

Exterior Building Color & Material Samples (Photo)

Color Drawdowns

Drainage Reports

TIMA

Abbreviated Water & Sewer Need Report

Archaeological Resources

Airport Vicinity Development Checklist

Parking Study

Parking Master Plan

Water Study

Wastewater Study

Stormwater Waiver Application

AN APPRAISAL REPORT OF

A 136,888 net square foot parcel of residential land
located north of Shea Boulevard and west of 124th Street
in Scottsdale, owned by The City of Scottsdale
Assessor's Parcel Number 217-29-036A



PREPARED FOR

Ms. Martha West
Senior Real Estate Manager
City of Scottsdale
7447 East Indian School Road, Suite 205
Scottsdale, AZ 85251

EFFECTIVE DATE OF THE APPRAISAL

April 20, 2017

PREPARED BY

Landpro Valuation
444 South Greenfield Road
Mesa, Arizona 85206
www.landprovaluation.com

FILE NUMBER

17.0146

13-AB-2017
12/06/17

May 3, 2017

Ms. Martha West
Senior Real Estate Manager
City of Scottsdale
7447 East Indian School Road, Suite 205
Scottsdale, AZ 85251

Re: An appraisal report of a 136,888 net square foot parcel of residential land located north of Shea Boulevard and west of 124th Street in Scottsdale, Arizona
Landpro Valuation File Number 17.0146

Dear Ms. West:

At your request, we have appraised the above-referenced real property. The objective of this appraisal is to provide an opinion of the market value of the subject property. The intended user of this appraisal is the City of Scottsdale. The intended use of this appraisal is in asset management decisions and should not be used for other purposes.

As a result of our investigation and analysis, it is our opinion that the market value of the property as of April 20, 2017, is **\$595,000.***

3.14 ACRES → \$189,490⁰⁰ ACRES

***Hypothetical Condition:** This appraisal is based on the following extraordinary assumption:

The subject property is improved with City of Scottsdale water storage improvements. The City plans to remove the improvements prior to selling the property. This appraisal is based on the hypothetical condition that the improvements have been removed.

Use of this hypothetical condition may have affected the assignment results.

This valuation is based upon the attached report and all of the assumptions and limiting conditions contained therein, including the understanding that we have no control of the use to which the report may be put by a subsequent reader of this report. Disclosure of the contents of this appraisal report is governed by the Bylaws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or the firm with which they are connected, nor any reference to the Appraisal Institute or the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without prior written consent and approval of the undersigned.

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

We certify, to the best of our knowledge and belief, that:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest or bias with respect to the parties involved.
4. We have performed no services, as appraisers or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our compensation for completing this assignment was not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
9. We have made an on-site inspection of the property that is the subject of this report.
10. No person provided significant real property appraisal assistance to the persons signing this certification.

11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, J. Douglas Estes has completed the continuing education program for Designated Members of the Appraisal Institute.

We appreciate the opportunity to assist you.

Respectfully submitted,

Draft

J. Douglas Estes, MAI, SRWA
Certified General Real Estate Appraiser
Certificate Number 30821, State of Arizona
Expires October 31, 2017

Ryan W. Melzer
Certified General Real Estate Appraiser
Certificate No. 31602, State of Arizona
Expires January 31, 2018

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SUMMARY OF APPRAISAL

Type of Property: Residential land

Location: North of Shea Boulevard and west of 124th Street, in Scottsdale, Arizona

Assessor's Parcel Number: 217-29-036A

Objective of the Appraisal: To provide an opinion of the market value of the property

Intended Use: Asset management decisions

Intended User: City of Scottsdale

Client: City of Scottsdale

Site Area: 136,888 Square feet/3.1425 acres

Flood Zone: Flood Zone X

Zoning: R1-43 (Single-family residential) ESL (Environmentally Sensitive Land), City of Scottsdale.

Highest and Best Use: Development of a residential use

Final Conclusion of Market Value: **\$595,000**

Date of Inspection: April 20, 2017

Effective Date of the Appraisal: April 20, 2017

Date of Report: May 3, 2017

ASSUMPTIONS AND LIMITING CONDITIONS

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

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

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

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

INTRODUCTION AND SCOPE OF THE APPRAISAL

Appraisal Problem

The City of Scottsdale owns the subject property and is considering selling it to the developer of the property adjacent east. This appraisal will be used by the City of Scottsdale in asset management decisions.

Identification of Property Appraised

Property Type

The property is a 136,888 square foot parcel of residential land.

Location

The property is located north of Shea Boulevard and west of 124th Street in Scottsdale, Arizona

Property Rights Appraised

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

Legal Description

According to Maricopa County public records, the subject property is legally described as follows:

LOT 29 OR E2 SE4 SW4 SW4 SEC 23 EX BEG AT SW COR SD LOT 29 TH N
ALG W LN SD LOT 301.97F TH S 72D 3 2M 08S E 345.63F TO PT ON E LN SD
LOT TH S ALG SD E LN 195.04F TO SE COR SD LOT TH W ALG S LN SD L
OT 329.64F TO POB

Assessor's Parcel Number

217-29-036A

Owner and Ownership History

According to public records, as of the effective date of the appraisal, the subject property is owned by The City of Scottsdale which has owned the property for more than five years prior to the effective date of the appraisal. The subject property is not currently listed or under contract for sale.

Appraiser's Client

City of Scottsdale

Intended Users of the Appraisal

City of Scottsdale

Intended Use of the Appraisal

Acquisition negotiations

Objective of the Appraisal

To provide an opinion of the market value of the subject property.

Effective Date of the Appraisal

April 20, 2017

Date of Inspection

April 20, 2017

Date of Report

May 3, 2017

Assignment Conditions

Assumptions and Limiting Conditions

We refer the reader to the assumptions and limiting conditions after the summary of salient facts in this report.

Extraordinary Assumptions and Hypothetical Conditions

We refer the reader to the extraordinary assumptions and hypothetical conditions in the letter of transmittal.

Jurisdictional Exceptions

This appraisal was not completed under any jurisdictional exceptions.

Definitions

Market Value

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

Fee Simple Estate

Fee simple estate is defined as "absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."²

Easement

Easement is defined as "the right to use another's land for a stated purpose."³

Scope of Work to Solve the Appraisal Problem

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

Inspection of the Subject Property

Our inspection of the property included viewing and photographing the property from the perimeter and/or adjacent roadways.

Regional and Market Area Analysis

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

- Site to do Business
- Elliot Pollack and Company
- Federal Reserve Bank of St. Louis (FRED)
- US Department of Labor
- University of Arizona Economic and Business Research Center, Eller College of Management
- CoStar

¹ Arizona Revised Statute 12-1122(C).

² Appraisal Institute, *The Dictionary of Real Estate Appraisal, Sixth Edition* (Chicago, Illinois, 2015), page 90.

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal, Sixth Edition* (Chicago, Illinois, 2015), page 71.

- Marcus & Millichap Phoenix Apartment Research Report
- WP Carey School of Business Arizona State University Monthly Report-Greater Phoenix Housing Market
- Our inspection of the area

Property Description and Analysis

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

- City of Scottsdale General Plan
- City of Scottsdale zoning map and applicable ordinances
- Federal Emergency Management Agency Flood Insurance Rate Maps
- Maricopa County Assessor's and Treasurer's Offices
- Arizona Regional Multiple Listing Service (ARMLS)
- Our inspection of the subject property

Highest and Best Use Analysis

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

Valuation Analysis

For valuation of the subject site as vacant land, only the sales comparison approach was used. Because the property, as vacant, and does not have any significant improvements, the cost approach was not used. Furthermore, vacant properties similar to the subject are typically not leased or exchanged based on their rental income; therefore, the income approach was not used.

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

- CoStar
- Arizona Regional Multiple Listing Service (ARMLS)
- Direct contact with listing/sales brokers, leasing agents, and property managers and owners
- Landpro Valuation files
- Maricopa County records
- Inspection of the comparable sales

Reconciliation

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

Professional Assistance

No one provided significant professional assistance in preparation of this appraisal.

Items Not Included in the Scope of Work

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

Physical Characteristics

General Description

The Phoenix area is located in the south-central portion of the State of Arizona and is called the "Valley of the Sun" by area residents because it is situated in a broad valley just below the point where the Salt River winds into the desert from the mountains to the north and east. In the Greater Phoenix Area, six major cities (Phoenix, Mesa, Tempe, Scottsdale, Glendale, and Chandler) contain more than 80% of the area's total population. Other outlying suburbs, including Gilbert, Peoria, Goodyear and Buckeye, are growing rapidly and are also becoming major centers of population. The rural areas of Maricopa and Pinal Counties are sparsely populated and contain less than one percent of the area's total population.

Land Use Patterns

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

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

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

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

The *Southwest Area* is a relatively flat, industrial and agricultural district which is gradually being developed with a variety of residential, commercial and industrial uses. The outlying suburbs include Avondale, Goodyear, Buckeye and Litchfield. Most of the new development extends along the I-10 Freeway, where there are various master-planned developments with attractive housing and upscale retail uses.

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

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

The other freeways throughout the Phoenix area provide linkages from local neighborhoods to these primary freeways. The Loop 101 Freeway encircles most of Metro-Phoenix forming an irregular $\frac{3}{4}$ circle. The Loop 202 Freeway encircles most of the southeast suburbs. The layout of area transportation has had a significant impact on land use patterns throughout the Phoenix area. Commercial land uses are located mostly along section-line arterials, especially at arterial intersections, and residential uses are located more often along feeder streets. Extensive industrial uses and large office projects have been developed along the freeways, especially Interstate Highways 10 and 17.

Area Resources

The greater Phoenix area provides a variety of economic resources including a young and skilled labor force, an abundant supply of water and energy, adequate educational and technical schools, a relatively low cost of living due to low housing costs, a variety of year-round recreational/entertainment activities and an abundance of vacant land.

Demographic Characteristics

The following are historic and projected demographic and income characteristics of the Phoenix-Mesa-Glendale metropolitan statistical area (Maricopa and Pinal Counties) from 2010 through 2017:



Demographic and Income Profile - Appraisal Version

Phoenix Area
 Phoenix-Mesa-Glendale, AZ Metropolitan Statistical Area (...
 Geography: CBSA

Prepared by Jan SellPhoenix Area

Summary	Census 2010	2012	2017
Population	4,192,887	4,285,238	4,484,674
Households	1,537,173	1,572,399	1,648,839
Families	1,024,971	1,039,904	1,091,907
Average Household Size	2.68	2.67	2.67
Owner Occupied Housing Units	1,005,949	991,010	1,046,017
Renter Occupied Housing Units	531,224	581,389	602,822
Median Age	34.7	34.9	35.5
Trends: 2012 - 2017 Annual Rate	Area	State	National
Population	0.91%	0.81%	0.68%
Households	0.95%	0.89%	0.74%
Families	0.98%	0.91%	0.72%
Owner HHs	1.09%	1.00%	0.91%
Median Household Income	2.52%	2.83%	2.55%
		2012	2017
Households by Income		Number Percent	Number Percent
<\$15,000		179,298 11.4%	174,010 10.6%
\$15,000 - \$24,999		154,984 9.9%	118,900 7.2%
\$25,000 - \$34,999		166,419 10.6%	123,658 7.5%
\$35,000 - \$49,999		234,015 14.9%	205,483 12.5%
\$50,000 - \$74,999		317,890 20.2%	403,100 24.4%
\$75,000 - \$99,999		194,991 12.4%	250,878 15.2%
\$100,000 - \$149,999		203,964 13.0%	230,670 14.0%
\$150,000 - \$199,999		64,217 4.1%	79,087 4.8%
\$200,000+		56,604 3.6%	63,036 3.8%
Median Household Income		\$52,768	\$59,772
Average Household Income		\$67,707	\$75,499
Per Capita Income		\$25,487	\$28,393
	Census 2010	2012	2017
Population by Age	Number Percent	Number Percent	Number Percent
0 - 4	312,952 7.5%	318,603 7.4%	332,752 7.4%
5 - 9	311,730 7.4%	316,353 7.4%	328,871 7.3%
10 - 14	303,602 7.2%	304,936 7.1%	320,722 7.2%
15 - 19	299,549 7.1%	291,655 6.8%	290,202 6.5%
20 - 24	288,043 6.9%	299,035 7.0%	288,039 6.4%
25 - 34	597,872 14.3%	620,553 14.5%	652,451 14.5%
35 - 44	574,957 13.7%	571,320 13.3%	584,105 13.0%
45 - 54	548,353 13.1%	543,095 12.7%	524,305 11.7%
55 - 64	441,117 10.5%	471,051 11.0%	513,786 11.5%
65 - 74	288,643 6.9%	315,088 7.4%	394,288 8.8%
75 - 84	163,288 3.9%	166,197 3.9%	181,468 4.0%
85+	62,781 1.5%	67,352 1.6%	73,685 1.6%

Data Note: Income is expressed in current dollars.
 Source: U.S. Census Bureau, Census 2010 Summary File 1. Esri forecasts for 2012 and 2017.

August 27, 2013

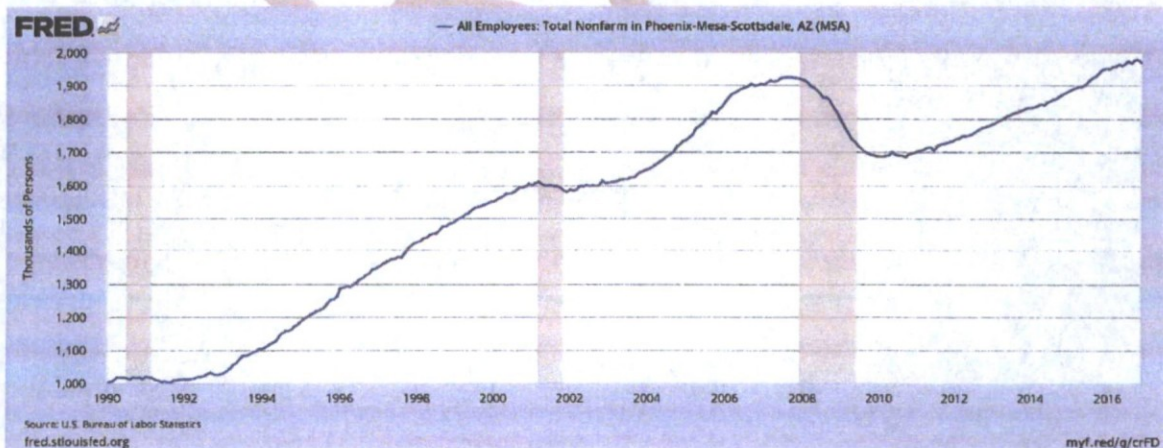
Economic Characteristics

According to the First Quarter 2017 Economic Forecast Update published by the University of Arizona Economic and Business Research Center, "the Arizona economy slowed during the fourth quarter of 2016, with jobs rising very little over the year. Job growth was down from third quarter performance and even slower than national gains. New population estimates from the Arizona Office of Economic Opportunity suggest continued slow population increases statewide and in the Phoenix and Tucson metropolitan statistical areas (MSAs). Further, Arizona's merchandise exports to the world (and to Mexico) declined last year."

