

**A NARRATIVE APPRAISAL REPORT
OF AN ABANDONMENT OF PUBLIC REAL PROPERTY RIGHTS
SAID PROPERTY RIGHTS BEING AN ALLEY
BETWEEN SHOEMAN LANE AND INDIAN TRAIL PLAZA
73' EAST OF BUCKBOARD TRAIL
CITY OF SCOTTSDALE, MARICOPA COUNTY, ARIZONA 85251**

Prepared for and Authorized by

Mr. John Berry, Esq.
Berry Riddell, LLC
6750 East Camelback Road, Suite 100
Scottsdale, AZ 85251

Effective Date of Valuation

March 30, 2020

Date of Inspection

March 30, 2020

Date of Report

April 28, 2020

Prepared by

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RLD File: 132-20-068

Client File: Stockdale Capital Partners, LLC

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RLD

Roger L. Dunlap & Associates, LTD.

Appraisals • Consulting • Litigation Support

April 28, 2020

Mr. John Berry, Esq.
Berry Riddell, LLC
6750 East Camelback Road, Suite 100
Scottsdale, AZ 85251

Subject: A Narrative Appraisal of an Abandonment of Public Property Rights, Said Rights Being the Fee Simple Interest in the Alley between Indian Plaza and Shoeman Lane, 73' east of Buckboard Trail, City of Scottsdale, Maricopa County, Arizona 85251

Dear Mr. Berry:

Please find attached a copy of my narrative appraisal report, containing 84 pages, wherein I provide an opinion of the hypothetical "as if vacant" value of the subject property (the adjacent property, to which the property rights will be abandoned) in the fee simple estate. Also provided in the report is an opinion of the market value of the fee simple estate in the alley adjacent to the parcel ("property to be abandoned"), which the City of Scottsdale intends to abandon to the subject property owner. March 30, 2020; is the date of value in this report. In order to opine to a value of the alley to be abandoned, the adjacent site ("subject property") was valued. The value of the alley to be abandoned was opined to using the "across-the-fence" method of value, taking into account the limited market for the right of way by itself, were it to be offered for sale on the open market, and also taking into account the utility the right of way would contribute to the subject property if it were assembled with it. In this appraisal report "subject property" refers to the adjacent land, known as assessor Parcel Number 173-41-260, Maricopa County, Arizona.

Sales and other market data for similar properties in the immediate and competing areas were analyzed, and well-informed individuals familiar with real estate values for this type of property were interviewed. The best available market data were analyzed. Public records were also utilized to assist in the valuation of this property.

Mr. John Berry, Esq.
April 28, 2020
Page 2

As of the date of this report, Roger L. Dunlap has completed the requirements of continuing education for the Appraisal Institute and the State of Arizona.

Based on the market data found in my research, appropriate analysis and professional judgment, it is my opinion that the hypothetical "as if vacant" value of the subject property, in fee simple, as of the effective date of this appraisal, March 30, 2020, is:

**NINE HUNDRED EIGHTY THOUSAND DOLLARS
\$980,000**

Based on the market data found in my research, appropriate analysis and professional judgment, it is my opinion that the "as is" market value of the property to be conveyed (adjacent alley), as of the effective date of this appraisal, March 30, 2020, is:

**TWO HUNDRED THOUSAND DOLLARS
\$200,000**

As of the date of this report, the United States economy is experiencing impacts from the latest worldwide pandemic, Coronavirus Disease 2019 (COVID-19). While this is a rapidly evolving situation, it is unknown at this time what, if any, long-term impact COVID-19 will have on real estate markets. While consideration to overall market conditions are given in this analysis, specific impacts related to COVID-19 are highly speculative as of the date of this report and no material impact on the valuation has been considered. There is no empirical data to analyze at this point in time. It is not know how the economy as a whole will be affected, nor how individual property types will be affected. The impacts will be negative and substantial when there are data to analyze.

This letter must remain attached to the report, which contains 84 pages plus related exhibits, for the value opinion set forth to be valid.

Assuming that the subject is marketed by a professional brokerage firm, it is my judgment that the subject could sell in its "as is" condition within a 6-9 month period if it were offered at a price within ten percent of the appraised value. Exposure time would be similar.

I appreciate the opportunity to be of service to you.

Respectfully Submitted,



Roger L. Dunlap, MAI
Certified General Real Estate Appraiser
Arizona Certificate #31062

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ADDENDA

Appraiser's Qualifications
Appraisal License
Contract Letter for Appraisal Services
Zoning Summary
Abandonment Application Exhibits

EXECUTIVE SUMMARY

Type of Property:	A parcel of commercial land, currently improved with a bar/nightclub, appraised "as if vacant"
Location/Address:	7301 East Indian Plaza, City of Scottsdale, Maricopa County, Arizona
Assessor Tax Parcel Number:	173-41-260
Total Full Cash Value:	\$1,385,900 (2020)
Real Estate Taxes:	\$17,161.44 (2019)
Interest Appraised:	Fee simple
Site Area:	±8,518 SF or 0.196 gross acres (per Maricopa County Assessor)
Building Area:	4,809 SF of Gross Building Area ("GBA")
Area of Property to be Abandoned:	3,479 SF fee simple in alley
Physical Age of Building Improvements:	6 years
Effective Age:	5 years
Remaining Economic Life:	45-50 years
Zoning:	C-2/P-3 DO, Highway Commercial with Downtown Overlay
Flood Zone Designation:	The subject is in Zone "X" - Map #04013C1770L. The effective date of the map is October 16, 2013. Flood insurance is not required in a Zone "X."
Highest and Best Use:	
As If Vacant:	Mixed uses
As Improved:	Existing use
Date of Inspection:	March 30, 2020
Effective Date of Value:	March 30, 2020

Date of Report: April 28, 2020

Value Opinion

Land Value “As If Vacant”: \$850,000

Value of Right of Way to be Abandoned: \$ 200,000

Marketing Period: 6-9 months

Exposure Time: 6-9 months

As of the date of this report, the United States economy is experiencing impacts from the latest worldwide pandemic, Coronavirus Disease 2019 (COVID-19). While this is a rapidly evolving situation, it is unknown at this time what, if any, long-term impact COVID-19 will have on real estate markets. While consideration to overall market conditions are given in this analysis, specific impacts related to COVID-19 are highly speculative as of the date of this report and no material impact on the valuation has been considered. There is no empirical data to analyze at this point in time. It is not know how the economy as a whole will be affected, nor how individual property types will be affected. The impacts will be negative and substantial when there are data to analyze.

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

1. That the legal description for the subject property available to the appraiser is correct.
2. That no survey was provided to the appraiser, and all other plans and specifications noted in this report are correct.
3. That the title to the property is marketable, free and clear of all liens.
4. That the property is appraised as if owned in fee simple.
5. That the fee simple interest in the property signifies all ownership interests of the property rights subject only to the limitations of the four powers of government.
6. That responsible ownership and competent management exist for the property.
7. That adequate utility services are available for the subject property and that they will continue to be so in the foreseeable future. These include electricity, water and sewer.
8. That construction, whether existing or to be completed, is assumed to be done according to the plans and specifications furnished to the appraiser, and that such construction is legal in character and meets all governmental requirements.
9. That hidden defects within the materials of the structures, or defects which are inaccessible to normal inspection, are not the responsibility of the appraiser.
10. An environmental site survey was not provided to the appraiser. Moreover, the appraiser is not qualified to detect or evaluate the subject site for environmental criteria. Thus, this appraisal does not take into consideration the possibility of the existence of asbestos, PCB transformers, urea formaldehyde foam insulation, or other toxic, hazardous or contaminated substances, and/or underground storage tanks (containing hazardous materials), or the cost of encapsulation or removal thereof.
11. That the subject property is not, nor will 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.
12. That information furnished by the client, property owner, agent or management is correct as received.
13. That the appraiser is not responsible for the accuracy of the opinions furnished by others and contained in this report, nor is he responsible for the reliability of government data utilized in the report.

14. That this report considers nothing of a legal character and that the appraiser assumes no responsibility for matters of a legal nature.
15. That compensation for appraisal services rendered is dependent only upon the delivery of this report and that it is not contingent upon the value opinions herein.
16. That testimony or attendance in court is not required by reason of this appraisal, unless arrangements are previously made.
17. That this report is the confidential and private property of the client and the appraiser. Any person other than the appraiser or the client who obtains and/or uses this report or its contents for any purpose not so authorized by the appraiser or the client is hereby forewarned that all legal means to obtain redress may be employed against him/her.
18. That neither this report, nor any of its contents, may be used for the sale of shares or similar units of ownership in the nature of securities, without specific prior approval of the appraiser. That no part of this appraisal may be reproduced without the permission of the appraiser.
19. That the appraiser 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.
20. Statement of Policy. The following statements represent official policy of the Appraisal Institute with respect to neighborhood analysis and the appraisal of residential real estate:
 - a. It is improper to base a conclusion or opinion of value upon the premise that the racial, ethnic, or religious homogeneity of the inhabitants of an area or of a property is necessary for maximum value.
 - b. Racial, religious, and ethnic factors are deemed unreliable predictors of value trends or price variance.
 - c. It is improper to base a conclusion or opinion of value, or a conclusion with respect to neighborhood trends, upon stereotyped or biased presumptions relating to race, color, religion, sex, or national origin, or upon unsupported presumptions relating to the effective age or remaining life of the property being appraised or the life expectancy of the neighborhood in which it is located.
21. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. It is beyond the scope of the assignment to make a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together

with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since there is no direct evidence relating to this issue, the possible non-compliance of the subject property with the requirements of ADA was not considered in estimating the value of the property. If, at a later date, it is determined that the subject does not conform, the value opinion is subject to change.

Special Limiting Condition

1. The following items relating to the subject were not available to the appraiser: survey, Phase I environmental report, soil report, site plan, title report, complete plans and specifications.
2. There is no private market for subterranean rights in the Phoenix metro area. The opinion of the value of the subterranean rights is my best professional judgment, based on the information available to me.

Hypothetical Condition

1. The subject site is improved with a single-story bar/nightclub ("Dakota"). The purpose of the assignment is to opine to the value of the fee simple interest in the adjacent alley, which is to be abandoned. Therefore, the value, if any, positive or negative, of the existing improvements is not relevant. The appraisal is based on the hypothetical condition that the subject site is vacant as of the date of valuation. The subject land is appraised "as if vacant."

SUBJECT PHOTOGRAPHS

All photographs were taken by Roger Dunlap on March 30, 2020



Looking east along Shoeman Lane from near Buckboard Trail



Looking north along alley from Shoeman Lane



Looking north along Buckboard Trail from Shoeman Lane



Looking south along Buckboard Trail from Indian Plaza



Looking southeast from Indian Plaza and Buckboard Trail



Looking south along alley from Indian Plaza



Looking southeast from Saddleback Trail and Indian Plaza



Looking west from Indian Plaza and Saddleback Trail



Looking south from Indian Plaza and Saddleback Trail



Looking north from Shoeman Lane and Saddleback Trail



Looking west from Saddleback Trail and Shoeman Lane



Looking northwest from Saddleback Trail and Shoeman Lane

INTRODUCTION

Description of the Assignment

The client is in the process of seeking approval from the City of Scottsdale to abandon the fee simple interest in alley, adjacent to the east of the subject property. The subject site is improved with a bar/nightclub ("Dakota"). The site is proposed for assemblage with the adjacent site to the east. The client requires an opinion of the value of the alley that is not being used by the City currently. The property must be appraised so that the City can be compensated at market value for the City-owned property rights to be conveyed into private ownership. Since alleys and streets cannot reasonably be valued using comparable sales, the privately-owned parcel adjacent to the west of the right of way will be valued and then the abandonment property will be valued using the "across-the-fence" method, taking into account its utility and limited market.

This appraisal has been prepared to comply with the appraisal reporting guidelines of the Uniform Standards of Professional Appraisal Practice (USPAP) as established by the Appraisal Foundation, and the Standards of Professional Practice as defined by the Appraisal Institute. It is beyond the scope of the assignment to value the improvements located on the property. The property is appraised "as if vacant."

Identification of Subject Property

The subject property is a parcel of commercial land, located at 7301 East Indian Plaza, city of Scottsdale, Maricopa County, Arizona. It is identified by the Maricopa County Assessor as parcel number 173-41-260. A copy of the subject's legal description is located in the addenda at the end of the report.

Positive attributes of the subject property include the location very near Scottsdale Road and Camelback Road, adequate site size for a commercial development, access to services, amenities, customer and employee base.

Scope of Work

The scope of work included:

1. A physical inspection of the subject property;
2. A collection of zoning information from the City of Scottsdale, including any stipulations which may affect the use of the property;
3. Conversations with market participants, including real estate brokers, property owners and representatives of financial institutions, etc., in the Phoenix metro area;
4. Examination and analysis of the market relative to the subject property's area, using data developed by the appraiser as well as secondary sources of information;

5. Primary data collection, including gathering sales of comparable properties as well as other relevant market data; and,
6. Application of the relevant approaches to value based on the highest and best use of the subject property as well as the availability of pertinent market data.

On the date of value, the appraiser inspected and photographed the subject property from the adjacent streets.

In the search for data, the appraiser employed CoStar COMPS, Loopnet, and the Internet sites of the Maricopa County Assessor, Recorder and Treasurer as well as others.

Purpose, Intended Use, Client and Intended User of the Appraisal

The purpose of this appraisal is to provide an opinion of the market value of the property rights to be abandoned as of March 30, 2020, the date of valuation, in the fee simple interest. Berry Riddell LLC is the client. The intended use of this report is to provide an opinion of the value of the property to be abandoned to facilitate the abandonment process. The intended users are the client and the City of Scottsdale.

Property Rights Appraised

This appraisal values the *fee simple estate* which can be defined as:

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.¹

Effective Date of Valuation and Date of the Report

The subject property was inspected on March 30, 2020. Therefore, the effective date for the “as is” market valuation is March 30, 2020. The report date is April 28, 2020.

¹ Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed., s.v. “fee simple estate.” (Chicago: Appraisal Institute, 2015), PDF e-book.

Definition of Market Value

Market Value

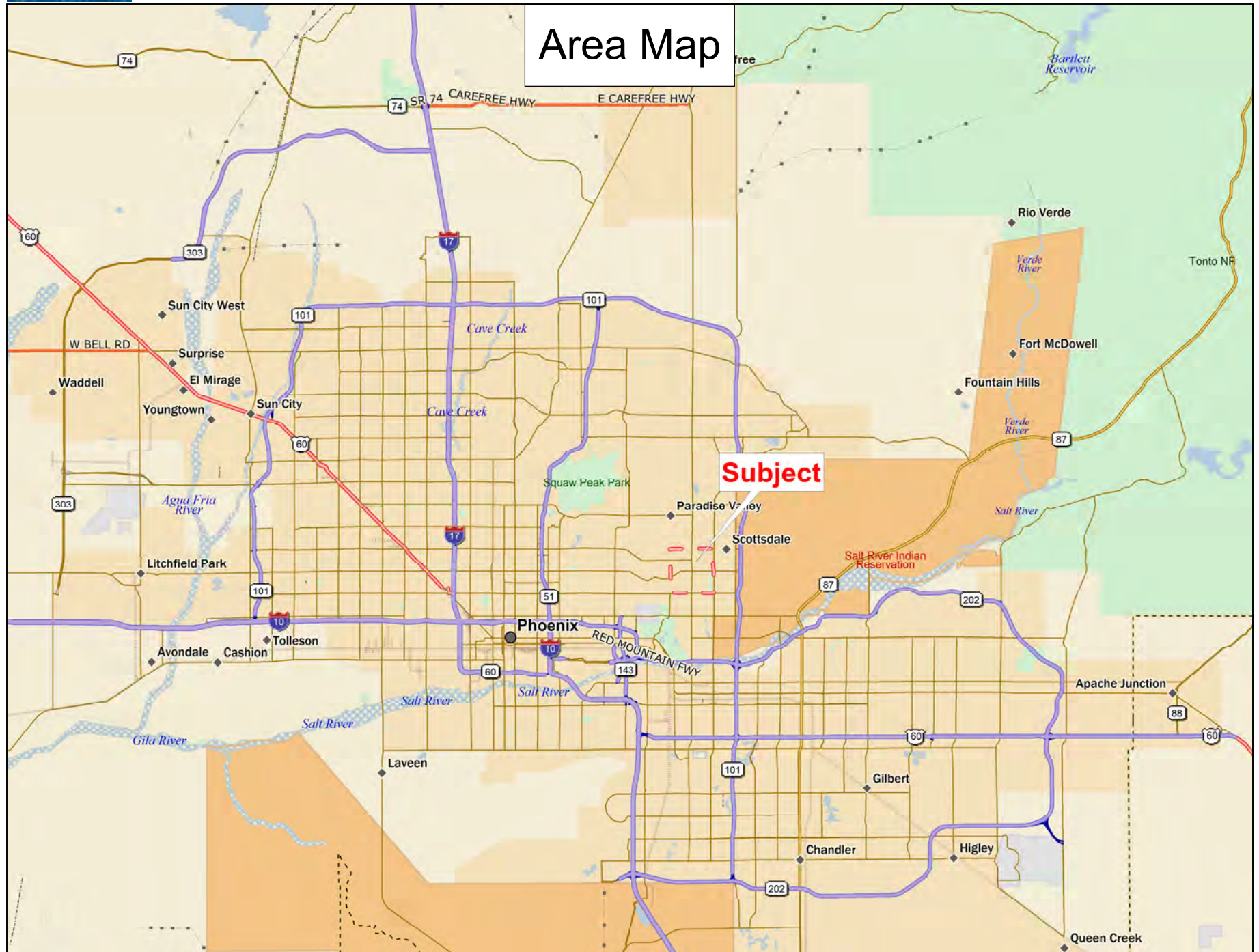
The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.²

Ownership History of the Subject Property

No title report was provided to the appraiser. According to public records, title to the subject property is currently held in the name of Equity Partners Group, LLC. There have been no transfers of the subject property within the past five years and the property is not listed for sale to the best of my information.

² Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed., s.v. “market value.” (Chicago: Appraisal Institute, 2015), PDF e-book.

Area Map



Data use subject to license.

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www.delorme.com



Scale 1 : 375,000



1" = 5.92 mi

Data Zoom 9-1

AREA ANALYSIS

Metropolitan Phoenix is located in Maricopa County which is also known as the “Valley of the Sun.” Maricopa County is located in south central Arizona and contains ±9,127 square miles of land area. Phoenix is the state capital, county seat and the largest city in the state. Maricopa County has grown to become the 4th largest county in the country in terms of population. Growth has been attributed to a variety of factors, including favorable cost of living, recreational opportunities, weather and availability of employment. The official town site was originally selected in 1870, although several people were living in the area in the early 1860's. In the late 1860's, the Swilling Irrigation Canal Company was organized and is responsible for giving Phoenix its name. The new city was to be located on top of ancient canals and villages of a vanished civilization and therefore rise upon the ashes of the old - just as the legendary Phoenix Bird, when consumed by fire, rose from its own ashes. Phoenix was incorporated in 1881.

Arizona Employment Trends

Arizona's economy is heavily service-based, with just 12% of the jobs being goods-producing, such as mining and construction, and manufacturing. Of the 88% of the jobs in the total non-farm universe, private service-providing jobs account for 89% of that subset and just under 78% of the total non-farm jobs in Maricopa County.

Year	Period	labor force	employment	unemployment	unemployment rate
2019	Jan	2471289	2347408	123881	5.0
2019	Feb	2469839	2366730	103109	4.2
2019	Mar	2461718	2361436	100282	4.1
2019	Apr	2450501	2359228	91273	3.7
2019	May	2464110	2365751	98359	4.0
2019	Jun	2506366	2391380	114986	4.6
2019	Jul	2514255	2392982	121273	4.8
2019	Aug	2507467	2389357	118110	4.7
2019	Sep	2523439	2428354	95085	3.8
2019	Oct	2527808	2433852	93956	3.7
2019	Nov	2546142	2450618	95524	3.8
2019	Dec	2543195(P)	2449813(P)	93382(P)	3.7(P)
P : Preliminary.					

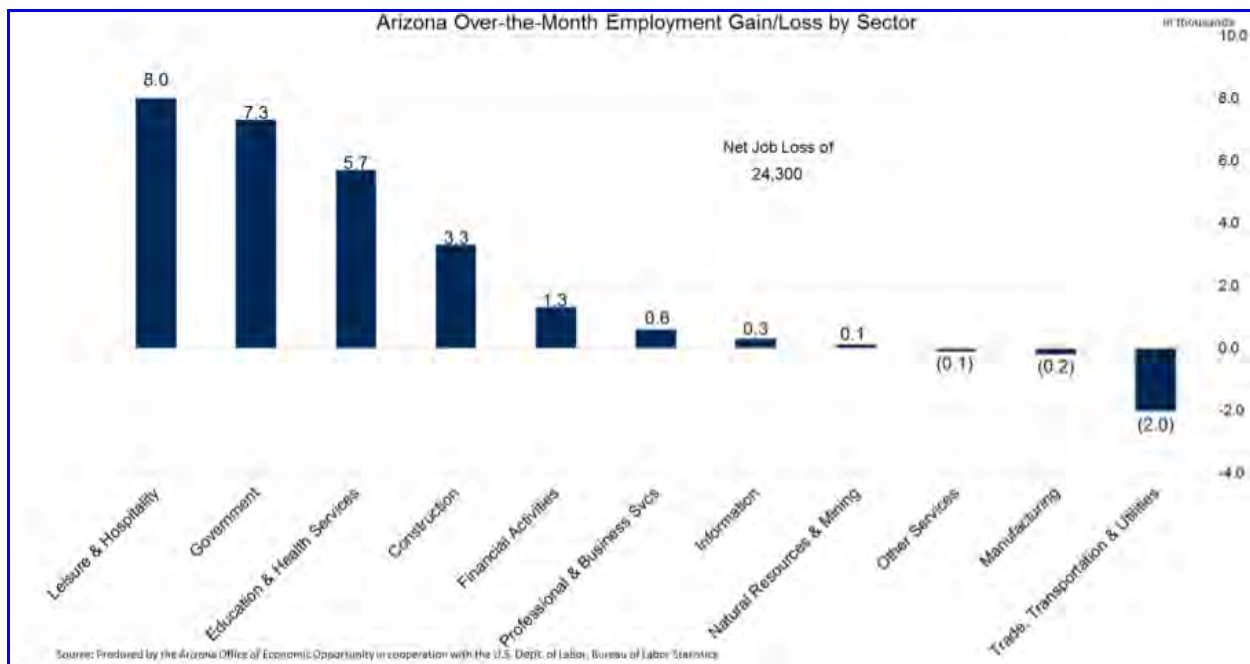
The Arizona seasonally-adjusted unemployment rate remained at 4.5% in February 2020, the same as January 2020. During that same period, the U.S. seasonally adjusted unemployment rate decreased from 3.6% to 3.5%. Over the month, Arizona's seasonally adjusted labor force increased by 8,253 individuals. Over the year, labor force levels increased by 111,366 individuals or 3.2%.

