Four Parcels - 16th St and Wier Ave

16th St and Wier Ave
Phoenix, AZ 85040

PREPARED BY:

Accurate Appraisals USA
855-887-8378
www.AccurateAppraise.com

Effective Date of Valuation
November 03, 2025

Date of the Report
November 05, 2025

Report Type
Appraisal Report

Prepared For
Mr. Christopher Rocca, Sr,
Review Appraiser
City of Phoenix

Client File Number
N/A

Internal File Number
22125

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Transmittal Letter

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November 05, 2025

Mr. Christopher Rocca, Sr,
Review Appraiser
City of Phoenix
251 W Washington St, 8th Floor
Phoenix, AZ 85003

RE: Appraisal Report for the property located at 16th St and Wier Ave, Phoenix, AZ 85040

Dear Mr. Rocca, Sr,:

Per your request for professional appraisal services, I have prepared a Real Estate Appraisal Report for the above-identified property. As such, the report presents a summary discussion of the data, reasoning, and analyses that were used in the appraisal process to develop the opinion(s) of value contained within this report.

In preparing this appraisal, it has been my intent to comply with the reporting requirements set forth under: (1) Standards Rule 2 of the Uniform Standards of Professional Appraisal Practice (USPAP 2024), as established by the Appraisal Foundation, (2) Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) (12 U.S.C. 3331 et seq.) as amended June 7, 1994. It is also intended to comply with the appraisal guidelines of the intended client, defined as the City of Phoenix.

It is my understanding that the intended use of this appraisal report is to assist the City of Phoenix - Neighborhood Services Department for potential asset swap purposes, as of 10/02/2025, and is not intended for any other use or users. The client makes no warranties or representations regarding this document or the conclusions contained herein.

The appraiser is not responsible for any unauthorized use of this report.

The value opinion is based on an exposure period of twelve months, reflecting current market conditions and the historical marketing periods of competing properties. Additionally, no material amount of personal property items is included or reflected within the above opinion of market value.

The market value definition used in this report is promulgated by the State of Arizona ARS 28-7091.

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

This transmittal letter, by itself, is not intended to serve as an appraisal report, nor should it be considered as such. Please refer to the attached appraisal report for a summarized recapitulation of the data, analyses, and conclusions that were used in the appraisal process to develop the appraiser's opinion of value.

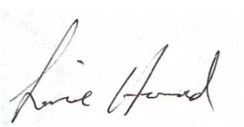
The valuation is based upon the assumptions and limiting conditions that are contained within the attached appraisal report. This includes the understanding that I have no control over the use of which the report may be used by a subsequent reader of this report.

The opportunity to assist you has been appreciated. Respectfully submitted.

Value Conclusions

Description	Perspective	Type of Value	Premise	Property Interest	Effective Date	Indicated Value
Vacant Land	Current	Market Value	As Is	Fee Simple	11/03/2025	$1,450,000

Sincerely,
Accurate Appraisals USA



Lonnie Heward
orders@accurateappraise.com

Certification - Lonnie Heward

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

• The statements of fact contained in this report are true and correct.

• The appraiser has the knowledge and experience or will take all necessary or appropriate steps required, to complete the assignment competently.

• The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

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

• I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

• My engagement in this assignment was not contingent upon developing or reporting predetermined results.

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

• My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with Uniform Standards of Professional Appraisal Practice.

- Lonnie Heward performed the following type of inspection of the subject property: Site Inspection
- No one provided significant real property appraisal assistance to Lonnie Heward.
- Lonnie Heward Lonnie Heward has provided prior services as an appraiser within the three-year period immediately preceding acceptance of this assignment for the current client.

Lonnie Heward
Effective Date of Appraisal: November 03, 2025
Date of Report: November 05, 2025

Executive Summary

Prepared for City of Phoenix

Four Parcels - 16th St and Wier Ave

Property Overview

Address

16th St and Wier Ave, Phoenix, AZ 85040

Property Class/Type

Land, Housing

Site Characteristics

SF / Acres

91,388 / 2.0980

Site Characteristics			
SF / Acres	91,388 / 2.0980	Topography	Basically Level
Flood Zone	X		

Zoning Characteristics

Zoning Characteristics			
Zoning Codes	R-5	Zoning Description	Multifamily Residence District
Zoning Comments	While the zoning is not likely to change there have been R-5 properties in the market area that have been rezoned to commercial uses.		

Sales History

To the appraiser’s knowledge, the subject property is not currently for sale, or under contract for sale or option to purchase.

The subject has not transferred or sold in the past 36 months.

Scope of Work

Scope of Work Information	
Client Name	City of Phoenix
Intended Use	Assist the City of Phoenix - Neighborhood Services Department for potential asset swap purposes.
Intended User	This appraisal report was prepared for the exclusive use of the Client. Use of this report by others is not intended by the appraiser.

Report Introduction

Appraiser Intentions

It is the intent of the appraiser to comply with the reporting requirements established under Standards Rule 2 of the 2024 Uniform Standards of Professional Appraisal Practice for a Real Estate Appraisal Report. The scope of work for this assignment included the following:

- Reading of the request for appraisal services and related attachments;
- Defining the assignment or appraisal “problem”
- Physical inspection of the subject property and its market area;
- Research public records, CoStar, MLS, or other sources deemed reliable, for all information relative to the subject;
- Inspect and catalog salient attributes of the subject property;
- Research public records, CoStar, MLS, or other sources deemed reliable, and when applicabl,e for construction costs, sales, rents, cap and yield rates, legal, and other information relative to comparable properties;
- When possible, confirm data with persons directly involved in the transactions, including buyers, sellers, brokers, and agents;
- Gather information on appropriate listings or properties found through observation during the appraiser’s data collection process;
- Investigate and analyze any pertinent easements or restrictions on the fee simple ownership of the subject property. It is the client’s responsibility to supply the appraiser with a title report. If a title report is not available, the appraiser will rely on a visual inspection and identify any readily apparent easements or restrictions.
- Analyzed the data and apply using one or more of the following approaches to value 1) cost, 2) sales comparison, 3) income capitalization approach.
- Will complete the appraisal report in compliance with the appraiser’s interpretation of the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Foundation and the Code of Professional Ethics;
- Will not be responsible for ascertaining the existence of any toxic waste or other contamination present on or off the site. The appraiser will, however, report any indications of toxic waste or contaminants that may affect value if they are readily apparent to us during the appraiser’s investigations. The appraiser cautions the user of the report that the appraiser is not an expert in such matters and that the appraiser may overlook contamination that might be readily apparent to others.
- Present the results in this Real Estate Appraisal including photographs of the subject property, descriptions of the subject community, the site, a description of the zoning, a highest and best use analysis, a summary of the most important sales and/or leases used in the appraiser’s valuation, a reconciliation and conclusion, a map illustrating the sales in relationship to the subject property, and other data deemed by the appraiser to be relevant to the report. Pertinent data and analyses not included in the report may be retained in the appraiser’s files.

Assumptions and Conditions

This appraisal is subject to the following general assumptions and limiting conditions.

1. Title to the property is assumed to be good and marketable and the legal description correct.
2. No responsibility for legal matters is assumed. All outstanding taxes, liens, mortgages, or other encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management.
3. All sketches in this report are intended to be visual aids and should not be construed as surveys or engineering reports.
4. All information in this report has been obtained from reliable sources. We cannot, however, guarantee or be responsible for the accuracy of information furnished by others.
5. This opinion of value applies to the land only. There are no improvements.
6. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
7. Subsurface rights (minerals, water, and oil) were not separately evaluated in making this appraisal.
8. The comparable sales data relied upon in this appraisal are believed to be from reliable sources; however, it was not possible to inspect the comparables completely, and it was necessary to rely upon information furnished by others as to said data, therefore, the value conclusions are subject to the correctness and verification of said data.
9. We inspected, as far as possible, by observation the land, no improvements were noted.
10. Unless otherwise stated in this report, the existence of hazardous substances were not called to our attention nor did we become aware of such during our inspection. We have no knowledge of the existence of such materials on or in the property unless otherwise stated. However, we are not qualified to test such substances or conditions. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in the field or environmental impacts upon real estate if so desired.
11. Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media, without the written consent and approval of the author, particularly as to the valuation conclusions, the identity of the appraiser or firm with which he is connected, or any reference to the Appraisal Institute.

Extraordinary Assumptions and Hypothetical Conditions

This appraisal is subject to the following assumptions and limiting conditions that are specific to the subject property or to this report.

Assumptions
As part of this appraisal, we assume there are no environmental conditions that would negatively impact the marketability of the property. If such conditions exist, it could negatively impact our opinion of market value.

National Overview

The Multi-family National Report for the United States from CoStar was used for the national overview.

Overview

12 Mo Delivered Units	12 Mo Absorption Units	Vacancy Rate	12 Mo Asking Rent Growth
557,845	484,869	8.3%	0.3%

The U.S. apartment market's supply-demand balance is poised for a rebalancing. Annual absorption is projected to exceed net deliveries over the quarter for the first time since third quarter 2021. This shift reflects a combination of resilient renter demand and a sharp slowdown in new construction, marking a turning point that should resume vacancy declines.

The third-quarter 2025 absorption tally of approximately 121,000 units extended a seven-quarter streak of absorption exceeding 100,000 units. New York and large markets in the South and Southwest, such as Dallas and Atlanta, led the way. Strong demand for apartments has heretofore been supported by steady economic growth; through mid-year, national employment expanded by approximately 1 percent year-over-year. However, signs of a slowing economy and employment growth became evident in the third quarter.

While demand for apartments is still growing at an above-average pace, the development cycle has peaked and is poised to wind down quickly over the upcoming year. Quarterly net deliveries have fallen approximately 21% over the year to approximately 121,000 units in the third quarter of 2025. Fewer apartments will reach completion over the remainder of the year, with fewer than 85,000 units expected to deliver in the fourth quarter based on a thinning construction pipeline. Construction starts have fallen to a decade-plus low due to declining rents, extended lease-up periods, higher capital costs, and stricter lending.

Thus far in 2025, vacancy compression has stalled, holding steady near its current rate of 8.3% since the beginning of the year. This stability in the overall vacancy rate reflects offsetting trends: falling vacancy in newly delivered supply undergoing lease-up, counterbalanced by a slight rise in vacancy among stabilized properties. Excluding the new supply in lease-up, stabilized vacancy rose modestly as most existing properties contended with a subtle erosion of occupancy. Vacancy rates increased among 3 Star and 1 & 2 Star buildings, reaching 7.8% and 5.9%, respectively. Meanwhile, vacancy declined among 4 & 5 Star buildings, where most new construction is concentrated, falling slightly to a still-elevated 11.0% in the third quarter as lease-up progressed.

Recent lease-up activity has helped reduce vacancy among 4 & 5 Star buildings; however, stabilized vacancy has climbed throughout the year and is projected to end the year in the high 6% range. This trajectory points to flat to slightly negative rent growth over the next few quarters, softening further from the third quarter's 0.6%. In contrast to the high-quality building segment, vacancies in mid- and lower-quality buildings remain more limited, even as they rose across 2025. Rent growth across all quality segments is forecast to reach the 1% range by year-end 2026 as overall vacancy eases and stabilized vacancy levels off, creating conditions for modest rent gains.

Absorption in upcoming quarters is expected to gradually chip away at the nation's elevated overall vacancy rate, which is forecast to fall from 8.2% at year-end 2025 to 7.9% by the fourth quarter of 2026. While overall vacancy is expected to decline, stabilized vacancy is forecast to inch upward through first quarter 2027, reflecting ongoing efforts to absorb the supply overhang built up over the past two years. This divergence, falling overall vacancy alongside persistently elevated stabilized vacancy, suggests rent growth improvement will be gradual, with its pace tempered by softness in stabilized communities.

KEY INDICATORS

Current Quarter	Units	Vacancy Rate	Asking Rent	Effective Rent	Absorption Units	Delivered Units	Under Constr Units
4 & 5 Star	6,519,615	10.9%	$2,170	$2,136	24,274	21,722	375,215
3 Star	8,063,656	7.9%	$1,612	$1,595	6,096	12,667	166,314
1 & 2 Star	6,166,878	6.0%	$1,358	$1,349	(1,175)	71	1,860
National	**20,750,149**	**8.3%**	**$1,758**	**$1,737**	**29,195**	**34,460**	**543,389**

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	0.1% (YOY)	6.8%	7.6%	8.3%	2025 Q4	4.9%	2021 Q3
Absorption Units	484,869	254,838	281,735	739,772	2021 Q3	77,169	2002 Q2
Delivered Units	557,845	301,065	263,168	704,173	2024 Q4	84,273	2011 Q4
Demolished Units	5156	8,334	7,555	20,387	2013 Q3	569	2002 Q1
Asking Rent Growth	0.3%	2.1%	1.5%	9.3%	2022 Q1	-4.0%	2009 Q4
Effective Rent Growth	0.2%	2.1%	1.5%	10.2%	2022 Q1	-4.1%	2009 Q4
Sales Volume	$120B	$90.6B	N/A	$319.8B	2022 Q2	$16.9B	2009 Q3

Vacancy

Demand for U.S. apartments remained robust this summer, but declining deliveries and falling absorption suggest that the generational wave of supply and absorption has crested. Following the second strongest first-quarter absorption total on record, third-quarter 2025 absorption fell to approximately 121,000 units, down from 153,000 units in the same period last year.

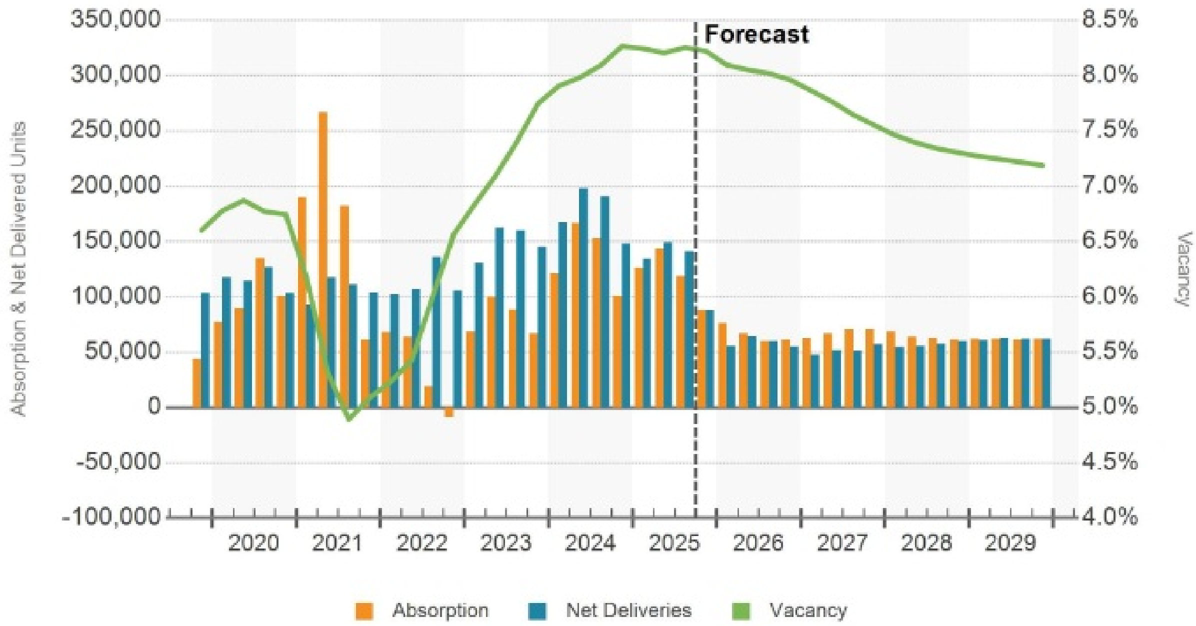
The 4 & 5 Star segment accounted for 75% of the under construction pipeline at its cyclical peak in early 2023, and an even greater share of recent absorption — 85% of the second-quarter total. Absorption in the 4 & 5 Star segment is now outpacing deliveries, reversing the trend of rising vacancy and lowering it to 10.9% as of the fourth quarter of 2025.