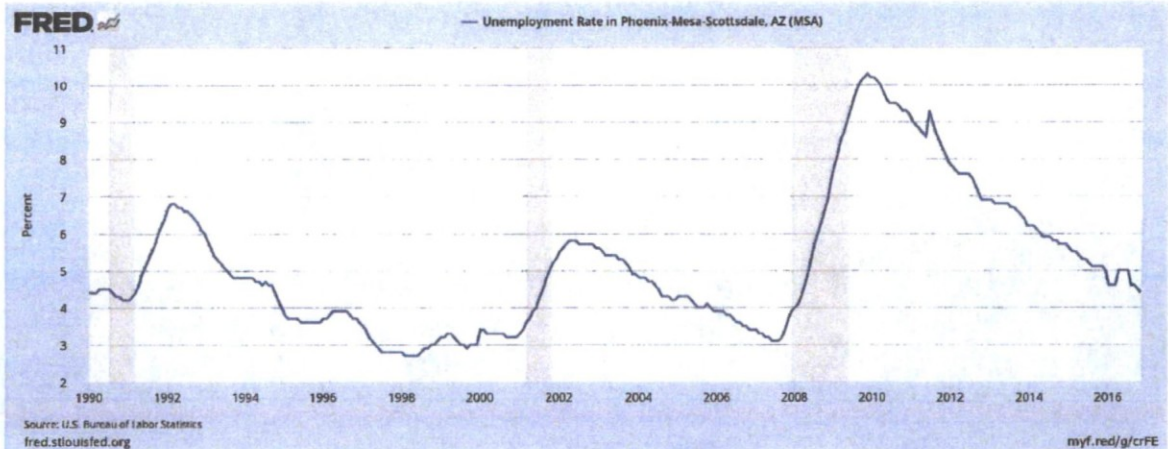
"Overall, the Arizona economy continues to expand and the prospects for somewhat stronger growth are on the horizon. A modest acceleration of the U.S. economy will help push Arizona's gains up during the next two years, but it is important to keep the risks in mind at this point. There is currently a high degree of uncertainty surrounding federal tax, trade, immigration and regulatory policy. Further, there is uncertainty about the ultimate impact of Arizona's new minimum wage requirements. As this uncertainty gradually clears in coming months and years, we will have a better idea of the possible impacts. Stay tuned."

Employment and Unemployment

The following table shows employment growth for the Phoenix-Mesa-Glendale MSA between 1990 and 2016. The table indicates that employment declined from 2008 to 2010. Since 2010 employment growth has resumed and increased above the peak of 2008.



The following table shows unemployment in the Phoenix-Mesa-Scottsdale MSA between 1990 and 2016. The table indicates that unemployment has declined from the peak of over 10% in 2010 to the current level below 5%.



According to Arizona Economic Forecast Data, published by the University of Arizona, the five-year forecast of various economic factors, which include personal income, retail sales, nonfarm employment, population and residential permits. The outlook for each of these factors is summarized in the following table:

Phoenix-Mesa-Glendale MSA Forecast	2015	2016	2017	2018	2019	2020
Personal Income (\$ mil)	189,739.5	200,664.1	213,146.5	228,112.5	243,807.5	259,624.8
% Chg from Year Ago	6.08%	5.76%	6.22%	7.02%	6.88%	6.49%
Retail Sales (\$ mil)	65,240.0	68,101.7	71,983.7	76,293.1	81,110.4	85,572.6
% Chg from Prior	5.3%	4.4%	5.7%	6.0%	6.3%	5.5%
Total Nonfarm Employment (000s)	1,912.7	1,971.8	2,034.6	2,102.8	2,170.6	2,232.1
% Chg from Year Ago	3.2%	3.1%	3.2%	3.4%	3.2%	2.8%
Population (000s), July 1st estimates	4,482.9	4,565.9	4,662.0	4,760.0	4,857.3	4,954.8
% Chg from Year Ago	1.8%	1.9%	2.1%	2.1%	2.0%	2.0%
Residential Building Permits (units)	22,402.0	28,307.2	32,878.4	35,017.8	34,785.6	34,838.9
% Chg from Prior	10.1%	26.4%	16.1%	6.5%	-0.7%	0.2%

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Published by Economic and Business Research Center. Powered by data2go

These projections indicate that personal income, retail sales, employment, population and residential permits will all increase from 2015 through 2020.

Real Estate Market Conditions

Land Market Conditions

According to the Colliers International Research & Forecast Report for the Greater Phoenix Land market for the Second Half of 2016, "land sales accelerated in the second half and total activity in 2016 was nearly identical to 2015 levels. Sales of land parcels

for residential uses spiked in the final six months of 2016. Land prices dipped in the second half, but the median price in 2016 was up more than 30 percent from the 2015 median price.”

“Sales of land parcels accelerated by more than 30 percent from the first half of the year to the second half. The spike in activity was fueled by a surge in sales of land parcels for residential development. Sales velocity in 2016 slightly outpaced 2015 levels.”

“While activity surged in the second half of the year, prices ticked lower. The median price in land sales was \$3.39 per square foot, down from \$3.89 per square foot in the first six months of the year. The median price for the full year was \$3.65 per square foot, up more than 30 percent from the median price in 2015.”

“Sales of land parcels for residential uses spiked by more than 55 percent from the first half of 2016 to the second half. This surge in the second half caused total transaction activity in 2016 to outpace the 2015 total by 5 percent.”

“Prices of land for residential development dipped in the second half of 2016, with the median price falling 14 percent from the first half of the year. The median price was \$3.10 per square foot in the second half. Even after a dip in the second half, the median price in residential land sales for 2016 was \$3.39 per square foot, 50 percent higher than the median price in 2015.”

“Sales velocity of land for commercial uses was flat from the first half of 2016 to the second half. In 2016, sales of land for commercial development inched up 4 percent from the 2015 total. The steady improvement in the commercial real estate market should support additional land sales for commercial development.”

“Pricing for land for commercial uses dipped by 19 percent in the second half of 2016. The median price in the second half was \$3.68 per square foot, and for the full year, the median price in land deals for commercial uses was \$4.08 per square foot, 11 percent below the 2015 median price.”

“Land sales for industrial uses gained momentum in the second half, accelerating by 13 percent. Even after factoring in the rise in the second half of the year, sales velocity in 2016 was down 15 percent from the 2015 total.”

“Prices for land for industrial uses dipped in the second half of the year, but the median price in 2016 was nearly identical to the median price in 2015. Industrial development has remained active, with a mix of spec and build-to-suit projects making their way through the construction pipeline.”

“The Greater Phoenix land market is forecast to continue to post steady gains in activity in 2017. The local housing market is slowly gaining momentum, although to this point in the cycle, much of the new demand for housing has been filled by high-end multifamily development. This trend is expected to lessen in the years ahead, and forecasts for

2017 call for an acceleration in single-family permitting and a decline in multifamily permit issuance. One factor that could slow the momentum in the housing market is interest rates, which rose at the end of 2016 and will likely tick higher a few more times in 2017. An increase in borrowing costs would increase monthly mortgage payments for those renters considering a transition into home ownership.”

Single-Family Residential Market Conditions

According to Arizona Indicator Data published in Arizona’s Economy by the University of Arizona’s Eller college of Management, residential permits for the Phoenix area over the last ten years are as follows:

Phoenix-Mesa-Glendale MSA Residential Permits						
Year	Single-Family	% Change	Multi-Family	% Change	Total	% Change
2007	25,352		10,231		35,583	
2008	11,369	-55%	6,045	-41%	17,414	-51%
2009	8,754	-23%	717	-88%	9,471	-46%
2010	7,331	-16%	945	32%	8,276	-13%
2011	7,494	2%	1,987	110%	9,481	15%
2012	11,821	58%	3,649	84%	15,470	63%
2013	12,770	8%	4,367	20%	17,137	11%
2014	11,742	-8%	8,899	104%	20,641	20%
2015	16,768	43%	7,092	-20%	23,860	16%
2016	18,380	10%	9,850	39%	28,230	18%

This data indicates that single-family permits have increased in five of the last six years, with a small decline in 2014. Multi-family permits have increased in six of the last seven years, with a small decline in 2015. And total residential permits have increased in each of the last six years.

Furthermore, according to the Greater Phoenix Blue Chip report, “the general picture for real estate in Greater Phoenix remained about the same in the first quarter of 2017 as it was in the last quarter of 2016. Residential, single family permits are expected to be up about 21% to 21,900 units in 2017 and increase again to about 24,700 units in 2018. This compares to about 18,000 units in 2016 and about 15,900 units in 2015. If this comes to fruition, the single family market will have grown by over 50% between 2015 and 2018. Apartment permits are forecast to stay fairly steady in 2017 and 2018 at about 6,500 units permitted each year. Absorption of apartments is likely to stay steady as well. Overall, apartment vacancies are projected to be about flat in 2017 and 2018.”

The forecast for single and multi-family residential permits from 2017 to 2018 are as follows:

2017: Residential Forecast

Organization	Single-family permits	Multi-family permits	Apartment Vacancy (Q4 %)	Apartment Absorption (Units)
Arizona Public Service	23200	6900	7.0	7,000.0
Belfiore Real Estate Consulting	21200			
CBRE	20000	6500	4.9	6,400.0
Colliers International	25000	6800	6.0	5,800.0
CRA LLC	24000	6000	6.0	6,000.0
Cromford Report	19500	8200		
Cushman & Wakefield	19000	7500	5.2	8,000.0
Elliott D. Pollack & Co.	19500	6000	5.7	8,000.0
Griffin Consulting	22250	6650	6.1	6,050.0
ROI Properties	23100	5000	7.8	2,500.0
Southwest Growth Partners	22500	5500	5.9	5,200.0
U of A, Eller College	23100	7484		
CONSENSUS	21863	6594	6.1	6,106.0

2018: Residential Forecast

Organization	Single-family permits	Multi-family permits	Apartment Vacancy (Q4 %)	Apartment Absorption (Units)
Arizona Public Service	31800	7500	7.0	7,200.0
Belfiore Real Estate Consulting	25300			
CBRE	22000	6200	4.9	5,900.0
Colliers International	30000	6500	6.5	5,000.0
CRA LLC	26000	6500	6.0	6,000.0
Cromford Report	21500	7000		
Cushman & Wakefield	19500	7000	5.0	7,500.0
Elliott D. Pollack & Co.	21500	8000	5.7	8,000.0
Griffin Consulting	24750	6500	6.2	5,550.0
ROI Properties	25000	3700	8.0	2,000.0
Southwest Growth Partners	24000	3500	6.5	2,500.0
U of A, Eller College	24927	8309		
CONSENSUS	24690	6428	6.2	5,517.0

As indicated in this table, the consensus estimate is for 21,863 single-family residential permits in 2017 and 24,690 in 2018. Furthermore, the consensus estimate is for 6,594 multi-family permits in 2017 and 6,428 in 2018.

Multi-Family Market Conditions

According to the Marcus & Millichap 2017 US Multifamily Investment Forecast Report:

“The substantial flow of relocations to the Valley is driving household formation and stoking rental housing demand, creating a highly favorable operating climate for multifamily property owners and investors. More than 200,000 new residents came to the metro since 2014, a level that rivals in-migration trends prior to the recession. Many are coming to work in higher-paying professional fields or the area’s expanding insurance industry. The completion of corporate campuses over the past two years for national insurance companies and the expansion of degree employment at those places and their local vendors and subcontractors are feeding demand for higher-end apartments. Class A vacancy in the Valley dipped last year to the 5 percent range, indicating that strong demand persists, and vacancy in newly built units also fell. Completions are due to rise this year and the unit tally features a heavy dose of market-rate units in central Phoenix and Mesa.”

“Elevated transaction velocity lifted the average price to a post-recession high during the past 12 months. Equity flows will likely persist in the coming year, with investors seeking to take advantage of new opportunities or strong rental housing demand in specific sections of the metro. In the city of Phoenix, upside opportunities near the light rail should garner attention, and the proposed expansion of the line could open up previously overlooked neighborhoods for investment. Scottsdale contains some of the Valley’s most desirable neighborhoods and a sizable block of Class A and Class B properties. Low vacancy here and a thin construction pipeline will likely garner investor attention. Additional transactions will provide transparency on value and encourage more listings. Overall, the average cap rate in Phoenix has compressed to the low-6 percent range in the past few years, a level that will elicit interest from out-of-area buyers seeking higher returns.”

Office Market Conditions

According to information obtained from CoStar, “the Phoenix Office market ended the first quarter 2017 with a vacancy rate of 15.4%. The vacancy rate was up over the previous quarter, with net absorption totaling positive 595,408 square feet in the first quarter. Vacant sublease space increased in the quarter, ending the quarter at 1,235,864 square feet. Rental rates ended the first quarter at \$23.55, an increase over the previous quarter. A total of 11 buildings delivered to the market in the quarter totaling 1,245,094 square feet, with 764,108 square feet still under construction at the end of the quarter.”