Over the Month

Arizona nonfarm employment increased by 24,300 jobs in February. Fewer job gains were recorded in February 2020 compared to the historical 10-year (2010-2019) average gain of 25,100 jobs in February. The government sector recorded a gain of 7,300 jobs in February, less than the historical 10-year (2010-2019) average gain of 11,200 jobs in February. The Private Sector gained 17,000 jobs in February, greater than the historical 10-year (2010-2019) average gain of 13,800 jobs.

Arizona, U.S. Economic Indicators			
Unemployment Rate (Seasonally Adj.)			
	Feb '20	Jan '20	Feb '19
United States	3.5%	3.6%	3.8%
Arizona	4.5%	4.5%	4.9%
Arizona unadjusted rate	4.6%	4.4%	4.7%

Arizona Nonfarm Employment (in Thousands)			
	Feb '20	Jan '20	Feb '19
Overall	3,001.7	2,977.4	2,922.7
Over-Month % Chg.	-1.6%	0.2%	1.5%
Year-to-Year % Chg.	2.7%	2.7%	2.9%



Private sector employment gains were reported in the following sectors:

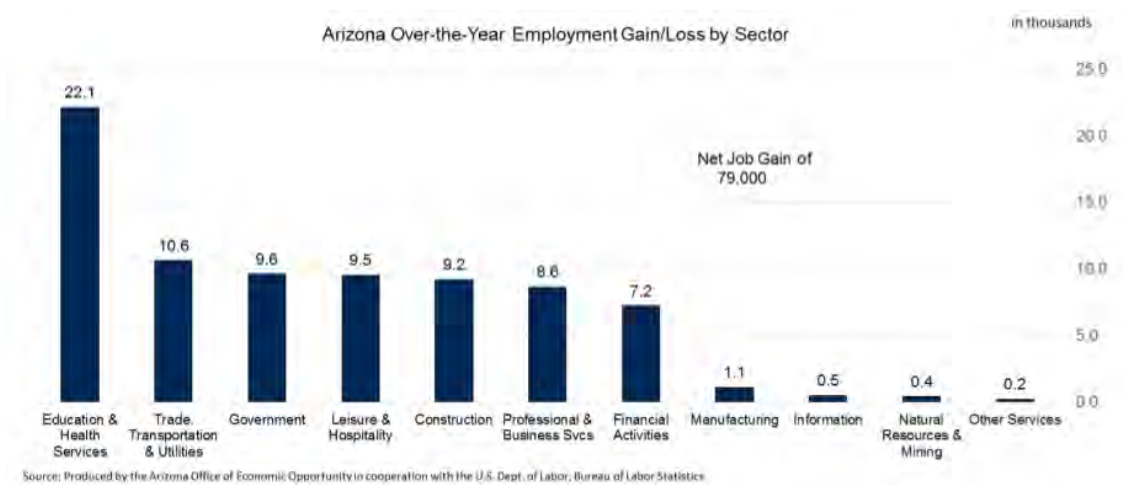
- Leisure and Hospitality (8,000 jobs)
- Education and Health Services (5,700 jobs)
- Construction (3,300 jobs)
- Financial Activities (1,300 jobs)
- Professional and Business Services (600 jobs)
- Information (300 jobs)
- Natural Resources & Mining (100 jobs)

Private Sector employment losses were reported in the following sectors:

- Trade, Transportation & Utilities (-2,000 jobs)
- Manufacturing (-200 jobs)
- Other Services (-100 jobs)

Over the Year Arizona nonfarm employment increased by 79,000 jobs or 2.7% in February. A majority of the job gains were recorded in Private Sector employment (69,400 jobs), while Government recorded gains of 9,600 jobs in February. Gains were reported in:

- Education and Health Services (22,100 jobs)
- Trade, Transportation & Utilities (10,600 jobs)
- Leisure & Hospitality (9,500 jobs)
- Construction (9,200 jobs)
- Professional & Business Services (8,600 jobs)
- Financial Activities (7,200 jobs)
- Manufacturing (1,100 jobs)
- Information (500 jobs)
- Natural Resources & Mining (400 jobs)
- Other Services (200 jobs)



MARICOPA COUNTY UNEMPLOYMENT RATES

Year	Annual Average
2000	2.7%
2001	3.9%
2002	5.6%
2003	4.9%
2004	4.0%
2005	4.1%
2006	3.5%
2007	3.6%
2008	5.7%
2009	7.7%
2010	8.6%
2011	7.7%
2012	7.1%
2013	6.7%
2014	5.8%
2015	5.1%
2016	5.0%
2017	3.9%
2018	4.8%
2019	4.5%
March 2020	3.5%

Population Data and Trends

The US Census Bureau estimates population in Maricopa County of 4,485,414 in 2019 compared to a population of 3,072,149 in 2000. This represents a compounded growth rate of 1.57% per year. The following table illustrates population growth in Maricopa County from 2000-2019.

MARICOPA COUNTY HISTORIC POPULATION GROWTH

Year	Population	% Change From Previous Year
2000	3,072,149	
2001	3,173,219	3.29%
2002	3,261,203	2.77%
2003	3,353,875	2.84%
2004	3,559,540	6.13%
2005	3,577,074	0.49%
2006	3,663,915	2.43%
2007	3,753,413	2.44%
2008	3,808,829	1.48%
2009	3,821,136	0.32%
2010	3,817,117	-0.11%
2011	3,843,370	0.69%
2012	3,884,705	1.08%
2013	3,944,859	1.55%
2014	4,008,651	1.62%
2015	4,076,438	1.69%
2016	4,137,076	1.49%
2017	4,221,684	2.05%
2018	4,294,460	1.72%
2019	4,485,414	4.45%

Source: Office of Employment & Population Statistics, Arizona Dept. of Administration

Most of the population growth has occurred outside the city of Phoenix where there is more developable land. Population increases are primarily attributed to employment opportunities, affordable housing, good weather and economic dislocation from other regions. Maricopa County currently accounts for about 60 percent of the State's population.

Although the Phoenix metropolitan area has exhibited strong long-term historical growth, annual net population gains have varied substantially, following the economic cycles affecting the region. During economic downturns, in-migration typically declines. The fact that 2010 saw the first decline in the County's population since World War II is a testament to the severity of the market downturn that was unfolding at the time. Population growth projections show growth of 1.4%/year to the year 2050.

The region typically attracts a continual flow of immigrants seeking new opportunities. This employment-related in-migration has brought a large number of young, well-educated residents to the region. The median age of Maricopa County residents is 36.0 years, which is somewhat younger than the national median of 37.8 years. About 53 percent of the population is in the prime work force age range of 20 to 59 years old. The median household income is \$55,099 in Maricopa County per the 2012 data. Maricopa County also offers a well-educated work force. About 26 percent of adults have some college education, and an additional 33 percent have completed an associate's, bachelor's or graduate degree.

Utilities

Although water supply is constrained in an arid desert climate such as Phoenix, there is generally adequate water for the overall region. The completion of the Central Arizona Project (CAP) has allowed the Phoenix area to receive water transported from the Colorado River to supplement local surface and groundwater supplies. However, increasing limitations on groundwater pumping have been mandated by the Arizona Groundwater Management Code, requiring a gradual total cutback in the 500,000 acre-feet of groundwater which is over drafted annually. These regulations will have an impact on development patterns in the metropolitan area, but are not generally expected to constrain overall growth in the economy and population. The Palo Verde Nuclear Power Project is expected to provide adequate electrical power to serve anticipated population and employment growth. Utility services are adequate and are typically provided by the following:

Electricity:	Salt River Project, Arizona Public Service Company
Natural Gas:	Southwest Gas Company
Telephone:	CenturyLink & others
Water:	Salt River Project/Municipal
Sewer:	Municipal

Availability of water, sewer, electricity and gas has historically been adequate in the metro area. Utility costs have been average for the metro area, particularly when compared with other similar metro areas in the West. At this time, there are no factors which suggest any changes in the adequacy of utility services in the metro area. The trend for solar use and development is gaining momentum. Future development potential is not hampered by current or foreseeable utility shortages in the metro area.

LABOR MARKET TRENDS CHARTS

Arizona & U.S. Unemployment Rate
Seasonally Adjusted



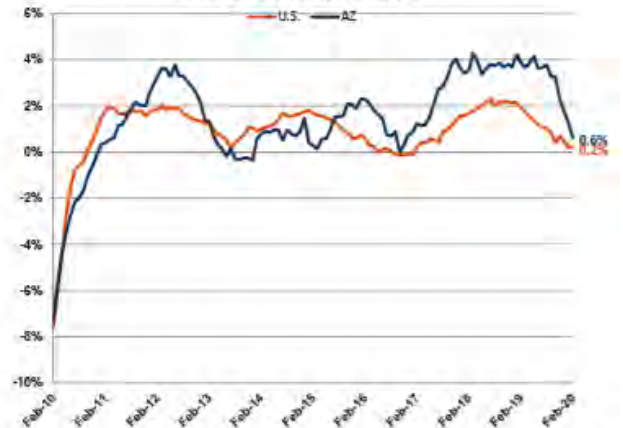
Arizona & U.S. Nonfarm Employment
Year-to-Year Percent Change



Arizona & U.S. Construction Employment
Year-to-Year Percent Change



Arizona & U.S. Manufacturing Employment
Year-to-Year Percent Change



Source: Prepared by the Arizona Office of Economic Opportunity, in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics

LABOR MARKET TRENDS CHARTS

Arizona & U.S. Retail Trade
Year-to-Year Percent Change



Arizona & U.S. Employment Services
Year-to-Year Percent Change



Arizona & U.S. Health Care
Year-to-Year Percent Change



Arizona & U.S. Leisure & Hospitality
Year-to-Year Percent Change



Source: Prepared by the Arizona Office of Economic Opportunity, in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics

Transportation

The metropolitan area has major airport and freeway infrastructure developments underway which will substantially improve accessibility within the region. Airline passenger traffic for 2019 was 46,288,437 passengers. This is a large increase from 38,554,530 in 2010. Forecasts suggest a continuing upward trend assuming stable economic conditions.

In order to meet continued demand, the airport has recently completed several extensive upgrades and projects at an estimated cost of \$2.0 billion. The projects include an automated train, new taxiways, and continuation of on-going improvements to airport security.

The Phoenix metropolitan area is served by Interstate 17 (I-17), which runs in a north/south direction and Interstate 10 (I-10), which merges with I-17 near Sky Harbor International Airport. I-17 provides access to Prescott and Flagstaff to the north. I-10 provides access to Los Angeles to the west and Texas, New Mexico and Southeastern and Atlantic Seaboard states to the east. Other metro freeways such as the Loop 101, Loop 202 and the San Tan Freeway also provide access for travelers. According to The Maricopa Association of Governments, new freeways will be added over the next several years, some of which are currently under construction. If population continues to grow as in the past, the freeway system will most likely remain over-taxed. Inefficient transportation has resulted from the development of urban centers and residential developments scattered throughout the metropolitan area. This situation has exacerbated the problem of designing an efficient mass transit system. The light rail project opened for operation in December 2008. The expansion of an additional 3.1 miles to Mesa opened August 22, 2015. Transportation availability and efficiency remain one of the Phoenix area's challenges to future economic growth.

Financial

Numerous state and national banks are located throughout the Phoenix area. State-chartered credit unions also serve metropolitan Phoenix. The Phoenix metro area is presently served by a number of large financial institutions such as Bank of America, JP Morgan Chase and Wells Fargo to name a few. Extensive branch banking operations are also maintained by the large national banks as well as many local and regional banks. Banking and financial services adequately serve the needs of the growing metro area.

Education

Metropolitan Phoenix offers a broad educational system from elementary through doctoral degree programs. There are numerous schools of higher learning in the Phoenix area, including Arizona State University. Arizona State University is a major university offering numerous bachelors' degree programs, masters' degree programs and doctoral degree programs. ASU has developed a 300-acre site in west Phoenix and has developed significant classrooms and housing in downtown Phoenix, which has revitalized the downtown area in a dramatic fashion.

There is also an ASU East Campus located at the Williams Gateway Airport facility. The Phoenix metropolitan area also offers community colleges and other private technical schools offering a wide range of educational opportunities.

Office Market

The following summary of the Greater Phoenix office market relies in part on the Colliers International *Greater Phoenix Office Research & Forecast Report for the 3rd Quarter 2019*.

The end of Q3, marks the 30th consecutive quarter of positive net absorption with nearly one million square feet absorbed. If current trends continue, absorption is expected to exceed 2.5 million square feet by the end of the year.

Over-the-year, employers added more than 57,800 new jobs which is below 2018's high of 68,700 and more in line with job growth witnessed in 2017 which averaged 60,000. Since January, monthly readings of year-over-year job growth have averaged three percent, nearly double the national average. In Q3, employment gains were primarily in the Construction (up 8.7 percent YoY), Manufacturing (up 6.3 percent YoY) and Education and Health Services (up 4.3 percent YoY) sectors. Office using employment, while off its 2016 highs, has averaged 1.9 percent growth thus far in 2019. Investment activity continues to remain robust with \$756 million in sales.

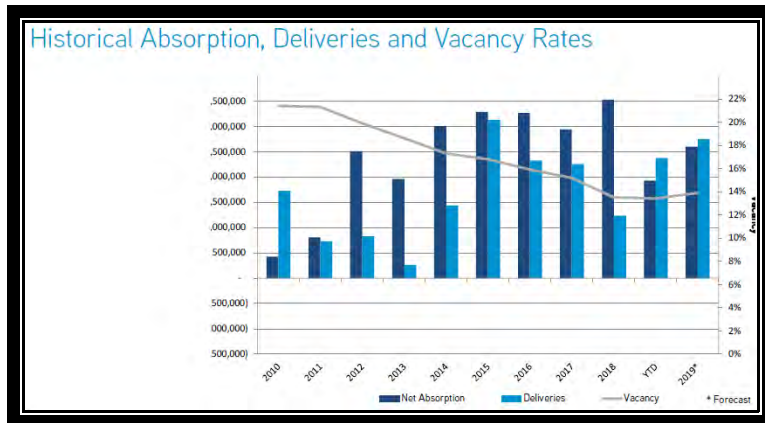
Market Indicators Relative to prior period	Market Q3 2019	Market Q3 2018
Vacancy	↑	↓
Net Absorption	↑	↓
Construction	↓	↓
Rental Rate	↑	↑
Third Quarter Employment Trends*		
Total Nonfarm Phoenix Metro	↓	↓
Office-Using Phoenix Metro	↓	↓
Total Nonfarm United States	↑	↓
Office-Using United States	↑	↓
*Source: Bureau of Labor Statistics		

Summary Statistics	Phoenix Market	Phoenix Class A	Phoenix Class B
Vacancy Rate (Q3 2019)	13.4%	14.5%	13.9%
Change from Q3 2018 (bps)	-250	-50	Same
Net Absorption (thousands SF)	990	720	209
New Construction (thousands SF)	777	697	80
Under Construction (thousands SF)	2,012	1,506	507
Asking Rents	\$24.04	\$29.41	\$21.23
Q3 2018 Rents	\$23.37	\$28.88	\$20.19
Change from Q3 2018	2.9%	1.8%	5.2%

Median price per SF during the third quarter was \$168. Cap rates have continued to remain low and have averaged in the high six percent to mid seven percent range for much of the last three years with the first three quarters of 2019 continuing the same trend and reflecting continued investor interest in quality office assets.



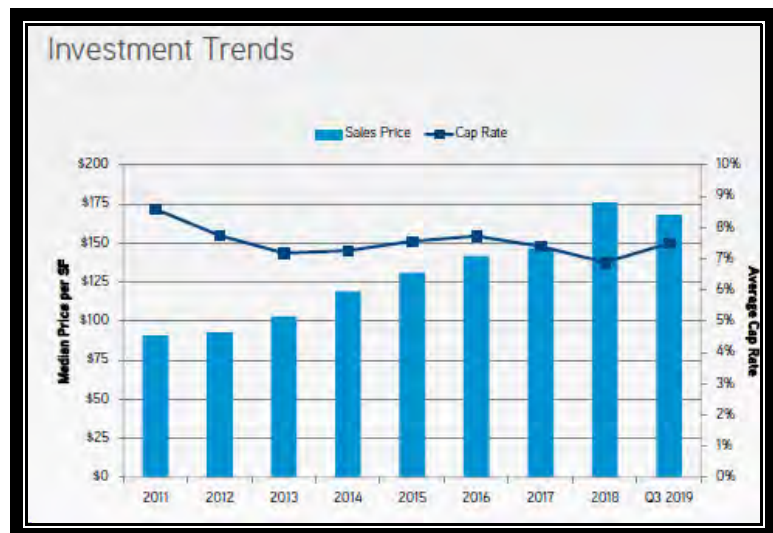
The outlook for the Greater Phoenix office market continues to remain bright in both the mid-to-near-term as local businesses continue to expand and new companies continue to bring operations to the Valley. Since July 2019, a little over 14,000 new jobs have been



announced with some 40 percent concentrated in the Scottsdale/North Tempe submarket areas. While the rate of job growth has slowed, employers are continuing to add employees which supports the need for office space, and with the overall vacancy rate staying below 15 percent, new development is gaining momentum.

Projects totaling a little over two million square feet are under way and development of new projects, or additional phases of current projects, will likely enter the development pipeline in the coming quarters. Since January, the Federal Reserve and central banks across the developed world have become more dovish. From reducing interest rates to the resumption of QE (Quantitative Easing), central banks have, once again, fully reinserted themselves back into market operations.

When combined with the on-going trade war, rising global tensions and mixed signal indicators all point to a weakening economic outlook, but as of now, no recession. With continued market uncertainty, all roads point to continued reductions in interest rates at the Federal Reserve level and deeper negative abroad, particularly in Europe. The net result, real estate markets remained robust for most of the third quarter and the drag on real estate prices many were expecting, as a result of rising rates, has not materialized. With a more dovish Fed, deepening negative rates in Europe, demand for commercial real estate assets should continue to increase, especially as yields plummet and as investor need for cash flowing vehicles, due in large part to changing demographics, continues to rise.



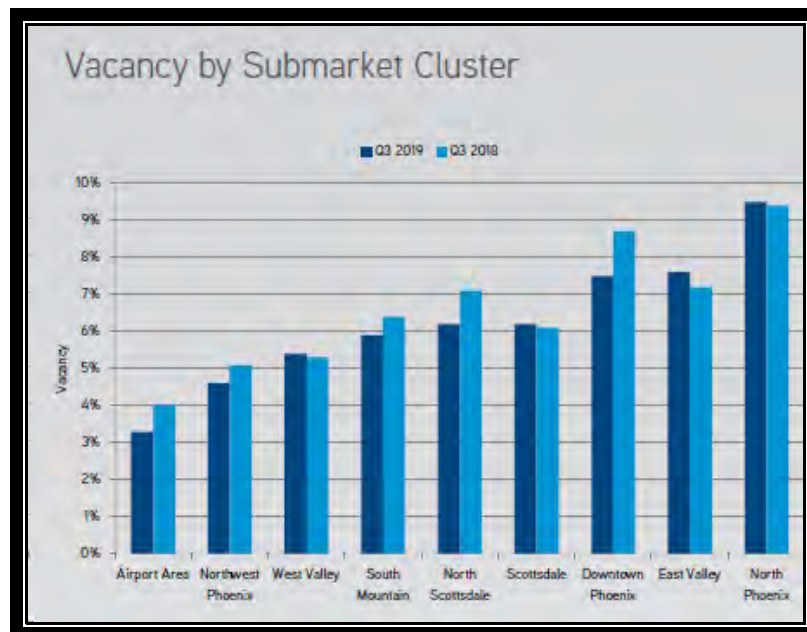
Retail Market

The following summary of the Greater Phoenix retail market relies in part on the Colliers International *Greater Phoenix Retail Research & Forecast Report for the 3rd Quarter 2019*.

The Greater Phoenix retail market had an overall healthy third quarter, with positive absorption of 262,130 square feet and both low vacancy, 7.0 percent, and ongoing rent growth, 3.2 percent. With the local economy remaining healthy, and bolstered by sustained population and job growth, expanding retailers should continue to perform.

