This represents only a partial list of the clients served.

Experience

Steve Porter is a Vice President of the Valuation & Advisory Services within the Pacific Southwest Region in the Phoenix Office. Mr. Porter has over 25 years of real estate appraisal and consulting experience throughout the inter-mountain and southwest region, with primary experience in Arizona and Nevada. Mr. Porter is a designated member of the Appraisal Institute (MAI) and is licensed as a Certified General Real Estate Appraiser in the state of Arizona. He has also held licenses in the states of Nevada and Utah for over 20 years, along with temporary licenses in California, New Mexico and Colorado.

Prior to Joining CBRE in January 2018, Mr. Porter was manager of the Phoenix Office for RCS Appraisal Inc. from 2014 to 2017 providing valuation services for multiple commercial property types, specializing in going concerns, hospitality, senior housing facilities, and federal land valuations under the guidelines of the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA – Yellow Book). Mr. Porter has been an appointed Hearing Officer with the Washington County Board of Equalization in St. George, Utah, where he had served from 2003 to 2014. From 1994 to 2014, primary emphasis in appraisal services was in multiple family projects, subdivisions, master planned developments, and federal land acquisitions and exchanges. Current emphasis at CBRE has been the valuation of going concerns (fuel stations, car washes, restaurants, etc.), RV/mobile home parks, agribusiness, land and natural resource properties.

Representative Assignments

Last Stop Adventure Travel Center – White Hills, AZ
ARCO Am/Pm -Phoenix, AZ
TA Travel Center – White Hills, AZ
Chevron Chandler – Chandler, AZ
Kwik Corner Mobil – Phoenix, AZ
Chevron Food Mart & Dairy Queen – Overgaard, AZ
Terrible Herbst – Quartzsite, AZ

Shell Food Mart – Apache Jct., AZ
Road Trip Auto & Fuel – LHC, AZ
Dunlap Chevron – Phoenix, AZ
USA Gas – Parker, AZ
Biltmore Chevron, Phoenix, AZ
Shell Food Mart – Mesa, AZ
AZ Travel Plaza – Ehrenberg, AZ

Professional Affiliations / Accreditations

- Appraisal Institute – Designated Member (MAI), Certificate No. 494206
- Certified General Appraiser, State of Arizona, #31677

Education

- Brigham Young University, Provo, UT - Bachelors of Arts in Economics - 1994
- Utah State University, Logan, UT - Master of Business Administration - 1998

Department of Insurance and Financial Institutions

State of Arizona

CGA - 31677

This document is evidence that: **Steve E. Porter** has complied with the provisions of Arizona Revised Statutes, relating to the establishment and operation of a:

Certified General Real Estate Appraiser

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

Certified General Real Estate Appraiser

Steve E. Porter

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

Expiration Date : **October 31, 2024**

Jo Dance, MAI, CCIM

Managing Director, Arizona

CBRE

\+ 01 602-735-5686
M +01 602-361-6600
jo.dance@cbre.com

2575 East Camelback Road
Suite 500
Phoenix, AZ 85016

Clients Represented

- CBRE Capital Markets
- Western Alliance Bank
- Walker & Dunlop
- MidFirst Bank
- C-III Asset Management
- Opus Bank
- JLL
- HFF
- Bank of the West
- National Bank of AZ
- Bank of Oklahoma
- BBVA Compass
- PNC
- Citibank
- Washington Federal
- Blackstone
- StanCorp
- A10 Capital
- Starwood Capital
- VEREIT, Inc.
- CoBiz Bank
- First Bank
- East West Bank
- Bank OZK

Experience

Jo Dance serves as Managing Director of CBRE Valuation & Advisory Services, Pacific Southwest Division, where she leads a team of over 20 appraisal and consulting professionals in the Phoenix and Tucson offices. An accomplished 30-year real estate professional with extensive industry and management experience, she leads CBRE's efforts to provide exceptional outcomes for local, regional and global clients.

Working alongside a dedicated team of specialized experts, she works to elevate CBRE's best-in-class status by ensuring consistent, quality appraisal services. In her role as Managing Director, she coordinates all activities for Arizona, including overseeing new business development, client relations and appraisal quality control production.

She is licensed as a Certified General Appraiser in the states of Arizona, New Mexico and Nevada. Ms. Dance is a designated member of the Appraisal Institute (MAI and SRA) and holds a CCIM designation. Her appraisal experience spans a broad spectrum of real estate appraisals, rent analyses and market studies of commercial and multifamily residential properties. She has also provided litigation support and expert testimony in deposition and court in Arizona.

Professional Affiliations / Accreditations

- Appraisal Institute – Designated Member (MAI and SRA)
- CCIM Institute – CCIM designation
- Certified General Real Estate Appraiser, State of Arizona, No. 30249
- Certified General Real Estate Appraiser, State of New Mexico, No. 03242-G
- Certified General Real Estate Appraiser, State of Nevada, No. No. A.0206799-CG
- Licensed Real Estate Broker: State of Arizona (#BR505868000)

Education

- Arizona State University
  - Science in Business Administration, Production & Operations Management

Department of Insurance and Financial Institutions

State of Arizona

CGA - 30249

This document is evidence that: **JOLENE U. DANCE** has complied with the provisions of Arizona Revised Statutes, relating to the establishment and operation of a:

Certified General Real Estate Appraiser

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

Certified General Real Estate Appraiser

JOLENE U. DANCE

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

Expiration Date : **August 31, 2024**

Delivering more than just a number

At CBRE, we offer more than expert appraisal services, we consult and advise to help you see the full picture of a property or portfolio.

Valuation & Appraisal

Understand all aspects of value

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- Portfolio Valuations
- Institutional Fund Valuations
- Litigation Support & Testimony
- Right-of-Way & Eminent Domain
- Evaluations/Alternative Valuations

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Assessment & Consulting

Understand all aspects of value

- Property Condition Assessments
- Environmental Site Assessments
- Land Surveying
- Seismic Risk Analysis
- Radon, Asbestos, Indoor Air Quality
- Zoning Reports & Compliance

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Property & Transaction Tax

Understand all aspects of value

- Assessment Reviews & Appeals
- Real Estate Transaction Tax
- Property Tax Payment Services
- Pre-Acquisition Due Diligence
- Pre-Construction Due Diligence
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Quality You Can Count On

Reliable valuations depend on accurate insights. Our quality and risk management (QRM) framework ensures the highest-quality reports and analyses, giving you confidence in our calculations.

- Upfront conflict and qualification checks
- Embedded risk detection and leadership reviews
- Landmark training, practice guidelines and governance
- Dedicated, global team of QRM experts

Industry-leading people, data and technologies

Experience You Can Trust

CBRE is the global leader in commercial real estate services, with more than 100 years of industry experience. We provide unmatched market coverage and sector expertise across every dimension of our Valuation & Advisory Services, delivering insights you can't get anywhere else

90+	80K+	600k+	200+
U.S. Valuation Offices	U.S. Yearly Assignments	Global Yearly Assignments	Global Valuation Offices