Total historic office market statistics for the Phoenix area from CoStar are summarized as follows:

Total Office Market Statistics

First Quarter 2017

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac %		# Bids	Total RBA	# Bids	Total RBA	
2017 1q	8,263	172,567,678	25,235,371	26,471,235	15.4%	595,408	11	1,245,094	16	764,108	\$23.55
2016 4q	8,258	171,326,108	24,808,018	26,025,073	15.2%	740,287	9	533,263	22	1,767,655	\$23.37
2016 3q	8,250	170,805,109	25,210,647	26,244,361	15.4%	1,024,722	8	497,292	29	2,059,831	\$23.07
2016 2q	8,246	170,386,845	25,868,033	26,850,819	15.8%	1,236,620	12	526,362	35	2,176,449	\$22.75
2016 1q	8,234	169,860,483	26,655,964	27,561,077	16.2%	625,434	5	889,642	30	2,326,203	\$22.37
2015	8,230	169,005,878	26,564,362	27,331,906	16.2%	3,645,010	35	3,205,159	24	2,669,740	\$21.98
2014	8,211	165,954,328	27,148,392	27,925,366	16.8%	2,858,247	17	1,421,705	26	3,800,799	\$20.95
2013	8,212	165,222,319	29,239,042	30,051,604	18.2%	1,686,228	6	245,467	18	3,002,961	\$20.06
2012	8,222	165,303,179	30,788,213	31,818,692	19.2%	3,180,073	15	1,437,838	6	412,592	\$19.77
2011	8,221	164,007,442	32,584,541	33,703,028	20.5%	1,142,233	9	714,119	11	1,202,963	\$20.26
2010	8,214	163,311,098	32,960,221	34,148,917	20.9%	477,776	15	1,441,489	10	1,651,725	\$21.22
2009	8,197	161,825,802	31,845,708	33,141,397	20.5%	(1,663,710)	53	2,542,458	16	2,510,131	\$22.69
2008	8,144	159,389,660	27,413,915	29,041,545	18.2%	(595,016)	237	7,275,695	55	3,702,567	\$25.14
2007	7,881	151,696,065	19,631,344	20,752,934	13.7%	2,858,627	370	7,491,148	253	8,805,415	\$25.73
2006	7,449	143,144,522	14,225,834	15,060,018	10.5%	7,416,332	396	5,347,086	436	9,951,090	\$24.17
2005	6,967	136,763,559	15,238,243	16,095,387	11.8%	7,750,854	341	3,903,465	466	7,723,622	\$21.78

Source: CoStar Property®

Retail Market Conditions

According to information obtained from CoStar, "the Phoenix retail market did not experience much change in market conditions in the first quarter 2017. The vacancy rate went from 8.8% in the previous quarter to 8.9% in the current quarter. Net absorption was positive 196,338 square feet, and vacant sublease space decreased by (85,593) square feet. Quoted rental rates increased from fourth quarter 2016 levels, ending at \$14.69 per square foot per year. A total of 37 retail buildings with 437,412 square feet of retail space were delivered to the market in the quarter, with 1,246,787 square feet still under construction at the end of the quarter."

Total historic retail market statistics for the Phoenix area from CoStar are summarized as follows:

Total Retail Market Statistics

First Quarter 2017

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Bids	Total GLA	Direct SF	Total SF	Vac %		# Bids	Total GLA	# Bids	Total GLA	
2017 1q	14,141	223,588,765	19,279,908	19,912,225	8.9%	196,338	37	437,412	85	1,246,787	\$14.69
2016 4q	14,104	223,151,353	18,953,241	19,671,151	8.8%	558,981	31	444,192	98	1,303,867	\$14.50
2016 3q	14,087	222,964,044	19,389,249	20,044,823	9.0%	490,263	38	890,548	89	1,258,906	\$14.59
2016 2q	14,062	222,232,436	19,263,060	19,801,478	8.9%	485,773	34	519,313	88	1,829,387	\$14.55
2016 1q	14,032	221,826,564	19,140,306	19,881,379	9.0%	733,773	26	331,411	94	1,789,380	\$14.44
2015 4q	14,015	221,685,893	19,747,986	20,474,481	9.2%	495,280	24	227,962	75	1,353,212	\$14.27
2015 3q	13,987	221,479,358	20,156,502	20,763,226	9.4%	865,446	25	419,853	75	1,022,061	\$14.41
2015 2q	13,970	221,231,038	20,773,877	21,380,352	9.7%	291,146	27	269,631	63	922,925	\$14.02
2015 1q	13,954	221,256,387	21,067,817	21,696,847	9.8%	98,749	20	323,733	56	778,726	\$13.77
2014	13,950	221,116,426	20,975,911	21,655,635	9.8%	1,884,051	65	873,354	49	666,782	\$13.86
2013	13,918	221,055,182	22,760,939	23,478,442	10.6%	2,765,708	82	1,333,875	35	573,178	\$13.85
2012	13,863	219,977,678	24,250,044	25,166,646	11.4%	2,695,022	55	1,154,037	41	739,919	\$14.29
2011	13,813	219,325,267	26,384,796	27,209,257	12.4%	483,506	49	663,307	49	736,031	\$14.71
2010	13,765	218,731,928	26,565,715	27,099,424	12.4%	(210,900)	37	603,201	47	708,704	\$16.16
2009	13,715	217,906,687	25,482,681	26,063,283	12.0%	(2,927,780)	122	2,479,914	46	762,781	\$17.26
2008	13,538	214,893,087	19,342,669	20,121,903	9.4%	2,659,337	284	6,919,009	135	2,379,198	\$19.36

Source: CoStar Property®

Industrial Market Conditions

According to information obtained from CoStar, "the Phoenix Industrial market ended the first quarter 2017 with a vacancy rate of 9.6%. The vacancy rate was up over the previous quarter, with net absorption totaling positive 1,631,732 square feet in the first quarter. Vacant sublease space decreased in the quarter, ending the quarter at 816,786 square feet. Rental rates ended the first quarter at \$6.93, an increase over the previous quarter. A total of 13 buildings delivered to the market in the quarter totaling 2,240,755 square feet, with 4,527,935 square feet still under construction at the end of the quarter."

Total historic industrial market statistics for the Phoenix area from CoStar are summarized as follows:

Total Industrial Market Statistics

First Quarter 2017

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Bids	Total RBA	Direct SF	Total SF	Vac. %		# Bids	Total RBA	# Bids	Total RBA	
2017 1q	10,064	318,899,546	29,876,238	30,693,024	9.6%	1,631,732	13	2,240,755	29	4,527,935	\$6.93
2016 4q	10,051	316,658,791	28,899,571	30,084,001	9.5%	2,512,230	5	642,549	30	4,484,023	\$6.87
2016 3q	10,050	316,157,875	30,849,678	32,095,315	10.2%	1,806,800	9	1,541,332	28	2,888,893	\$6.88
2016 2q	10,044	314,959,380	31,442,820	32,703,620	10.4%	432,683	9	1,042,034	19	3,154,188	\$6.80
2016 1q	10,044	314,725,671	31,448,405	32,902,594	10.5%	1,134,846	18	2,092,803	20	2,801,166	\$6.67
2015	10,027	312,755,088	30,726,035	32,066,857	10.3%	7,737,259	44	5,415,196	32	3,718,249	\$6.68
2014	9,997	308,417,684	33,857,420	35,466,712	11.5%	7,579,801	41	7,277,564	32	4,446,067	\$6.39
2013	9,963	301,583,559	34,337,011	36,212,388	12.0%	4,054,365	22	6,113,215	20	5,547,968	\$6.38
2012	9,950	295,978,670	32,856,397	34,661,864	11.7%	6,194,843	12	2,974,298	18	6,026,356	\$6.13
2011	9,945	293,305,714	36,854,775	38,183,751	13.0%	6,563,807	11	722,985	13	4,211,906	\$5.97
2010	9,931	292,896,058	42,812,522	44,337,902	15.1%	4,524,279	12	1,812,052	8	540,237	\$6.10
2009	9,925	291,507,705	45,419,153	47,473,828	16.3%	(5,009,412)	36	3,192,867	10	1,431,150	\$6.58
2008	9,891	287,858,894	37,451,869	38,815,605	13.5%	(1,282,715)	202	11,211,498	38	3,801,580	\$7.58
2007	9,862	276,025,618	24,928,862	25,699,614	9.3%	6,654,812	202	11,490,982	150	9,297,025	\$7.99
2006	9,432	264,203,791	19,302,526	20,532,599	7.8%	7,319,303	208	6,869,104	165	10,188,565	\$7.77
2005	9,177	255,553,306	18,091,211	19,201,417	7.5%	11,159,127	148	4,800,180	199	5,991,283	\$7.12

Source: CoStar Property®

Political - Governmental (Including Public Utilities):

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

Growth

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

zone land for higher density residential uses as well as for commercial-industrial land uses.

Education

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

Police and Fire Protection

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

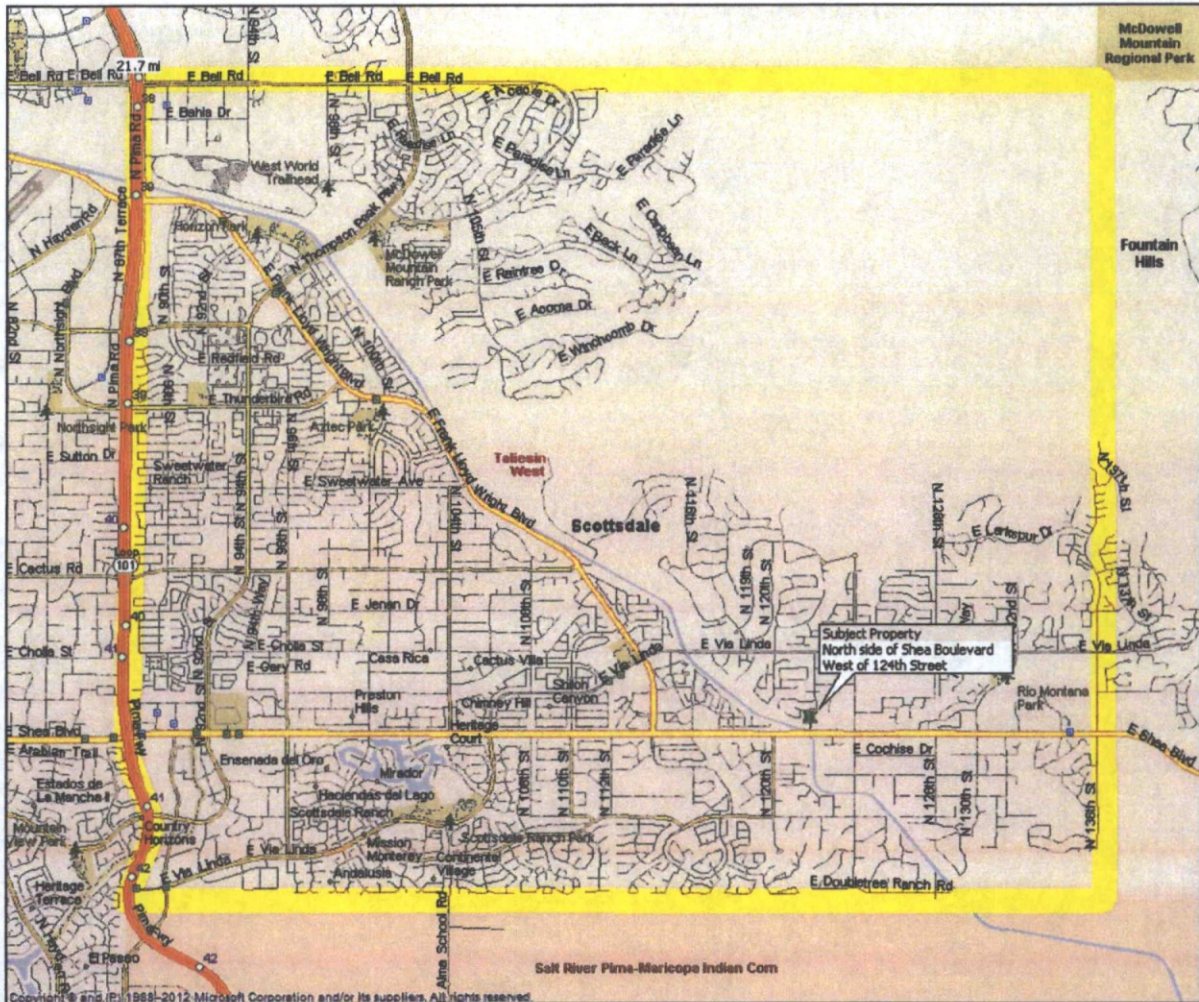
Utilities

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

Conclusion

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

MARKET AREA DESCRIPTION AND ANALYSIS



Market Area Delineation and Overview

Location: The subject's market area is generally located within the east central portion of the City of Scottsdale.

Boundaries:

- North: Bell Road
- South: The Salt River Pima-Maricopa Indian Community
- East: 136th Street
- West: Loop 101

Market Area Property Types/Land-Use Patterns

Property Types:	The market area is a largely residential area with various commercial uses located throughout the area and industrial uses located near Loop 101.
Master Planned Areas:	Master planned areas within the market area include McDowell Mountain Ranch, Ancala, Scottsdale Mountain, Scottsdale Ranch and Stonegate.
Golf Courses:	The market area includes the Ancala Country Club and McDowell Mountain Golf Club.
Residential Development:	Residential uses in the market area are generally good-to-excellent quality, single and multi-family residential uses. Residential uses comprise approximately 60% of the uses within the market area.
Commercial Development:	Commercial development within the market area includes a combination of office and retail uses.
Industrial Development:	The majority of the industrial development is located within the southwest and northwest portions of the market area near the Loop 101 Freeway.
Other Uses:	Other land uses in the market area include parks, schools, a portion of the McDowell Sonoran Preserve, WestWorld of Scottsdale, Taliesin West and other public uses. The market area also includes a large amount of open space that is included as part of the existing developed uses.
Undeveloped Land:	Based on our review of aerial photographs, there is very little undeveloped land within the market area, indicating that that future growth will be slow.
Quality and Condition:	The existing uses in the market area generally have good-to-excellent quality improvements.
Surrounding Land Uses:	Generally, the land uses surrounding the market area are similar to the subject market area and include a combination of residential, commercial, industrial and undeveloped land.