With continued market uncertainty, all roads point to continued reductions in interest rates at the Federal Reserve level and deeper negative abroad, particularly in Europe. The net result, real estate markets remained robust for most of the third quarter and the drag on real estate prices many were expecting, as a result of rising rates, has not materialized. With a more dovish Fed, deepening negative rates in Europe, demand for commercial real estate assets should continue to increase, especially as yields plummet and as investor need for cash flowing vehicles, due in large part to changing demographics, continues to rise.

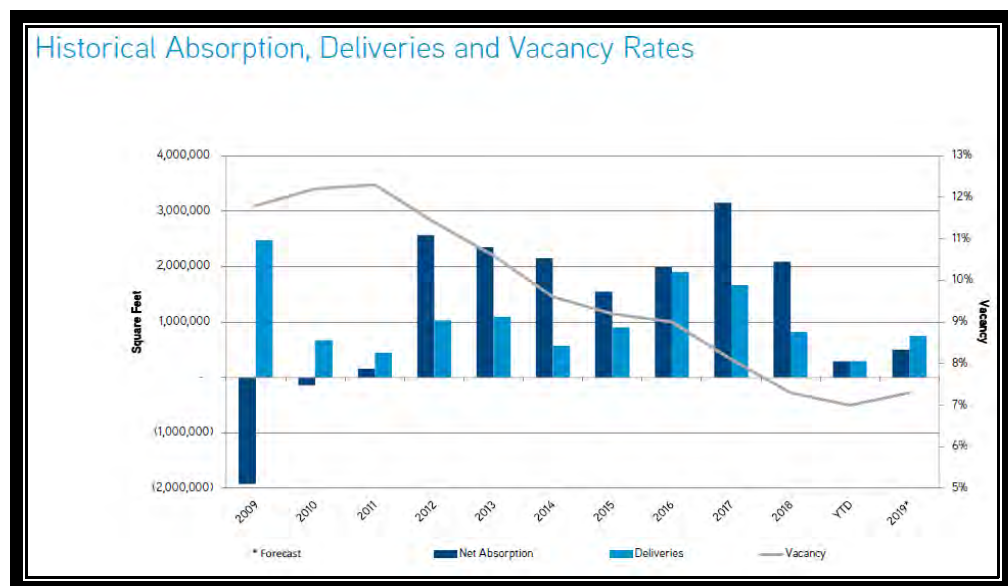
Market Indicators Relative to prior period	Market Q3 2019	Market Q3 2018
Vacancy	↓	—
Net Absorption	↑	↓
Construction	↓	↑
Rental Rate	↑	↑
Second Quarter Employment Trends*		
Total Nonfarm Phoenix Metro	↓	↓
Retail Phoenix Metro	↓	↓
Total Nonfarm United States	↓	↓
Retail United States	↓	↓
*Source: Bureau of Labor Statistics		
Summary Statistics		
		Phoenix Market
Vacancy Rate	7.0%	
Change from Q3 2018 (bps)	—	
Net Absorption (thousands SF)	262	
New Construction (thousands SF)	91	
Under Construction (thousands SF)	686	
Asking Rents Per Square Foot Per Year	\$15.40	
Change from Q3 2018	3.2%	





While cap rates had been trending higher since 2018 in response to ongoing rises in interest rates, as the Federal Reserve reversed course, so too have cap rates reversed trend and declined 138 bps over-the-year to 6.71 percent. Reducing cap rates are something to watch as 2019 has completely reversed cap rate's previously growing trend upwards. In fact, since Q1 2019, cap rates have stayed below 7 percent the most since 2016. Median cap rates continue to compress for NNN leased investments which have

reduced 10 bps over-the-quarter to rest at 6.8 percent.



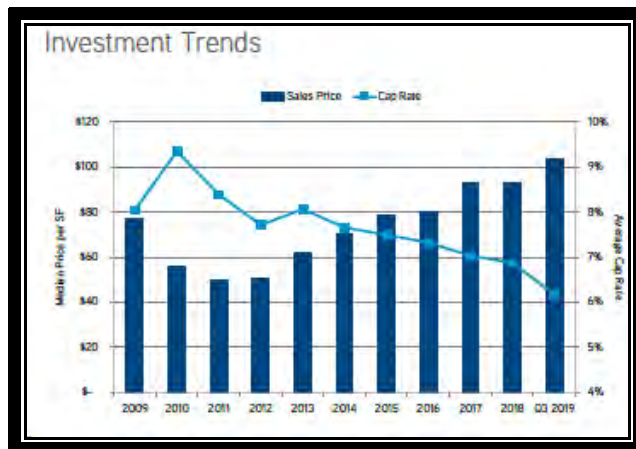
Industrial Market

The following summary of the Greater Phoenix industrial market relies in part on the Colliers International *Greater Phoenix Industrial Research & Forecast Report for the 3rd Quarter 2019*.

The median price settled at \$104 per square foot and tied for the second highest over the last several years but below Q3 2017's \$106 high.

Cap rates continued to compress decreasing 12 bps over-the-year to 6.18 percent, and 59 bps lower over-the-quarter, and marks the lowest reading since 2016. The outlook for the Greater Phoenix industrial market continues to remain bullish in both the near-to-medium terms.

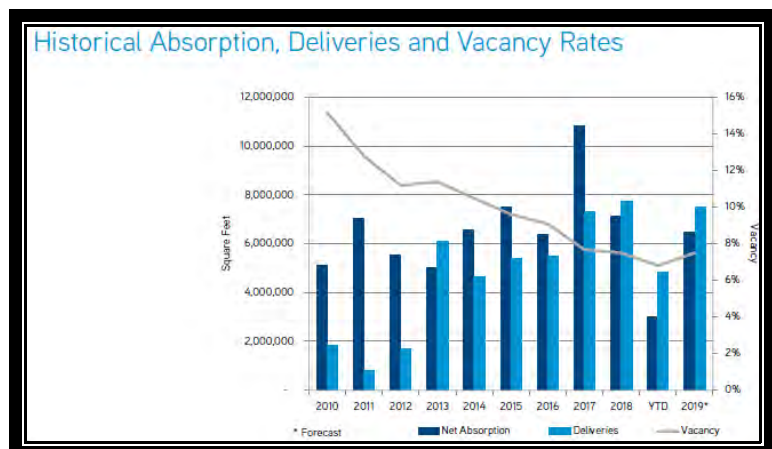
Absorption climbed higher and with the vacancy rate at 6.8 percent continues to remain well below 10 percent, first achieved in Q4 2015. Tenant demand continues 2019 sales volume continues to



the infrastructure investment of the Loop 202 extension, anticipated opening in December, will connect the Southeast Valley to the West Valley and make the transporting of goods into and through the Greater Phoenix area far less time consuming.

Market Indicators Relative to prior period	Market Q3 2019	Market Q3 2018
Vacancy	↓	↓
Net Absorption	↓	↑
Construction	↓	↑
Rental Rate	—	↑
Third Quarter Economic Trends*		
Phoenix Metro Employment	↓	↓
Phoenix Industrial Uses Employment	↓	↓
U.S. Employment	↑	↓
U.S. Industrial Uses Employment	↓	↓
*Source: Bureau of Labor Statistics		
Summary Statistics Phoenix Industrial Market		
Vacancy Rate	6.8%	
Change from Q3 2018 (bps)	10	
Net Absorption (thousands SF)	1,232	
New Construction (thousands SF)	2,266	
Under Construction (millions SF)	7,933	
Asking Rents Per Square Foot Per Month	\$0.57	
Change from Q3 2018	3.6%	

outpace 2018 highs and are currently at \$1.36 billion. The number of transactions is also outpacing 2018 levels with a total of 210 transactions completed through Q3, which is an increase of 16 percent to remain robust and suggests continued healthy absorption rates and rent growth. The Greater Phoenix area continues to attract industrial businesses, and



When combined with the ongoing trade war, rising global tensions and mixed signal indicator's all point to a weakening economic outlook, but as of now, no recession. With continued market uncertainty, all roads point to continued reductions in interest rates at the Federal Reserve level and deeper negative abroad, particularly in Europe. The net result, real estate markets remained robust for most of the third quarter and the drag on real estate prices many were expecting has not materialized. Demand for commercial real estate assets should continue to increase, especially as yields plummet and as investors need for cash flowing vehicles, due in large part to changing demographics, continues to rise.

Residential Market

2019 was a solid year for housing in metropolitan Phoenix, as the trend of housing market growth continued to accelerate in 2018 after the long housing market recession. In this 126th month of market recovery from the "great recession," there are few signs of overextension or overheating in the metro Phoenix housing market.

The following exhibit provided in the September 2019 edition of the Phoenix Housing Market newsletter by RL Brown shows the new and resale home price history for the Phoenix market.

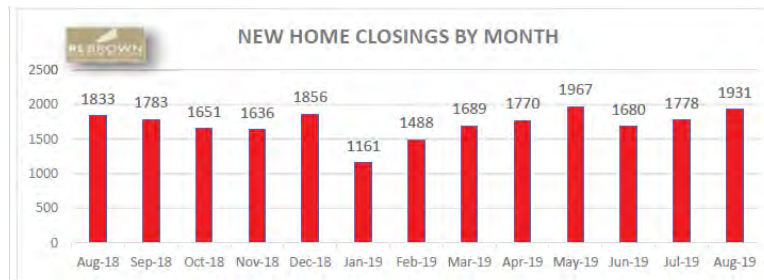


The widely feared shortage of available lots has failed to materialize. To date, most builders have carefully controlled their lot inventories as the market has improved, having learned from the lot inventory buildup of 2003-2005 that excessive lot inventory by builders can "sink the ship" if a market deteriorates for one reason or another. The marketplace has benefitted from a shortage of labor and of some materials, helping to keep a lid on potential overproduction. Some say the new home side of the market has also profited as consumers have become aware that this is a "seller's market" with a shortage of resale listings and a backlog of builder orders.

The 2019 single-family permit activity through September 2019 is broken down by selected jurisdictions and is presented in the following exhibit. As shown, the 2019 year-to-date number of permits of 18,471 is 5.74% ahead of the 17,469 permits at the same time in 2018.

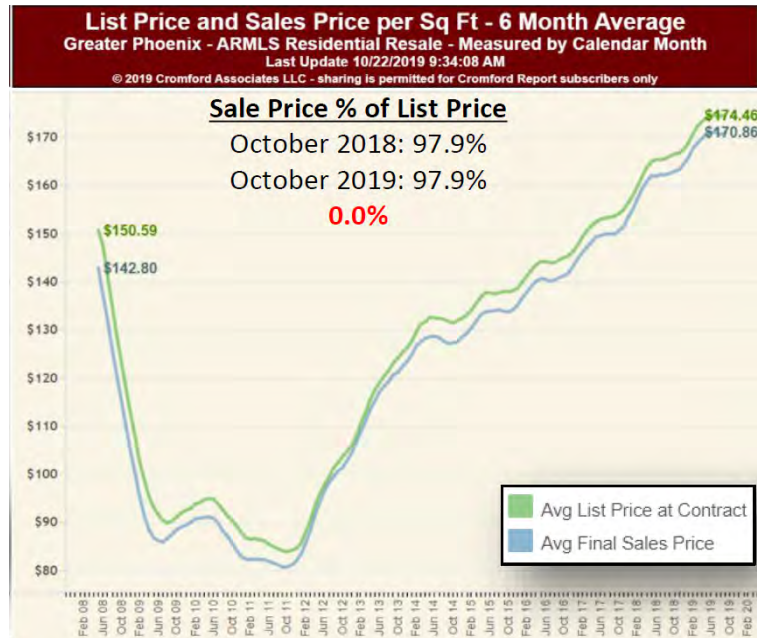
	2018				2019									YTD	YTD	Pct Change	2018 Total	2017 Total	2016 Total
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	2018	2019	from YTD 2018			
Apache Junction	12	10	8	2	7	25	3	5	6	6	14	4	15	91	85	-7%	111	42	52
Avondale	6	15	12	7	10	7	4	8	9	6	6	10	18	198	78	-61%	232	252	355
Buckeye	163	182	156	182	247	201	183	179	221	216	246	183	234	1,685	1,910	13%	2,205	2,195	1,520
Casa Grande	16	29	51	26	101	42	48	73	35	53	29	49	34	148	464	214%	254	114	138
Chandler	35	51	54	45	34	8	48	39	58	38	61	51	45	336	382	14%	486	670	1,107
Coolidge	-	19	21	2	2	-	23	23	10	18	1	50	24	7	151	2057%	49	11	7
Florence	15	26	13	18	15	24	28	25	14	22	35	36	54	176	253	44%	233	218	188
Gilbert	86	101	74	78	123	137	112	106	138	82	77	62	91	1,174	928	-21%	1,427	1,600	1,602
Glendale	2	13	14	14	23	21	27	25	29	18	27	13	15	150	198	32%	191	171	174
Goodyear	53	65	64	64	109	98	195	119	101	126	146	108	124	994	1,126	13%	1,187	1,082	994
Maricopa	79	97	65	45	76	68	78	62	87	112	148	84	48	815	783	-6%	1,022	865	545
Maricopa County	99	143	113	132	139	116	183	220	175	282	120	152	147	1,388	1,534	11%	1,776	1,104	1,148
Mesa	184	166	178	189	156	155	160	202	223	199	218	212	198	1,950	1,723	-12%	2,483	2,666	2,090
Paradise Valley	5	8	4	8	4	3	5	12	4	5	6	10	7	63	56	-11%	83	75	83
Peoria	87	110	60	89	115	94	109	133	132	140	145	175	109	1,033	1,152	12%	1,292	1,626	1,641
Phoenix	236	310	283	269	295	329	401	409	304	339	385	431	386	2,854	3,279	15%	3,716	2,923	2,493
Pinal County	204	263	189	216	247	192	143	219	148	239	189	265	143	2,022	1,785	-12%	2,690	2,133	1,549
Queen Creek	70	97	71	113	84	107	92	126	136	114	158	124	138	1,015	1,079	6%	1,296	851	1,098
Scottsdale	27	25	25	21	33	29	18	31	37	40	31	39	34	316	292	-8%	387	452	505
Surprise	69	118	74	71	73	101	135	140	158	137	185	166	138	1,054	1,233	17%	1,317	814	523
Total	1,448	1,848	1,529	1,591	1,893	1,757	1,995	2,156	2,025	2,192	2,227	2,224	2,002	17,469	18,471	6%	22,437	19,864	17,812
																Pct Change from Prior Year	13%	12%	12%

According to the September 2019 RL Brown Newsletter, there were 1,931 new home closings August 2019 - up 5.35% from August 2018. Total closings for the year-to-date were 13,464, which was a 1.43% decrease from 13,274 closings in 2018. The median new home price in March 2019 was \$332,000, which was a 1.26% increase over 2018. The following exhibit shows historical new home closing in the month of August 2018 through August 2019.



According to RL Brown, the market share capture of new homes versus resales can be expected to increase as more and more new homes are presented in the more affordable price brackets and as the improving economy and job market in the region attracts additional prospective buyers into the market for new housing and for home ownership in general. The following graphic shows the trend in average new and resale prices by month from January 1992 through January 2017 and shows that the market has returned to 1992-2004 levels in both new and resale average prices after both the run up to the 2007 highs and the crash to 2009 lows.





Resale Housing Market

A snapshot of the metropolitan Phoenix housing market published by ROI Properties ("ROI") in its March 21, 2019 newsletter (The Real State) follows. "From February to March 2019, the supply-demand index rose 5.7 points from 125.8 to 131.5. While supply rose less than a point, demand rose nearly five points, placing it back within normal range. Overall, the majority of major cities saw an improvement for sellers primarily due to improving demand across the Valley. Demand has been benefitted by a decrease in mortgage rates and an increase in loan limits for both conventional and FHA financing. In addition, Arizona has continued to benefit from would-be buyers being priced out of the market in neighboring California, particularly middle-income workers who cannot afford homes at the median price of nearly \$550,000. Meanwhile, baby boomers who sell their homes in the Golden State can afford much nicer homes for the same price in the Grand Canyon State—or pocket the difference."

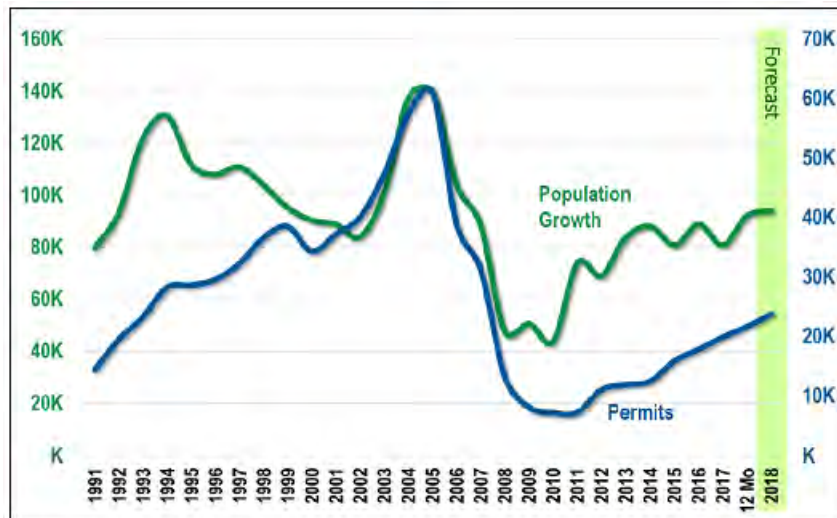
According to ROI, the percentage change in median new and resale home sales in the metropolitan Phoenix area broken down by price range from October 2018 to October 2019 is as follows.

% Change in 4 th Quarter Sales: October 22, 2018 vs. 2019		
Price Range	# Sales	% Change
Under \$200K	636	-29.4%
\$200K-\$250K	908	-7.2%
\$250K-\$300K	815	+16.1%
\$300K-\$400K	912	+11.8%
\$400K-\$600K	628	+21.2%
\$600K-\$1M	258	+29.6%
\$1M-\$2M	63	-10.0%
Over \$2M	22	+22.2%

Sale Price Percent of List Price at Contract: October 2019		
Price Range	Sale \$/s.f.	% of List \$/s.f.
Under \$200K	\$132.22	99.3%
\$200K-\$250K	\$142.99	99.3%
\$250K-\$300K	\$149.55	99.0%
\$300K-\$400K	\$160.56	98.6%
\$400K-\$600K	\$177.36	98.1%
\$600K-\$1M	\$219.72	97.2%
\$1M-\$2M	\$289.83	94.2%
Over \$2M	\$464.50	93.5%

The over \$2,000,000 price range saw the largest increase in sales, at 24.1%. This may partially be due to the small sample size of 103 sales. The \$600,000 to \$1,00,000 range saw the next largest increase at 2.5%. A comparison of average list price to contract price is shown below.

Population growth in the Phoenix metro area has far outpaced single-family home permits since approximately 2006. Given this information, demand for new single-family homes is expected to outpace supply.



As discussed, resale activity is projected to remain strong in the Phoenix area and will continue to command a significant market share of the overall total home sales activity in the region even as the home building community shifts toward the production of more affordable housing in many parts of the valley. Continued relatively moderate upward pressure on resale prices is expected, especially in areas preferred by consumers for convenience to transportation and employment as well as areas where quality of life is considered to be stable and where the availability of resale homes is minimal vs. the demand for those homes and where multiple offers have become prevalent.

Mortgage Rates

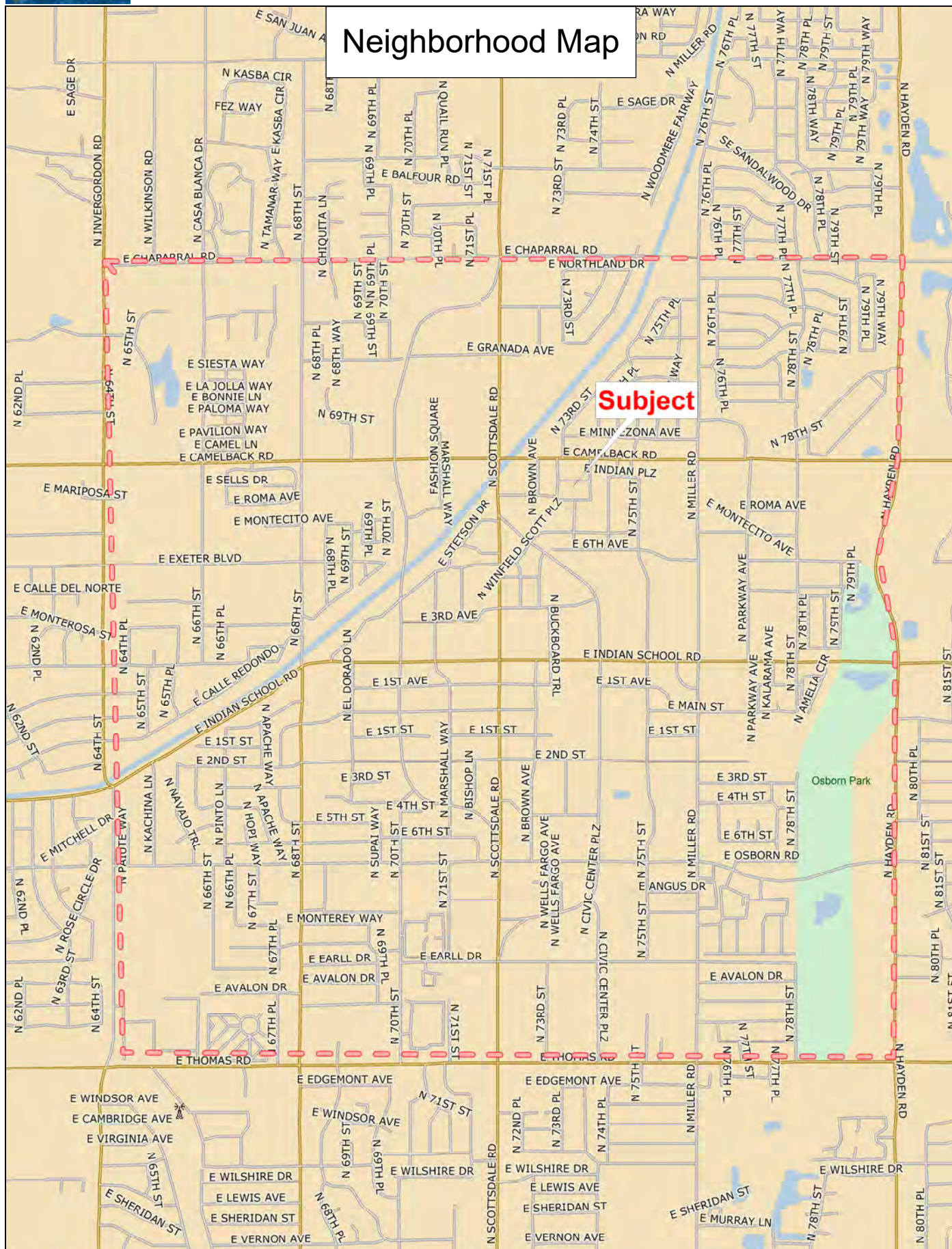
A primary reason for the acceleration in the metropolitan Phoenix housing market had been the relatively low 30-year mortgage interest rates that have been below 9% since 1991 and typically ranging between 4% and 8% over the past eight years. These rates are in significant contrast to the early 1980's, which experienced interest rates in excess of 15%.