Development of 3 Star buildings is not as widespread, but third-quarter absorption of this segment totaled over 25,000 units. Still, the spillover effects of increased competition from elevated supply have pushed 3 Star vacancy to 7.9%, well above its historical average. Low-quality 1 & 2 Star apartments maintain higher occupancy but have seen negative absorption in recent quarters, and vacancy in the segment continues to trend above its historical average, at 6.0%.

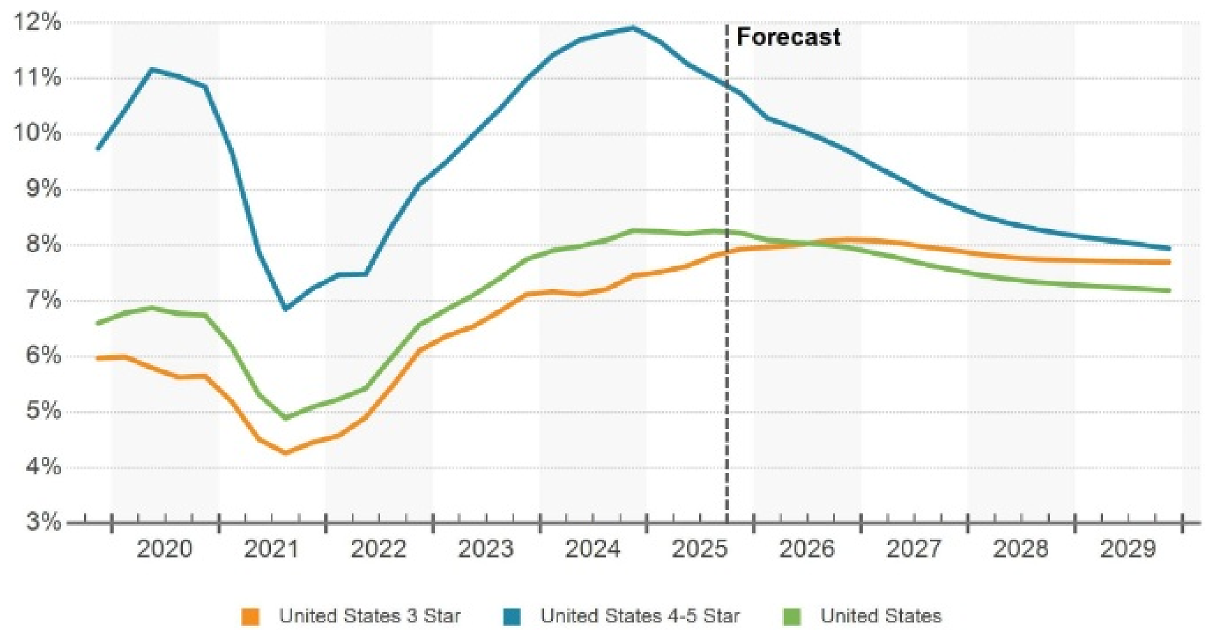
Geographic variation remains a defining feature of multifamily performance, with fundamentals diverging sharply across regions as local supply cycles and demand drivers play out. While vacancies have surged in the South and Southwest due to oversupply, most Midwest and Northeast markets have seen only moderate supply increases, leading to more balanced fundamentals and favorable rent growth in those regions. In contrast, rents have fallen in markets across states in the South, Mountain West, and Texas. Among the 50 largest markets, vacancy is highest in Memphis, San Antonio, and Austin.

The construction pipeline is thinning quickly, and solid demand is helping to ease the sharp imbalances seen from 2022–24. This shift in the supply-demand balance over the coming quarters will mark a turning point, with absorption finally overtaking new deliveries — setting the stage for declining vacancy and firmer rent growth. As overall vacancies begin to edge lower, many markets are likely to experience gradual rent growth improvement in the latter half of 2026. With deliveries projected to fall by more than half over the next 12 months, the national vacancy rate has reached a turning point and is expected to gradually trend lower.

ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



<u>**Rent**</u>

National apartment rent growth continues to decelerate, reflecting the lingering impact of elevated supply and a cooling employment backdrop. After hovering just above 1 percent year-over-year for the past two years, rent growth registered 0.9% in the second quarter and slowed further to 0.6% in the third quarter. However, the pace of growth has varied across different building quality segments.

Massive post-pandemic demand was outstripped by an even greater volume of supply completed between 2023 and 2025, which overwhelmed demand for high-quality apartments, especially in many Sun Belt markets. This imbalance weighed heavily on pricing power, particularly in the 4 & 5 Star segment, where new deliveries continue to outpace absorption in many areas.

National rent growth remains modest to slightly negative across all building segments. Rent growth is most pronounced in 1 & 2 Star buildings at 1.3%, and 3 Star building rents at 0.4%. In contrast, rent growth in 4 & 5 Star buildings, which comprise approximately 85% of recent product delivering into a highly competitive environment, measures -0.3%. While rent growth for high-quality buildings had been accelerating gradually through Q1 2025, the summer wave of deliveries has weighed on pricing power in that segment. Rent growth among mid- and low-quality buildings is also slowing, as vacancies edge higher.

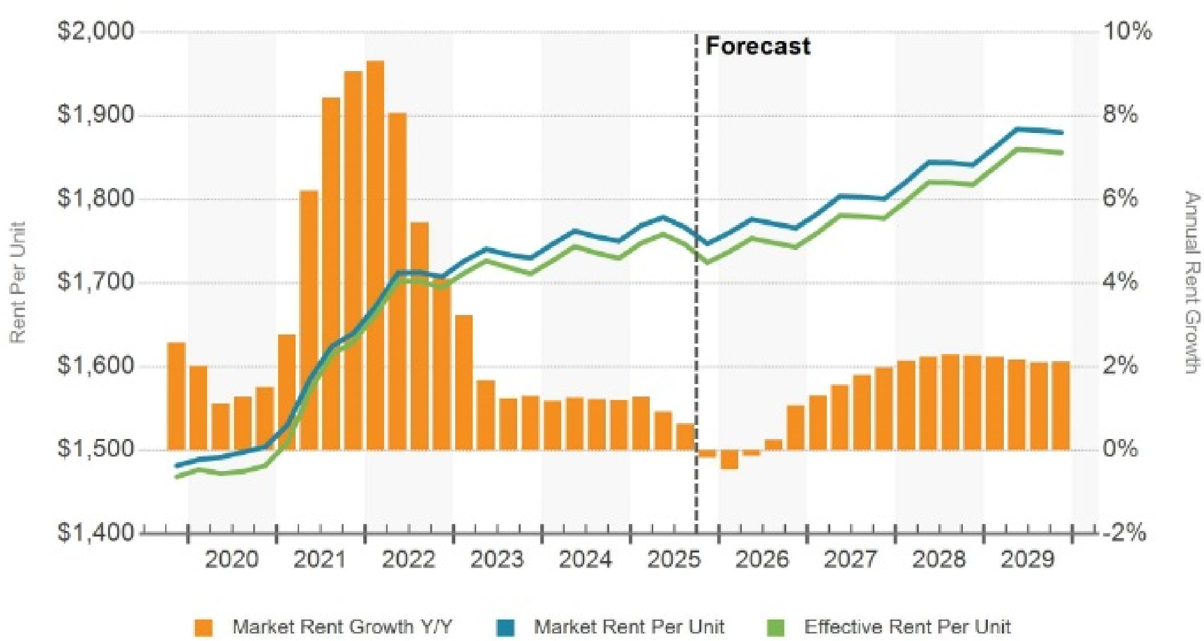
The leading markets for rent growth have generally seen limited development in recent years, which has helped keep vacancy in check. With roughly 55% of trailing 12-month supply growth concentrated in the South and Southwest, other regions have benefitted from tighter market conditions. San Francisco and San Jose led the nation in rent growth during the third quarter, at 6.2% and 3.8% respectively. Midwest markets also performed well, with Chicago also posting 3.8% and Omaha at 2.7%. In the Northeast, Pittsburgh and New York grew 2.5%. Norfolk was a standout in the South region with rent growth of 3.0%.

Nineteen of the top 50 markets are projected to post negative rent growth for 2025, and nearly three quarters have seen a slowdown in rent growth in third quarter of 2025 compared to the same period last year. This broad-based deceleration underscores the impact of elevated supply and easing demand across a wide swath of the country.

Austin and Denver posted the steepest declines, both exceeding 3%. Declines of 2% to 3% were recorded in San Antonio, Phoenix, and Las Vegas. Rents fell by 1% to 2% in Raleigh, Jacksonville, Dallas-Fort Worth, Orlando, Salt Lake City, Nashville, and Charlotte. Houston, Atlanta, Portland, Sacramento, and Tampa registered declines under 1%. Concessions remain common in newly built properties working to stabilize occupancy.

Following a soft second half of 2025 and first half of 2026, rent growth is expected to gradually reaccelerate in the second half of 2026, supported by moderating deliveries and steady demand. Still, the pace of recovery will vary, with performance likely to hinge on local supply dynamics and the strength of regional labor markets.

MARKET RENT PER UNIT & RENT GROWTH



Construction

The wave of apartment development across the South and Southwest, fueled by low capital costs that enabled developers to pursue domestic migration demand, crested late last year. Supply additions reached a 40-year high in 2024, with annual net deliveries peaking in the fourth quarter at more than 700,000 units. Looking ahead, annual supply growth is expected to fall by 28% in 2025, to approximately 505,000 units, and then decline by over 55% in 2026 to approximately 225,000 units, the lowest level since 2014.

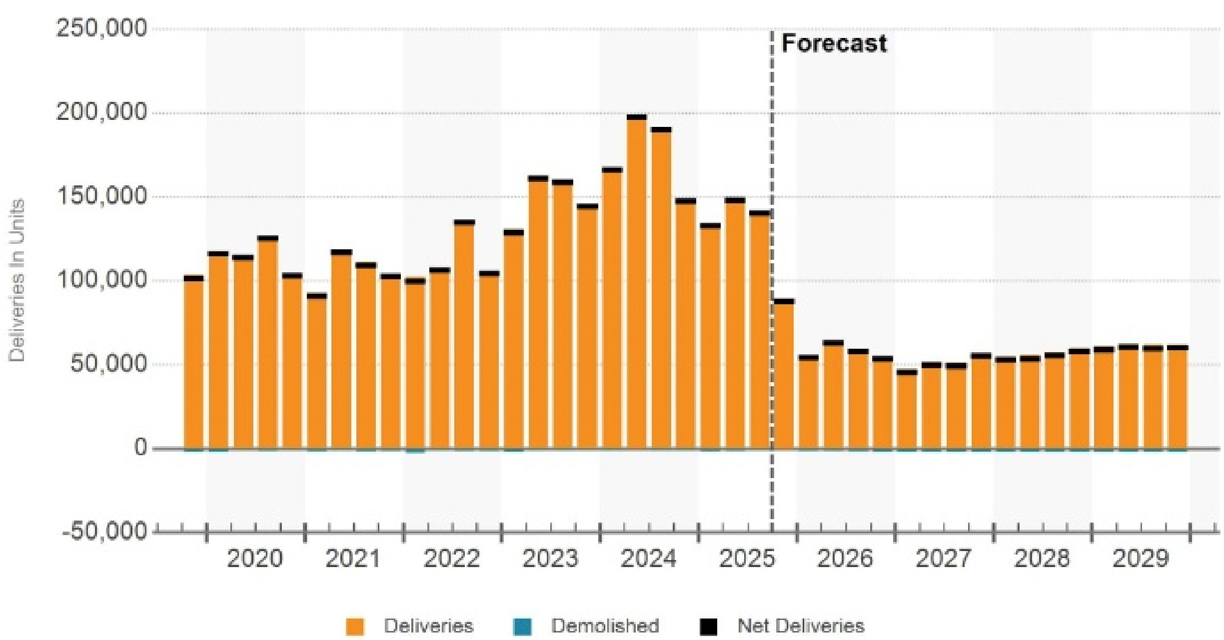
This national slowdown, however, is not uniform. Several large Sun Belt markets are already seeing meaningful declines in deliveries. Phoenix's 2025 forecast calls for a 28% decline in deliveries, from 26,000 units in 2024 to 19,000 units. In Atlanta, deliveries are projected to decline 36%, while Houston and Austin are each expected to see supply cut nearly in half. Under-construction volumes also fell sharply in the third quarter of 2025, including declines of more than 4,700 units in Phoenix, 4,000 in Houston, 3,200 in Austin, and 2,700 in San Antonio.

Yet other markets are not seeing the same degree of pullback. In several markets, construction pipelines continue to grow or remain elevated. Eleven of the largest 50 markets are projected to post year-over-year increases in deliveries in 2025. Los Angeles, Boston, Columbus, and San Diego are also among the markets with rising supply. Miami and Charlotte stand out with more than 8 percent of existing inventory currently under construction, the highest ratios nationally.

The combination of slower rent growth, falling rents in oversupplied areas, higher interest rates, elevated materials costs, and tighter construction lending has made it more difficult for developers to advance proposed projects. As a result, the construction pipeline has contracted by more than 50 percent, from a peak of 1.18 million units under construction in the first quarter of 2023 to 559,000 units in the third quarter of 2025.

If sustained, this pullback in new supply could allow many overbuilt Sun Belt markets to begin absorbing excess inventory, stabilize vacancy rates, and return to positive rent growth by late 2026.

DELIVERIES & DEMOLITIONS



Sales

Trailing 12-month sales volume grew 19% over the prior year in the third quarter of 2025. Year-to-date through September, investment activity was up 6%. Still, recent trends showed signs of unevenness: May volumes pulled back slightly from last year, likely a reflection of heightened macro uncertainty at the time, before recovering in June and accelerating through September.

A spot comparison of sales volume in the second quarter of 2025 to the same period in 2024 could have caused initial concerns of softening. However, the step down last quarter was due to an unusually tough comparison that included Apartment Income REIT Corp's 77-property portfolio that Blackstone acquired for $10 billion.

Even so, rising deal volume is more than a headline, it's often the first sign of a market recalibrating. National pricing data reflects this trend. CoStar's value-weighted repeat-sale index shows multifamily prices bottomed in March 2024, down 27% from the 2022 all-time high. Losses have since moderated, with values now tracking 21% below peak—still historically discounted, but no longer falling.

Since early last year, 4/5 Star assets have consistently made up over half of all transaction volume for deals of 50 or more units. Cap rates for top-tier properties have generally stabilized in the low-to-mid 5% range, with pricing hovering just below $300,000 per unit. In some premier locations, competition has nudged yields even lower, with cap rates occasionally dipping below 5%.