Market Area Life Cycle:

The typical development cycle of a market area can be described as an "S - Curve", indicating that areas which are virtually undeveloped will grow at a fairly slow rate during the first period of growth. As the development in an area increases, the growth accelerates until development approaches saturation, at which point growth will again slow.

Although the market area has some land available for future growth and development, the supply of land is diminishing and the market area is nearing saturation.

Basic Transportation/Linkage

Arterial Roadways:

Arterial streets arranged in rectangular grids provide primary transportation routes within the subject market area. North/south arterials and significant collector streets include Thompson Peak Parkway, Frank Lloyd Wright Boulevard, 94th Street, 96th Street, 104th Street, 112th Street, 124th Street, 130th Street and 136th Street. East/west arterials and significant collector streets include Bell Road, Frank Lloyd Wright Boulevard, Raintree Drive, Thunderbird Road, Cactus Road, Via Linda, Shea Boulevard and Mountain View Road.

Freeway Access:

The Price Freeway (Loop 101) extends north and south along the west side of the market area. This freeway provides good access to other freeways within the Phoenix area.

Airports:

The City of Scottsdale Airport is located nearby, west of the market area. Sky Harbor Airport (located near downtown Phoenix) is the primary airport in the Phoenix area. Other secondary airports are the Deer Valley Airport (in Phoenix) and Falcon Field (in Mesa).

Rail Linkages:

None in the market area

Bus Transportation:

Public bus transportation is available in select locations of the subject market area.

Estimated Non-Rush
Hour Commute Times:

Downtown Scottsdale:	12 Minutes
Downtown Phoenix:	30 Minutes
Downtown Tempe:	20 Minutes
Downtown Mesa:	25 Minutes
Sky Harbor Airport:	25 Minutes

Availability of Support Facilities and Services

Schools: The subject property is adequately served by public and private primary, secondary and high schools located within the market area or within surrounding market areas. The market area is located within the Scottsdale Unified School District. Arizona State University is located in Tempe to the southwest of the market area. Scottsdale Community College is located to the south of the market area at the northeast corner of Chaparral Road and the Loop 101 Freeway.

Utilities: Utilities for most of the market area are adequate and are provided at costs competitive with the rest of the metropolitan area. Electricity for the market area is furnished by the Arizona Public Service. Natural gas for the market area is supplied by the Southwest Gas Company. Water and sewer are provided by the individual municipalities. Some of the less developed areas may lack some utilities.

Police Protection: Police protection is provided by the City of Scottsdale.

Fire Protection: Fire protection is provided by the City of Scottsdale.

Health Care: The market area is currently served by HonorHealth Scottsdale Shea Medical Center at the southeast corner of Shea Boulevard and 90th Street, as well as the Mayo Clinic Hospital at the northwest corner of Shea Boulevard and 136th Street. Moreover, additional healthcare facilities are available outside of the market area. The available healthcare facilities are adequate.

Retail Services: Many retail services are available in the market area. Those retail services not available within the market

area are available within the areas south of the market area.

Recreational

There are a number of recreational attractions in, or near, the market area. These include several golf courses, the Scottsdale Sports Complex, WestWorld, and a number of city parks. The market area also has numerous trails and paths along roadways, within the McDowell Sonoran Preserve and other lineal open space areas. These trails and paths are used for a combination of biking, hiking and equestrian use.

Demographic Trends

According to information obtained from CoStar, demographic trends within approximately a one, three and five mile radius of the subject property:

Population	<u>1-Mile</u>	<u>3-Mile</u>	<u>5-Mile</u>
2021 Projection:	6,732	31,261	85,491
2016 Estimate:	6,311	29,294	79,830
2010 Census:	6,233	28,868	77,129
Growth 2016-2021:	6.67%	6.71%	7.09%
Growth 2010-2016:	1.25%	1.48%	3.50%
2016 Average Age	42.60	44.20	44.00
Households			
2021 Projection:	2,705	12,962	37,754
2016 Estimate:	2,547	12,204	35,394
2010 Census:	2,580	12,318	34,905
Growth 2016-2021:	6.20%	6.21%	6.67%
Growth 2010-2016:	-1.28%	-.93%	1.40%
Owner Occupied:	1,796 (73%)	9,268 (76%)	24,798 (70%)
Renter Occupied:	752 (27%)	2,936 (24%)	10,595 (30%)
2016 Average HH Size:	2.40	2.30	2.20
2016 Average HH Income:	\$136,377	\$133,193	\$118,714
2016 Median HH Income:	\$106,877	\$91,291	\$84,631
Housing			
2016 Median Home Value:	\$626,655	\$565,016	\$456,395
Median Year Built:	1994	1992	1992

Real Estate Market Conditions

Multi-Family Market Conditions: According to information obtained from CoStar, as of the end of the First Quarter of 2017, the market area had 41 apartment buildings with 8,857 total units. Two new apartment projects with a total of 58 units have been added in the last three years. Of the total

inventory, 279 units, or 4.5% were vacant at the end of the First Quarter. The vacancy rate has fluctuated between 4.7% and 5.7% over the last three years. Net absorption has been positive in 8 of the last 12 quarters and negative in 4 for the last 12 quarters. Overall absorption has been negative 41 units over the last three years. The effective rental rate was \$1,128 per unit at the end of the First Quarter of 2017. The rental rate has trended upward from a low of \$984 at the end of the Second Quarter of 2014.

Office Market Conditions:

According to information obtained from CoStar, as of the end of the First Quarter of 2017, the market area had 226 office buildings totaling 4,879,780 square feet of space. Over the last 12 quarters, the inventory of office buildings increased by one building and 39,750 square feet. Of the total inventory, 510,718 square feet (10.5%) were vacant at the end of the quarter. The vacancy rate has declined from a high of 18.1% since the Second Quarter of 2015. Net absorption has been positive in 10 of the last 12 quarters and negative in 2 of the last 12 quarters. Overall absorption has been positive 396,272 square feet. The average rental rate was \$23.37 per square foot, full service, at the end of the First Quarter of 2017. The rental rate has increased gradually from \$21.52 per square foot in the Second Quarter of 2015.

Retail Market Conditions:

According to information obtained from CoStar, as of the end of the First Quarter of 2017, the market area had 140 retail buildings totaling 2,672,750 square feet of space. Over the last 12 quarters, the inventory declined by 4,053 square feet from 2,676,803 square feet. Of the total inventory, 279,072 square feet (10.4%) were vacant. The vacancy rate has fluctuated between 7.4% and 10.7% over the last three years. Net absorption has been positive in 5 of the last 12 and negative in 7 of the last 12 quarters. Total net absorption has been negative 72,544 square feet over the 12 quarters. The average rental rate at the end of the First Quarter of 2017 was \$21.60 per square foot. The rental rate has trended upward slightly from a low of \$18.04 per square foot in the First Quarter of 2015.

Industrial Market Conditions:

According to information obtained from CoStar, as of the end of the First Quarter of 2017, the market area had 64 industrial buildings (including flex buildings) totaling 1,600,906 square feet of space. The inventory has been flat over the last three years. At the end of the First Quarter of 2017, the market area had 140,825 square feet of vacant space for a vacancy rate of 8.8%. The vacancy rate has increased from 5.8% in the Second Quarter of 2014 to 13.2% in the Second Quarter of 2015, then declined to 8.8% in the First Quarter of 2017. Net absorption has been positive in 7 of the last 12 quarters, negative in 5 of the last 12 quarters. Total net absorption has been negative 35,340 square feet over the last 12 quarters. The rental rate ended the First Quarter of 2017 at \$10.82 per square foot. The rental rate has fluctuated between \$9.72 and \$11.33 over the last three years.

Governmental Considerations

Municipality:

The subject market area is located entirely within the City of Scottsdale.

Land Use Controls:

The City of Scottsdale controls land uses within the market area. These controls are typical relative to other municipalities in the Phoenix area. In the market area, the City of Scottsdale has provided for a large amount of open space to preserve the natural desert landscape through zoning and land use controls. The open space and natural desert landscaping contributes to the desirability of the market area.

Grow and Development:

The City of Scottsdale is generally supportive of growth.

Conclusion and Relevance to the Subject Property

Conclusion:

As a desirable residential area with good-to-excellent quality residential development, adequate freeway access, and attractive natural desert landscaping, the long-term outlook of the market area is good.

SITE DESCRIPTION

The subject property is located north of Shea Boulevard and west of 124th Street in Scottsdale, Arizona and is described as follows:

Site Areas:	136,888 Square feet/3.1425 acres
Shape/Dimensions:	Irregular
Topography:	The property has berms built-up around the water storage tank and, therefore, has irregular topography. The City will be removing the existing water facility improvements; however, will not engineer and regrade the site. Other than the berms, the property has near-level-to-slightly irregular topography.
Soil:	Based on our inspection of the subject property and observation of adjacent properties, the soil appears adequate to support potential improvements.
Drainage:	Apparently adequate
Lot Type:	Mid-block
Frontage:	None. The property is access from Shea Boulevard via an easement from Shea Boulevard across the property to the south. The property also has potential access through the property adjacent east.
Traffic Volume:	38,561 Vehicles per day along Shea Boulevard per 2015 MPSI data
Street Improvements:	<u>Shea Boulevard</u> Traffic Lanes Six (three east and three west) Median Asphalt Surface Asphalt Curbs Concrete Sidewalks Concrete or dirt Gutters Concrete Streetlights Installed
Flood Zone:	According to Federal Emergency Management Agency Flood Insurance Rate Map Number 04013C1780L, dated October 16, 2013 and other

maps of the area, the subject property is located in Flood Zone "X".

General Plan Designation:

According to the City of Scottsdale General Plan Land Use Map, the subject property is located in an area targeted for suburban neighborhoods. This category includes medium-to-small-lot single-family neighborhoods or subdivisions. Densities in Suburban Neighborhoods are usually more than one house per acre, but less than eight houses per acre. This category also includes some townhouses and can also be used for small lot single-family homes, such as patio homes. It can be incorporated into neighborhoods near the downtown area and in, or adjacent to, other non-residential activity centers. These uses may be used as a transition between less intense residential areas and non-residential areas, such as offices or retail centers. The terrain should be relatively flat, or gently sloping, to accommodate this density. Preservation of environmental features (particularly in desert settings near the mountains) is a key consideration and in the past has often been accommodated through master-planned communities or clustering.

Zoning:

The subject property is currently zoned R1-43 (Single-Family Residential) ESL (Environmentally Sensitive Land).

The R1-43 district is intended to promote and preserve residential development. Large lots are required to maintain a low-density of population. The principal land use is single-family dwellings and uses incidental or accessory thereto, together with required recreational, religious and educational facilities. Permitted uses include a variety of low-density residential uses. The minimum lot size is 43,000 square feet and the maximum building height is 30 feet.

The ESL overlay is intended to protect environmentally sensitive lands in the city and to promote the public health, safety and welfare by providing appropriate and reasonable controls for the development of such lands. Specifically, the ESL District is intended to:

- Protect people and property from hazardous conditions characteristic of environmentally sensitive lands and their development. Such hazards include rockfalls, rolling boulders, other unstable slopes, flooding, flood-related mud slides, subsidence, erosion, and sedimentation.
- Protect and preserve significant natural and visual resources. Such resources include, but are not limited to, major boulder outcrops and large boulders, major ridges and peaks, prime wildlife habitat and corridors, unique vegetation specimens, significant washes, and significant riparian habitats..
- Protect renewable and nonrenewable resources such as water quality, air quality, soils, and natural vegetation from incompatible land uses.
- Minimize the costs of providing public services and facilities in ESL District areas such as streets, water, sewer, emergency services, sanitation services, parks, and recreation. Costs associated with the design and development of infrastructure in environmentally sensitive areas can be higher than costs in other areas of the city due to the unique and fragile nature of such lands.
- Conserve the character of the natural desert. Guide the location and distribution of meaningful on-lot and common tract open space and protect sensitive environmental features to sustain the unique desert character found in ESL District areas.
- Recognize and conserve the economic, educational, recreational, historic, archaeological, and other cultural assets of the environment that provide amenities and services for residents and visitors.
- Assure that decisions regarding development in environmentally sensitive areas are based on complete and accurate information about the

environmental conditions including drainage features and probable development impacts.

- Minimize the impacts of development by controlling the location, intensity, pattern, design, construction techniques, and materials of development and construction.
- Retain the visual character of the natural landscape to the greatest extent feasible by regulating building mass, location, colors, and materials; grading location, design and treatment; and landscaping design and materials.
- Maintain significant open spaces which provide view corridors, buffers, protect landmarks and large boulders, and prime wash habitats, by preserving these features in their natural state to maintain the city's unique desert setting.
- Protect environmentally sensitive lands, while also recognizing the legitimate expectations of property owners and the city's overall economic goals.
- Encourage innovative planning, design, and construction techniques for development in environmentally sensitive areas.

The ESL overlay allows the uses allowed in the underlying zoning; however, places additional development standards including minimum open space requirements (approximately 20% to 25% for the subject property, lower building heights and other standards.

Likelihood of Zoning Change:

The subject property is zoned R1-43. The property to the north is zoned R1-10 ESL (HD). The property to the east is being rezoned R1-18 or R1-10, ESL. The property east of that is zoned R1-18 ESL.

Recognizing the zoning of these nearby properties, it is our opinion that a zoning change to R1-18, or R1-10, ESL is likely.

**Easements, Encroachments
And Restrictions:**

According to City of Scottsdale maps, the subject property is subject to 33-foot Government Land Office (GLO) easements along the north, east and west property lines; 10-foot public utility easements along the east side of the property and bisecting the southern portion of the site.

We have not been provided with a title report. We know of no other atypical easements, encroachments or restrictions.

Utilities:

Water:
Sewer:
Electricity:
Telephone:
Gas:

City of Scottsdale
City of Scottsdale
Arizona Public Service Company (APS)
CenturyLink
Southwest Gas

Adjacent Land Uses:

North:
East:
South:
West:

A single-family residential subdivision
Vacant land being planned for a residential subdivision
The Central Arizona Canal followed by Shea Boulevard and undeveloped land
A single-family residential subdivision

Apparent Adverse Factors:

None noted

Site Utility and Accessibility:

The property is suitable for development of potential residential uses.