In efforts to spur the housing market the U.S. Federal Reserve has continually suppressed the federal rate for the past several years, which has pressured mortgage interest rates downward. Additionally, the U.S. Government has worked with the large U.S. lenders to reduce the number of foreclosures and they are no longer a driving factor in the residential market. Nevertheless, with rising interest rates in 2018 and projected further increases in 2019, adjustable rate mortgages could once again become a concern for higher-than-normal rate of foreclosures. Though clearly not at the rate that was experienced in the last recession, new foreclosures could put a damper on housing prices in the near-term, which in turn could affect sales velocities and general economic growth.

Concluding Remarks – Residential Market Analysis

The residential marketplace in the metropolitan Phoenix area will continue to require new residential developments to keep pace with the continued demand for at least the foreseeable future. This will remain true as long as mortgage interest rates remain relatively low, the economy continues to improve, and there are no unforeseen major events that would erode consumer confidence.

Neighborhood Map



www.delorme.com



Figure 1.20 shows two parallel horizontal number lines. The top line is labeled 'ft' at the right end and has major tick marks at 0, 600, 1200, 1800, 2400, and 3000. The bottom line is labeled 'm' at the right end and has major tick marks at 0, 180, 360, 540, 720, and 900. Vertical lines connect corresponding tick marks between the two scales: 600 ft to 180 m, 1200 ft to 360 m, 1800 ft to 540 m, and 2400 ft to 720 m.

1" = 1,733.3 ft Data Zoom 13-3

NEIGHBORHOOD SUMMARY

Neighborhood

1. A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises. *See also* [market area](#). 2. A developed residential superpad within a master planned community usually having a distinguishing name and entrance.³

The intended users of the report are familiar with the subject's location and the geographical milieu in which it is located. The neighborhood description will not be belabored.

The subject property is located in Downtown Scottsdale, and is under the jurisdiction of the City of Scottsdale. The neighborhood is defined by Chaparral Road on the north, Osborn Road on the south, Miller Road on the east, and 68th Street on the west. The neighborhood contains approximately six square miles.

The neighborhood is the epicenter of Scottsdale and includes Scottsdale City offices as well as shopping, lodging and entertainment venues for Scottsdale's thriving tourist industry. The neighborhood has some older commercial and multi-family development with some older housing stock in the interior of the neighborhoods. "Old Town" Scottsdale has an eclectic mix of service, commercial, entertainment, health-care and government uses. Much of the development dates to the 1950's and much is new, intense urban development including a plethora of dense housing product. Municipal utilities and infrastructure are adequate. There is a fire station at Indian School Road and Miller Road, approximately one mile southeast of the subject. The Scottsdale Police Department serves the neighborhood and headquarters are located less than one and one-half miles to the southeast. Scottsdale Healthcare - Osborn hospital serves the health care needs of neighborhood residents and is located about one and one-half miles south of the subject just east of Scottsdale Road, north of Osborn Road.

Surrounding Land Uses

The subject property is surrounded by commercial properties including bars, restaurants and hotels. In conclusion, the subject is located in a mature area of the city of Scottsdale. It has all services and infrastructure that would be expected in a major western metropolis.

³ Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed., s.v. "neighborhood." (Chicago: Appraisal Institute, 2015), PDF e-book.

SITE DESCRIPTION

Location

The subject site is located on the southeast corner of Buckboard Plaza and Indian Plaza, in the city of Scottsdale. The address is 7301 East Indian Plaza, Scottsdale, AZ 85251.

Legal Description

The subject is legally described as a portion of Section 23, Township 2N, Range 4E, G&SRB&M, Maricopa County. It is Lot 2 of a replat of Camelback Park Plaza per plat recorded at 1118/46, records of Maricopa County, Arizona. A complete legal description for the subject property from the latest conveyance of the subject property is provided below.

Site Features

The subject site is a rectangular parcel. The site is approximately 71 feet wide from east to west. It has a maximum north/south dimension of approximately 120 feet along its east side. The reader is referred to the assessor map and aerial photo, attached as exhibits, following the Site Description section of the report.

The site was being used for a bar/nightclub as of the date of inspection.

Adjacent Uses

North:	Bar/Nightclub
East:	Bar/Nightclub
South:	Office
West:	MFR

Access

Primary access to the subject is via abutting streets that feed from Camelback or Scottsdale Roads. There are no medians in front of the subject property.

The nearest signalized intersection is at Camelback Road and Scottsdale Road, approximately 1/8 mile to the northwest. Loop 101 is at Chaparral Road approximately two miles to the northeast. Public buses run along Camelback Road. Access to the subject is good.

Traffic Count

Traffic in front of the subject is not counted. According to the City of Scottsdale's traffic count map, traffic along Camelback Road, east of Scottsdale Road was 22,500 in 2016.

Title Report/Restrictions and Easements

No title report was provided by the client. No overhead transmission lines or evidence of other transmission line easements were observed during the inspection. It is assumed that there are no unusual easements or restrictions that would have a material effect on the subject's market value.

Utilities

The utilities that are available to the subject site are shown below.

Gas:	Southwest Gas
Electricity:	SRP
Water:	City of Scottsdale
Sewer:	City of Scottsdale
Trash Disposal:	City of Scottsdale or private
Telephone:	Centurylink and cellular services

All available utility services are reported to be adequate.

Environmental

A Phase I environmental study was not supplied by the client. No evidence of environmental problems was noted during the inspection of the subject; however, we are not trained to detect environmental contamination. The opinion of value assumes the property is free and clear of any environmental problems.

Topography/Soils

The subject site is level. There was no evidence of puddling or flooding on the subject site. Based on nearby development, there do not appear to be any soil problems. There are very few soil problems in the Phoenix metro area aside from some subsidence issues in the far southeast portion of the Valley.

Zoning/Allowed Property Use

The subject property is zoned C-2, Central Business District, by the City of Scottsdale. According to the City's zoning ordinance, C-2 zoning is intended to permit all uses permitted in the (C-1) neighborhood commercial district, plus commercial activities designed to serve the community. This district includes uses usually associated with the central business district and shopping facilities which are not ordinarily compatible with residential development.

Permitted uses in a C-2 zone include, but are not limited to, business and professional services and offices such as; business schools, hospitals for animals, medical or dental offices including a laboratory, museum, optician, municipal uses, and private and charter schools. Residential use is also permitted provided that the dwelling units are physically integrated with commercial establishments. The following retail sales are also permitted, among others; appliance store, art gallery, bookstore, clothing store, drugstore, hardware store, liquor store, restaurants, hotels, and movie theaters. Churches and daycare centers are also permitted as other uses.

A limited list of uses subject to conditions include, private and charter schools, restaurants, and animal hospitals.

Some of the uses subject to a conditional use permit include; adult uses, bars, bus station, funeral home, pool hall, live entertainment, and plant nursery.

The performance standards for C-2 zoning are detailed in the following table.

Minimum Lot Size (SF)	Floor Area Ratio	Required Setbacks		
		Front Yard	Rear Yard (FT)	Side Yards (FT)
43,000	<80% of the net lot area	None	25 or 50	25 or 50

Source: Sec. 5.1404, Revised Code of the City of Scottsdale

An excerpt from the City of Scottsdale's zoning ordinance, detailing all of the permitted uses in a C-2 zone is provided in the addenda.

The subject is also within a DO overlay district.

Sec. 6.1200. (DO) DOWNTOWN OVERLAY.

Sec. 6.1201. Purpose.

The primary purpose of the downtown overlay district is to create new opportunities for the development or expansion of properties that do not have (D) downtown zoning. The (DO) downtown overlay also provides additional regulations for properties with and without downtown zoning.

Specific objectives of the downtown overlay include:

- A. Simplify parking regulations to ease the downtown development process.
- B. Provide incentives for new buildings, remodels, for buildings with new tenants, or for building area expansions of smaller downtown businesses.
- C. Allow for more residences in downtown.
- D. Maintain a mixture of land uses to keep downtown vital in the day and night.
- E. Minimize the impact of bars, after hours establishments, tattoo and related businesses and other similar uses on neighboring properties.
- F. Enhance the nature of downtown by encouraging uses that cater to all ages and by requiring greater oversight of potentially detrimental uses.
- G. Assure consistent regulation of design and architecture throughout downtown.
(Ord. No. 3520, § 1, 7-1-03; Ord. No. 3543, § 1(Exh. 1), 12-9-03)

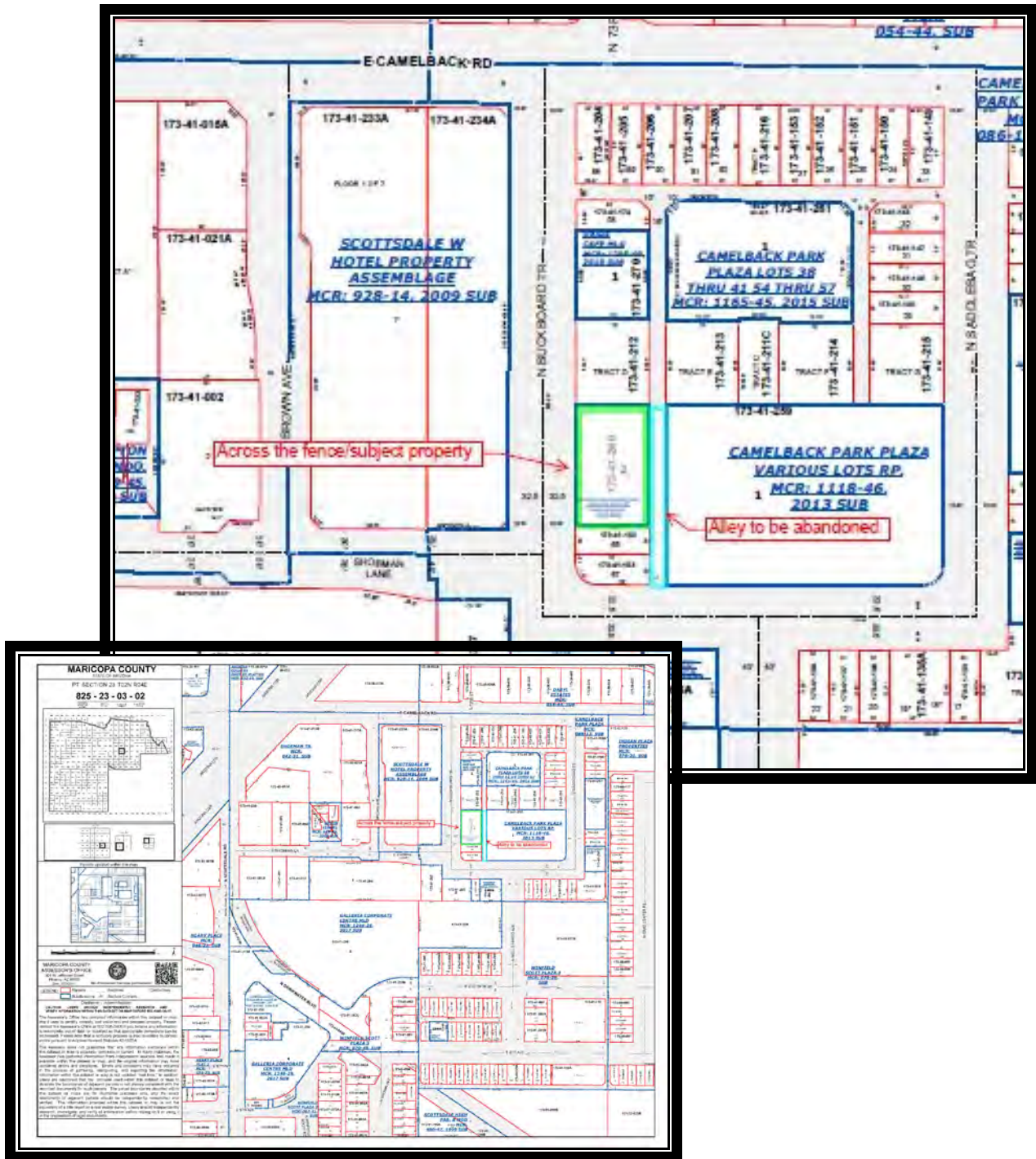
Flood Plain

The subject property is located in Zone "X" flood plain (Map #04013C1770L), effective October 16, 2013. Zone X is the area determined to be outside the 500-year flood and protected by levee from the 100-year flood. Flood insurance is not required in a Zone "X."

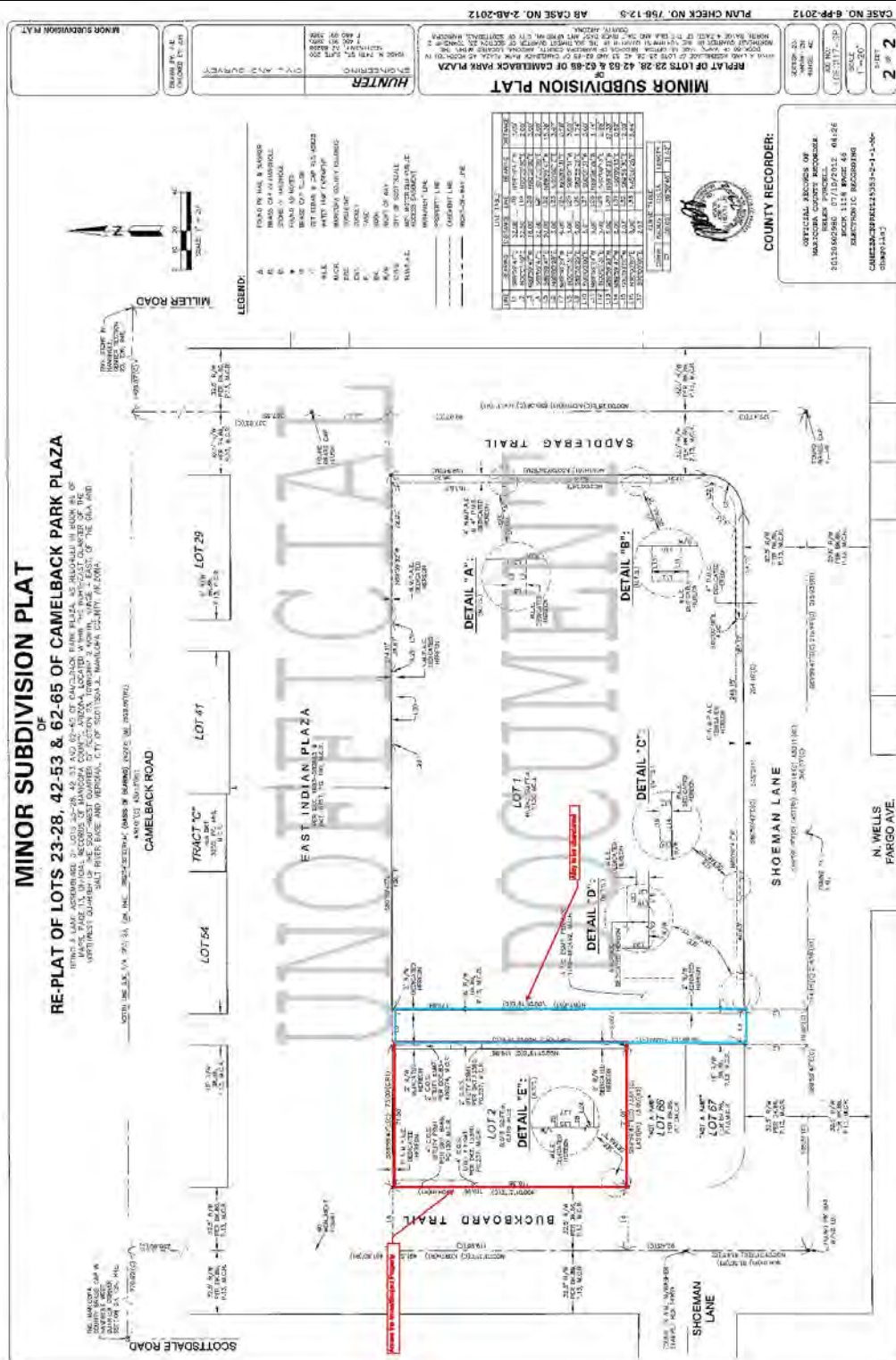
Functional Utility of Site

The site's functional utility is good for commercial purposes. It has a minor corner location with access along its north, east and west sides. It is not located in a flood plain. It is a rectangular parcel.