In contrast, cap rates in the 3 Star segment have crept higher, often straddling the 6% mark, while values have drifted down toward $175,000 per unit. The bifurcation reflects investor caution—prioritizing stability and location at the upper end while demanding higher yields to justify risk further down the quality spectrum.

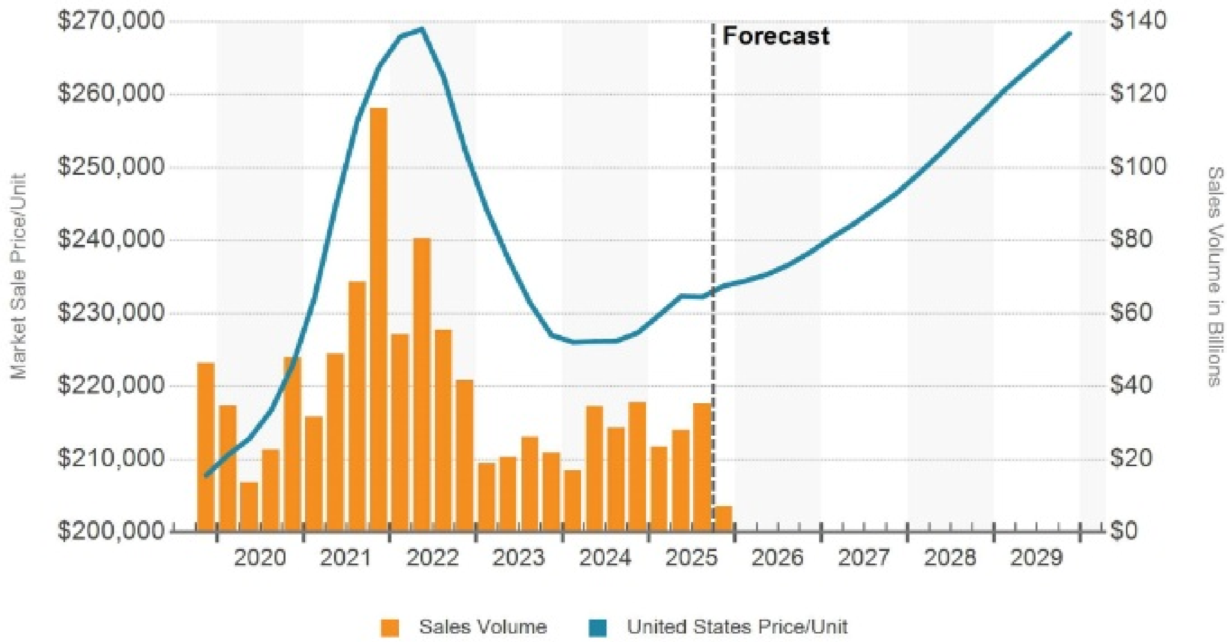
High-net-worth individuals, family offices, and sponsor/operators dominate the current landscape. In February 2025, a private buyer purchased 8001 Woodmont in Bethesda, MD, for $194 million or $602,484 per unit, nearly 16% below the seller's October 2022 valuation when the REIT acquired the remaining 50% stake in the property. The 322-unit luxury apartment development was built in 2021, was 92% occupied at closing, and traded at a 4.7% cap rate.

Institutional players and REITs have scaled back acquisitions since late 2022 but have also slowed their pace of dispositions. Fund-level equity has purchased three deals for every one sale. In March 2025, private equity firm Artemis acquired Berkeley Central, a 143-unit midrise in downtown Berkeley, CA, for $50.4 million or $352,098 per unit. The 96% occupied apartment development sits in the heart of the UC Berkeley scene, surrounded by art galleries, entertainment, and nightlife. The deal traded at a 5.6% cap rate, about 80 basis points above where it was priced in 2018.

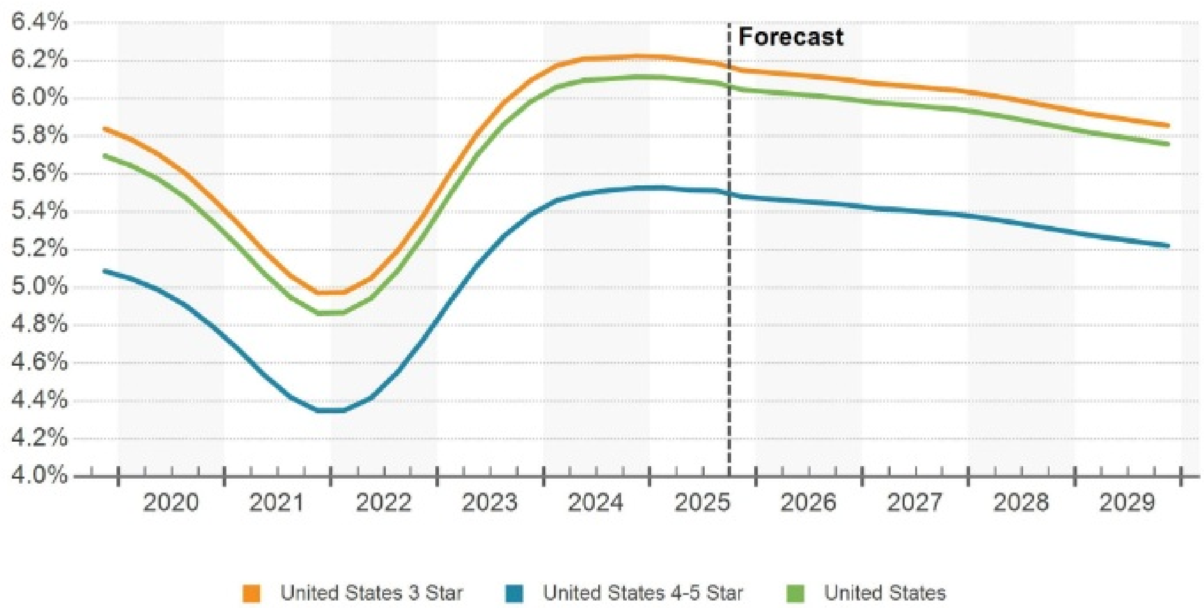
Looking ahead, the near-term balance of risk tilts toward price stability, with the potential for moderate gains in the fourth quarter. Net absorption is expected to run above its long-term trend, and above the pace of new deliveries for the first time since 2021.

Yet, the outlook isn't without risk. A flare-up in trade tensions or policy-driven uncertainty could chill sentiment just as leasing gains begin to materialize—reminding investors that fundamentals alone don't drive the market. Confidence matters, and in 2025, it may prove just as valuable as cash flow.

SALES VOLUME & MARKET SALE PRICE PER UNIT



MARKET CAP RATE



Economy

The federal government remains in shutdown, on track to become the longest government shutdown in history if it lasts through the first week of November. This comes after the U.S. economy appeared to gather momentum in the third quarter, with stronger consumer spending and a boost to business investment in AI-related equipment. Recent data revisions suggest that economic activity was stronger than previously reported, despite ongoing policy uncertainty and potential higher costs resulting from tariffs. Estimates for growth in the third quarter are in the 3% range, but slowing is expected by the end of the year.

The outlook for consumer spending improved as the economy ended the third quarter, with revised data for the first half of the year showing household spending growing by 2.7% in August in inflation-adjusted terms. That followed a 2.5% annualized growth rate in July, upwardly revised from 2.1%, as consumer spending on services expanded. Moreover, the impulse to consumer expenditures is likely to improve further as the tax cuts and fiscal expansion take effect early next year.

Higher-income households have been the driving force behind stronger spending as equity and home price gains have contributed to household wealth, providing a deeper cushion of spending power. Lower-income households, on the other hand, have become more reliant on borrowing, straining budgets as interest costs on debt have surged. The end of October will mark the expiration of food benefits under the Supplemental Nutrition Assistance Program (SNAP), which will impact 42 million low-income households, further straining their budgets. Delinquency rates of credit card balances and personal loans, while no longer rising, have remained elevated.

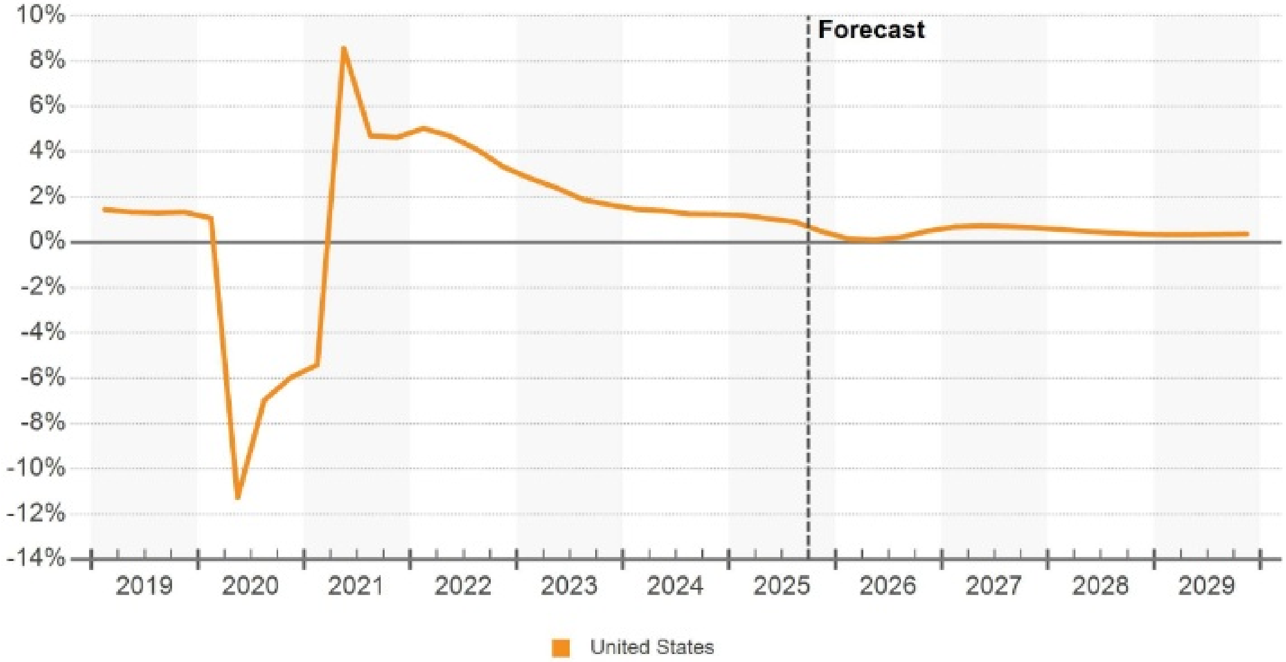
Recent downward revisions to labor market data present a downside risk. In its last report on job gains, delivered before the government shutdown, the Labor Department showed that employers added 22,000 jobs in August, far below expectations for the fourth consecutive month. The three-month moving average of job gains then stood at just over 29,000, compared to 232,000 at the beginning of the year. Private data from ADP, a payroll processing service provider, indicated a loss of 32,000 private sector jobs in September. The company estimates that the average weekly job gain in October was 15,000, totaling 60,000 for the month. However, the end of September marked the end of the fiscal year, when approximately 100,000 federal workers who had accepted the administration's deferred resignation offer earlier in the year would be removed from the government's payroll, more than offsetting the gain in private payrolls.

At its September meeting, in response to an already weakening labor market, the Federal Reserve policymaking committee lowered its target policy rate by 25 basis points, its first cut since last December. This month, with limited visibility into the labor market due to the lack of official data, the committee lowered the rate again, noting that the risk of a slower labor market currently outweighs the risk of accelerating inflation.

Inflation has slowed from its cycle peak in 2022 but remains above the Federal Reserve's target. The consumer price index for September, released late due to the government shutdown, showed inflation running at 3.0%, significantly above the Fed's target of 2.0%. The added costs from higher tariffs are beginning to appear in inflation data, especially for those goods subject to tariffs. During second-quarter earnings calls, importers reported tolerating thinner margins and absorbing some costs rather than raising prices and potentially losing customers. Still, analysts expect consumers will likely face higher prices in future months.

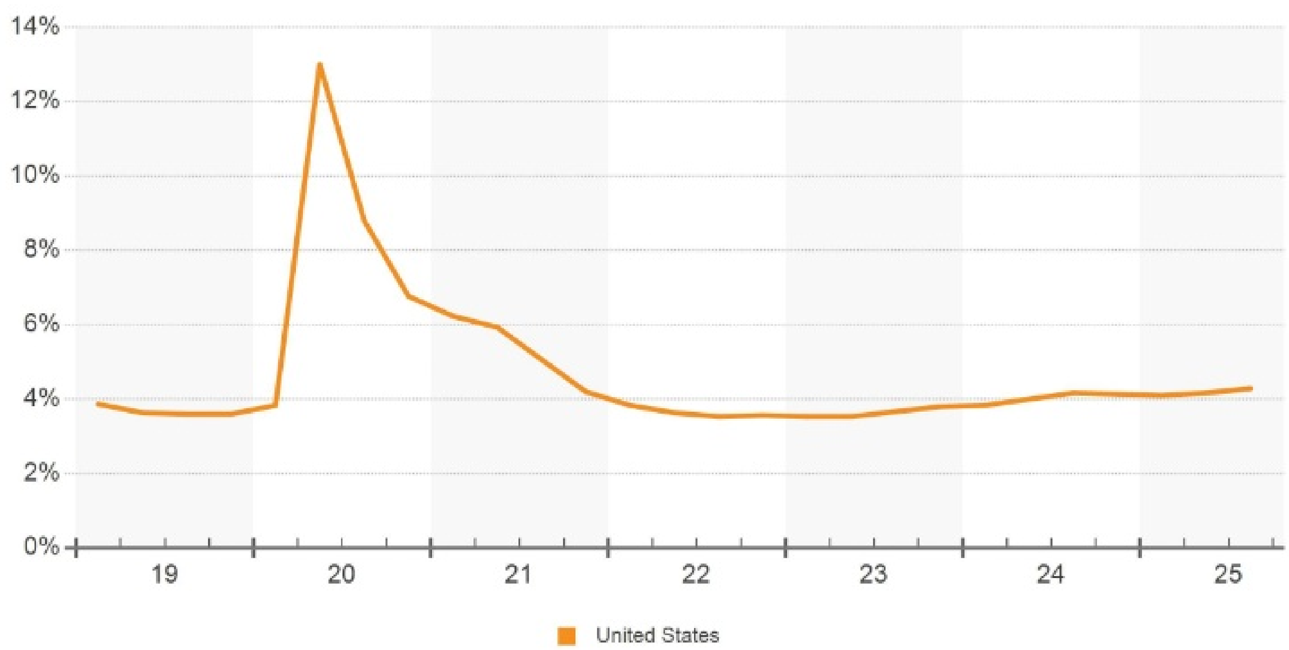
The near-term outlook is for economic activity and job growth to slow further this year as tariffs raise prices and costs, which will weigh on consumer spending and investment activity. However, growth is expected to reaccelerate next year as expansionary provisions of the One Big Beautiful Bill Act come into effect. Over the longer term, restrictive immigration measures and the retirements of Baby Boomers will likely reduce the labor supply and weigh on growth in future years.