**Non-apparent Adverse
Factors:**

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

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

The full cash value and real estate taxes for the subject parcel are summarized as follows:

Tax Assessment								
	2011 Final	2012 Final	2013 Final	2014 Final	2015 Final	2016 Final	2017 Prelim	2018 Prelim
FCV Improved	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
FCV Land	\$339,500	\$339,500	\$294,500	\$301,150	\$485,200	\$690,700	\$789,600	\$670,400
FCV Total	\$339,500	\$339,500	\$294,500	\$301,150	\$485,200	\$690,700	\$789,600	\$670,400
YoY Change %	-75%	0%	-13%	2%	61%	42%	14%	-15%
Assessed FCV	\$54,320	\$54,320	\$47,120	\$48,184	\$77,632	\$103,605	\$118,440	\$100,560
LFV Total	\$339,500	\$339,500	\$294,500	\$301,150	\$316,208	\$332,018	\$348,619	\$366,050
State Aid	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tax Amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Back Taxes:

None.

Special Assessments:

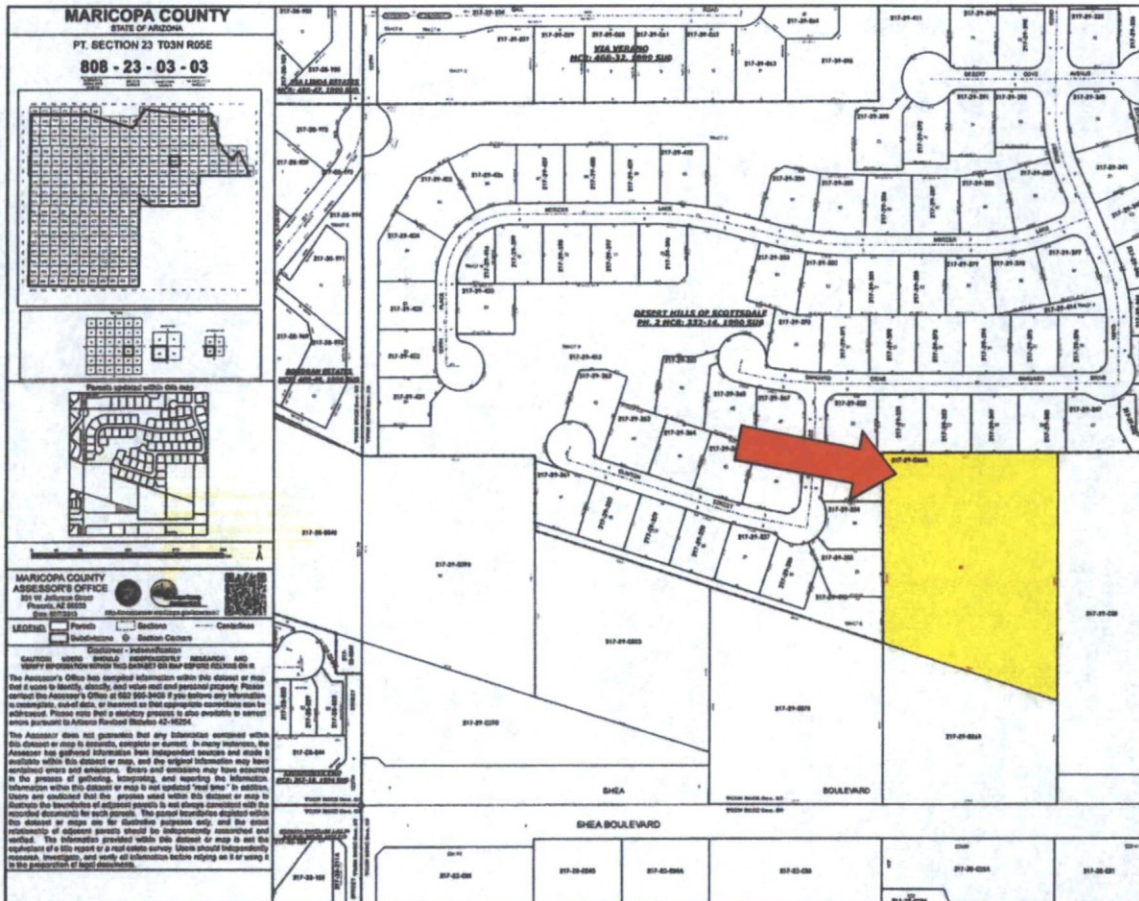
None identified other than those included in the Maricopa County Treasurer's tax bill.

Improvements:

The property currently has chain-link fencing along the perimeter of the site and water facilities. This appraisal is based on the hypothetical condition that the improvements have been removed from the site.

DRAFT

Assessor's Plat Map



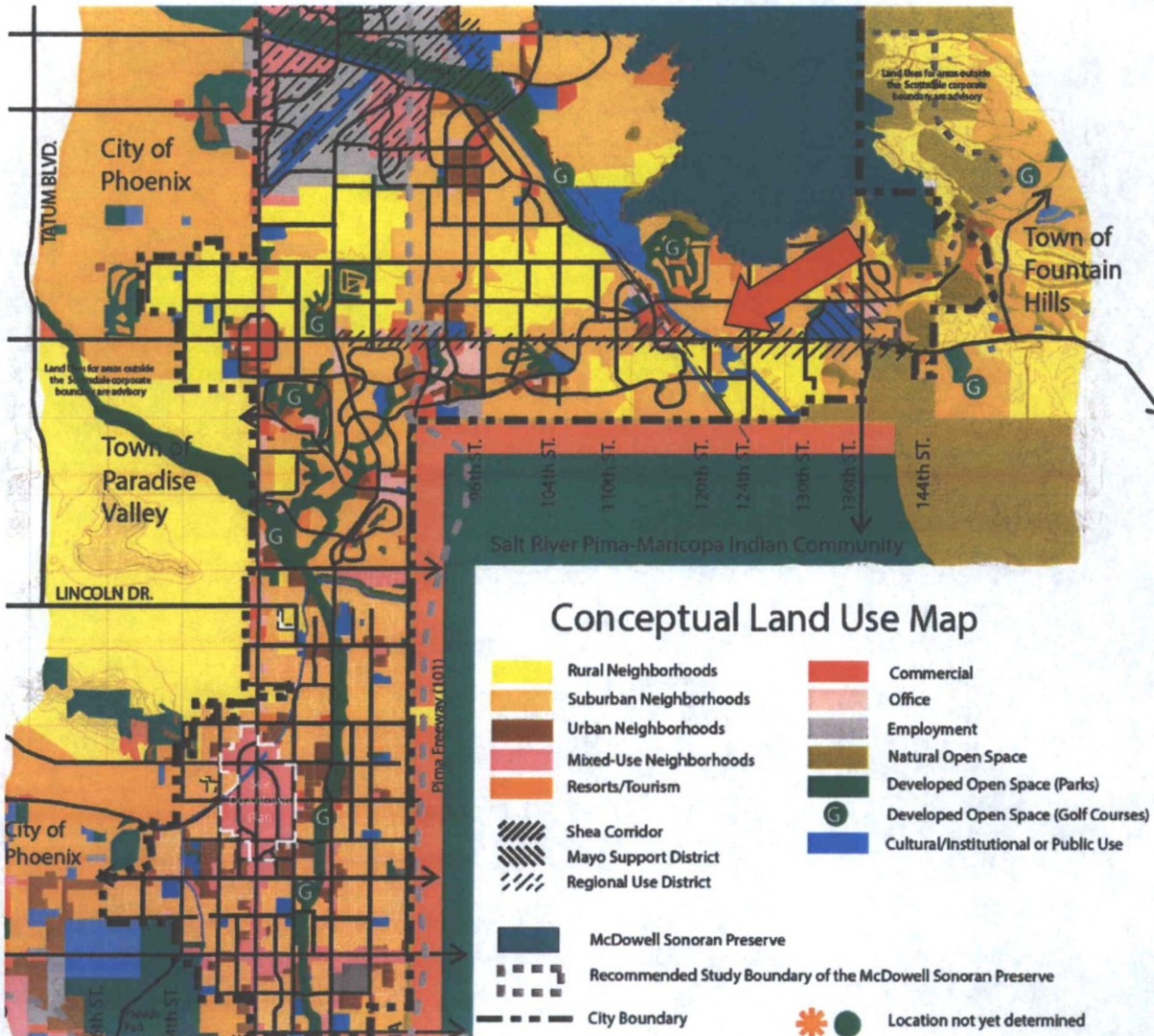
Aerial Photograph



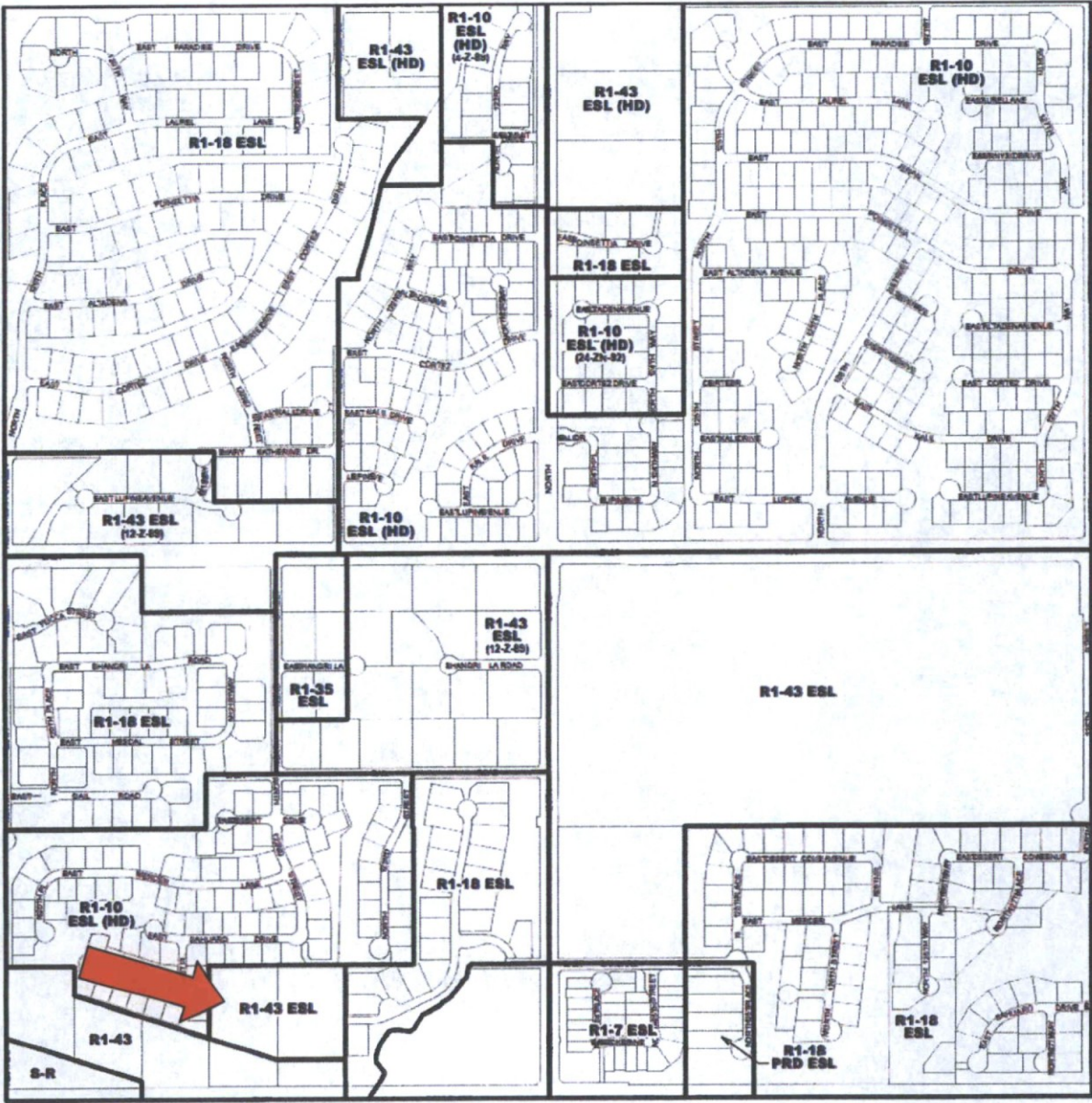
Flood Map



General Plan Land Use Map



Scottsdale Zoning Map



HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined as “the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternately, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value”.⁴

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

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

As Vacant

Legally Permissible

General Plan Designation: According to the City of Scottsdale General Plan Land Use Map, the subject property is located in an area targeted for suburban neighborhoods. This category includes medium to small-lot, single-family neighborhoods or subdivisions. Densities in Suburban Neighborhoods are usually more than one house per acre, but less than eight houses per acre. This category also includes some townhouses and can also be used for small lot, single-family homes, such as patio homes. It can be incorporated into neighborhoods near the Downtown area and in, or adjacent to, other non-residential activity centers. These uses may be used as a transition between less intense residential areas and non-residential areas, such as offices or retail centers. The terrain should be relatively flat, or gently sloping, to accommodate this density. Preservation of environmental features (particularly in desert settings near the mountains) is a key consideration and in the past has often been accommodated through master-planned communities or clustering.

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

Zoning: The subject property is currently zoned R1-43 (Single-Family Residential) ESL (Environmentally Sensitive Land).

The R1-43 district is intended to promote and preserve residential development. Large lots are required to maintain a low-density of population. The principal land use is single-family dwellings and uses incidental or accessory thereto together with required recreational, religious and educational facilities. Permitted uses include a variety of low-density residential uses. The minimum lot size is 43,000 square feet and the maximum building height is 30 feet.