Assessor Map



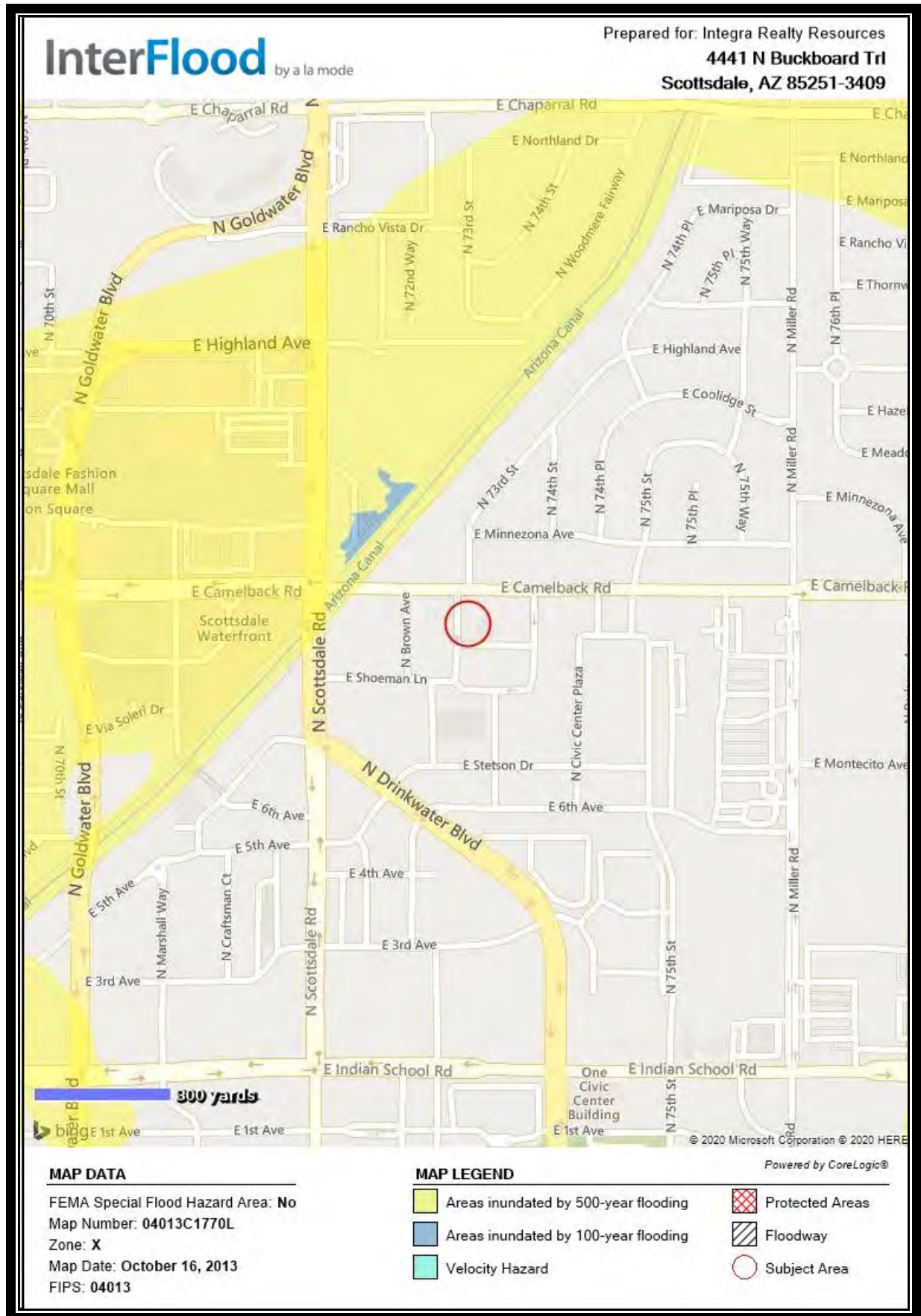
Subdivision Plat



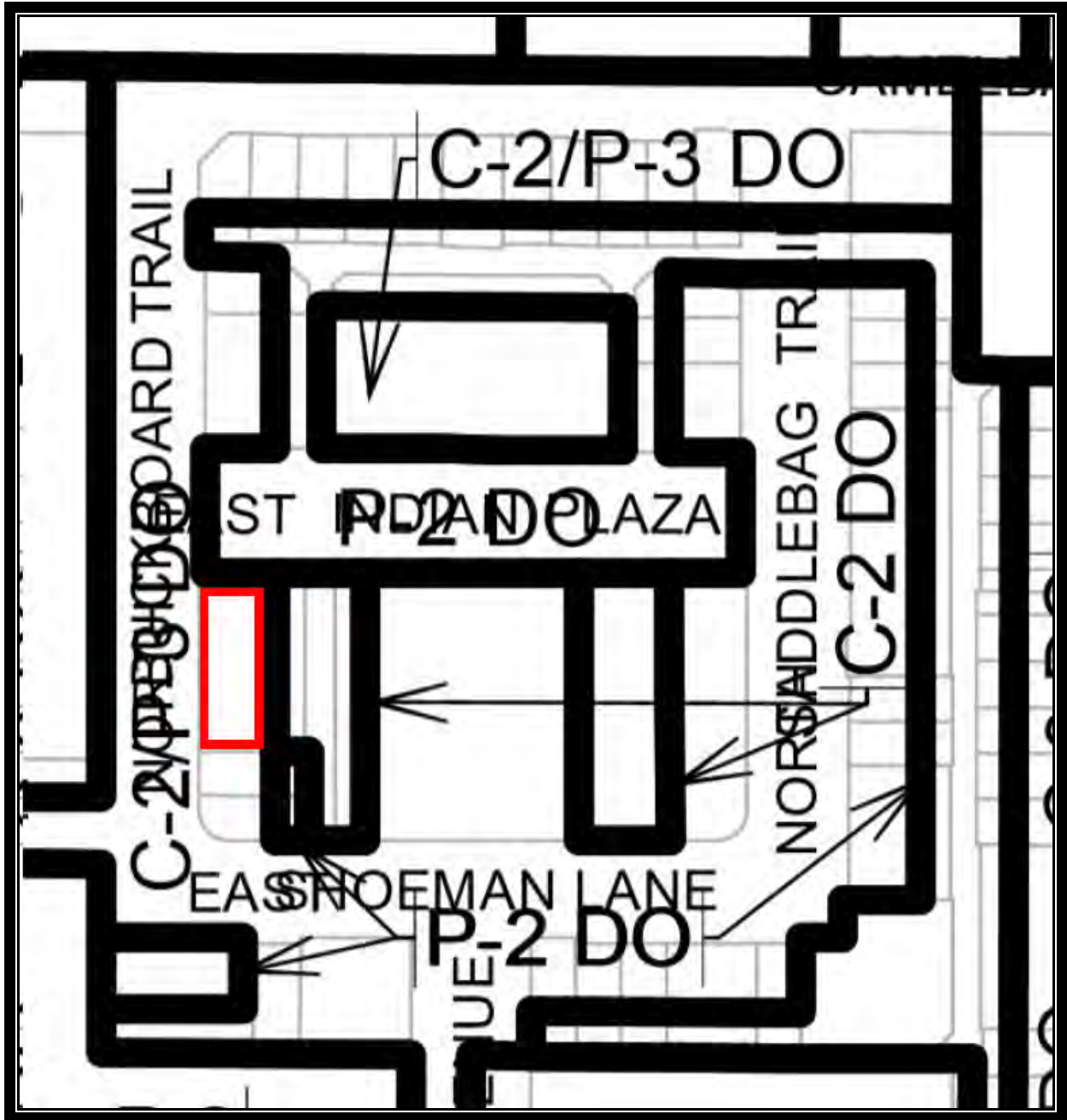
Aerial Photograph



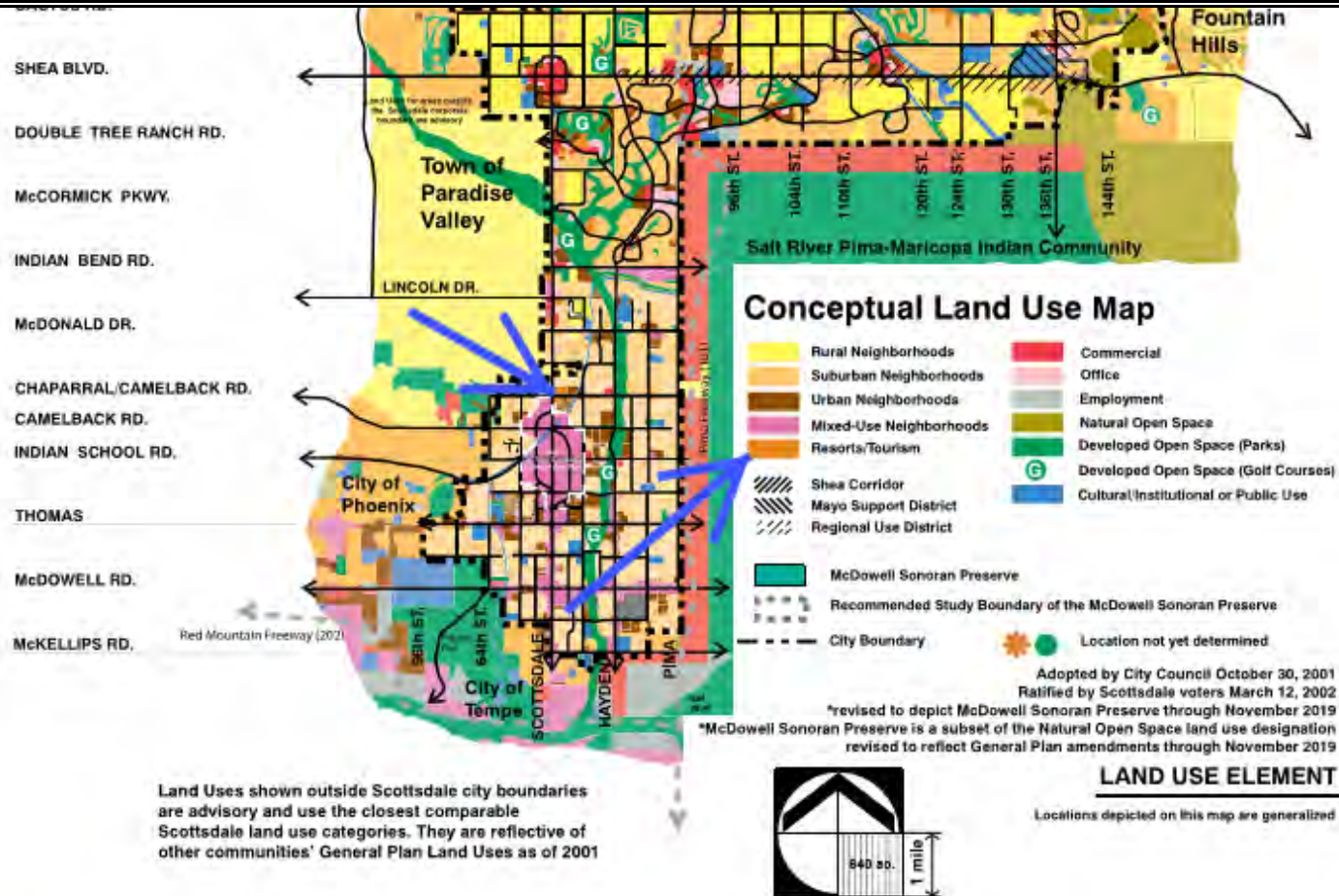
Flood Map



Zoning Map



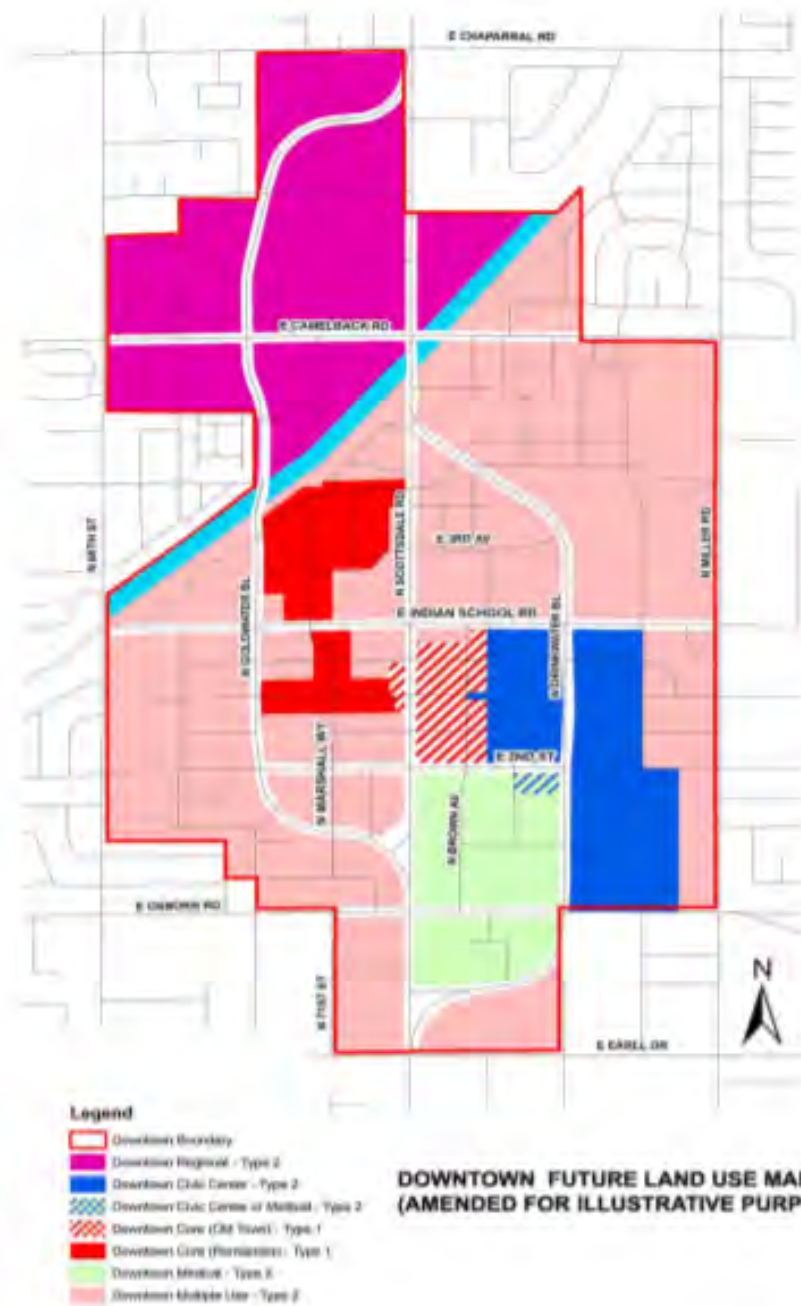
Land Use Plan



Downtown Future Land Use Map

Appendix C - Downtown Future Land Use Map.

Note: Refer to the Scottsdale Downtown Plan for the approved Downtown Future Land Use Map.



DESCRIPTION OF IMPROVEMENTS

The description of improvements is based on the exterior inspection and public records. The purpose of the appraisal is to opine to the value of the alley to be abandoned. The contributory value of the existing improvements is not required for credible assignment results. The following description is for the reader's general information.

The building was not measured on the date of inspection. A sketch of the exterior dimensions is provided as an exhibit.

Building Description

Size of Building:	4,809
Foundation:	Assumed to be concrete slab on grade with adequate footers
Exterior Walls:	Stucco and frame with cultured stone accents
Windows:	Dual pane, tinted set in aluminum frames
Exterior doors:	Storefront and metal security doors
Roof:	Metal
Gutters and downspouts:	Yes
Fire protection:	Assumed hard-wired smoke detectors and wet sprinkler system with dry suppressant over fryers and stove hoods
Electrical service:	Assumed adequate
Interior Demising:	Typical

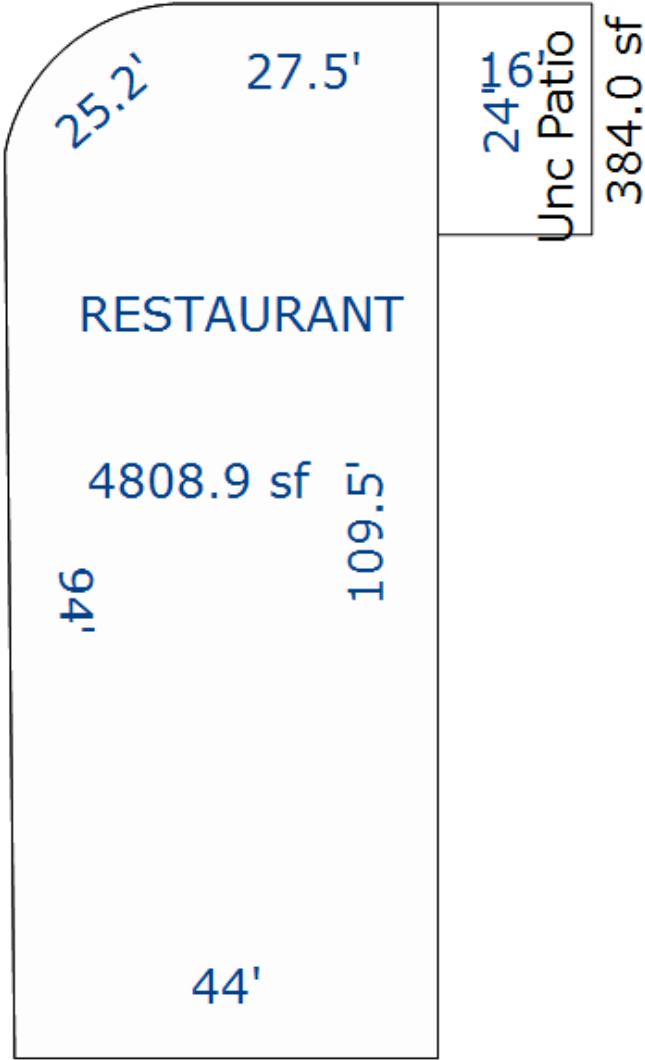
Site Improvements

Parking Lot:	Asphalt paved and striped
Number of Spaces:	There is minimal area east of the building available for employee parking. Part of this area is occupied by a trash receptacle. Patrons in the area use on-street parking, or arrive on foot, scooters, bicycles or other vehicles.
Access Points:	The site has frontage along Buckboard Trail and Indian Plaza

Parking Lot Lighting:	N/A
Landscaping:	Desert trees and shrubs in containers
Fencing:	N/A
Signage:	Mounted to building
Trash Enclosure:	Yes
Off Site Improvements:	Curb, gutter, sidewalk and street lights along all frontage streets
Topography of Site:	Level
Functional Utility:	Good
Overall Condition:	Good
Deferred Maintenance:	None noted
Year Built:	2014
Effective Age:	5 years
Remaining Economic Life:	45-50 years

Comments

The subject site is improved with a locally-owned bar/nightclub.



REAL ESTATE TAXES & FULL CASH VALUE

The taxing authority for the subject is Maricopa County. The subject is identified by tax assessor number 173-41-260.

Assessed valuations are based on "limited and full cash values" estimated by county assessors. Tax rates will vary throughout the county. Assessed valuations are multiplied by both primary and secondary rates. Resulting real estate taxes are a total of both rates applied to primary and secondary assessed valuations. The primary rate includes the State of Arizona, Maricopa County, school district and college funds. The secondary rate accounts for flood zone, CAWCD, bonds, overrides, volunteer fire department and library funds. The assessor uses the Market Approach to value vacant land. The total estimate is called the Full Cash Value (FCV) and it is synonymous with market value according to state statute. It may or may not approximate actual market value since the assessor uses mass formula techniques for these determinations. The assessor values are determined for ad valorem tax purposes. The value ascribed may or may not be related to the fair market value for the subject property.

Taxes and Full Cash Value (FCV)

A three-year tax and assessment history is provided for the subject property below.

	2017	2018	2019	2020
FCV	\$1,400,300	\$1,285,100	\$1,316,800	\$1,385,900
Taxes	\$15,921.60	\$16,616.62	\$17,161.00	N/A

HIGHEST AND BEST USE SUMMARY

Highest and best use may be defined as:

Highest and Best Use

1. The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

2. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)

3. [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions).⁴

The definition of highest and best use indicates that there exist two types of highest and best use. The first type is the highest and best use of the land or site "as if vacant." The second is the highest and best use "as improved." Moreover, in each case the existing use may or may not be different from the site's highest and best use.

The determination of highest and best use results from the appraiser's judgment and analytical skills. The eventual use determined from the analysis represents an opinion, or conclusion, rather than an absolute fact. To determine the highest and best use, four criteria must be considered sequentially. For a use to be the highest and best use, it must be:

- 1) Legally permissible
- 2) Physically possible
- 3) Financially feasible
- 4) Maximally productive

⁴ Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed., s.v. "highest and best use." (Chicago: Appraisal Institute, 2015), PDF e-book.

AS IF VACANT

Legally Permissible

The subject property is zoned C-2, Central Business District by the City of Scottsdale. This zoning category is consistent with the City's General Land Use Plan map, which shows the subject in an area intended for entertainment uses.

It is my opinion that uses legally and potentially permitted per the City of Scottsdale, which are generally in conformance with similar uses in the neighborhood, would tend to support the highest and best use of the land, provided that such uses are physically possible and financially feasible for the subject site.

Physically Possible

As if vacant and available for its highest and best use, the subject property contains approximately 0.196 net acres of land area. A soil report was not provided to the appraiser. This is typical in the Phoenix metro area as there are very few soil problems. Based on the inspection, which included a visual observation of the site and surrounding development, there do not appear to be any soil problems. A Phase I environmental study was not supplied by the client. No evidence of environmental problems was noted during the inspection of the subject. The opinion of value assumes the property is free and clear of any environmental problems. The subject is not located in a flood plain. All utilities are available.

The subject parcel is rectangular and has frontage on Buckboard Trail, Indian Plaza and the alley. Access to the subject site is good. The site appears to be suitable for potential allowable uses within the physical constraints indicated herein. The site size, shape and location appear to be well-suited for commercial uses.

The site appears to be suitable for potential allowable uses within the physical constraints indicated herein. The site size, shape and location appear to be well-suited for high-density residential development, offices, motels, government centers or other uses appropriate for an intense urban area.

Given the location and zoning of the subject, and the General Plan designation, a mixed use development of the site would be legally permissible and physically possible.

Financially Feasible

All projections show ever increasing population and employment growth for the Phoenix Metro area, which will increase the need for commercial, industrial and residential uses in the area generally and including the subject's immediate neighborhood. Mid-rise residential infill projects are becoming more frequent and there appears to be adequate demand as many older properties are being razed for new residential developments.

Maximally Productive & Conclusion - As If Vacant

Given the forgoing considerations with respect to the legally permissible, physically possible and financially feasible criteria, the highest and best use of the subject site "as if vacant" would be for a mixed-use development.

AS IMPROVED

The subject is substantially improved. The highest and best use is to continue to use the existing improvements.

As stated in the definition of highest and best use, the conclusion of highest and best use does not represent an absolute fact. Rather, the conclusion is the most reasonable and probable conclusion based on market research. The most probable buyer is an investor.

VALUATION PROCESS

Typically, the market value of real estate can be estimated by applying three approaches: cost, sales comparison and income. This is a narrative appraisal report.

COST APPROACH: A set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive 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

Since the subject property is appraised "as if vacant," the cost approach is not applicable.

SALES COMPARISON APPROACH: The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate 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 The sales comparison approach to value will be employed to value the subject site. It will be appraised "as if vacant."

INCOME APPROACH Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.⁷ The subject site is appraised "as if vacant." The income approach is not applicable.

⁵ Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed., s.v. "cost approach." (Chicago: Appraisal Institute, 2015), PDF e-book.

⁶ Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed., s.v. "sales comparison approach." (Chicago: Appraisal Institute, 2015), PDF e-book.

⁷ Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed., s.v. "income capitalization approach." (Chicago: Appraisal Institute, 2015), PDF e-book.

LAND VALUATION

The subject site will be valued using the sales comparison approach. The sales comparison approach provides an estimate of market value by comparing recent sales of similar properties in the surrounding or competing areas to the subject property. Inherent in this approach is the principle of substitution which holds that "when several similar or commensurate commodities, goods, or services are available, the one with the lowest price will attract the greatest demand and widest distribution. This is the primary principle upon which the cost and sales comparison approaches are based."⁸

By analyzing sales which qualify as arms'-length transactions with reasonable market exposure between willing and knowledgeable buyers and sellers, price trends can be identified from which value parameters may be extracted. Comparability in physical, locational and economic characteristics represent important criteria in analyzing the sales in relation to the subject property. The basic steps involved in the application of this approach are as follows:

1. *Researching recent, relevant sales throughout the competitive area for sales similar to the subject property;*
2. *Selecting properties considered most comparable to the subject, and then analyzing the selected comparable properties giving consideration to the date of sale and any change in economic conditions which may have occurred since the date of value. Other relevant factors of a physical, functional or locational nature are also considered as well as the interest conveyed;*
3. *Reducing the sales price to common units of comparison as indicated by the market;*
4. *Making appropriate adjustments between the comparable properties and the subject property; and,*
5. *Interpreting the adjusted sales data and reaching a valid conclusion of market value.*

To apply this approach to value, the market was searched for land sales considered to be the most similar in terms of location, size, highest and best use, zoning, etc. The sales were analyzed and adjusted for differences between the subject and the comparable. The subject is a parcel of commercially-zoned land. It is located on the east side of Buckboard Trail, 60 feet north of Shoeman Lane in Old Town Scottsdale. It contains 8,518 SF of land area. The General Plan shows the subject in an area intended for Type 2, Downtown Multiple uses which includes tourist-oriented uses such as the existing use.