JOB GROWTH (YOY)

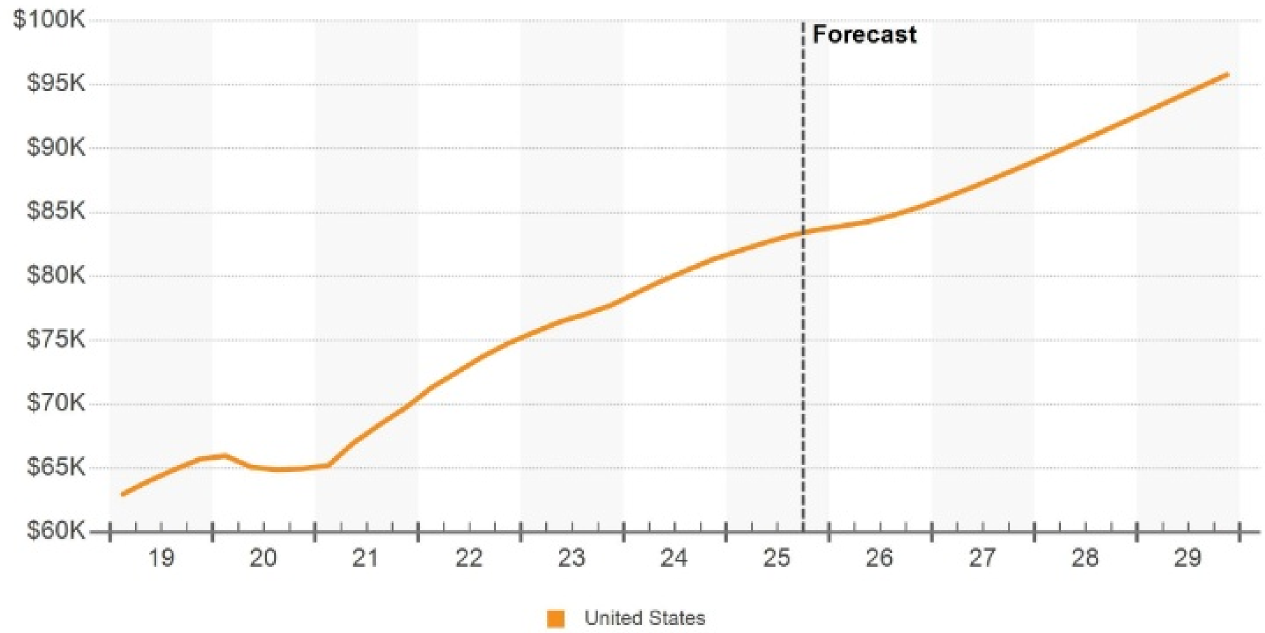


Source: Oxford Economics

UNEMPLOYMENT RATE (%)



MEDIAN HOUSEHOLD INCOME

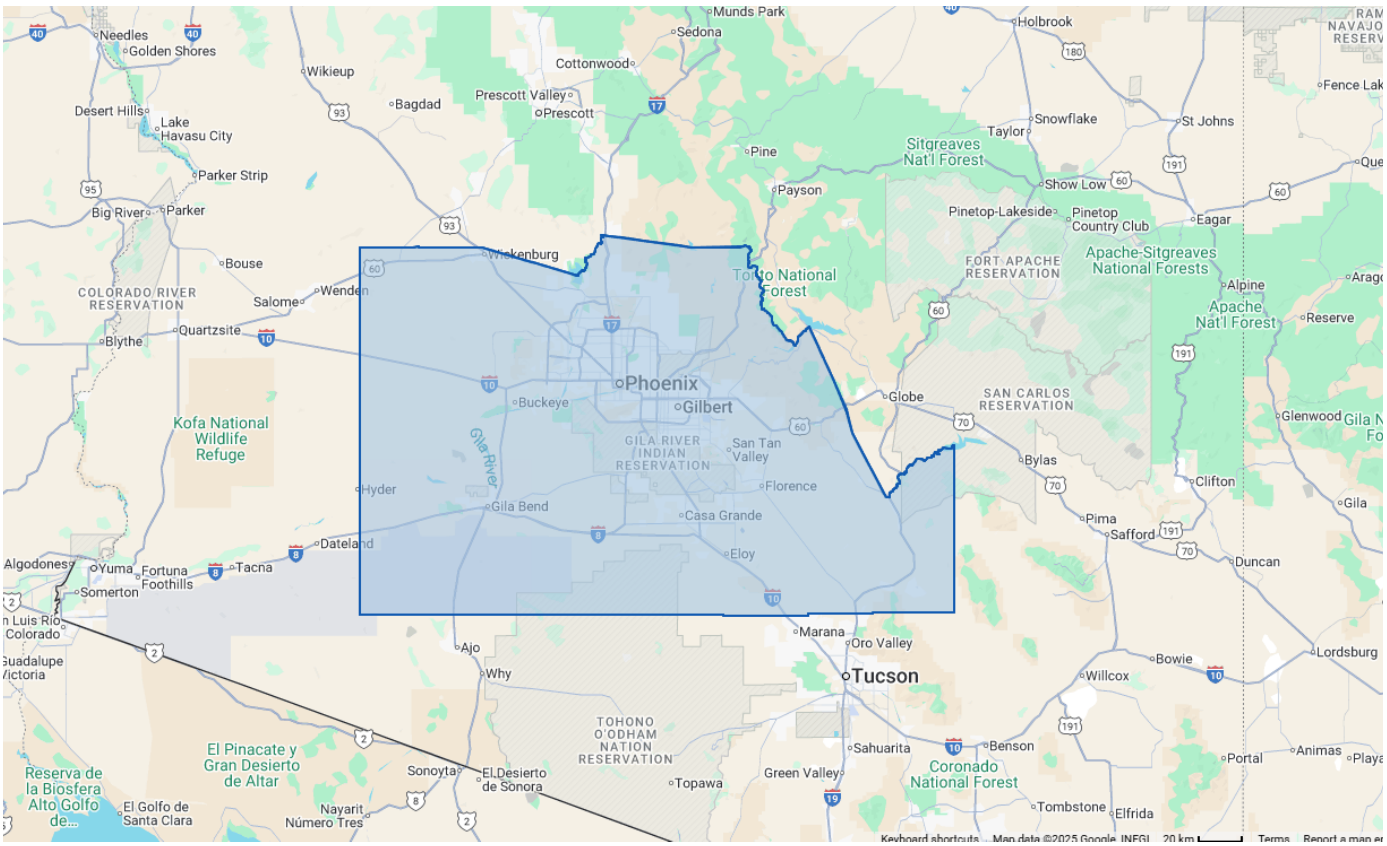


Regional Overview

Introduction

The subject is located within the city limits of Phoenix, Arizona in the southern portion of the Phoenix Metropolitan Statistical Area (MSA).

Regional Map



Phoenix - Mesa MSA

The metropolitan Phoenix area (also known as the Valley of the Sun, Salt River Valley, or simply The Valley) has emerged as one of the largest populations and trade centers in the Southwest, having experienced substantial growth over the past two decades. This is known as the largest MSA in the southwest United States. This growth has been the result of Phoenix's centralized location, favorable climate, and advantageous business environment. The Phoenix-Mesa MSA includes virtually all of central and eastern Maricopa County. The City of Phoenix forms the nucleus of the metropolitan area, surrounded by 22 incorporated cities and towns.

Population

According to the 2020 Census, Maricopa County has a population of 4,420,568 people. This is an increase from 3,817,117 people in 2010, representing a 15.81% change. This represents approximately 165 people entering the area per day.

According to the U.S. Census Bureau ..."Maricopa County, Arizona, remained the latest gaining county in the nation, adding 56,831 residents in 2022, a gain of 1.3% since 2021. Domestic migration was the component of population change (e.e., births, deaths, and migration), which made the largest contribution to Maricopa County's growth.

The growth rate for Phoenix in 2025 is approximately 1% to 1.5%, based on recent data for the city and its metro area. This represents a slower rate compared to previous years.

Cultural/Recreation

Metropolitan Phoenix is home to several professional sports teams and sports facilities, such as the Phoenix Suns (NBA); the Arizona Cardinals (NFL); the Arizona Diamondbacks (MLB), the Arizona Rattlers (arena football); the Phoenix Smash (team tennis); Phoenix International Raceway, and Turf Paradise (horse racing). In addition, the Phoenix region offers ample cultural opportunities, including numerous museums and theaters, symphony/pop concerts, ballet, opera, the Phoenix Zoo and Desert Botanical Gardens, restaurants, etc. Due to the warm climate, the area is heavily oriented toward outdoor activities, such as golf, tennis, jogging, bicycling, hiking, swimming, softball, volleyball, and basketball. The region has an excellent park system, which is ranked as one of the largest in the nation. Located within a one to two-hour drive from this region are several lakes and streams for boating, fishing, and mountainous areas for hiking, camping, and snow skiing.

Education/Health

Metropolitan Phoenix is well served by numerous educational facilities from elementary through doctoral degree programs. The Phoenix region is served by two four-year universities, including Arizona State University (ASU), the largest public university in the United States, which has three campus locations, and Grand Canyon University, the largest private university in the country. Additional education alternatives are provided by numerous technical trade schools. There are adequate medical facilities represented by several regional hospitals, the Mayo Clinic, 24-hour outpatient medical centers, and many private practices throughout the entire region.

Physical/Environmental Factors

The Phoenix area is characterized by a dry and arid climate with a wide range between minimum and maximum temperatures. June and July are the hottest months with an average maximum temperature of 108°F, while January is the coldest month, with an average temperature of 44°F. The average annual minimum temperature is 62°F, whereas the average maximum temperature is 86°F. Annual precipitation averages 7.2 inches. Water to Phoenix is provided from various sources, including underground wells, the Salt River Project, and the Central Arizona Project, which is comprised of hundreds of miles of canals diverting water from the Colorado River in western Arizona. The present water supply is adequate to serve the needs of the region; however, continued development of large residential lakes and golf courses has prompted many government planners to examine the future capacity of the water supply.

Transportation

Phoenix has become a regional transportation hub for the southwest. It is served by several major transportation linkages, including highway, air, and rail. Interstates 17 and 10 serve the area for traffic transportation. The newest addition to the expressway network is the Loop 202, allowing a relief route from I-10 around downtown Phoenix for efficient travel. Loop 303 was added within the past 10 years, offering a relief route from I-10 to I-17, avoiding downtown Phoenix. Los Angeles, California, is located approximately 6 hours west of Phoenix.

For local travel, Phoenix offers the Valley Metro Light Rail. Valley Metro Rail provides 35 miles of light rail service across Phoenix, Tempe, and Mesa. With 49 stations, riders can connect to employment, education, and recreation, as well as the regional transit system. Riders can hop on board 365 days a year, 20+ hours a day, with 12-minute peak frequency during peak hours.

Valley Metro light rail is a two-line system with the addition of the South Central Extension/Downtown Hub project. The A line runs east-west between Mesa and the Downtown Hub in Phoenix. The B line runs between Metro Parkway and Baseline/Central Ave. Passengers can transfer between the two lines at the Downtown Hub.

Multi-Family Overview

The Multi-family Market Report for the Phoenix Metropolitan Area from CoStar was used for the regional overview.

12 Mo Delivered Units	12 Mo Absorption Units	Vacancy Rate	12 Mo Asking Rent Growth
22,829	16,788	12.3%	-3.4%

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

The Valley recorded 17,000 units of net absorption over the past 12 months, outpacing the pre-COVID five-year annual average of 7,200 units. That figure ranks Phoenix as a top 10 market in the nation for demand formation.

Although demand has remained healthy, the surge in construction remains a formidable headwind. Builders completed 23,000 net new units over the past 12 months, more than triple the average annual completion amount from 2015 to 2019. As a result, overall vacancy, which includes newly built properties in lease-up and stabilized communities, has risen to 12.3% and is expected to remain well-above pre-COVID norms in 2026.

Another 23,000 units are under construction, representing 5.4% of existing inventory. That share ranks Phoenix as the nation's sixth most aggressively built apartment market. Empty units are most likely to accumulate in high-growth areas like Downtown Phoenix and Tempe, as well as the South West Valley.

Elevated vacancy and the onslaught of construction have intensified competition. Annual rent growth has been negative since early 2023, and concessions have ramped up. Over the past 12 months, the average asking rent fell 3.4%, and more than 60% of communities offer some form of discount. Prospective renters can expect six to eight weeks of free rent at properties in lease-up, though some have extended beyond that, with 10 and 12 weeks free being offered in some instances.

Rent growth has accelerated to the downside this year, and weakness is now extending across the quality spectrum. Previously, lower-tier properties did not face the same level of rent losses and were comparatively insulated from the direct impact of new supply. More recently, however, 1 & 2 Star communities notched negative annual rent growth of 1.9%, which compares to losses of 3.3% at 4 & 5 Star complexes. The extension of rent loss to workforce housing communities coincided with an upward movement in stabilized vacancy over the past few quarters.

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

Vacancy

Aggregate market-wide demand is healthy in the Phoenix apartment market. Over the past 12 months, the Valley recorded 17,000 units of net absorption, outpacing the pre-pandemic five-year annual average of about 7,200 units per year. Strong demographics, the high barrier to homeownership, and wage growth outpacing rent growth are supportive of renter demand.

While newly built communities continue to capture the bulk of net absorption, demand at mid-priced communities continues to be healthy. Over the past 12 months, 3 Star properties recorded 2,300 units of net absorption, compared to less than 500 units per year on average in the prior five years.

Though renter demand formation has been strong, the unprecedented wave of new construction has been stronger, keeping the Valley apartment market in a persistent state of fundamental imbalance. Over the past 12 months, about 23,000 net new units delivered, causing overall vacancy to rise to a 15-year high of 12.3%. This is a divergence from trends seen nationally, with U.S. vacancy hitting an inflection point in 24Q4 and now seemingly on the road to recovery, with vacancy at 8.3% today.

With overall vacancy nearly 400 basis points above the national level, the Valley ranks among the top 10 highest-vacancy markets in the country. Phoenix is joined in the ranking by other Sun Belt metros with hefty construction pipelines like Austin, Charlotte, and San Antonio.

Geographically, submarkets with stout demand drivers and limited supply additions have maintained balance better than others. The stabilized vacancy rate, which excludes newly built properties in lease-up, is below 7% in Scottsdale and Gilbert. Stabilized vacancy for the Valley as a whole has been inching higher, reaching the high-8% range in 25Q3. Conversely, emerging submarkets on the outer edge of the market, like the West Valley and Southeast Valley, have seen stabilized vacancy climb above 10%.