The ESL overlay is intended to protect environmentally sensitive lands in the city and to promote the public health, safety and welfare by providing appropriate and reasonable controls for the development of such lands. Specifically, the ESL District is intended to:

- Protect people and property from hazardous conditions characteristic of environmentally sensitive lands and their development. Such hazards include rockfalls, rolling boulders, other unstable slopes, flooding, flood-related mud slides, subsidence, erosion, and sedimentation.
- Protect and preserve significant natural and visual resources. Such resources include, but are not limited to, major boulder outcrops and large boulders, major ridges and peaks, prime wildlife habitat and corridors, unique vegetation specimens, significant washes, and significant riparian habitats..
- Protect renewable and nonrenewable resources such as water quality, air quality, soils, and natural vegetation from incompatible land uses.
- Minimize the costs of providing public services and facilities in ESL District areas such as streets, water, sewer, emergency services, sanitation services, parks, and recreation. Costs associated with the design and development of infrastructure in environmentally sensitive areas can be higher than costs in other areas of the city due to the unique and fragile nature of such lands.
- Conserve the character of the natural desert. Guide the location and distribution of meaningful on-lot and common tract open space and protect sensitive environmental features to sustain the unique desert character found in ESL District areas.
- Recognize and conserve the economic, educational, recreational, historic, archaeological, and other cultural assets of the environment that provide amenities and services for residents and visitors.
- Assure that decisions regarding development in environmentally sensitive areas are based on complete and accurate information about the environmental conditions including drainage features and probable development impacts.

- Minimize the impacts of development by controlling the location, intensity, pattern, design, construction techniques, and materials of development and construction.
- Retain the visual character of the natural landscape to the greatest extent feasible by regulating building mass, location, colors, and materials; grading location, design and treatment; and landscaping design and materials.
- Maintain significant open spaces which provide view corridors, buffers, protect landmarks and large boulders, and prime wash habitats, by preserving these features in their natural state to maintain the city's unique desert setting.
- Protect environmentally sensitive lands, while also recognizing the legitimate expectations of property owners and the city's overall economic goals.
- Encourage innovative planning, design, and construction techniques for development in environmentally sensitive areas.

The ESL overlay allows the uses allowed in the underlying zoning; however, places additional development standards including minimum open space requirements (approximately 20% to 25% for the subject property, lower building heights and other standards.

Likelihood of Zoning Change: The subject property is zoned R1-43. The property to the north is zoned R1-10 ESL (HD). The property to the east is being rezoned R1-18 or R1-10, ESL. The property east of that is zoned R1-18 ESL. Recognizing the zoning of these nearby properties, it is my opinion that a zoning change to R1-18, or R1-10, ESL is likely.

Easements, Encroachments And Restrictions: According to City of Scottsdale maps, the subject property is subject to 33-foot Government Land Office (GLO) easements along the north, east and west property lines; 10-foot public utility easements along the east side of the property and bisecting the southern portion of the site. We have not been provided with a title report. We know of no other atypical easements, encroachments or restrictions.

Based on this information, it is our opinion that the most likely legally permissible use of the subject property is to rezone for development of a residential use consistent with the general plan and the other residential uses in the immediate area.

Physically Possible

The subject site is a 136,888 square foot parcel of land with slightly sloping topography (with the exception of the berm around the existing water facility). Land uses in the immediate area of the subject property are undeveloped land and residential uses. Electricity, telephone, water and sewer services are available at the property. The

property has access from Shea Boulevard via an easement across the property to the south and the potential for access across the property adjacent east. Recognizing the location adjacent to existing single-family uses and adjacent to a property that is being planned for development of a single-family subdivision, the most likely physically possible use of the property is to rezone for development of a single-family residential subdivision. Therefore, it is our opinion that the most likely legally permissible and physically possible uses of the subject property is to rezone for development of a single-family residential subdivision.

Financially Feasible

The most likely legally permissible and physically possible uses of the subject site, as vacant, is to rezone for development of a single-family residential subdivision. The economy and real estate market conditions have improved in the Phoenix area over the last few year. Vacant sites are being acquired for development of a variety of uses including single-family residential uses. Based on the on-going development of residential uses the immediate area, it is our opinion that development of the subject property with a single-family subdivision is financially feasible. Therefore, it is our opinion that the most likely financially feasible use of the subject property is to rezone and develop the site with a single-family residential subdivision.

Maximally Productive

The most likely financially feasible use of the subject site is to rezone and develop the site with a single-family residential subdivision. It is our opinion that no other use would provide a greater return to the site. Therefore, it is our opinion that the maximally productive and highest and best use of the subject property, as vacant, is to rezone and develop the site with a single-family residential subdivision.

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

Cost Approach

The Cost Approach is defined as “a set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised”.⁵

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

Sales Comparison Approach

The sales comparison approach is defined as “the process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available”.⁶

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

⁵ Appraisal Institute, *The Dictionary of Real Estate Appraisal, Sixth Edition* (Chicago, Illinois, 2015), page 54.

⁶ Appraisal Institute, *The Dictionary of Real Estate Appraisal, Sixth Edition* (Chicago, Illinois, 2015), page 207.

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

The Income Capitalization Approach

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

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

Final Reconciliation

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

For valuation of the subject property, as vacant, we have considered all three approaches to value; however, as vacant land with no improvements, the cost approach is not an appropriate valuation methodology. Moreover, sites similar to the subject site, as if vacant, are typically not acquired and sold based on their income; therefore, the income approach is not an appropriate valuation methodology. Thus, for this analysis, we use only the sales comparison approach to value.

⁷ Appraisal Institute, *The Dictionary of Real Estate Appraisal, Sixth Edition* (Chicago, Illinois, 2015), page 115.

⁸ Appraisal Institute, *The Dictionary of Real Estate Appraisal, Sixth Edition* (Chicago, Illinois, 2015), page 66.

⁹ Appraisal Institute, *The Dictionary of Real Estate Appraisal, Sixth Edition* (Chicago, Illinois, 2015), page 91.

SALES COMPARISON APPROACH

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

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

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

Overview of the Search for Comparable Sales Information

Emphasis was placed upon selecting relatively recent transactions involving comparables which were considered to be similar to the subject properties in terms of property rights conveyed, zoning classifications, and development time horizons. Although our search for comparable properties was initially concentrated within the subject's immediate vicinity, it was necessary to expand the scope of research to encompass areas outside of the subject's immediate area.

Nonetheless, although differing somewhat in terms of location, it should also be noted that the comparables are still considered to be generally similar in terms of their development time horizons. Similarly, we also sought to ensure the homogeneity of the comparables and the subject property through a careful consideration of certain other factors. Accordingly, although differing in certain respects, it will be observed that the comparables used within our analysis are generally comparable with the subject property in terms of many physical attributes. We believe that the comparables included within this analysis are consistent with the subject's highest and best use, and are representative of the range of indications of value within which the subject properties could be placed.

Selection of Appropriate Units of Comparison

Although alternative units might be employed, when utilizing the sales comparison approach for parcels of land of this size, the predominant unit of comparison is the sales price per square foot of land area. During the research process, market participants clearly indicated that this unit of comparison is the primary unit used in the negotiation process. Accordingly, for the purpose of this report, the sale price per square foot of land is used.

Analysis and Comparison of Comparable Sales

Typically, comparable sales are analyzed using a combination of quantitative and/or qualitative comparative techniques. In applying quantitative adjustment techniques, mathematical processes are used to identify those items of comparison that require adjustment and to measure the amount, if any, of the indicated adjustment(s). Analytical techniques commonly utilized to measure quantitative adjustments include paired data set analysis, statistical analysis, graphic analysis, trend analysis, cost-related analysis and secondary data analysis. However, although these techniques are theoretically sound, their use is somewhat limited because of the imperfect nature of the real estate market and the lack of sufficient market data to quantify adjustments.

Therefore, in this analysis, in those instances where an adjustment could not reasonably be quantified, a qualitative technique was used instead; or more specifically, a relative comparison analysis. In relative comparison analysis, the applicable elements of comparison for each comparable sale are analyzed to determine if a comparable sale is inferior, superior or equal to the subject property based on the individual element of comparison. After all of the applicable elements of comparison are analyzed, a net relative value indication of each comparable sale is concluded. Based on this relative value indication, the comparable sales are then reconciled into a value indication by arraying them relative to the subject property.

In this valuation analysis, the adjustment categories for which quantifiable adjustments could reasonably be made will be analyzed first. Following this analysis will be a summary of the quantifiable adjustments and the adjusted value indications of each of the comparable sales. The analysis and summary of quantifiable adjustments will then be followed by a relative comparison analysis of the remaining elements of comparison.

Quantitative Adjustments

Those adjustment categories for which market derived information is considered to be able to support quantifiable adjustments include such factors as:

- Real Property Rights Conveyed
- Financing Terms
- Conditions of Sale
- Market Conditions (Date of Sale)

Qualitative Adjustments

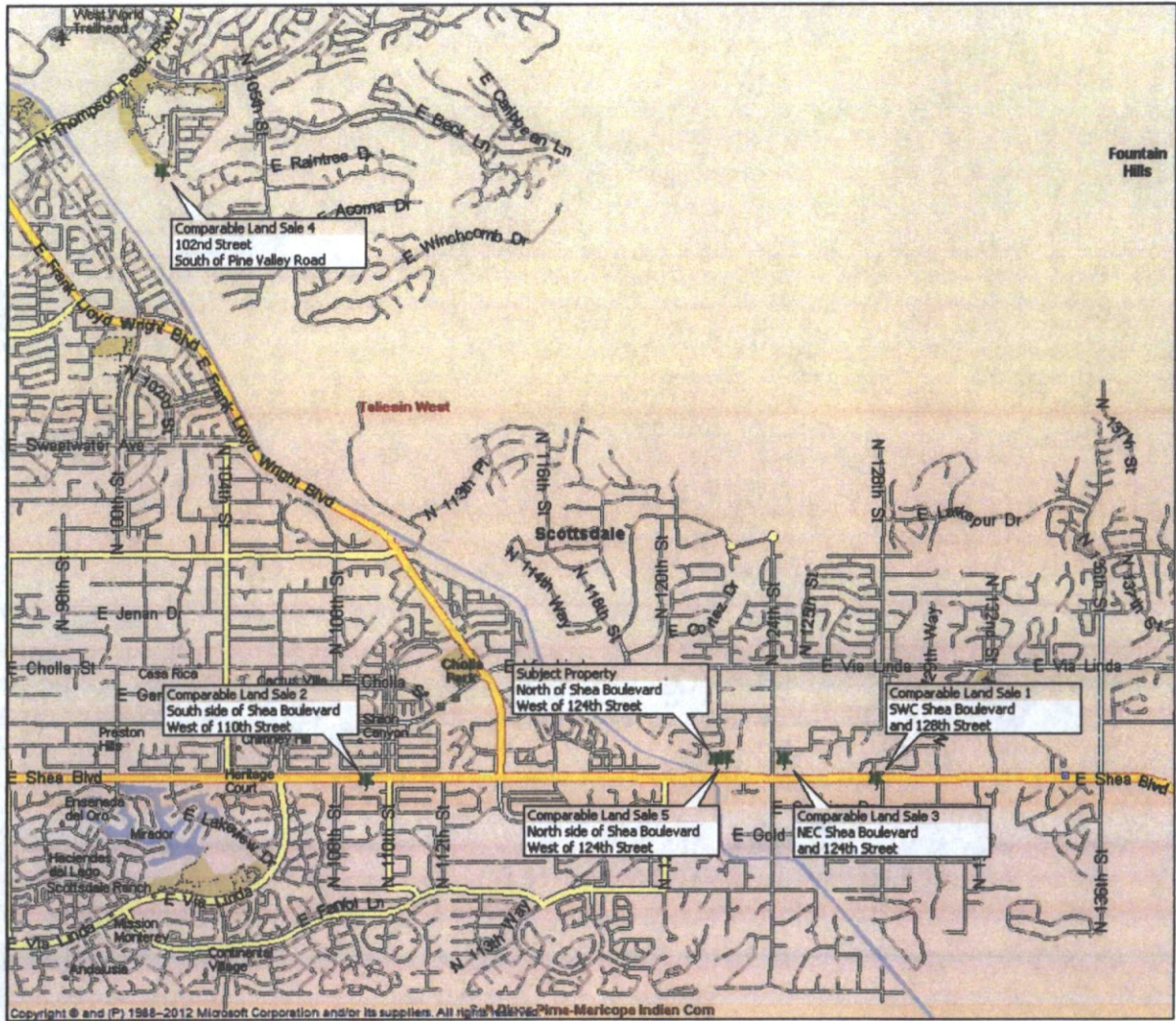
Those adjustment categories for which available market information is more appropriately considered to support a relative comparison analysis include the following:

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

Description of Vacant Land Comparables

Presented on the following pages are data sheets for each of the comparables examined, as well as a map showing the location of each comparable with respect to the subject property. Following the comparable data sheets is a detailed discussion of the application of the sales comparison approach and the value indications derived.