The unit of comparison used for the subject site is price per SF, as this is the unit commonly

⁸ Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed., s.v. "substitution." (Chicago: Appraisal Institute, 2015), PDF e-book.

used by market participants in the subject's market. Finally, the sales are reconciled into a final indication of market value. The basic elements of comparison have been considered in the adjustment process.

Detailed data sheets detailing the salient details of the sales are presented on the following pages, followed by a summary grid and location map.

These are the best available sales based on the market research. The sales were all fee simple transactions which were found to be arms'-length. In view of the ongoing pandemic as of the date of this report, the sales were verified with CoStar information and interviews, as well as recorded and notarized documents, which included the sale prices of the transactions.

VACANT LAND COMPARABLE NUMBER 1



Property Identification Data

Location: 6902-6908 East 1st Avenue, Scottsdale

Legal Description: Portion of Section 27, T2N, R4E, G&SRB&M

Assessor's Tax Parcel Number: 130-11-055, -056

Sale Data

Conditions of Sale: Arms'-length

Sale Price: \$1,400,000

Financing Terms: Cash to Seller

Cash Equivalency Adjustment: N/A

Cash Equivalent Price: \$1,400,000

Unit Price: \$106.41/SF

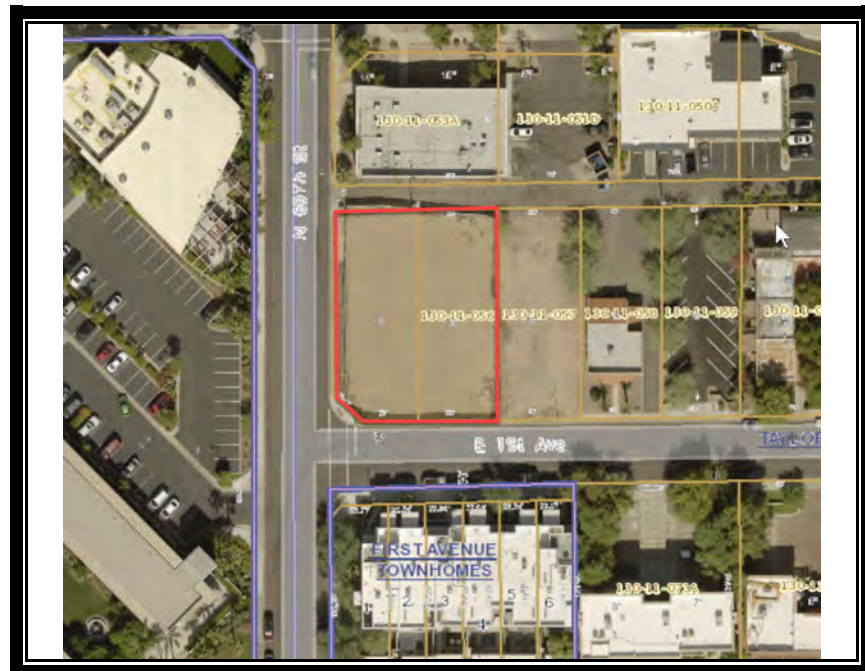
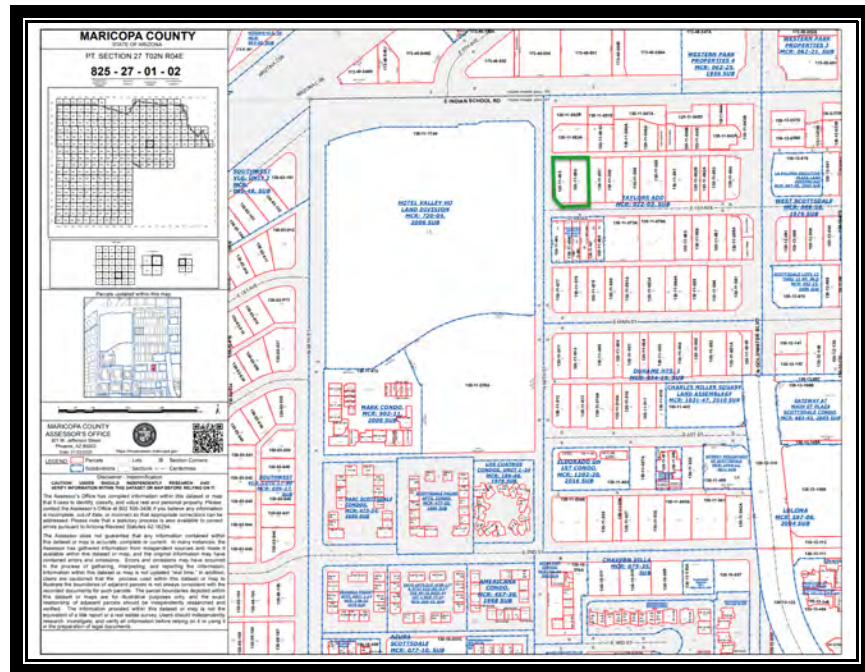
Date of Sale: March 2018

Date of Sale Recording:	May 15, 2018
Instrument Type:	Special Warranty Deed
Instrument Number:	2018-0371815
Seller:	Andante Old Town, LLC
Buyer:	Blueprint 6902, LLC
Confirmed With:	CoStar COMPS
Date Inspected:	April 26, 2020 and prior occasions
Sales History:	April 19, 2016 for \$1,100,000
<u>Site Data</u>	
Shape:	Rectangular
Size:	±13,156 SF or .30 Acres
Zoning:	C-2, Central Business District
Frontage:	83' along north side of 1 st Avenue and 131' along the east side of 69 th Street
Traffic Count:	N/A
Legal Access:	Yes
Visibility:	Average
Topography:	Level
Flood Zone:	X
Utilities:	All to site
Off Sites:	Paved streets, curbs and gutters
Site Utility:	Good
Highest and Best Use:	Commercial or MFR Development

Comments:

The sale property is proposed for a multi-family residential development called Fleetwood 6. According to marketing materials: “The Fleetwood 6 Townhomes will be an innovative new residential project in the City of Scottsdale. With an emphasis on green-building, technology, and modern design, it provides a new benchmark of urban living in downtown Scottsdale. The project consists of 6 single-family attached dwelling units ranging from 1,708 to 2,325 square feet. All 6 units will be two bedroom units containing a living room, dining room and kitchen and 5 units will have an enclosed 2-car garage. The remaining two-bedroom unit will have an enclosed 1-car garage.”

Assessor Map & Aerial Photograph – Land Sale 1



VACANT LAND COMPARABLE NUMBER 2



Property Identification Data

Location:	3600 North Bishop Lane, Scottsdale
Legal Description:	Portion of Section 27, T2N, R4E, G&SRB&M
Assessor's Tax Parcel Number:	130-13-023C

Sale Data

Conditions of Sale:	Arms'-length
Sale Price:	\$800,000
Financing Terms:	Cash to Seller
Cash Equivalency Adjustment:	N/A
Cash Equivalent Price:	\$800,000
Unit Price:	\$82.63/SF

Date of Sale:	May 2018
Date of Sale Recording:	March 26, 2019
Instrument Type:	Special Warranty Deed
Instrument Number:	2019-0208507
Seller:	Bishop Lane Development, LLC
Buyer:	PJE Investments, LLC
Confirmed With:	CoStar COMPS
Date Inspected:	April 26, 2020 and prior occasions
Sales History:	No other reported sales in last 3 years
<u>Site Data</u>	
Shape:	Irregular
Size:	9,682 SF
Zoning:	C-3, Highway Commercial
Frontage:	456' on the west side of Bishop Lane and 150' on the north side of Goldwater Boulevard
Traffic Count:	8,300 ADT (2016) per City of Scottsdale traffic count map
Legal Access:	Yes
Visibility:	Average
Topography:	Level
Flood Zone:	X
Utilities:	All to site
Off Sites:	Paved streets, curbs and gutters
Site Utility:	Good

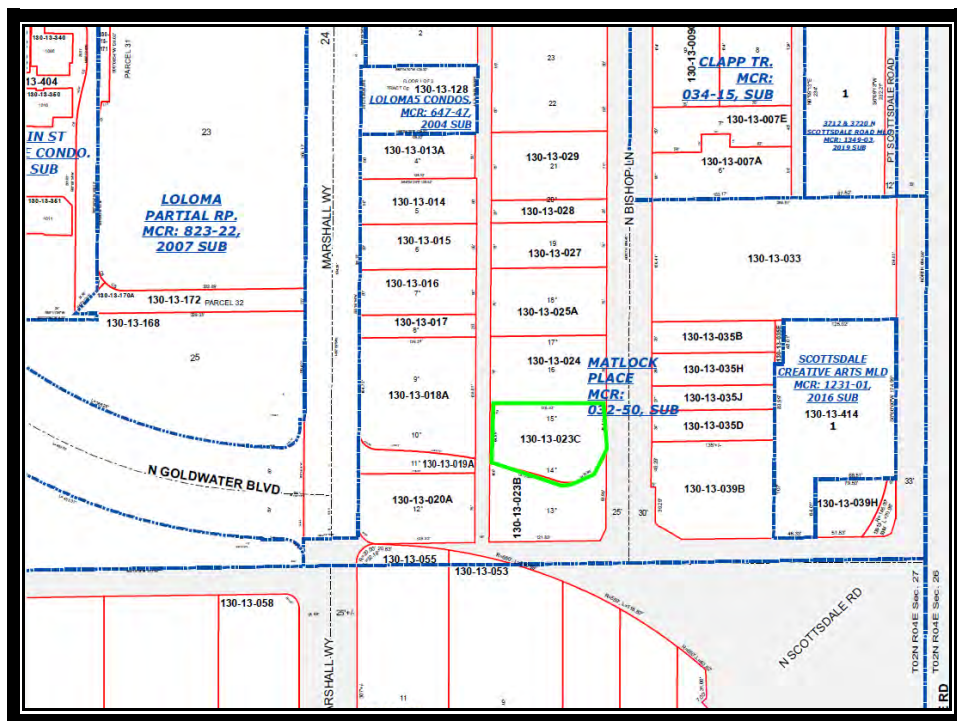
Highest and Best Use:

Commercial Development

Comments:

The sale property is a remnant from the realignment of Scottsdale Road/Goldwater Boulevard.

Assessor Map & Aerial Photograph – Land Sale 2



VACANT LAND COMPARABLE NUMBER 3



Property Identification Data

Location:	3425 North 70 th Street, Scottsdale
Legal Description:	Portion of Section 27, T2N, R4E, G&SRB&M
Assessor's Tax Parcel Number:	130-13-416 through 130-13-431

Sale Data

Conditions of Sale:	Arms'-length
Sale Price:	\$1,375,000
Financing Terms:	Cash to Seller
Cash Equivalency Adjustment:	N/A
Cash Equivalent Price:	\$1,375,000
Unit Price:	\$74.10/SF

Date of Sale:	November 2018
Date of Sale Recording:	November 27, 2018
Instrument Type:	Special Warranty Deed
Instrument Number:	2018-0873373
Seller:	North 70 th Street Properties, LLC
Buyer:	Alfareedoz, LLC
Confirmed With:	CoStar COMPS
Date Inspected:	April 26, 2020 and previous occasions
Sales History:	No other reported sales with three years of date of value.

Site Data

Shape:	Rectangular
Size:	18,557 SF or .42 Acres
Zoning:	D/DMU-2, Downtown/Downtown Multiple Use— Type 2 Downtown Overlay
Frontage:	154' along the east side of 70 th Street and 126' along south side of 6 th Street
Traffic Count:	N/A
Legal Access:	Yes
Visibility:	Average
Topography:	Level
Flood Zone:	X
Utilities:	All to site
Off Sites:	Paved streets, curbs and gutters

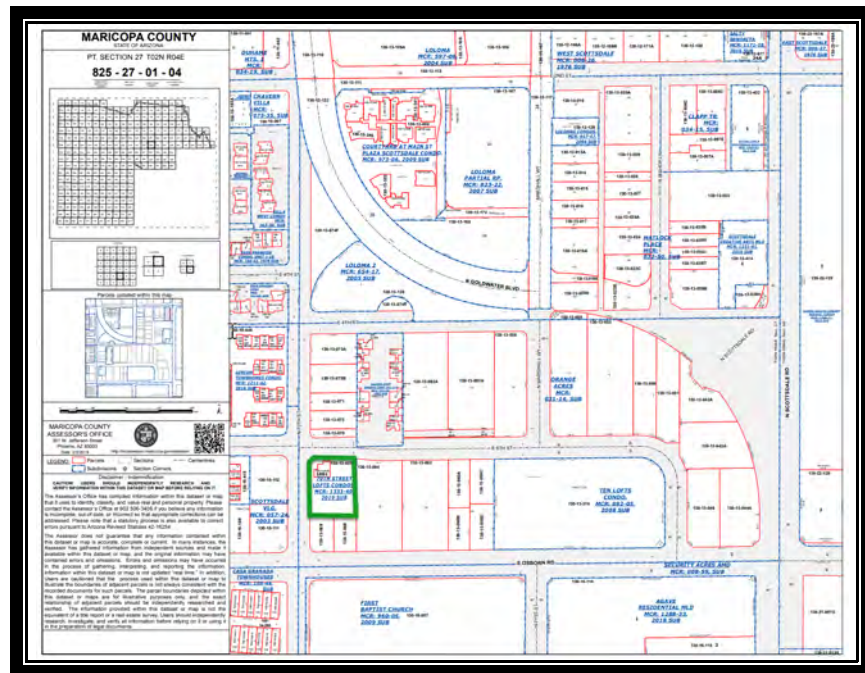
Site Utility: Good

Highest and Best Use: Commercial or MFR Development

Comments:

The sale property is being developed with 15 residential units by Bolte Custom Homes. The sale price equates to \$93,333/dwelling unit.

Assessor Map & Aerial Photograph – Land Sale 3



VACANT LAND COMPARABLE NUMBER 4



Property Identification Data

Location:	7022 East 4 th Street, Scottsdale
Legal Description:	Portion of Section 27, T2N, R4E, G&SRB&M
Assessor's Tax Parcel Number:	130-13-129

Sale Data

Conditions of Sale:	Arms'-length
Sale Price:	\$6,040,000
Financing Terms:	Cash to Seller
Cash Equivalency Adjustment:	N/A
Cash Equivalent Price:	\$6,040,000
Unit Price:	\$115.80/SF
Date of Sale:	January 15, 2020
Date of Sale Recording:	January 15, 2020

Instrument Type:	Special Warranty Deed
Instrument Number:	2020-0039702
Seller:	Goldwater Boulevard, LLC
Buyer:	GW Land Investment, LLC
Confirmed With:	CoStar COMPS
Date Inspected:	April 26, 2020 and previous occasions
Sales History:	No other reported sales

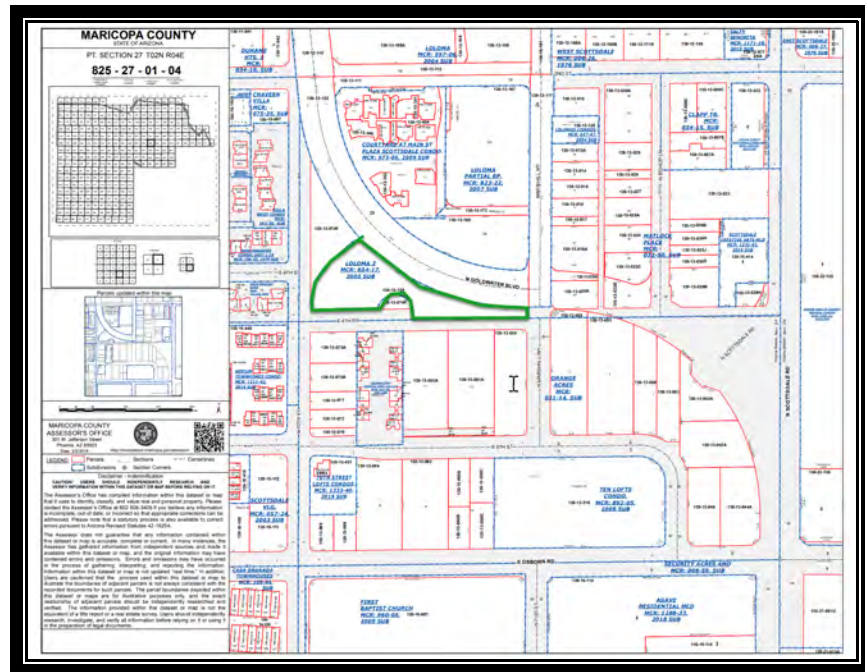
Site Data

Shape:	Irregular
Size:	52,159 SF or 1.19 Acres
Zoning:	D/RH-2, Downtown Multiple Use
Frontage:	517 feet on Goldwater Boulevard
Traffic Count:	N/A
Legal Access:	Yes
Visibility:	Average
Topography:	Level
Flood Zone:	X
Utilities:	All to site
Off Sites:	Paved streets, curbs and gutters
Site Utility:	Good
Highest and Best Use:	Commercial or MFR Development

Comments:

The sale property has a very irregular shape and is a remnant from the Goldwater Boulevard/Scottsdale Road realignment.

Assessor Map & Aerial Photograph – Land Sale 4



Summary Table of Comparable Land Sales

Sale	Subject	1	2	3	4
Location	7301 E Indian Plaza	6902-6908 E 1 st Ave	3600 N Bishop Ln	3425 N 70 th St	7022 E 4 th St
Date of Sale	March 30, 2020 (DOV)	March 2018	May 2018	November 2018	January 2020
Price		\$1,400,000	\$800,000	\$1,375,000	\$6,040,000
Recording Number		2018-0371815	2019-0208507	2018-0873373	2018-0039702
Financing		Cash	C.E.	Cash	Cash
Site Area (acres)	.196	.302	.222	.426	1.197
Topography	Level	Level	Level	Level	Level
Utilities	All available	All available	All available	All available	All available
Zoning	C-2 DO, Central Business District Commercial with Downtown Overlay	C-2, DO	C-3, DO	D/DMU-2,DO	D/RH-2, DO
Flood Zone	X	X	X	X	X
Off Sites	All to site	All to site	All to site	All to site	All to site
Sale Price/SF		\$106.41	\$82.63	\$74.10	\$115.80

Land Sales Map

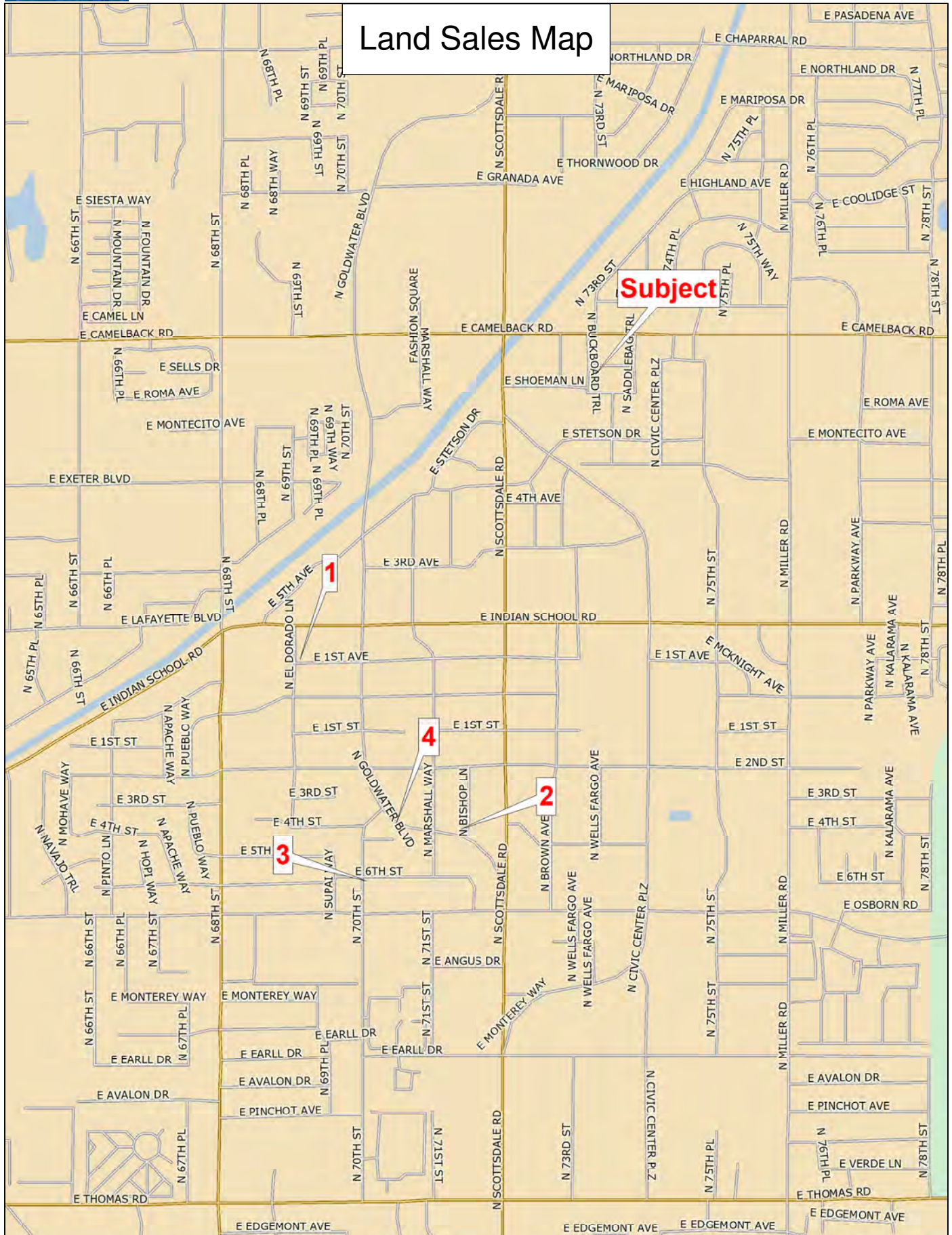
Subject

1

4

2

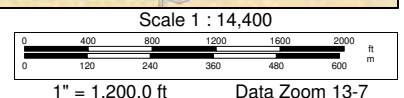
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Discussion of Adjustments

All sales were fee simple, cash equivalent, arms'-length transactions and therefore do not require any adjustments for property rights conveyed, financing or conditions of sale. The other adjustment considerations were for market conditions (time), differences in location, zoning, available utilities, parcel shape, parcel size, flood plain, topography and off-site improvements. When a sale's characteristic is considered to be inferior to the subject by comparison, a positive adjustment is made to the comparable's sale price. Conversely, when a sale's characteristic is considered superior in comparison to the subject, a negative adjustment is applied.