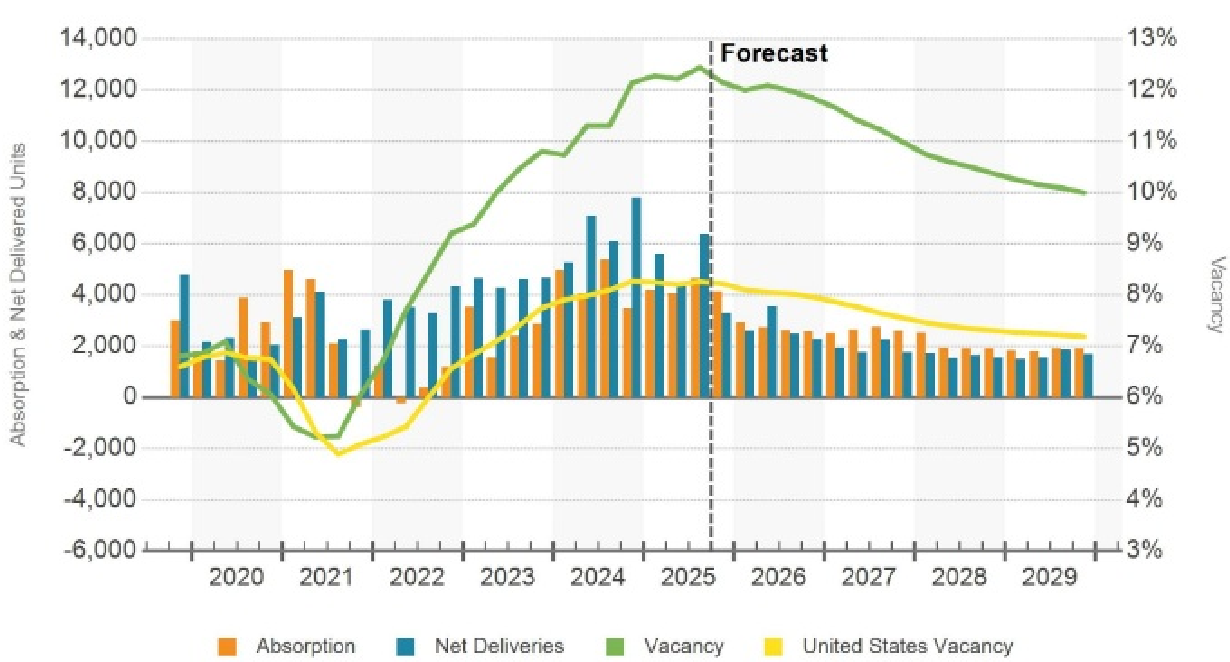
Over the short term, the substantial supply injection over the past few years will continue to weigh on the market. Developers delivered 65,000 units over the past three years, and another 23,000 units are underway. The construction boom during this time represents the largest delivery schedule since the 1980s, and the increased competition from new development is straining operations.

Local property managers are reporting longer lease-up timelines for newly delivered complexes, elevated concessions usage, weaker resident retention, and the need to lower rents to remain competitive. Additionally, operating expenses such as payroll, insurance, and third-party contract services have risen, squeezing profitability.

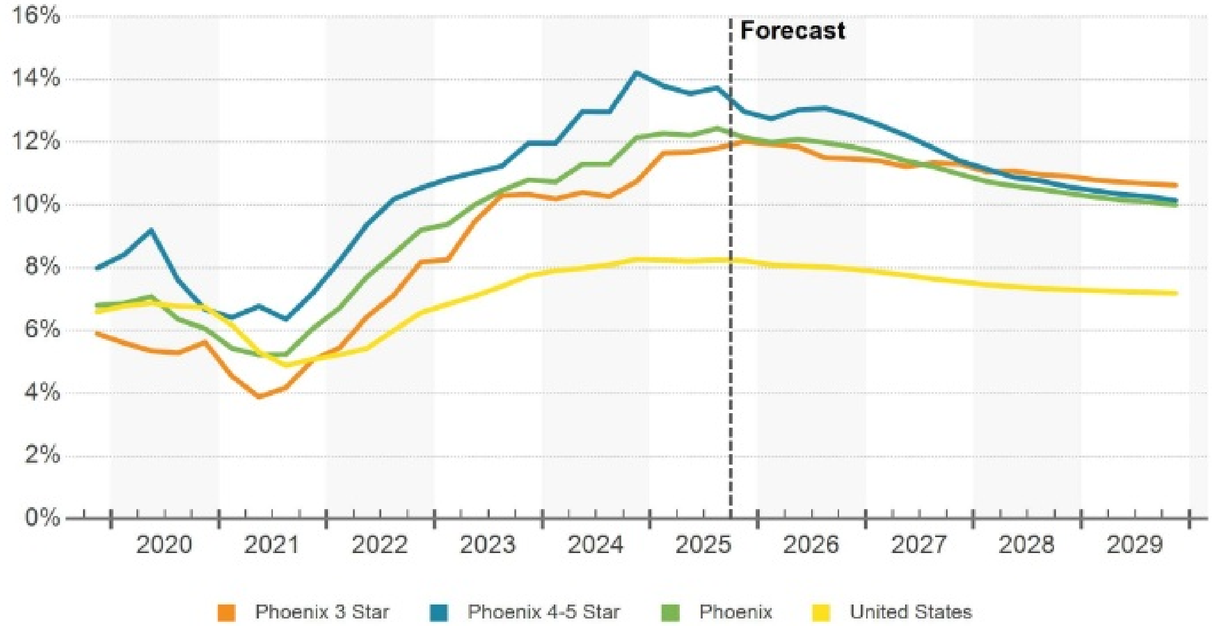
Performance over the short term will likely remain challenged, and overall vacancy is expected to remain elevated through most of 2026. Additionally, the prospect of tepid job growth and weaker international net migration due to shifts in immigration policy presents a downside risk, potentially hampering the launch of new renter households.

Over the long term, however, the underlying drivers supporting the Valley's apartment market are still in place. Strong demographics, a growing and diversifying local economy, and relative affordability compared to high-cost coastal markets keep the area well-positioned for an eventual recovery once the current supply glut is digested.

ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



Rent

Phoenix rent growth has accelerated to the downside so far this year. Though annual gains have been negative since early 2023, losses were range-bound between -1% to -1.5% through most of that time. Over the past 12 months, however, the average asking rent declined 3.4%, ranking the Valley as one of the worst-performing rent growth markets in the United States, among metros with at least 75,000 units of inventory.

For comparison, Phoenix multifamily properties averaged 5% annual rent growth in the five years leading up to the onset of the pandemic, and the U.S. notched 0.2% growth over the past year. Below-trend performance is expected to continue throughout 2026 and into early 2027 as the market digests the wave of new supply that was delivered over the past five years.

With the bulk of supply additions focused on Class A properties, competition for renters has been especially fierce at the top of the renter pool. Annual rent growth at 4 & 5 Star properties fell to -3.3% as operators lowered prices to remain competitive with heavily-discounted new builds.

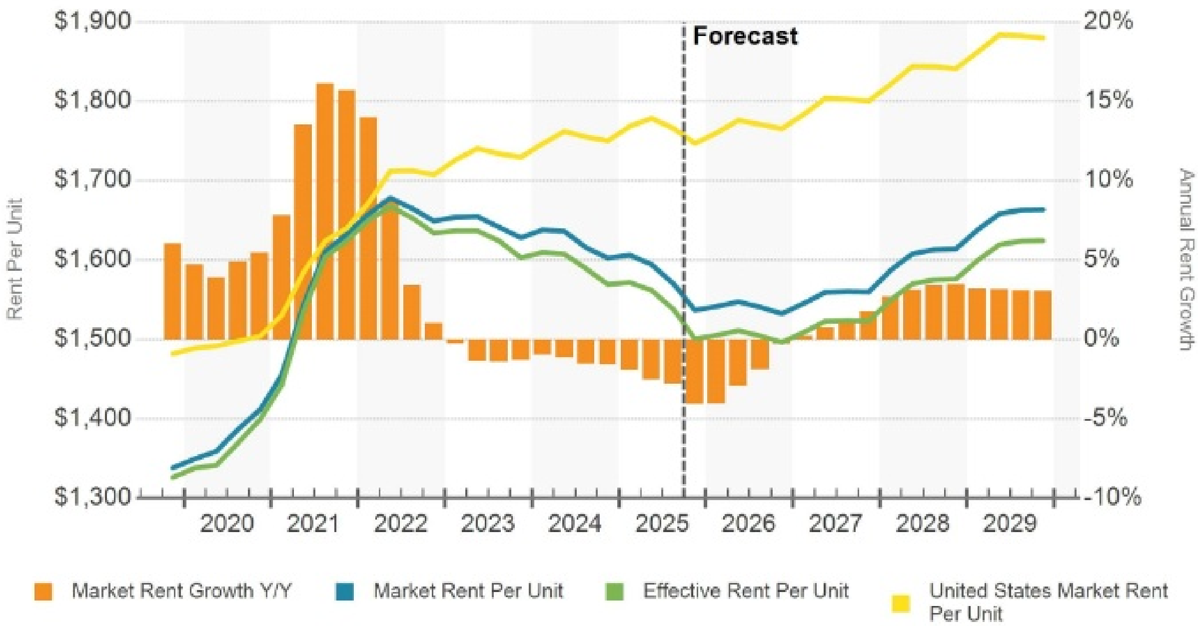
About six to eight weeks of free rent is the standard at brand-new luxury properties, though some have extended beyond. Submarkets with a particularly hefty construction pipeline, like Downtown Phoenix, Tempe, and the West Valley, are most likely to offer renters especially strong deals. In an extreme example, PALMtower, a newly-built Class A residential tower in Downtown Phoenix, is offering up to four months free on select units and lease terms.

The increase in excess inventory is also impacting non-luxury properties. Many stabilized Class B and C buildings in areas with high supply have lowered rents and begun offering concessions to remain attractive. The average asking rent at 3 Star properties fell 3.8% over the past year, and workforce housing properties notched losses of 1.9%. Additionally, four weeks of free rent or more can often be found at stabilized communities, and many are offering discounts at the time of renewal.

Moving forward, expectations are for 2026 to be another challenging year of rent growth, potentially marking the fourth consecutive year with negative growth. Additionally, the size and frequency of concessions will likely remain a headwind. Though deliveries are expected to downshift, the number of units concurrently in lease-up will likely continue rising this year, putting upward pressure on discount usage.

A recovery in rent performance will likely occur unevenly throughout the Valley, with submarkets facing more limited inventory growth, like Chandler and the Camelback Corridor, returning to positive growth earlier than places like the West Valley and Downtown Phoenix, which remain construction hotspots.

MARKET RENT PER UNIT & RENT GROWTH



<u>**Construction**</u>

Supply-side challenges plague the Phoenix multifamily market as a wave of deliveries overshadows rebounding rental demand. Over the past 12 months, apartment builders delivered a staggering 23,000 net new units, outpacing the pre-COVID five-year annual average of about 7,100 units per year. The surge in construction activity has caused vacancies to rise quickly since mid-2021 and kept rent growth firmly in negative territory.

About 23,000 units are under construction, representing 5.4% of existing inventory. That figure ranks Phoenix as one of the most aggressively built markets in the country. However, the current pipeline is about 40% lower than the peak in mid-2023, driven by a pullback in construction starts over the past 18 months.

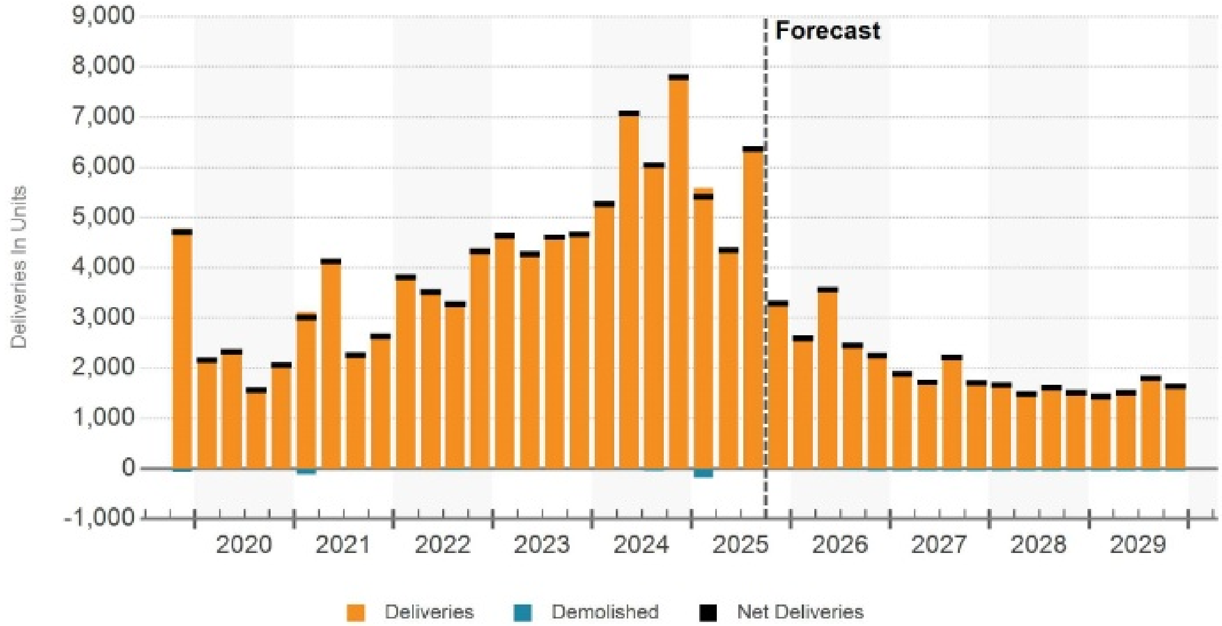
Downtown Phoenix has received considerable attention from developers, keeping near-term supply-side risk elevated here. Four Class A apartment towers were built within a half mile of each other since July 2025, each with more than 300 units. The luxury communities are located near the Roosevelt Row Art District, a trendy neighborhood popular with young adults and apartment builders. Another 1,000 units are underway in Roosevelt Row, most of which are luxury properties targeting the top of the renter pool.

The Valley's fast-growing west-side suburbs have also been a target of new development. Builders have added 23,000 units to the North West Valley and South West Valley submarkets since the pandemic's onset. The influx of supply has dramatically intensified competition, and local property managers report that asset performance has been particularly sluggish here. Build-to-rent (BTR) developers have been especially active. About 30% of deliveries in the West Valley since 2020 have been BTR projects, lagging only garden-style communities, which comprise about a third.

Areas more insulated from supply-side pressure include East Valley submarkets like Chandler, where higher land costs and a lengthier entitlement process have kept construction more muted. Submarkets with limited available land, like Old Town Scottsdale and the Camelback Corridor, have also seen less activity.

Construction starts have eased from the record levels seen in 2022 and 2023, which should help alleviate the pressure from additional deliveries by 2026. Publicly available permit issuance data has seen a steep pullback over the past 24 months as weaker property performance, higher construction costs, and more limited availability of equity present barriers to groundbreak.

DELIVERIES & DEMOLITIONS



Sales

Investment volume is showing modest signs of acceleration. Over the past 12 months, about $4.5 billion worth of apartment assets traded hands, an increase from 2023, when about $3.6 billion sold. Nevertheless, deal flow remains about 25% below the pre-pandemic five-year annual average.

Amid the current disrupted operating climate, many investors have placed an increased focus on quality. Buyer demand remains elevated for core properties at the top of the market. Local multifamily brokers report that yields for Class A properties in premier neighborhoods have seen modest cap rate compression, with some slipping into the sub-5% range.

For example, Goodman Real Estate acquired two recently-built Class A communities at cap rates in the 4.8% to 4.9% range this year. Spire Deer Valley won CoStar's Phoenix Multifamily Development of the Year and sold for $141 million ($337,900/unit) in January. Annex at Cadence traded for $49 million ($363,000/unit) in August and is located near the Eastmark master- planned community.