Comparable Land Sales Map



Comparable Land Sale One



West from 128th Street



South Shea Boulevard

Identification

Type: Residential land
Location: At the southwest corner of Shea Boulevard and 128th Street, Scottsdale, Arizona
Tax Parcel Numbers: 217-32-010 And 011

Sale Data

Sale Price: \$2,580,000
Terms: All cash to seller
Unit Price: \$7.24 Per square foot
Date of Recordation: January 5, 2016 (November 2015 sale date)
Grantor/Seller: Joseph & Dorothy Hong Trustees and George & Winnie Reimann Trustees
Grantee/Buyer: BASIS Schools, Inc.
Instrument: Warranty Deed
Instrument Number: 2016-0004971 and 2016-0004972
Conditions of Sale: Typical
Marketing Period: Less than one year
Confirmation: CoStar, public records, buyer, and inspection

Site Data

Shape/Dimensions: Nearly rectangular
Area: 356,111 Net square feet/8.1752 net acres
Topography: Level and at grade with surrounding properties
Zoning/Restrictions: R1-43 ESL, City of Scottsdale
Flood Zone: Zone X

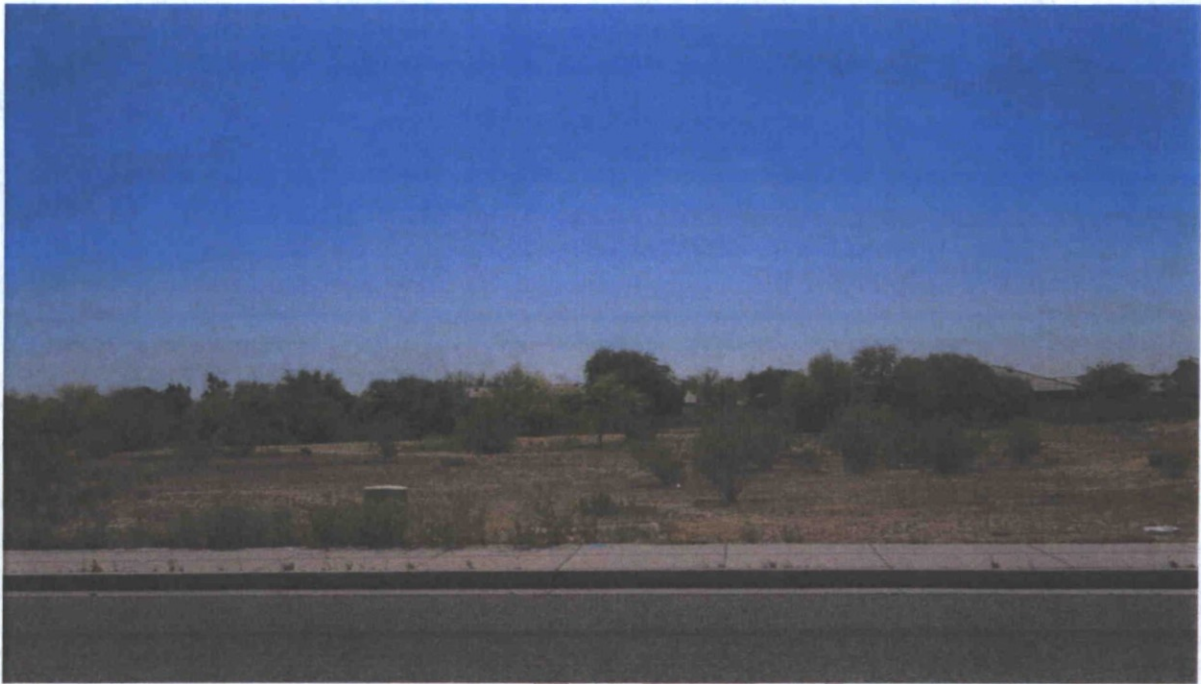
Noise Zone:	None
Off-Sites:	Mostly installed along Shea Boulevard, partially installed along 128 th Street
Lot Type:	Corner
Utilities:	Water, sewer, electricity and gas
Frontage:	619± Feet along Shea Boulevard and 550± feet along 128 th Street
Traffic Count:	38,374 V.P.D along Shea Boulevard
Improvements:	None
Comments:	This property is located in a residential area in Scottsdale. The property was purchased by a charter school organization. After purchasing the property, the buyer began construction of a charter school. The property was subject to GLO and other easements that were removed or accommodated by the buyer.

Intended Use Charter school

Aerial Photo



Comparable Land Sale Two



South from Shea Boulevard

Identification

Type: Residential land
Location: On the south side of Shea Boulevard and the north side of North Lane, west of 110th Street, Scottsdale, Arizona
Tax Parcel Numbers: 217-34-021R And 021S

Sale Data

Sale Price: \$1,000,000
Terms: All cash to seller
Unit Price: \$6.86 Per square foot
Date of Recordation: January 6, 2017 (July 2016 sale date)
Grantor/Seller: JV Brown Realty, Inc. and Five Lots, LLC
Grantee/Buyer: GNR Holdings, LLC
Instrument: Special Warranty Deed
Instrument Number: 2017-0014247
Conditions of Sale: Typical
Marketing Period: Approximately 218 days
Confirmation: CoStar, public records, broker and inspection

Site Data

Shape/Dimensions:	Nearly rectangular
Area:	145,752 Net square feet/3.3460 net acres
Topography:	Level and at grade with surrounding properties
Zoning/Restrictions:	R-3 (rezoned to R1-35 by buyer), City of Scottsdale
Flood Zone:	Zone X
Noise Zone:	None
Off-Sites:	All installed along Shea Boulevard and partial off-sites along North Lane
Lot Type:	Interior
Utilities:	Water, sewer, electricity and gas
Frontage:	530± Feet along Shea Boulevard
Traffic Count:	39,186 V.P.D along Shea Boulevard
Improvements:	None
Comments:	This property was vacant at the time of sale with no improvements. The property is subject to a scenic corridor easement and a private electric line easement along the north side of the site, and a public utility easement along a portion of the south side. The buyer rezoned the property and obtained entitlements for 9 single-family residential lots.

Intended Use

Residential. The buyer plans on building 9, single-family homes on the site (2.69 du/net acre).

Aerial Photo



Comparable Land Sale Three



East from 124th Street



North from Shea Boulevard

Identification

Type: Residential land
Location: At the northeast corner of 124th Street and Shea Boulevard, Scottsdale, Arizona
Tax Parcel Numbers: 217-29-029, 030B And 031

Sale Data

Sale Price: \$6,000,000
Terms: All cash to seller
Unit Price: \$9.64 Per square foot
Date of Recordation: May 5, 2015 (May 2014 sale date)
Grantor/Seller: Shea 124 Investments, LLC
Grantee/Buyer: K. Hovnanian at Sunrise Trail, LLC
Instrument: Special Warranty Deed
Instrument Number: 2015-0315290
Conditions of Sale: Typical
Marketing Period: Less than one year
Confirmation: CoStar, seller, public records, and inspection

Site Data

Shape/Dimensions: Nearly rectangular
Area: 622,193 Net square feet/14.2836 net acres
Topography: Level and at grade with surrounding properties
Zoning/Restrictions: R1-7 And R1-18, City of Scottsdale (at time of sale)
Flood Zone: Zone X
Noise Zone: None

Off-Sites: All installed along Shea Boulevard and Sahuaro Drive, partial off-sites along 124th Street Corner
Lot Type:
Utilities: Water, sewer, electricity and gas
Arterial Frontage: 924± Feet along Shea Boulevard, 577± feet along 124th Street and 918± feet along Sahuaro Drive
Traffic Count: 38,374 V.P.D along Shea Boulevard and 5,901 V.P.D. along 124th Street. Not counted along Sahuaro Drive.
Improvements: None
Comments: This property was vacant at the time of sale with no improvements. The property was subject to GLO and other easements that were removed or accommodated by the buyer. The property was rezoned and entitled during escrow.
Intended Use Residential. The buyer plans on building 32, single-family homes on the site (2.24 du/net acre).

Aerial Photo



Comparable Land Sale Four



West from 102nd Street

Identification

Type: Residential land
Location: 102nd Street, south of Pine Valley Road, Scottsdale, Arizona
Tax Parcel Number: 217-16-908

Sale Data

Sale Price: \$2,625,000
Terms: All cash to seller
Unit Price: \$7.98 Per square foot
Date of Recordation: November 16, 2016 (November 2016 sale date)
Grantor/Seller: Arizona State Land Department
Grantee/Buyer: WestWorld 15, LLC
Instrument: N/A
Instrument Number: N/A
Conditions of Sale: Typical
Marketing Period: Less than one year
Confirmation: CoStar, public records, buyer and inspection

Site Data

Shape/Dimensions:	Irregular
Area:	328,756 Net square feet/7.5472 net acres
Topography:	Level and at grade with surrounding properties
Zoning/Restrictions:	R1-10, City of Scottsdale
Flood Zone:	Zone X
Noise Zone:	None
Off-Sites:	Paved road
Lot Type:	Interior
Utilities:	Water, sewer, electricity and gas
Frontage:	40.00± Feet along 102 nd Street
Traffic Count:	Not counted
Improvements:	None
Comments:	This property was vacant at the time of sale with no improvements. This property has frontage along the McDowell Mountain golf course.

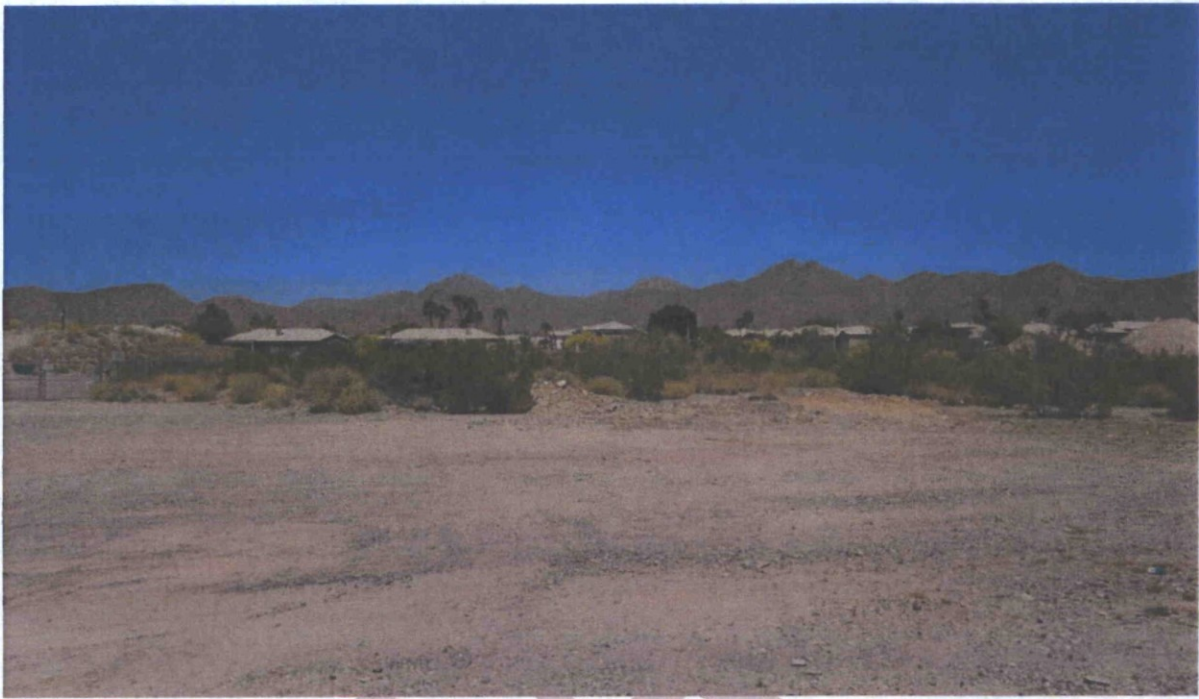
Intended Use

Residential. The buyer plans to build 15 single-family homes on the site (1.99 du/net acre).

Aerial Photo



Comparable Land Sale Five- Current Escrow



North from Shea Boulevard

Identification

Type: Residential land
Location: On the north side of Shea Boulevard, west of 124th Street, Scottsdale, Arizona
Tax Parcel Number: 217-29-035

Sale Data

Sale Price: \$855,000
Terms: All cash to seller
Unit Price: \$4.35 Per square foot
Date of Recordation: Current escrow (scheduled to close in June 2018)
Grantor/Seller: Estate of Jalmer Throvald Berg
Grantee/Buyer: Blandford Homes
Instrument: Current escrow
Instrument Number: Current escrow
Conditions of Sale: Typical
Marketing Period: Less than one year
Confirmation: CoStar, public records, buyer and inspection

Site Data

Shape/Dimensions:	Rectangular
Area:	196,680 Net square feet/4.5152 net acres
Topography:	Level and at grade with surrounding properties
Zoning/Restrictions:	R1-43 ESL, City of Scottsdale
Flood Zone:	Zone X
Noise Zone:	None
Off-Sites:	All installed
Lot Type:	Interior
Utilities:	Water, sewer, electricity and gas
Frontage:	323± Feet along Shea Boulevard
Traffic Count:	38,374 V.P.D along Shea Boulevard
Improvements:	None
Comments:	This property was vacant at the time of sale with no improvements. This property is subject to GLO easements, a sewer line easement, a drainage easement and a wash, that will require removal or accommodation by the buyer.

Intended Use

Residential. The buyer plans on building 8, single-family homes on the site (1.74 du/net acre)

Aerial Photo



Land Sales Summary and Adjustment Grid						
	Subject	Land Comparables				
		1	2	3	4	5
Sale Price	-	\$2,580,000	\$1,000,000	\$6,000,000	\$2,625,000	\$855,000
Size per Sq Ft	136,888	356,111	145,752	622,193	328,756	196,680
Price Per Sq Ft	-	\$7.24	\$6.86	\$9.64	\$7.98	\$4.35
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Total Adjustment	-	\$0	\$0	\$0	\$0	\$0
Price Adj. For Rights Conveyed	-	\$2,580,000	\$1,000,000	\$6,000,000	\$2,625,000	\$855,000
Financing	All Cash	All Cash	All Cash	All Cash	All Cash	All Cash
Total Adjustment	-	\$0	\$0	\$0	\$0	\$0
Price Adj. For Financing	-	\$2,580,000	\$1,000,000	\$6,000,000	\$2,625,000	\$855,000
Conditions	Typical	Typical	Typical	Typical	Typical	Typical
Total Adjustment	-	\$0	\$0	\$0	\$0	\$0
Price Adj. For Financing	-	\$2,580,000	\$1,000,000	\$6,000,000	\$2,625,000	\$855,000
Market Conditions	Apr-17	Jan-16	Jan-17	May-15	Nov-16	In Escrow
Adjustment Factor	-	15.00%	10.00%	15.00%	0.00%	0.00%
Total Adjustment	-	\$387,000	\$100,000	\$900,000	\$0	\$0
Price Adj. For Market Conditions	-	\$2,967,000	\$1,100,000	\$6,900,000	\$2,625,000	\$855,000
Adjusted Price Per Acre	-	\$8.33	\$7.55	\$11.09	\$7.98	\$4.35
General Location	Typical	Typical	Typical	Typical	Superior	Typical
Adjustment Factor	-	None	None	None	Downward	None
Lot Type	Interior	Corner	Interior	Corner	Interior	Interior
Adjustment Factor	-	Downward	None	Downward	None	None
Size Sq Ft	136,888	356,111	145,752	622,193	328,756	196,680
Adjustment Factor	-	None	None	None	None	None
Utilities	E, T, W, S	E, T, W, S	E, T, W, S	E, T, W, S	E, T, W, S	E, T, W, S
Adjustment Factor	-	None	None	None	None	None
Off-Site Improvements	All Installed	Similar	Similar	Similar	Similar	Similar
Adjustment Factor	-	None	None	None	None	None
Topography	Irregular	Superior	Superior	Superior	Superior	Similar
Adjustment Factor	-	Downward	Downward	Downward	Downward	None
Improvements	None	None	None	None	Minimal	None
Adjustment Factor	-	None	None	None	None	None
Flood Zone	X	X	X	X	X	X
Adjustment Factor	-	None	None	None	None	None
Zoning/Potential Use	R1-43 ESL/Res	R1-43 ESL/Sch	R-3/Res	R1-7, R1-18/Res	R1-10/Res	R1-43/Res
Adjustment Factor	-	None	None	Downward	Downward	None
Net Qualitative Adjustment	-	Downward	Downward	Downward	Downward	None

Utilities: E = Electricity; T = Telephone; W = Water; S = Sewer

Quantifiable Adjustments

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

Financing Terms: All of the comparables, sold for all cash to the seller, indicating no adjustment for financing terms.