An adjustment grid showing the adjustments to the comparables is located at the end of this discussion.

Market Conditions

Real estate values do not move in a linear pattern, but rather in a staircase fashion to coincide with significant sales of similar properties, events and announcements. The commercial real estate sector in the Valley is showing sustained improvement since the end of the "Great Recession."

A positive market conditions adjustment is applied to all of the sale dates from the date of closing.

Location

The locational adjustment refers to each property's physical location and surrounding property uses in comparison to the subject. The subject is located in downtown Scottsdale in an intense urban area, but does not have arterial frontage. The sales all have a similar Old Town Scottsdale location, without arterial street frontage. No location adjustments are required.

Zoning

The subject is zoned C-2 DO, Central Business District with a Downtown Overlay by the City of Scottsdale with a General Plan designation of Type 2 uses. All of the land sales share similar type zoning. No adjustments are necessary for this criterion.

Available Utilities

All utilities are available to the subject with no shortages foreseen. All of the comparable land sales are similar and no adjustment is applied to any of the sales for this factor.

Shape

The subject site is rectangular. Land Sale 2 is slightly irregular and Land Sale 4 is very irregular in shape. Adjustments are applied in the adjustment grid.

Size

The market typically reflects higher sale prices per SF for smaller sales and lower sale prices per SF for larger transactions as there is a larger pool of potential purchasers who can afford to compete for smaller sites. The subject parcel is about .196 net acres in size, according to the Maricopa County Assessor. Land Sale 1 with .972 acres is larger than the subject and a slight positive adjustment is warranted. Land Sale 2 contains 1.79 acres and also requires a positive adjustment. Land Sale 3 with .5693 acres requires a slight negative adjustment as does Land Sale

5, with .32 acres of land area. Land Sale 4, with 4.21 acres of land area is much larger and requires a positive size adjustment.

Flood Plain

The subject is in Zone "X" - Map 04013C2235L. The effective date of the map is October 16, 2013. No of the sale properties are within a flood zone and no adjustments are required fro this factor.

Topography

The subject parcel is level and at grade with the surrounding properties as are all of the sale properties. No adjustments are applied to any of the sales for topography.

Off-Sites In Place

This element of comparison refers to the existence of off site improvements such as paved streets, curbs, etc. If these items are not in place a developer will consider his cost to install them at the time of development. The subject property and all of the sales are adjacent to paved streets with legal access. No adjustment is applied to the sales for this criterion.

The following table sets forth the adjustment process described above.

Land Sales Adjustment Grid

	Subject	L-1	L-2	L-3	L-4
Price/SF		\$106.41	\$82.63	\$74.10	\$115.80
Property Rights Conveyed	Fee Simple	Fee simple 0%	Fee simple 0%	Fee simple 0%	Fee simple 0%
Financing	Cash/C.E.	Cash 0%	Cash/C.E. 0%	Cash/C.E. 0%	Cash 0%
Conditions of Sale	Arms'-length	Arms'-length 0%	Arms'-length 0%	Arms'-length 0%	Arms'-length 0%
Adjusted Price/SF		\$106.41	\$82.63	\$74.10	\$115.80
Sale Date +5%/year	March 30, 2020 (DOV)	March 2018 +10%	May 2018 +10%	November 2018 +7%	January 2020 +1%
Adjusted Sale Price		\$117.05	\$90.98	\$79.29	\$116.96
Location	Good	Similar 0%	Similar 0%	Similar 0%	Similar 0%
Zoning	C-2 DO, Highway Commercial with Downtown Overlay	D/DMU-2, DO 0%	D/DMU-2, DO 0%	C-2, DO 0%	D/DMU - 2,PBD DO 0%
Available Utilities	All available	All available	All available	All available	All available
Shape	Rectangular	Similar	Irregular +10%	Similar	Very irregular +15%
Size (Acres)	.196	.302 +5%	.222 0%	.426 +10%	1.197 +15%
Flood Plain	X	X	X	X	X
Topography	Level	Level	Level	Level	Level
Off-Sites in Place	All to site	All to site	All to site	All to site	All to site
Cumulative Adjustment		5.0%	10.0%	10.0%	30.0%
Adjusted Price/SF		\$122.90	\$100.08	\$87.22	\$152.05

Land Valuation Summary

Based on the adjusted sale prices, the subject's market value "as if vacant," falls between \$87.22 and \$152.05/SF. The adjusted mean is \$115.56.

Conclusion

In reference to the previously discussed land valuation and after considering the merits of each sales and other market data, it is my opinion that the subject's site value is \$115/SF for the ±.196 net acre (8,518 SF) subject parcel, as follows:

$$\pm 8,518 \text{ SF} \times \$115/\text{SF} = \$980,000 \text{ (RD)}$$

NINE HUNDRED EIGHTY THOUSAND DOLLARS

EXPOSURE TIME AND MARKETING PERIOD

Exposure Time is defined as:

*1. The time a property remains on the market. 2. [The] estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (USPAP, 2016-2017 ed.)*⁸

Reasonable Marketing Time is defined as:

*An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, “Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions” address the determination of reasonable exposure and marketing time.)*⁹

In researching the market for comparables, real estate participants active in the subject's area that are familiar with the subject property type were interviewed concerning a probable marketing period for the subject. In addition, the marketing period for the sales considered as comparables were considered in the estimate.

Based on the information obtained during the course of preparing this appraisal, the conclusion is that a marketing period of about 6-9 month is reasonably probable. This assumes that the subject property is marketed at a value within ten percent of the appraised value, and also assumes professional marketing. The exposure time would also be for a similar period.

³ Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed., s.v. “exposure time.” (Chicago: Appraisal Institute, 2015), PDF e-book.

⁸ Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed., s.v. “marketing time.” (Chicago: Appraisal Institute, 2015), PDF e-book.

Valuation of Right of Way to be Conveyed

The client has requested an opinion of value for the real property rights to be conveyed from the City to the adjacent prospective landowner. The purpose of the assignment is to express an opinion of value of the property rights in the right of way that is to be conveyed by the City of Scottsdale and assembled with the subject property.

Market value is a function of the highest and best or most probable use; which, in the case of the property to be conveyed, is for mixed use development. Consistent with the Arizona Department of Transportation *Right of Way Procedures Manual*, FHWA certified January 1, 2016, the adjoining property ("subject property"), was first valued as a separate parcel. The base value of the subject property was concluded to be \$100.00/SF.

The property is then to be valued as assembled with the property to be conveyed. The plottage value created by the assemblage must then be allocated between the adjoining parcel and the excess parcel, recognizing that both parcels are needed to create plottage value, but taking into consideration what each contributes to that value. The portion of the allocation attributed to the property to be conveyed is the market value of the property to be conveyed.

In valuing the assembled parcels, the costs of physically joining the property to be conveyed with the adjacent property, such as earthwork; or soft costs such as professional fees, carrying costs and profit required to realize the plottage value must be considered.

There is no way to measure the value of the right of way to be abandoned solely with market data. Sales of small irregular parcels are rare and difficult to locate. Sales of parcels this small and irregularly shaped have limited utility by themselves and therefore the motivations of buyers tend to be varied and idiosyncratic.

In some cases, buyers of small parcels are taking advantage of an opportunity to acquire property at a relatively low price in hopes that in the future, the property can be assembled with an adjacent property or flipped at a slightly higher price to another investor with no concrete plans for the property. In some cases, a given property has no utility by itself, and in other cases the potential exists for the development of a small commercial or office building. In other cases, such as the subject's, a given property cannot be developed by itself, but adds value to an adjacent parcel.

The right of way to be abandoned is 18-20 feet wide. It would be infeasible for buildings to be developed within the abandoned right of way in the unlikely event it was purchased by third-parties. Taking into account that the property to be abandoned has a very limited market (adjacent ownership), and virtually no utility on its own, a deep discount from fee simple value must be applied. In the abstract, if the City were to attempt to sell the right of way on the open market, there is virtually no chance the property would sell unless there was an assemblage actively under way.

The area of abandonment of fee simple rights in alley totals 3,479 SF. The base fee simple value was concluded to be \$115/SF.

Considering the limited market, shape and utility of the site, a 50% deduction is applied.

The value of the right of way proposed for abandonment is $\$115/\text{SF} \times 3,479 \text{ SF} \times 50\% = \$200,043$, rounded to \$200,000.

Based on the market data found in my research, appropriate analysis and professional judgment, it is my opinion that the "as is" market value of the property to be conveyed (fee simple rights), as of the effective date of this appraisal, March 30, 2020, is:

**TWO HUNDRED THOUSAND DOLLARS
\$200,000**

As of the date of this report, the United States economy is experiencing impacts from the latest worldwide pandemic, Coronavirus Disease 2019 (COVID-19). While this is a rapidly evolving situation, it is unknown at this time what, if any, long-term impact COVID-19 will have on real estate markets. While consideration to overall market conditions are given in this analysis, specific impacts related to COVID-19 are highly speculative as of the date of this report and no material impact on the valuation has been considered. There is no empirical data to analyze at this point in time. It is not know how the economy as a whole will be affected, nor how individual property types will be affected. The impacts will be negative and substantial when there are data to analyze.

CERTIFICATION

RE: An Abandonment of Public Real Property Rights, Said Property Rights Being an Alley Between Shoeman Lane and Indian Trail Plaza, 73' East of Buckboard Trail, 7301 East Indian Plaza, City of Scottsdale, Maricopa County, Arizona 85251

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions and conclusions were developed and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
8. I have made a personal inspection of the property that is the subject of this report.
9. No one provided significant professional assistance to the appraiser. The conclusions and analyses contained in the report are mine alone.
10. The reported analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.

CERTIFICATION (CONTINUED)

RE: An Abandonment of Public Real Property Rights, Said Property Rights Being an Alley Between Shoeman Lane and Indian Trail Plaza, 73' East of Buckboard Trail, 7301 East Indian Plaza, City of Scottsdale, Maricopa County, Arizona 85251

11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. As of the date of this report, Roger L. Dunlap has completed the requirements of the continuing education program for designated members of the Appraisal Institute and the State of Arizona.
13. The appraisal assignment and my value conclusions as well as other opinions, analysis and/or judgment expressed herein are not based on a requested minimum valuation, specific valuation or the approval of a loan.
14. The undersigned hereby acknowledges that he has the appropriate education and experience to complete the assignment in a competent manner. The reader is referred to the appraiser's Professional Qualifications located in the Addenda.
15. The appraiser has not performed any services regarding the subject property within the three-year period immediately preceding acceptance of this assignment.

Roger L. Dunlap

Roger L. Dunlap, MAI
Certified General Real Estate Appraiser
Arizona Certificate #31062

April 28, 2020
Date

ADDENDA

Appraiser's Qualifications
Appraisal License
Contract Letter for Appraisal Services
Zoning Summary
Abandonment Application Exhibits

Appraiser's Qualifications

Professional Qualifications of **Roger L. Dunlap, MAI**

Roger L. Dunlap & Associates, Ltd.
Appraisals • Consulting • Litigation Support
9401 East Diamond Rim Drive
Scottsdale, AZ 85255-9123
(480) 585-0700 (Voice)
(480) 585-7343 (Fax)
Roger@RLDLTD.com

EDUCATION:

Arizona State University; Tempe, Arizona
B.A. in English awarded May 1998

Phoenix College; Phoenix, Arizona
A.A.S. in Paralegal studies, May 1983
Member, Phi Beta Kappa Honor Fraternity

Camelback High School; Phoenix, Arizona
Diploma awarded May 1976

PROFESSIONAL DESIGNATIONS:

Appraisal Institute MAI designation

APPRAISAL COURSES:

Real Estate Appraisal Principles (Course & Exam), Basic Valuation Procedures (Course & Exam), Litigation Valuation (Course & Exam), Capitalization Theory and Techniques, Part A (Course & Exam); Uniform Standards of Professional Appraisal Practice (Course & Exam), Appraising from Blueprints (Course & Exam), Appraising Industrial Properties (Course & Exam), Analyzing Operating Expenses (Course and Exam), Highest and Best Use and Market Analysis (Course & Exam), Advanced Income Capitalization (Course & Exam), Advanced Sales Comparison and Cost Approaches (Course and Exam), Report Writing and Valuation Analysis (Course and Exam), Advanced Applications (Course and Exam), Appraising Convenience Stores (No Exam), Partial Interest Valuation - Divided (No Exam) Condominiums, Co-ops and PUD's (No exam), Business Practice and Ethics (No exam), Supervising Beginning Appraisers (No exam) Appraising and Analyzing Office Buildings for Mortgage Underwriting (No exam), Appraisal Through the Eyes of the Reviewer (No exam), Appraising the Appraisal: Appraisal Review - General (No exam), Residential Report Writing (No exam), Online Data Verification Methods (No exam), Review Theory - General (Course and Exam), Real Estate Finance Statistics and Valuation (Course and Exam), Business Practices and Ethics (Course and Exam), The Nuts and Bolts of Green Building for Appraisers (Course and Exam), Uniform Standards for Federal Land Acquisitions (Course and Exam), Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets (Course and Exam)

PROFESSIONAL LICENSES:

Certified General Real Estate Appraiser, Arizona Certificate #31062; New Mexico Certificate #03625-G

EXPERIENCE:

February 2017 - Present Burke Hansen, LLC

Contract Appraiser for litigation-oriented appraisal firm

June 1998 – Present Roger L. Dunlap & Associates, LTD. (formerly Dunlap Litigation Services, L.L.C.)

President and CEO of corporation providing commercial appraisals; and real estate consulting services and litigation support for real estate attorneys, lenders, government agencies and individuals. Qualified as an expert witness in Yavapai County, Mohave County and Maricopa County, Arizona and Ada County, Canyon County and Twin Falls County, Idaho Superior Courts.

October 1985 – May 1998 Dushoff & McCall
Phoenix, Arizona

Real Estate Analyst/Paralegal for law firm with a practice emphasizing eminent domain and real estate related litigation. Duties including research and analysis of transaction data, assistance with management and support of expert witnesses and assistance in depositions and trials. I also provided services as a consultant for an insurance company in conducting due diligence on investment portfolios. The assignments required a written report on the prospect of eminent domain affecting the income streams of various portfolios of NNN income property across the United States.

VALUATION ASSIGNMENTS:

My work with Dushoff & McCall, for nearly 13 years, provided invaluable experience in analyzing the impacts of potential government partial acquisitions of real property. I assisted in all facets of eminent domain litigation including analysis, organization and presentation of data relative to real property valuation. This experience provided an outstanding foundation for my latest two decades of work as a fee appraiser and expert trial witness.

I have been engaged in valuation assignments for purposes of estate valuation, mortgage financing, buyer/seller transactions, title disputes, land exchanges, right of way abandonments and condemnation matters, among others. I have appraised a variety of property types throughout Arizona and Idaho. I recently completed an assignment in New Mexico involving land to be acquired for a national park. I have worked in most municipalities of the Phoenix metro area as well as rural areas including properties located on three Indian reservations, and in thirteen of fifteen Arizona counties; as well as Boise, Caldwell, Nampa, Emmett, Twin Falls, Burley and other cities in Idaho. Property types I have appraised include land parcels, proposed and existing commercial and industrial projects on Indian reservations, all types of retail/commercial property, offices, medical facilities, multifamily residential property, and industrial projects ranging from small owner/user manufacturing properties to hi-tech industrial corporate headquarters. I have been engaged to conduct Standard 3 reviews for bank clients and government agencies.

PARTIAL LIST OF CLIENTS

Arizona Department of Transportation
Gene D. Cox
Phoenix, AZ
(520) 400-7169

Arizona State Land Department
Mark Fast, MAI
Phoenix, Arizona
(602) 364-2684

James M. Balogh, Esq.
Tempe, Arizona
(480) 755-7955

Blandford Homes
Scottsdale, Arizona
(480) 892-4492

Central Arizona Water Conservation District
Phoenix, Arizona
(623) 869-2274

Country Bank
Prescott, Arizona
(928) 443-9595

Davison, Copple, Copple & Copple
Boise, Idaho
(208) 342-3658

Embry Riddle Aeronautical University
Prescott, Arizona
(928) 777-6600

Farmers and Merchant's Bank
Colby, Kansas
(785) 460-3321

First American Title Insurance Company
Scottsdale, Arizona
(602) 685-7681

First Community Bank
Fort Collins, Colorado
(970) 232-3074

City of Flagstaff
Flagstaff, Arizona
(928) 779-7623

City of Glendale
Glendale, Arizona
(623) 930-2983

Higley Unified School District
Gilbert, Arizona
(480) 279-7063

K. Hovnanian Homes
Phoenix, Arizona
(480) 824-4175

Lennar Homes
Scottsdale, Arizona
(480) 718-1378

Magellan Law, PLC
Scottsdale, Arizona
(602) 443-4888

Maricopa County Fiduciary's Office
Phoenix, Arizona
(602) 506-7407

City of Mesa
Mesa, Arizona
(480) 644-3050

City of Phoenix
Phoenix, Arizona
(602) 495-2006

Pinal County Public Works Department
Florence, Arizona
(520) 866-6982

City of Prescott
Prescott, Arizona
(928) 777-1130

Town of Prescott Valley
Prescott Valley, Arizona
(928) 759-3079

Town of Queen Creek
Queen Creek, Arizona
(480) 358-3192

State of Arizona
School Facilities Board
Phoenix, Arizona
(602) 542-6501

Toll Brothers, Inc.
Scottsdale, Arizona
(480) 596-5807

United States Department of the Interior
Denver, CO
(303) 969-5367

Yavapai County
Prescott, Arizona
(928) 771-3183

Appraisal License

Department of Financial Institutions

State of Arizona

CGA - 31062

This document is evidence that:

ROGER L. DUNLAP

has complied with the provisions of

Arizona Revised Statutes, relating to the establishment and operation of a:

Certified General Real Estate Appraiser

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


Certified General Real Estate Appraiser

ROGER L. DUNLAP

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

Signed in the Superintendent's office at 100 North 15th Avenue, Suite 261, in
the City of Phoenix, State of Arizona, this 20th of May, 2019.

Expiration Date : **May 31, 2021**


Keith A. Schraad
Interim Superintendent

Contract Letter for Appraisal Services

RLD

Roger L. Dunlap & Associates, LTD.

Appraisals • Consulting • Litigation Support

February 25, 2020

Stockdale Capital Partners, LLC
C/O Ms. Michele Hammond
Principal Planner
Berry Riddell LLC
6750 East Camelback Road, Suite 100
Scottsdale, AZ 85251

Via E-mail: mh@berryriddell.com

SUBJECT: Appraisal of alley between Indian Plaza and Shoeman Lane, east of Buckboard Trail, Scottsdale, AZ

Dear Ms. Hammond:

Pursuant to your request, I am submitting this proposal to prepare an appraisal report on the above referenced property. The appraisal will estimate the market value of an alley that the City of Scottsdale proposes to abandon to the fee title owner of the above referenced property. You are the client and intended user of the appraisal report. The other intended user is the City of Scottsdale.

I propose to prepare an appraisal report for a total of \$, in a PDF format. Hard copies, if required, will cost an additional \$75/copy. The appraisal will employ the sales comparison approach to value and will use the "across the fence" method to value the property to be abandoned, taking into account its limited utility and lack of potential buyers.

The appraisal fee includes all travel expenses and other related out of pocket expenses. The appraisal fee does not include future meetings subsequent to completion of the appraisal, depositions, arbitration, preparation for and/or appearance in court, FedEx charges, updates, etc., in the event such circumstances should occur.

We can complete the assignment within 45 days of engagement.

Future meetings, subsequent to completion and delivery of the appraisal report, depositions, appraisal review, arbitration, and preparation for and/or appearance in court will be billed at \$250/hour for my time and \$100/hour for staff time. This hourly rate will remain in effect for one year from the date of this proposal.

Page 2 - Appraisal Proposal
February 25, 2020
Stockdale Capital Partners, LLC

**SUBJECT: Appraisal of alley between Indian Plaza and Shoeman Lane, east of
Buckboard Trail, Scottsdale, AZ**

The appraisal will be subject to certain Underlying Assumptions and Limiting Conditions as attached hereto. The appraisal report will be prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP). **The appraisal will assume the subject property is not adversely affected by any environmental problems.**

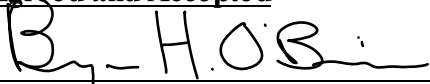
The appropriate signature will indicate your agreement with the terms and conditions stated herein. Thank you for hiring our firm. Please give me a call if you have any questions regarding this contract. Please return one signed copy to our office. E-mail is acceptable.