Additionally, a high-end Class A property in the desirable Old Town Scottsdale submarket recently sold at the highest price per unit since 2022. In September 2025, Goodman paid $555,500/unit ($66.1 million) for Scottsdale on Main, a 119-unit luxury community by Baon Properties. The asset was one of just a handful of 100+ unit properties built in the core Old Town Scottsdale area in the last decade.

Among trades of 50 units or more, properties that sold within two years of delivery accounted for 40% of sales volume since the start of 2024, up from 15% in 2021 and 2022. Buyers in the space are often transacting on a price-per-pound basis, seeking quality assets at a discount to recent peak pricing.

On the sell side, merchant developers are often simply following through on their business plans. Though new construction is not immune to the challenges facing the broader sector, those selling are often still meeting or exceeding their original underwriting targets and are able to exit profitably.

Outside new construction, the private buyers and syndicators that typically pursue older vintage product seek assets with positive or neutral day one leverage and often require immediate cash-on-cash returns to raise capital. Transaction activity in this segment has remained sluggish, with many sellers opting to hold rather than voluntarily dispose of assets at a discount.

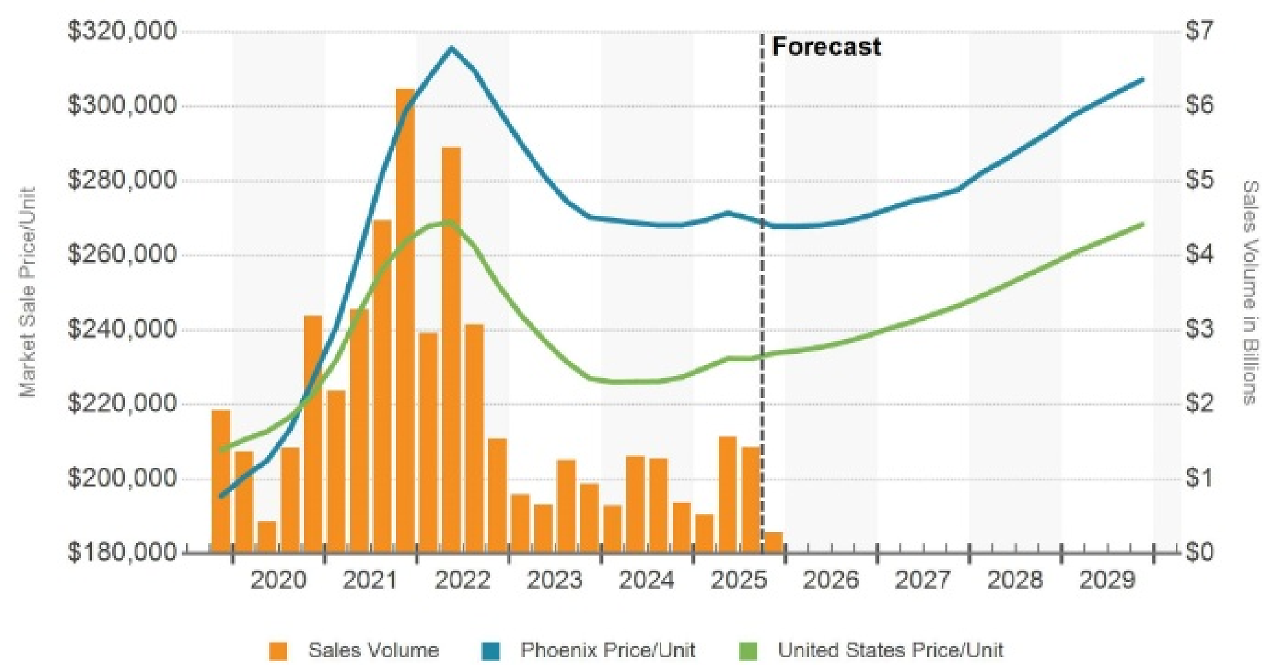
Class B properties that do trade generally fetch cap rates in the mid-5% range, with limited price discovery in the B-/C segment. Several recent deals indicate a potential 20% to 40% decline in value from the peak in 2021 and 2022.

For example, The Neiders Company acquired U at 19th Apartments for $36.1 million ($152,800/unit) in September 2025. The 1970s-vintage garden-style property is located near 19th Avenue and Camelback Road. The asset last sold in November 2021 for $59.1 million ($250,300/unit) to a syndicator buyer, representing a 39% decrease in value.

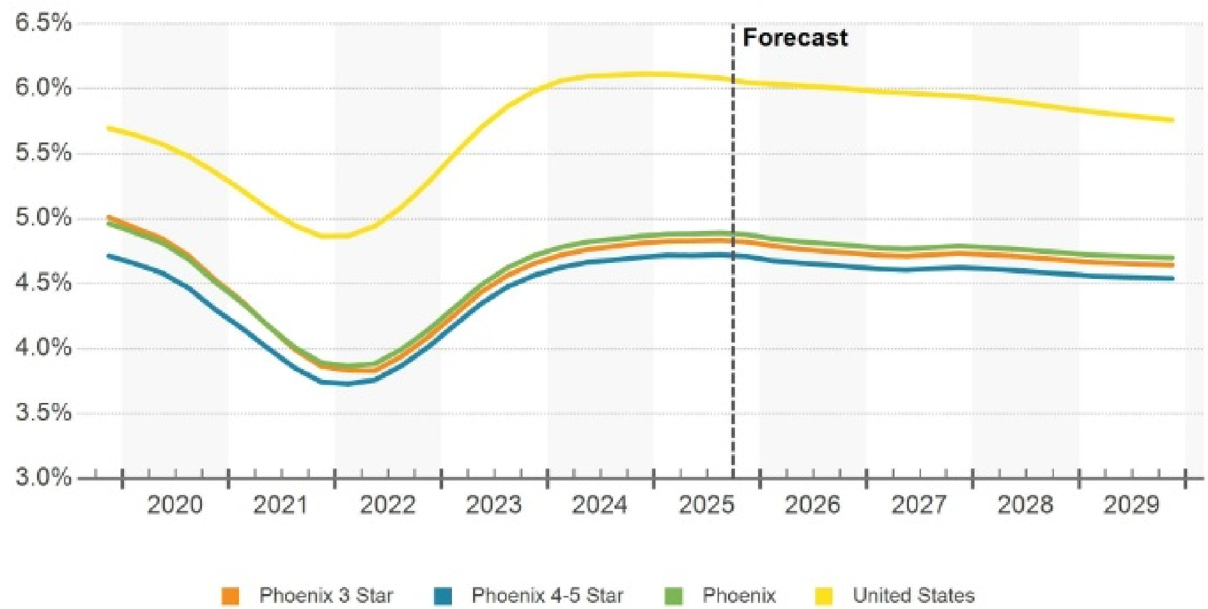
Loan workouts and extensions have limited the prevalence of distressed sales. Moving forward, if lenders reduce their willingness to work with borrowers on troubled assets, as some market participants suspect, a pick-up in transaction activity could materialize this year.

Additionally, the ongoing boom in construction over the past few years will likely provide ample opportunity for institutional-grade product to come to market, which should help maintain a flow of transaction activity for newly delivered assets.

SALES VOLUME & MARKET SALE PRICE PER UNIT



MARKET CAP RATE



Economy

Phoenix anchors the Southwestern U.S. as a high-growth market, driven by favorable demographics, affordable living, and a business-friendly government. Maricopa County, the nation's fourth-largest, holds 90% of the metro's population and consistently ranks among the top counties for growth.

Recent U.S. Census Bureau data places Phoenix sixth nationally for population gains, adding nearly 85,000 residents, surpassing other Sun Belt metros like Orlando, Atlanta, and Austin.

Phoenix's proximity to California draws residents, businesses, and logistics users. Arizona saw over 33,000 net relocations from California, more than the next ten states combined, driven by lower housing costs. The state also attracts Midwest migrants seeking a non-winter climate and job prospects.

The labor market shows strain, particularly in office-using sectors. Layoffs at Carvana, Silicon Valley Bank, Northrop Grumman, and Intel have pushed knowledge sector employment below late 2022 levels. Some call center operators have closed offices amid remote work shifts.

Office-using sectors contributed under 5% of Phoenix's total job growth since the pandemic began, down from 30% between 2017-019. Nationally, these sectors made up 20% of job growth since February 2020.

Despite some downsizing, expansion continues. Dutch Bros signed the metro's largest office lease in 2024 and is relocating its headquarters to Tempe from Grants Pass, Oregon. The company cited the Valley's talent pool, manageable commute times, and big city amenities like access to a major airport and more childcare options.

Industrial growth is led by Taiwan Semiconductor Manufacturing Company (TSMC), which announced an additional $100 billion expansion at its North Phoenix campus. This includes three new fabs, two packaging/testing facilities, and an R&D center, adding to its existing $65 billion investment. The first fab began high-volume production in Q1 2025. Related projects include Amkor's $7 billion facility in Peoria and Mack Real Estate Group's $7 billion Halo Vista mixed-use development.

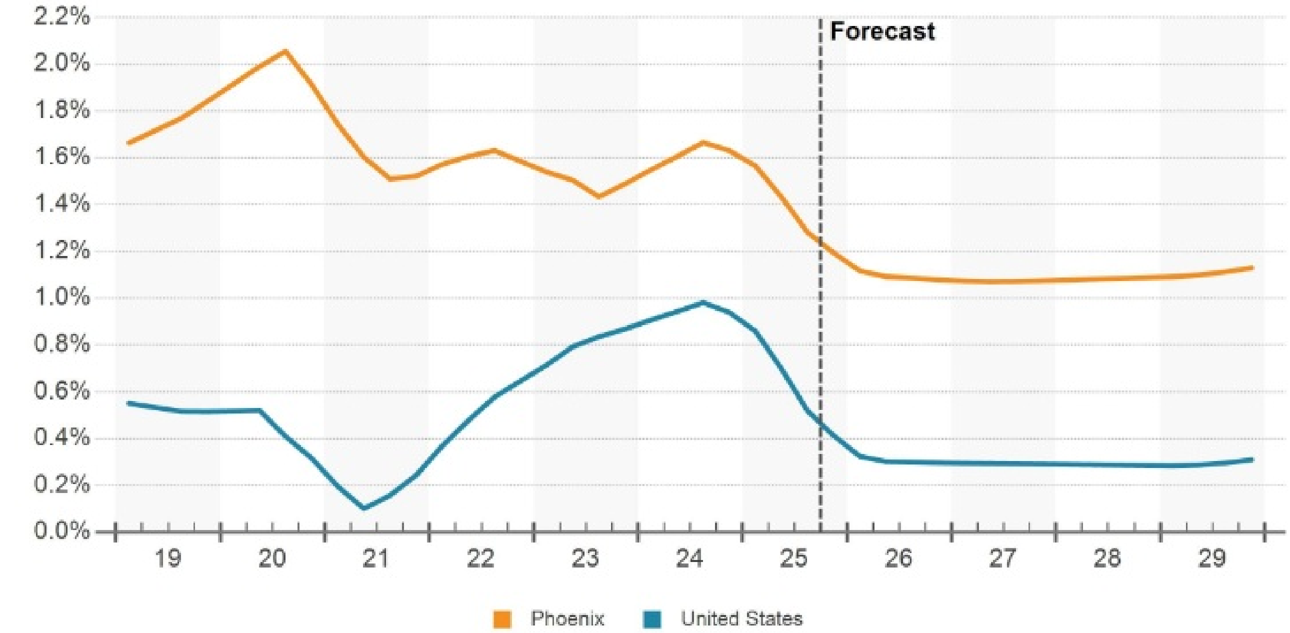
Advanced manufacturers in batteries, solar, and EVs are also expanding, though some face setbacks. Nikola laid off 315 workers and listed its Coolidge facility for sale. KORE Power canceled its $1.25 billion battery plant in Buckeye. Still, LGE's Queen Creek battery plant and Lucid's Casa Grande expansion remain active. These join a robust cluster of aerospace, defense, and medical device firms, forming a high-tech manufacturing ecosystem.

Phoenix is a key link in national supply chains. Its access to Southern California ports and the U.S.-Mexico border has driven demand for large-scale distribution space. However, tariff-related uncertainty poses risks to logistics demand.

The Valley's infrastructure supports growth. Interstate 10 connects Los Angeles to Jacksonville, running through Phoenix and facilitating the movement of goods and people. The city's grid layout and wide suburban streets help limit traffic and commute times. Phoenix's low risk of natural disasters also keeps insurance rates lower than in Florida or Texas. These factors, along with a stable and affordable power grid, have also encouraged data center construction. While the Valley boasts strong momentum in terms of advanced manufacturing and data center construction, local economic development officials report that power availability could be a headwind.

Arizona State University (ASU), the nation's largest public university, strengthens the labor pipeline. Its four campuses, including 56,600 students in Tempe, provide a steady talent stream. ASU has been named the Most Innovative University by U.S. News & World Report for ten consecutive years, and many companies collaborate with the school on research and curricula.

POPULATION GROWTH (YOY %)



Neighborhood

Area Overview

The subject is located in Phoenix, Maricopa County, Arizona. The area immediately surrounding the subject has a very diverse property use. The properties adjacent to the west are being used as single-family and 2-4 family and zoned R-3 (multiple-family lower density), the property one lot to the north is a commercial use (C-3 zoning) the properties directly across 16th St are low-rise multi-family (same zoning as the subject) and the property to the south across Wier Rd is a commercial property zoned industrial park. There are also single-family zoned properties in the immediate area.

Neighborhood Overview

Primary Market Area (PMA) refers to major metropolitan areas and cities that are centers of economic, cultural, and social activities, characterized by high population densities, robust employment opportunities, and significant real estate activity. These factors affect the value of real estate in an area. The area of influence is not necessarily the same as the defined neighborhood boundaries; however, the neighborhood will lie within the boundaries of the primary market. The purpose of a PMA analysis is to provide a bridge between the study of general influences on all property values and the analysis of a particular subject. Primary market area boundaries are identified by determining the area in which the four forces that affect value (social, economic, governmental, and environmental) operate in the same way they affect the subject property. In addition to the primary market areas, there are secondary market areas, which refer to areas outside of the defined primary market area. In this case, there is a large secondary market area that will have influence on the subject property.

For the purposes of this report, the neighborhood boundaries are best described as follows:

North	Broadway Rd
South	Southern Ave
East	24th St
West	Central Ave

The neighborhood area is shaded on the map below with the overall map area being the primary market area.

Neighborhood land use includes a mix of commercial properties, industrial properties, single-family and multiple-family properties.

Access to the area is good with minor arterial streets providing access to numerous expressways within 2 miles of the subject.

Properties immediately adjacent to the subject are summarized below:

Direction	Zoning	Use
North	R-5	Vacant Lot
South	Industrial Park	Construction services/Contractor
East	R-5	Multiple-Family 1 & 2 Story
West	R-3	Single-family home (appears vacant)

The neighborhood appears to be in the rehabilitation/growth stage of its life cycle. Given the history of the neighborhood and the growth trends noted in the area analysis, it is our opinion that the outlook for the neighborhood is positive. There is new construction of residential and non-residential properties in the immediate area, the new light rail extension has a hub stop at Broadway and Central Ave (approximately 3 miles to the west), and investors are purchasing properties. There is a large Salvation Army Community Center (Kroc Center) within 2 blocks of the subject.