Conditions of Sale: All of the comparables appear to have sold under typical conditions of sale, indicating no adjustment.

Market Conditions: The effective date of the appraisal is April 20, 2017. The comparable sales closed between May of 2015 and January of 2017 with one sale

currently in escrow. The reported escrow dates varied between 1 and 12 months. As discussed in the market area analysis section of this report, according to the Phoenix Arizona Research & Forecast Report by Colliers International for land in the Second Half of 2016, "sales of land parcels for residential uses spiked by more than 55 percent from the first half of 2016 to the second half. This surge in the second half caused total transaction activity in 2016 to outpace the 2015 total by 5 percent... Prices of land for residential development dipped in the second half of 2016, with the median price falling 14 percent from the first half of the year. The median price was \$3.10 per square foot in the second half. Even after a dip in the second half, the median price in residential land sales for 2016 was \$3.39 per square foot, 50 percent higher than the median price in 2015."

Recognizing these market conditions, Comparables 1, 2 and 3 are adjusted for market conditions. Comparables 4 and 5 are more recent sales and are not adjusted for market conditions.

Qualitative Adjustments

Comparable Land Sale 1 is the January 5, 2016 sale of a 356,111 square foot (8.1752 acre) parcel of land located on the southwest corner of Shea Boulevard and 128th Street in Scottsdale for \$2,580,000, or \$7.24 per square foot of site area. After an upward adjustment for market conditions, this comparable has an adjusted sale price of \$8.33 per square foot. This comparable is sufficiently similar to the subject based on general location, size, utilities, off-site improvements, improvements, flood zone, and zoning/potential use to not require adjustments. This comparable has a corner lot type and superior topography, indicating downward adjustments. Overall, it is our opinion that this comparable is superior to the subject, indicating net downward adjustments, and a unit value for the subject property below \$8.33 per square foot.

Comparable Land Sale 2 is the January 6, 2017 sale of a 145,752 square foot (3.3460 acre) parcel of land located on the south side of Shea Boulevard and the north side of North Lane, west of 110th Street in Scottsdale for \$1,000,000, or \$6.86 per square foot of site area. After an upward adjustment for market conditions, this comparable has an adjusted sale price of \$7.55 per square foot. This comparable is sufficiently similar to the subject based on general location, lot type, size, utilities, off-site improvements, improvements, flood zone, and zoning/potential use to not require adjustments. This comparable has superior topography, indicating a downward adjustment. Overall, it is our opinion that this comparable is superior to the subject, indicating net downward adjustments, and a unit value for the subject property below \$7.55 per square foot.

Comparable Land Sale 3 is the May 5, 2015 sale of a 622,193 square foot (14.2836 acre) parcel of land located at the northeast corner of Shea Boulevard and 124th Street in Scottsdale for \$6,000,000, or \$9.64 per square foot of site area. After an upward adjustment for market conditions, this comparable has an adjusted sale price of \$11.09 per square foot. This comparable is sufficiently similar to the subject based on general location, size, utilities, off-site improvements, improvements and flood zone to not

require adjustments. This comparable is a corner lot type and superior topography and superior zoning, indicating downward adjustments. Overall, it is our opinion that this comparable is superior to the subject, indicating net downward adjustments, and a unit value for the subject property below \$11.09 per square foot.

Comparable Land Sale 4 is the November 16, 2016 sale of a 328,756 square foot (7.5472 acre) parcel of land located along 102nd Street, south of Pine Valley Road in Scottsdale for \$2,625,000, or \$7.98 per square foot of site area. This comparable did not require any quantitative adjustments. This comparable is sufficiently similar to the subject based on lot type, size, utilities, off-site improvements, improvements, and flood zone to not require adjustments. This comparable has a superior general location (away from an arterial roadway and adjacent to a golf course) and superior topography and superior zoning, indicating downward adjustments. Overall, it is our opinion that this comparable is superior to the subject, indicating a net downward qualitative adjustment, and a unit value for the subject property below \$7.98 per square foot.

Comparable Land Sale 5 is the current escrow of a 196,680 square foot (4.5152 acre) parcel of land located along the north side of Shea Boulevard, west of 124th Street in Scottsdale for \$855,000, or \$4.35 per square foot of site area. This comparable did not require any quantitative adjustments. This comparable is sufficiently similar to the subject based on general location, lot type, size, utilities, off-site improvements, topography, improvements, flood zone, and zoning/potential use to not require adjustments. Overall, it is our opinion that this comparable is similar to the subject, indicating no net downward adjustments, and a unit value for the subject property near \$4.35 per square foot.

Reconciliation of Value Indications

To conclude a value for the subject site, the subject and comparables are arrayed in the following table:

Array by Net Relative Rating		
Comparable Sale	Net Adjustment	Adjusted Unit Price
3	Downward	\$11.09
1	Downward	\$8.33
4	Downward	\$7.98
2	Downward	\$7.55
Subject	-	-
5	None	\$4.35

Based on this array, the comparable sales indicate a value for the subject property below comparables 1, 2, 3 and 4 (below \$11.09, \$8.33, \$7.98 and \$7.55 per square foot) and near the sale price of Comparable 5 (near \$4.35 per square foot) .

Therefore, based on the indications of the comparable sales, it is our opinion that the subject property has a value of \$4.35 per square foot. Based on this unit value conclusion, the overall value of the subject site is calculated as follows:

136,888 Square Feet X \$4.35 Per Square Foot = \$595,463
Rounded to \$595,000

We have considered an adjustment to the property for the Government Land Office (GLO) easements along the north, east and west sides of the site. Comparables 1, 3 and 5 were impacted by similar easements and were eliminated while entitlements were obtained for the planned use. Recognizing that these properties has similar easements, no further adjustment is made to the comparables for the GLO easements.

Therefore, based on the sales comparison approach, it is our opinion that the market value, as vacant, of the subject property as of the effective date of the appraisal, is \$595,000, rounded.

RECONCILIATION AND FINAL VALUATION ESTIMATE

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

Within the scope of this report, all three approaches to value have been considered; however, as the subject property is vacant land, the cost approach to value was not considered to be applicable in this case. Similarly, as the subject property is not considered to be capable of being leased at a rental rate which would reflect a fair return to the land (and is not expected to be able to do so in the foreseeable future), the income capitalization approach to value was also not considered to be applicable to this report. Therefore, only the sales comparison approach to value was used.

In the valuation of the subject property, we analyzed sales of four sales and one escrow of comparable properties. We used a combination of quantitative and qualitative comparative techniques to compare the sales with the subject property. After analysis, the comparable sales provided a reliable indication of value for the subject property. Furthermore, the value conclusion is supported based on listings of other land in the area.

Therefore, with exclusive emphasis on the sales comparison approach, it is our opinion that the market value, as vacant, of the fee simple interest in the subject property, as of the date of the appraisal is **\$595,000, or \$4.35 per square foot.**

Exposure Period

Exposure period is defined as "the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions."¹⁰ Based on other sales in the area, it is our opinion that the subject property could have been sold in twelve months or less.

¹⁰Appraisal Standards Board of The Appraisal Foundation, Statement on Appraisals Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions"

- Subject Photographs
- Appraiser's Qualifications

DRAFT

Subject Photographs



North from southeast corner of site



West from eastern edge of site



Southwest from eastern edge of site



West from northeast corner of site



East along Shea Boulevard



West along Shea Boulevard

DRAFT

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

Professional Certification, Designations and Associations

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

Experience

Firms

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

Property Types/Assignments

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

Geographical Areas

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

Litigation Assignments

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

Education

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

Professional Courses and Seminars

- IRWA Course 103, Ethics and the Right of Way Profession, 2012
- Condemnation Summit IX, Phoenix, 2011
- AI Seminar, Introduction to Valuation for Financial Reporting, Phoenix, 2011
- Condemnation Summit VII, Phoenix, 2010
- State Bar of Arizona Annual Convention, Bankruptcy, Glendale, 2010
- State Bar of Arizona Annual Convention, Negotiating & Restructuring RE, Glendale, 2010
- IRWA Course 502, Business Relocation, Tempe, 2010
- LAI, Real Estate Bankruptcies for the Non-Lawyer RE Professional, Scottsdale, 2010
- International Right of Way Association Facilitator Clinic, Las Vegas, 2010
- AI Seminar, Uniform Appraisal Standards for Federal Land Acquisitions, Phoenix, 2009
- IRWA Course 803, Eminent Domain Law Basics for the ROW Professional, Phoenix, 2009
- AI Seminar, Appraising Distressed Commercial RE: Here We Go Again, Mesa, 2009
- IRWA Course 410, Reviewing Appraisals in Eminent Domain, Tempe, 2008
- IRWA Course 401, Appraisal of Partial Acquisitions, Los Angeles, 2007
- IRWA Course 900, Principles of Real Estate Engineering, Tempe, 2007
- IRWA Course 213, Conflict Management, Tempe, 2006
- IRWA Course 205, Bargaining Negotiations, Tempe, 2006
- IRWA Course 800, Principles of Real Estate Law, Tempe, 2006
- IRWA Course 212, Creatively Solving Problems in Groups, Tempe, 2005
- IRWA Course 104, Standards of Practice for the Right of Way Professional, 2005
- IRWA Course 200, Principles of Real Estate Negotiation, Phoenix, 2004
- IRWA Course 403, Easement Valuation, Phoenix, 2004
- IRWA Course 214, Skills of Expert Testimony, Phoenix, 2004
- AI Seminar, Online Valuation of Detrimental Conditions, Online, 2003
- AI Course 420N, Business Practices and Ethics, Tempe, 2003
- IRWA Course 802, Legal Aspects of Easements, Phoenix 2003
- AI Course 410, Standards of Professional Practice, Part A, Tempe 2003
- AI Course 705, Litigation Appraising: Specialized Topics and Applications, Tempe 2002
- AI Course 817, Appraiser as Expert Witness: Preparation and Testimony, Tempe 2002
- AI Course 720, Condemnation Appraising: Advanced Principles, Tempe 2000
- AI Course 710, Condemnation Appraising: Basic Principles, Tempe 2000
- Comprehensive Appraisal Workshop, Dallas, Texas, 1996
- AI Course 550, Advanced Applications, San Diego, California, 1996

- AI Course 540, Report Writing & Valuation Analysis, San Diego, California, 1995
- AI Course 530, Sales Comparison & Cost Approaches, Boulder, Colorado, 1995
- AI Course 420, Code of Professional Ethics, Las Vegas, Nevada, 1995
- AI Course 410, USPAP, Las Vegas, Nevada, 1995
- AI Course 520, Highest and Best Use and Market Analysis, Tempe, AZ, 1995
- AI Course 510—Advanced Income Capitalization, San Jose, California, 1994
- AI Course 1,350—Basic Income Capitalization, San Diego, California, 1993
- AI Course 110—Appraisal Principles, Salt Lake City, Utah, 1993

Other Readings/Studies

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

Other Professional & Civic Activities

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

QUALIFICATIONS

RYAN W. MELZER

Education

<i>Arizona State University</i>	Bachelor of Science Degree, Finance , May 2004
<i>Mesa Community College</i>	Associates Degree, Business Finance , May 2002
<i>Arizona School of Real Estate</i>	Course 101: Fundamentals of Real Estate Appraisal, Scottsdale, 2004
<i>Arizona School of Real Estate</i>	Course 102: Intermediate / Advanced Appraisal Techniques, Scottsdale, 2004
<i>Arizona School of Real Estate</i>	Course 103: Income Property Analysis and Valuation, Scottsdale, 2004
<i>Arizona School of Real Estate</i>	Course 104, Part A: Advanced Income Property Analysis and Valuation, Scottsdale, 2007
<i>Arizona School of Real Estate</i>	Course 104, Part B: Environmental Concerns / American Disabilities Act / Land Planning & Zoning, Scottsdale, 2007
<i>Arizona School of Real Estate</i>	Uniform Standards of Professional Appraisal Practice, Scottsdale, 2008
<i>Appraisal Institute</i>	Appraising Distressed Commercial Real Estate, Mesa, 2009
<i>Arizona Appraisers Conference</i>	Economic Outlook, Glendale, 2009
<i>Arizona Appraisers Conference</i>	Fair Value Accounting, Glendale, 2009
<i>Arizona Appraisers Conference</i>	Mortgage Fraud, Glendale, 2009

Professional Affiliations and Appointments

Currently certified as a General Real Estate Appraiser with the State of Arizona, License no. 31602 (Expires January 31, 2018)

Experience

Currently with KS Appraisal a full service appraisal firm (June 2000 – Present).

Partial List of Property Types:

Have appraised or assisted in the appraisal of the following types of property (proposed and existing):

- Commercial
- Single and Multi-Family Residential
- Shopping Centers
- Mini-Storages
- Office Buildings
- Car Dealerships
- Car Washes
- Vacant Land
- Industrial
- Mobile Home and RV Parks
- Service Stations
- Hotels & Motels
- Subdivisions
- Restaurants
- Assisted Living Facilities
- Transfer Stations

Geographic Area

State of Arizona

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