Sincerely,



Roger L. Dunlap, MAI
Certified General Real Estate Appraiser
Arizona Certificate #31062

Agreed and Accepted



Stockdale Capital Partners, LLC

Title Development Manager

2-25-20

Date

UNDERLYING ASSUMPTIONS AND LIMITING CONDITIONS

1. That the legal description available to the appraiser is correct.
2. That a current A.L.T.A. survey was not provided to the appraiser, and that all other plans and specifications noted in this report are correct.
3. That the title to the property is marketable, free and clear of all liens.
4. That the property is appraised as if owned in fee simple title.
5. That the fee simple estate in the property contains the sum of all interests which may exist.
6. That responsible ownership and competent management exist for the property.
7. That the appraiser is not responsible for the accuracy of the opinions furnished by others and contained in this report, nor is he responsible for the reliability of government data utilized in the report.
8. That compensation for appraisal services rendered is dependent only upon the delivery of this report and that it is not contingent upon the values estimated herein.
9. That this report considers nothing of a legal character and that the appraiser assumes no responsibility for matters of a legal nature.
10. That testimony or attendance in court is not required by reason of this appraisal, unless arrangements are previously made.
11. That hidden defects within the materials of the structures, or defects which are inaccessible to normal inspection, are not the responsibility of the appraiser.
12. That construction, whether existing or to be completed, is assumed to be done according to the plans and specifications furnished to the appraiser, and that such construction is legal in character and meets all governmental requirements.
13. That information furnished by the client, property owner, agent, or management is correct as received.
14. That neither this report, nor any of its contents, may be used for the sale of shares or similar units of ownership in the nature of securities, without specific prior approval of the appraiser. That no part of this appraisal may be reproduced without the permission of the appraiser.

15. That the appraiser 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.
16. That 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.
17. That this report is the confidential and private property of the client and the appraiser. 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 appraiser or the client is hereby forewarned that all legal means to obtain redress may be employed against him/her.
18. That adequate utility services are available for the subject property and that they will continue to be so in the foreseeable future. This includes electricity, water and sewer.
19. An environmental site survey was not provided to the appraiser. However, the appraiser is not qualified to detect or evaluate the subject site for environmental criteria. Thus, this appraisal does not take into consideration the possibility of the existence of asbestos, PCB transformers, urea formaldehyde foam insulation, or other toxic, hazardous, or contaminated substances, and/or underground storage tanks (containing hazardous materials), or the cost of encapsulation or removal thereof.
20. Statement of Policy. The following statements represent official policy of the Appraisal Institute with respect to neighborhood analysis and the appraisal of residential real estate:
 - a. It is improper to base a conclusion or opinion of value upon the premise that the racial, ethnic, or religious homogeneity of the inhabitants of an area or of a property is necessary for maximum value.
 - b. Racial, religious, and ethnic factors are deemed unreliable predictors of value trends or price variance.
 - c. It is improper to base a conclusion or opinion of value, or a conclusion with respect to neighborhood trends, upon stereotyped or biased presumptions relating to race, color, religion, sex, or national origin, or upon unsupported presumptions relating to the effective age or remaining life of the property being appraised or the life expectancy of the neighborhood in which it is located.
21. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the

value of the property. Since I have no direct evidence relating to this issue, I did not consider possible non-compliance with the requirements of ADA in estimating the value of the property. If at a later date, it is determined that the subject does not conform, I reserve the right to adjust the value accordingly.

22. Appraiser liability extends only to the stated client and not to subsequent parties or users, and the liability to the amount of the fee received by the appraiser.

Zoning Summary

Sec. 5.1400. (C-2) CENTRAL BUSINESS DISTRICT.

1.

Sec. 5.1401. Purpose.

This district is intended to permit all uses permitted in the (C-1) neighborhood commercial district, plus commercial activities designed to serve the community. This district includes uses usually associated with the central business district and shopping facilities which are not ordinarily compatible with residential development.

Sec. 5.1402. Approvals required.

No structure or building shall be built or remodeled upon land in the C-2 district until Development Review [Board] approval has been obtained as outlined in article I, section 1.900 hereof.

(Ord. No. 3225, § 1, 5-4-99)

Sec. 5.1403. Use regulations.

A. Uses permitted. Buildings, structures, or premises shall be used and buildings and structures shall hereafter be erected, altered or enlarged only for the following uses:

1. Business and professional services.

a. Business and professional offices.

b. Business schools.

c. Hospital for animals including boarding and lodging provided that there are no open kennels maintained and provided all activities will be conducted in soundproof buildings.

d. Medical or dental offices including laboratory.

e. Museum.

f. Optician.

g. Municipal uses.

h. Private and charter school having no room regularly used for housing or sleeping overnight. Subject to Development Review Board approval and compliance with standards including, but not limited to, the following as well as those otherwise required in the district.

(1) Location: All proposed private and charter schools shall be located a minimum of five hundred (500) feet from any adult use.

(2) Lot area: The minimum lot area shall be equal to that required for the district, except that no lot shall be less than forty-three thousand (43,000) square feet (net).

(3) There shall be no outside speaker system or bells, if the school building is within one hundred (100) feet of a single-family dwelling or multifamily dwelling unit.

(4) Open space: Per underlying zoning district open space requirements. All NAOS requirements of the district must be met and may be applied towards the overall open space requirement subject to compliance with NAOS standards.

(5) Parking: Parking shall observe the front yard setbacks of the district for all frontages. One-third (1/3) of the required parking may be shared parking with other establishments present on site. Parking shall be located and screened per the requirements of the district.

(6) Outdoor recreation area: All outdoor playgrounds and recreation areas shall be enclosed by a wall or fence sufficient in height to protect the safety and welfare of the students and shall be located within the side or rear yard. Any playground or outdoor recreation area shall be located a minimum of fifty (50) feet from any residential district and screened by a minimum six-foot high wall.

(7) Drop-off area: A drop-off area accommodating a minimum of five (5) vehicles shall be located along a sidewalk or landing area connected to the main entrance to the school. This area shall not include internal site traffic aisles, parking spaces, fire lanes, etc.

(8) Any public trails or pedestrian connections shall be incorporated into the site plan and approved by the Development Review Board.

(9) Circulation plan: The applicant shall submit a circulation plan to insure minimal conflicts between the student drop-off area, potential van and bus drop-off area, parking, access driveways, pedestrian and bicycle paths on site.

i. Studio for professional work or teaching of any form of commercial or fine arts.

2. Residential.

a. Dwelling units physically integrated with commercial establishments (limited to one (1) dwelling unit for each business establishment).

3. Retail sales.

a. Antique store.

b. Appliance store.

c. Art gallery.

d. Automobile parts store.

e. Bakery.

f. Bicycle store.

g. Big box. Any single retail space (limited to permitted retail uses in this C-2 district) with a building footprint of equal to or greater than seventy-five thousand (75,000) square feet, if:

(1) Primary access is not on a local collector* street; and

Note: *At the request of the city the term residential has been changed to collector in this subsection.

(2) Residential zoned property is not located within one thousand three hundred (1,300) feet of the Big box property line (except residential zoned properties separated from the Big box by the Pima Freeway or developed with non-residential uses).

However, big box is not permitted in the Environmentally Sensitive Lands Supplementary District.

Also See Sections 1.403 and 5.1403.B.

h. Bookstore.

i. Camera store.

j. Candy store.

k. Carpet and floor covering store.

l. Clothing store.

m. Craft shop conducted in conjunction with retail business which may include ceramics, mosaics, fabrics, jewelry, leather goods, silk screening, dress designing, sculpturing and wood carving.

n. Department store.

o. Drugstore.

p. Electronic equipment store.

q. Fabric store.

r. Florist.

s. Furniture store.

t. Gift shop.

u. Grocery store or supermarket.

v. Gun shop.

w. Hardware store.

x. Hobby or toy store.

y. Home improvement store.

z. Ice cream store.

- aa. Import store.
 - bb. Liquor store.
 - cc. Music store.
 - dd. Pawnshop.
 - ee. Pet shop.
 - ff. Restaurants, excluding drive-in or drive-through types.
 - gg. Sporting goods store.
 - hh. Stationery store.
 - ii. Swimming pool supply store.
 - jj. Variety store.
 - kk. Restaurant with associated microbrewery where brewed beer is consumed only on-premises and brewery occupies no more than fifteen (15) percent of the floor area of the establishment.
4. Services.
- a. Appliance repair.
 - b. Bank.
 - c. Barber or beauty shop.
 - d. Bowling alley.
 - e. Broadcasting station and studio, radio or television excluding transmitting or receiving towers.
 - f. Clothes cleaning agencies and laundromats excluding industrial cleaning and dyeing plants.
 - g. Fitness studio.
 - h. Hotel, motel, and timeshare project.
 - i. Movie theater (indoor only).
 - j. Post office.
 - k. Printing, lithography, publishing or photostating establishment.
 - l. Fraternities and sororities.
 - m. Shoe repair.
 - n. Taxidermist.

o. Telephone answering service.

p. Turkish bath that may include masseur and/or masseuse.

5. Other uses.

a. Accessory buildings.

b. Churches and places of worship.

c. Day care center, if the drop off or outdoor play area is more than one hundred (100) feet from a residential district.

d. Wireless communications facilities; Types 1, 2, and 3, subject to the requirements of Sections 1.906, 3.100 and 7.200.

e. Temporary buildings for uses incidental to construction work, to be removed upon completion or abandonment of construction work.

B. Uses permitted by a conditional use permit.

1. Adult uses (see Section 1.403 for criteria).

2. Automated carwash.

3. Bars and cocktail lounges (see Section 1.403 for criteria).

4. Big box. Any single retail space (limited to permitted retail uses in this C-2 district) with a building footprint of equal to or greater than seventy-five thousand (75,000) square feet, if:

a. Primary access is on a local residential street; or

b. Residential zoned property is located within one thousand three hundred (1,300) feet of the Big box property line (except residential zoned properties separated from the Big box by the Pima Freeway or developed with non-residential uses).

However, Big box is not permitted in the Environmentally Sensitive Lands Supplementary District.

For Use Permit Provisions and Criteria, See Section 1.403.

5. Bus station, excluding overnight parking and storage of buses.

6. Day care center, if the drop off or outdoor play area is within one hundred (100) feet from a residential district (see section 1.403 for criteria).

7. Funeral home and chapel.

8. Game center.

9. Gasoline service station (see section 1.403 for criteria).

10. Health studio.

11. Live entertainment (see section 1.403 for criteria).
12. Wireless communications facilities; Type 4, subject to requirements of sections 1.400, 3.100 and 7.200.
13. Plant nursery (see section 1.403 for criteria).
14. Pool hall.
15. Residential health care facility (see section 1.403 for criteria).
16. Teen dance center (see section 1.403 for criteria).
17. Internalized community storage (see section 1.403 for criteria).
18. Restaurant with associated microbrewery with limited wholesale and retail sales of the brewed product, where the floor area utilized for brewing, bottling and/or packaging occupies no more than thirty (30) percent of the floor area of the establishment.
19. Seasonal art festival.

(Ord. No. 1851, § 1, 11-5-85; Ord. No. 1902, § 1, 9-2-86; Ord. No. 1971, § 1, 8-4-87; Ord. No. 2232, § 1, 6-6-89; Ord. No. 2311, § 1, 8-21-90; Ord. No. 2394, § 1, 9-16-91; Ord. No. 2430, § 1, 1-21-92; Ord. No. 2470, § 1, 6-16-92; Ord. No. 2620, § 1, 8-2-94; Ord. No. 2858, § 1, 12-5-95; Ord. No. 3048, § 2, 10-7-97; Ord. No. 3034, § 1, 11-4-97; Ord. No. 3103, § 1, 1-6-98; Ord. No. 3225, § 1, 5-4-99; Ord. No. 3394, 6-19-01; Ord. No. 3493, § 1, 3-4-03; Ord. No. 3542, § 1, 12-9-03)

Editor's note: The amendment to paragraph B above by Ord. Nos. 1851 and 1902 did not number subparagraphs. Numbers have been editorially supplied for consistency.

Sec. 5.1404. Property development standards.

The following property development standards shall apply to all land and buildings in the C-2 district:

A. Floor area ratio. In no case shall the gross floor area of a structure exceed the amount equal to eight-tenths multiplied by net lot area in square feet.

B. Volume ratio. In no case shall the volume of any structure exceed the product of the net lot area in square feet multiplied by 9.6 feet.

C. Open space requirement.

1. In no case shall the open space requirement be less than ten (10) percent of the net lot area for zero (0) feet to twelve (12) feet of height, plus four-tenths percent of the net lot for each foot of height above twelve (12) feet.

2. Open space required under this section shall be exclusive of parking lot landscaping required under the provisions of article IX of this ordinance.

D. Building height. No building shall exceed thirty-six (36) feet in height except as otherwise provided in article VI or article VII.

E. Density.

1. Hotels, motels, and timeshare projects shall provide not less than ten (10) guest rooms and/or dwelling units with a minimum gross land area of one thousand (1,000) square feet per unit.

2. Multiple-family dwellings shall provide a minimum floor area of five hundred (500) square feet for each dwelling unit.

F. Yards.

1. Front Yard.

a. No front yard is required except as listed in the following three (3) paragraphs and in article VII hereof, unless a block is partly in a residential district, in which event the front yard regulations of the residential district shall apply.

b. A minimum of one-half (1/2) of the open space requirement shall be incorporated as frontage open space to provide a setting for the building and a streetscape containing a variety of spaces.

c. Where parking occurs between a building and the street a yard of thirty-five (35) feet in depth between the street and parking shall be maintained. This depth may be decreased to a minimum of twenty (20) feet subject to Section 10.402.D.3.

2. Side Yard.

a. A side yard of not less than fifty (50) feet shall be maintained where the side of the lot abuts a single-family residential district or abuts an alley which is adjacent to a single-family residential district. The fifty (50) feet may include the width of the alley.

b. A side yard of not less than twenty-five (25) feet shall be maintained where the side lot abuts a multiple-family residential district. The twenty-five (25) feet may include any alley adjacent to the multiple-family residential district.

3. Rear Yard.

a. A rear yard of not less than fifty (50) feet shall be maintained where the rear lot abuts a single-family residential district or abuts an alley which is adjacent to the single-family residential district. The fifty (50) feet may include the width of the alley.

b. A rear yard of not less than twenty-five (25) feet shall be maintained where the rear lot abuts a multiple-family residential district. The twenty-five (25) feet may include any alley adjacent to the multiple-family residential district.

4. All operations and storage shall be conducted within a completely enclosed building or within an area contained by a wall or fence as determined by Development Review [Board] approval or use permit.

5. Other requirements and exceptions as specified in article VII.

(Ord. No. 1840, § 1, 10-15-85; Ord. No. 2818, § 1, 10-17-95)

Sec. 5.1405. Off-street parking.

The provisions of article IX shall apply.

Sec. 5.1406. Signs.

The provisions of article VIII shall apply.

Abandonment Application Exhibits

EXHIBIT A

LEGAL DESCRIPTION

A portion of that certain alley as shown on Camelback Park Plaza, recorded in Book 86 of Maps, Page 13 and the Minor Land Division Plat, recorded in Book 1118 of Maps, Page 46, in the County Recorder's office, city of Scottsdale, county of Maricopa, state of Arizona, more particularly described as follows:

Beginning at the Northwest corner of Lot 1 as shown on said Minor Land Division Plat;

Thence along the westerly line of said Lot 1, South 00 degrees 01 minutes 48 seconds East, 179.94 feet, to the northerly right-of-way line of Shoeman Lane;

Thence leaving said westerly line, along said northerly right-of-way line, South 89 degrees 57 minutes 06 seconds West, 18.00 feet, to the easterly line of Lot 67 as shown on said Camelback Park Plaza;

Thence leaving said northerly right-of-way line, along the easterly lines of Lot 67 and Lot 66 as shown on said Camelback Park Plaza, North 00 degrees 01 minutes 48 seconds West, 59.98 feet;

Thence leaving said easterly line, along the northerly line of said Lot 66, South 89 degrees 57 minutes 06 seconds West, 2.00 feet, to the easterly line of Lot 2 as shown on said Minor Land Division Plat;

Thence leaving said northerly line, along said easterly line, North 00 degrees 01 minutes 48 seconds West, 119.96 feet, to the southerly right-of-way line of East Indian Plaza:

Thence leaving said easterly line, along said southerly right-of-way line, North 89 degrees 57 minutes 06 seconds East, 20.00 feet, to the **Point of Beginning**.

Containing 3,479 Square Feet or 0.08 Acres more or less.

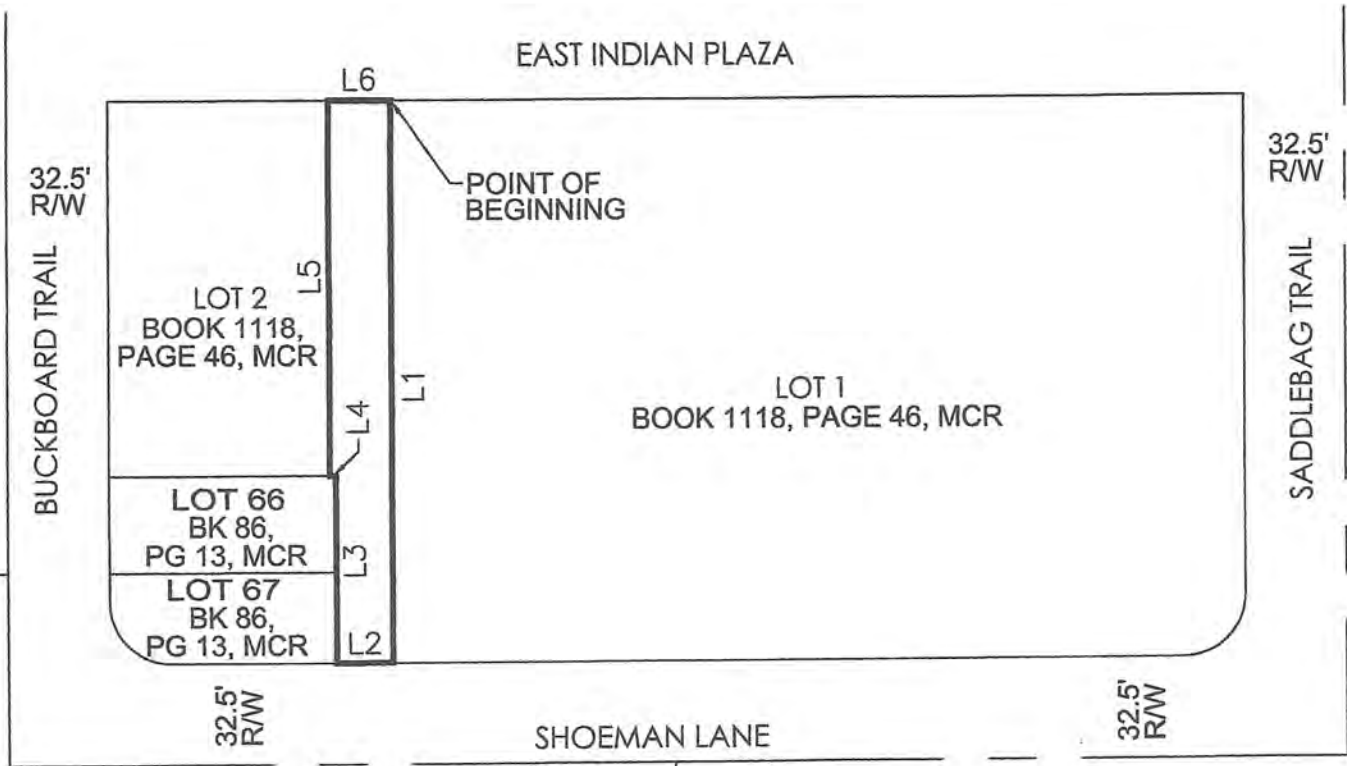


P.O. Box 2170, Chandler, AZ 85244
Daniel D. Armijo, RLS (480) 244-7630
Brian D. Warren, LSIT (480) 243-4287

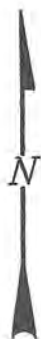


February 22, 2020
AWLS #20-009

EXHIBIT B



LINE	BEARING	DISTANCE
L1	S 00°01'48" E	179.94'
L2	S 89°57'06" W	18.00'
L3	N 00°01'48" W	59.98'
L4	S 89°57'06" W	2.00'
L5	N 00°01'48" W	119.96'
L6	N 89°57'06" E	20.00'



AW
LAND
SURVEYING,uc

P.O. BOX 2170, CHANDLER, AZ 85244
(480) 244-7630 (480) 243-4287

DRAWN BY: DDA CHECKED BY: DDA DATE: 02/22/20 JOB NO.: 20-009

SHEET NO. 2 OF 2

Closure Report
Sat Feb 22 11:04:25 2020

Northing	Easting	Bearing	Distance
9671.719	8264.814		
		S 00°01'48" E	179.939
9491.780	8264.908		
		S 89°57'06" W	18.000
9491.765	8246.909		
		N 00°01'48" W	59.980
9551.745	8246.877		
		S 89°57'06" W	2.000
9551.743	8244.877		
		N 00°01'48" W	119.959
9671.702	8244.814		
		N 89°57'06" E	19.999
9671.719	8264.813		

Closure Error Distance> 0.00100 Error Bearing> N 89°57'06" E
Closure Precision> 1 in 399876.1 Total Distance> 399.876
Area: 3479 sq ft, 0.08 acres