Area Maps

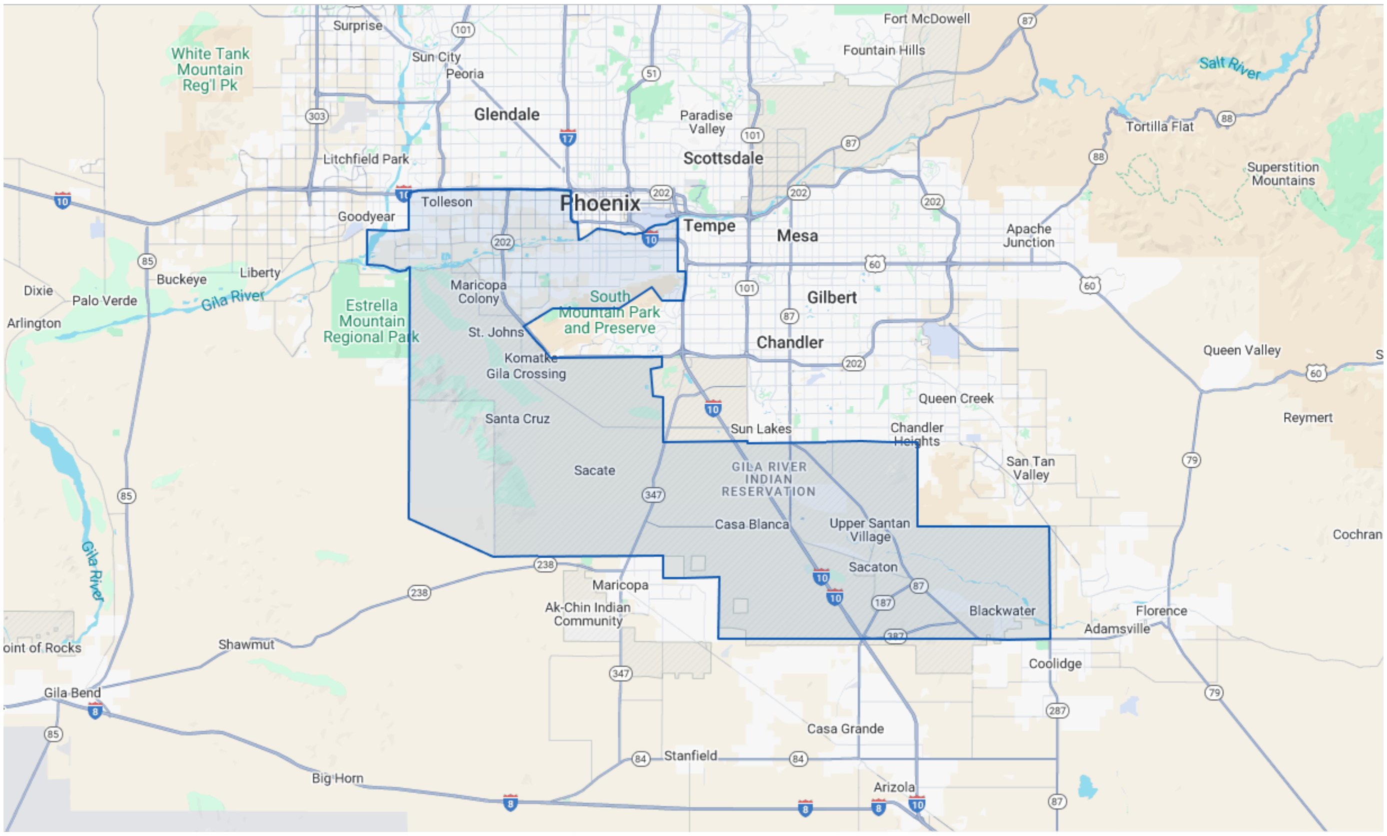

Rio Salado Park
DREXLER INDUSTRIAL
In-N-Out Burger Distribution Center
DAZ2 Amazon
DHL Express ServicePoint
Forward Air
Salt River
Amazon Fulfillment Center - SAZ1/ HPX1/...
Iron Workers Union
Liberty Wildlife (hospital intake daily 8-6pm...
S 24th St
S 16th St
S 7th St
MONTE VISTA ACRES
Emisiones Express
Cocina Madrigal Tacos + Tequila
Temporarily closed
LEWIS CENTER
CENTER GROVE
NORMAN ACRES
WHITES GARDENS
NORTH BROADWAY ESTATES
Broadway Rd
E Broadway Rd
The Salvation Army Ray and Joan Kroc...
HOHOKAM
BAILIE
Nueve Park
CARLOTTA PLACE
ROOSEVELT SQUARE
Percy L. Julian School
PARK SOUTH
SHERATON PARK
Jericho Tabernacle, Inc
ROESER HOMES
E Roeser Rd
SABIS International School - Phoenix
Roeser Rd
South Mountain High School
SOUTHVIEW ACRES
SOUTHERN GARDEN INDUSTRIAL PARK
ROESER PARK
COPPER LEAF MOUNTAIN
Google


DEL SOL
ENCINAS
S 16th St
Cocina Madrigal Tacos + Tequila
Temporarily closed
LEWIS CENTER
CENTER GROVE
NORMAN ACRES
WHITES GARDENS
American Legion Post 65
E Broadway Rd
E Broadway Rd
The Salvation Army Ray and Joan Kroc...
HOHOKAM
AMPLIO ACRES
Nueve Park
CARLOTTA PLACE
Percy L. Julian
PARK SOUTH
MiKa Cleaning Solutions
PRINCESS JEAN PARK
JENNINGS
Jericho Tabernacle, Inc
E Roeser Rd
E Roeser Rd
SABIS International School - Phoenix
E Roeser Rd
S 16th St
SOUTHVIEW ACRES
Google


Remarkable Engines
Dr M.L.K. Jr. Blvd
E Dr M.L.K.
S 15th St
S 16th St
Sonoran Gate
Exotic Metals Forming
Cortez Auto Repair
The Harpers Residence
E Corona Ave
E Corona Ave
S 16th St
C&N Roofing
E Marguerite Ave
E Marguerite Ave
S 17th St
S 16th St
S 16th Pl
E Tamarisk Ave
E Violet Dr
S 16th Pl
S 17th Pl
E Wier Ave
S 16th St
E Wier Ave
MRM Construction Services
Elevate Christian Church
S 17th St
E Wier Ave
Google
E Chipman Rd

Local Market Analysis

For our Market Overview section, we have relied on the current market report from CoStar. CoStar's defined submarket is South Phoenix.



Overview

12 Mo Delivered Units	12 Mo Absorption Units	Vacancy Rate	12 Mo Asking Rent Growth
1,169	1,441	15.1%	-2.0%

South Phoenix is a relatively small submarket in terms of market-rate apartment inventory, with about 13,000 units. Most existing stock consists of mid- to low-tier product, giving area residents more affordable housing options.

Renter demand is rebounding in the South Phoenix multifamily market, recording 1,400 units of net absorption over the past 12 months. That result was one of the most robust annual total in several decades. At the same time, builders completed about 1,200 net new units, causing vacancy to improve from 19.5% to 15.1% today.

Though vacancy has improved, the unprecedented wave of supply over the past few years keeps it at one of the highest levels since the Great Recession, pressuring rent growth. The average asking rent saw negative growth of -2.0% over the past 12 months and could remain soft in 2026.

Moving forward, the easing pace of deliveries should allow the submarket to begin absorbing excess supply, supporting a further improvement in vacancy through next year. Just 650 units are under construction, representing 4.9% of existing inventory. This marks a meaningful pullback from the recent peak in 2023, when 3,400 units were underway.

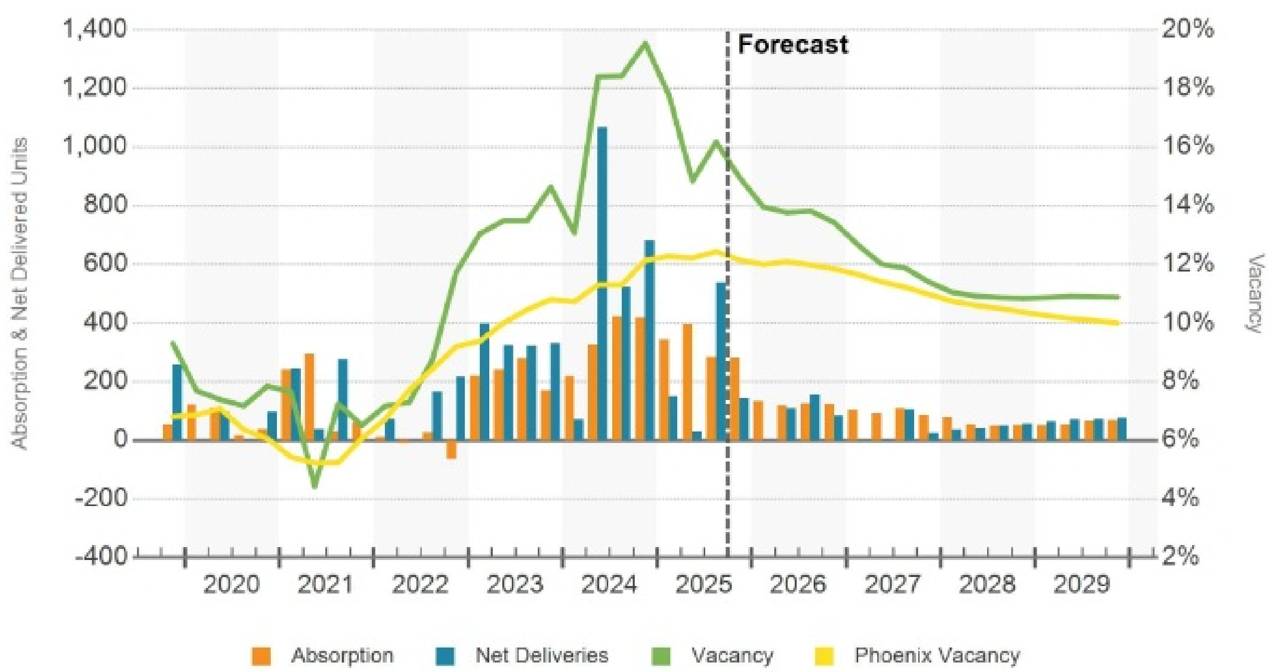
Vacancy

Renter demand is remaining strong in the South Phoenix apartment submarket. Over the past 12 months, the submarket recorded 1,400 units of net absorption, one of the highest levels on record. For comparison, the submarket averaged annual net absorption of about 390 units over the past decade.

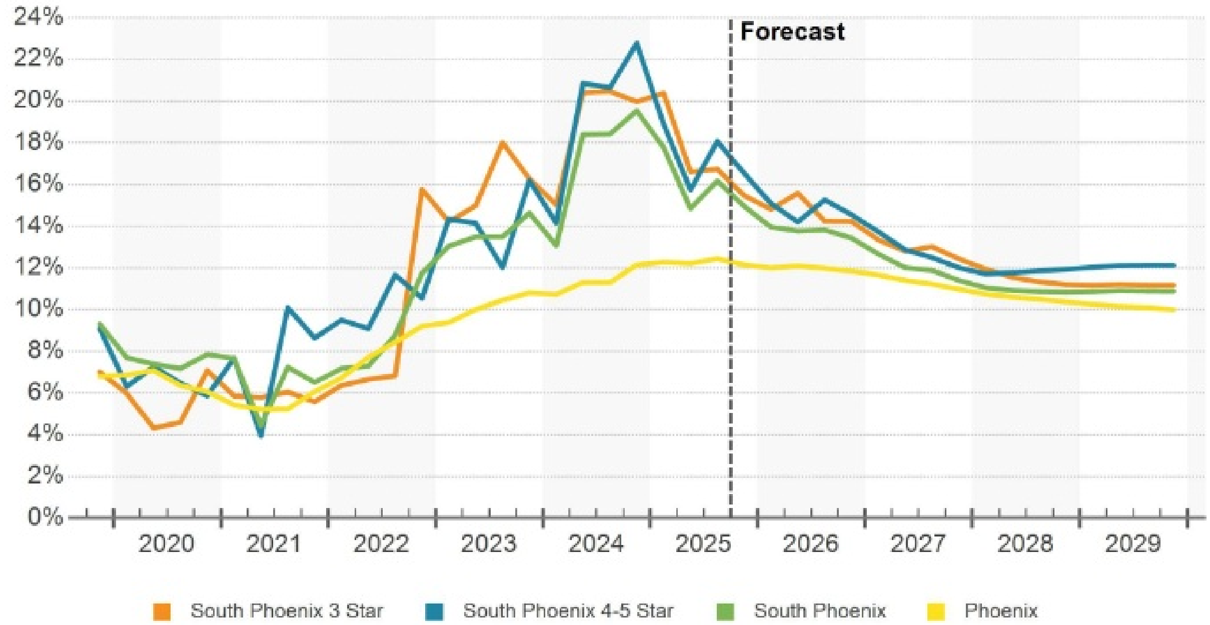
A wave of new deliveries, often heavily discounted while in lease up, has freed up capacity for renter household formation. Additionally, migration trends within the Valley point to residents flocking to more affordable areas in the metro, benefiting South Phoenix.

However, an unprecedented pace of completions over the past few years has outmatched demand growth, keeping market conditions fundamentally imbalanced. The submarket's vacancy rate has climbed from an all-time low of 4.4% in mid-2021 to 15.1% today. On the positive side, vacancy is down from a high of 19.5% in mid-2024 and could post further improvement over the near term as the pace of completions continues to moderate.

ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



Rent

Persistently elevated vacancy has pressured rent performance in the South Phoenix apartment submarket. The average asking rent turned negative in early 2023 and saw further losses in the time since.

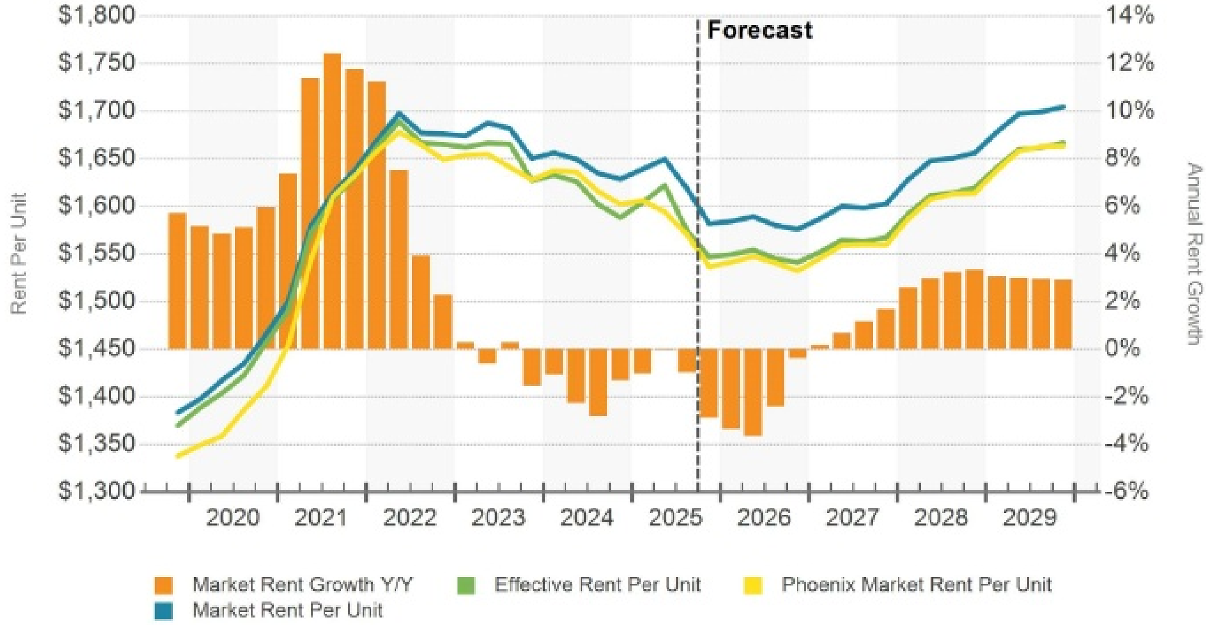
Recently, however, rent movements showed early signs of building momentum. Over the past 12 months, the average asking rent saw negative growth of -1.96%. While that pace is an underperformance for a submarket that notched average annual rent growth of 3.8% over the past decade, it marks an improvement from mid-2024, when rents fell -2.8%. Additionally, South Phoenix has emerged as one of the better-performing submarkets in the Valley and is outpacing the -3.8% rent growth seen for the market as a whole.

Like other parts of Phoenix facing considerable supply pressure, concession usage remains prevalent in the submarket. Six to eight weeks of free rent have become the standard for newly built properties in lease-up, though some have extended beyond that.

For example, Villas at 91st, an 88-unit garden-style community that opened in July 2025, is currently offering up to 10 weeks of free rent while in lease up.

Moving forward, the expected slowdown in deliveries could alleviate some of the supply-side pressure that has plagued the market next year. However, a meaningful upward movement in rents may prove challenging, given the number of recently built properties navigating lease-up at the same time.

MARKET RENT PER UNIT & RENT GROWTH



Construction

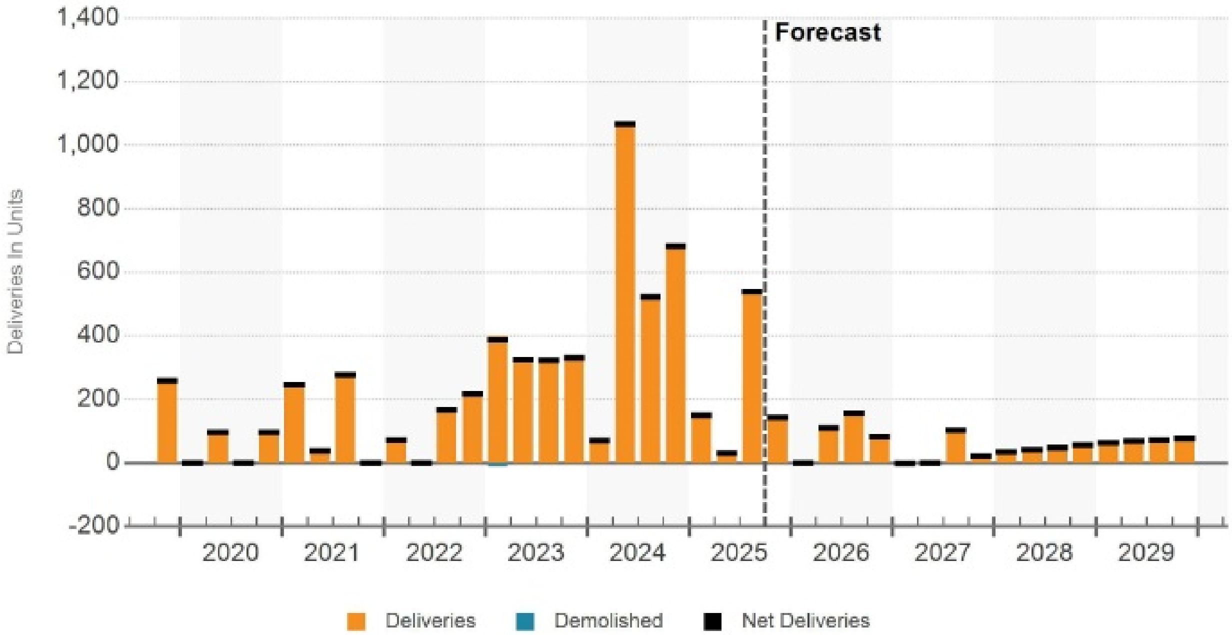
Following a multi-decade high wave of supply, construction activity is showing signs of moderating. Over the past 12 months, builders completed 1,200 net new apartment units. While that is down from a peak of 2,300 units in 2024, it remains a considerable delivery total for a submarket that saw less than 500 units of cumulative gross completions from 2015 to 2019.

The development surge caused the submarket's existing inventory to expand 52.8% over the past three years, trailing well above the 17.9% increase seen during the Valley as a whole during that time.

The largest delivery so far this year is Village at Carver Mountain. The Class A build-to-rent community by The Empire Group totals 286 units and began accepting move-ins in July. Located on 25-acre site in Laveen, the single-story community features one-, two-, and three-bedroom units with a mix of attached and detached buildings.

A slowdown in groundbreaking over the past 12 months has rapidly thinned the development pipeline. Just 650 units are underway, which will expand the submarket's inventory by 4.9% once complete. The total number of units under construction peaked at 3,400 in mid-2023.

DELIVERIES & DEMOLITIONS



Sales

Due to a limited inventory, the submarket's sales volume tends to be volatile on an annual basis. Transaction activity has been modest over the past 12 months with about $56.6 million worth of multifamily assets trading hands, a meaningful slowdown compared to 2022 when over $390 million sold. About $150 million sold in 2018 and 2019.

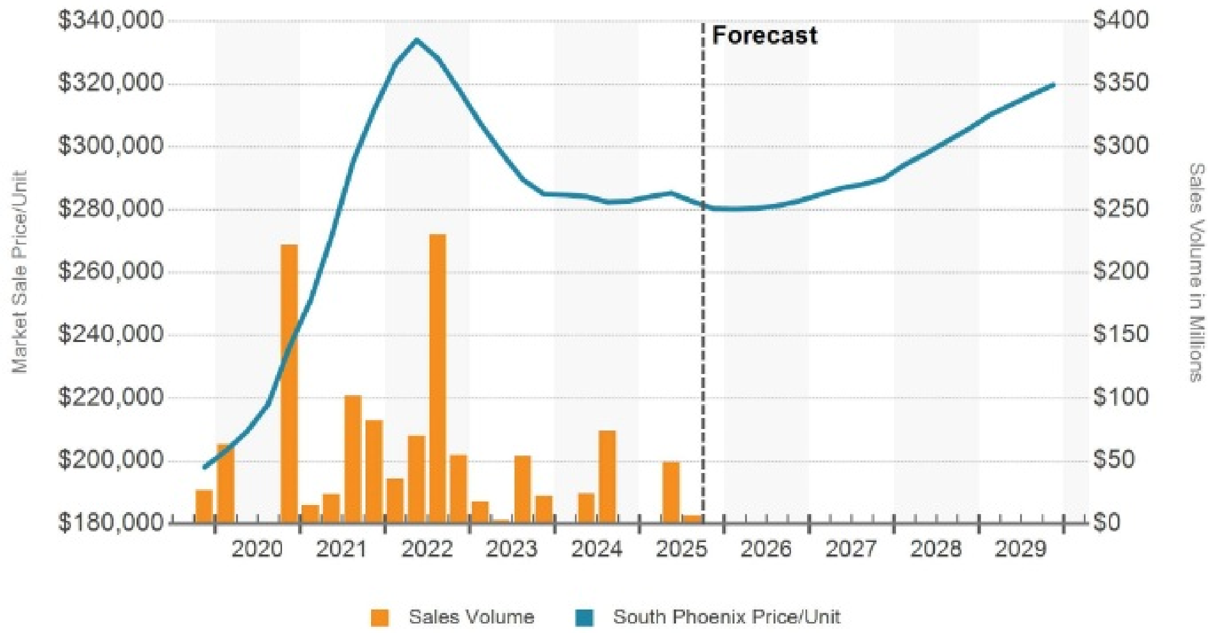
The largest recent deal came in April 2025, when a joint venture between Raith Capital Partners and Tower 16 Capital Partners paid $48 million ($289,200/unit) for Obsidian at South Mountain. The 166-unit build-to-rent community was built near 40th Street and Southern Avenue in 2025. The developer and seller was The Carlyle Group. The asset traded at a 5.4% cap rate. The new buyers were reportedly attracted to the property due to the discount to replacement cost and in a market with a thinning construction pipeline.

The remainder of the transactions this year were for smaller deals, typically under 20 units. These types of transactions were the bread and butter of the South Phoenix submarket prior to the upswing in construction activity and deal flow in the years following the onset of the pandemic.

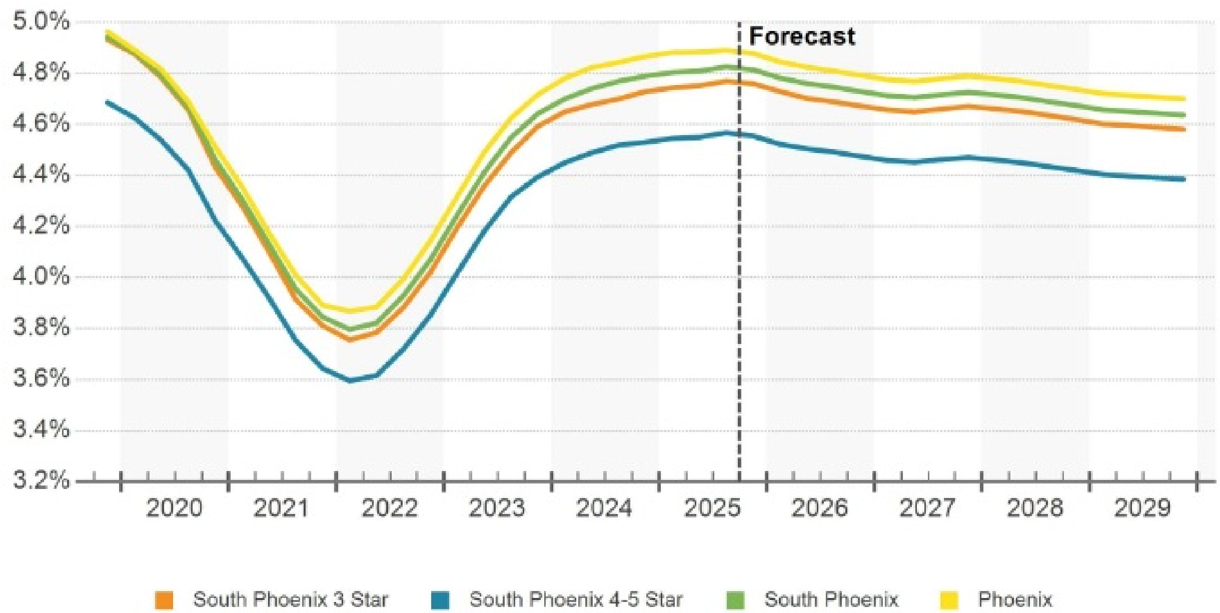
For example, a private individual investor from Phoenix paid $6.6 million ($366,700/unit) for Seventh Street Villas in August 2025. The 18-unit townhome community was built in 2024 and traded at a 6.2% cap rate.

Moving forward, the surge in construction over the past few years could present an opportunity for other newly built properties to come to market following stabilization, supporting investment activity from merchant builder sellers.

SALES VOLUME & MARKET SALE PRICE PER UNIT



MARKET CAP RATE



Site Description

1526 Weir

Location	
MSA	Phoenix
Market Type	Large
Legal Description	W 60' OF W 180' OF FOL PROP FR NE COR SEC 28 TH S ALG SEC LN 1207.72' TO PIPE SD PT BEING ON CENT LN WIER AVE & FR WH PT THE E4 SEC COR BEARS S 1431.88' TH S 89D 00' W ALG CENT LN WIER AVE 33' TH N 30' TO TRUE PT BEG TH S 89D 00' E 387.06' TH N 120' TH N 89D 00' E 387.06' TH S 120' TO BEG .17 AC
Location Classification	Average
Parcel Identifier	113-55-061A
Location of Parcel	Mid-Block
Size	
SF / Acres	7,405 / 0.1700
Usable Land Acres	0.1700
Usable Land Square Feet	7,405
Usable Land Percent	100%
Number of Lots	1
Lot Depth Feet	1,200.00
Site Dimensions	60x120
Access	
Primary Frontage Feet	60.00
Primary Frontage Type	Local
Primary Frontage Curb Cuts	1
Access Classification	Average
Encumbrances	
Flood Zone	X
Flood Map Number	04013C2220M
Flood Map Effective Date	09/18/2020
Flood Plain Description	Areas outside the one-percent annual chance floodplain, areas of 1% annual chance sheet flow flooding where average depths are less than 1 foot, areas of 1% annual chance stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 1% annual chance flood by levees. No Base Flood Elevations or depths are shown within this zone. Insurance purchase is not required in these zones.
Environmental Description	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
Encumbrances Easements Description	We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.

Site Characteristics	
Shape	Rectangular
Topography	Basically Level
Grade	Below Grade
Drainage	Adequate
Soil Type Description	We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
Land Cover	Grass and stones
View / Appeal	Average
Utilities Description	All public utilities serve the site.
Site Utility	Average

1530 Weir

Location	
MSA	Phoenix
Market Type	Large
Legal Description	E 120' OF W 180' OF FOL FR NE COR SEC 28 TH S ALG SEC LN 1207.72' TO PI SD PT BEING ON C/L WIER AVE & FR WH PT THE E4 SEC COR BEARS S 1431.88' TH S 89D 00' W ALG C/L WIER AVE 33' TH N 30' TO TRUE POB TH S 89D 00' W 387.06' TH N 120' TH N 89D 00' E 387.06' TH S 120' TO BEG .33 AC
Location Classification	Average
Parcel Identifier	113-55-065A
Location of Parcel	Mid-Block
Size	
SF / Acres	14,375 / 0.3300
Usable Land Acres	0.3300
Usable Land Square Feet	14,375
Usable Land Percent	100%
Number of Lots	1
Lot Depth Feet	120.00
Site Dimensions	120x120
Access	
Primary Frontage Feet	120.00
Primary Frontage Type	Local
Primary Frontage Curb Cuts	1
Access Classification	Average
Encumbrances	
Flood Zone	X
Flood Map Number	04013C2220M
Flood Map Effective Date	09/18/2020
Flood Plain Description	Areas outside the one-percent annual chance floodplain, areas of 1% annual chance sheet flow flooding where average depths are less than 1 foot, areas of 1% annual chance stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 1% annual chance flood by levees. No Base Flood Elevations or depths are shown within this zone. Insurance purchase is not required in these zones.
Environmental Description	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
Encumbrances Easements Description	We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.

Site Characteristics	
Shape	Square
Topography	Basically Level
Grade	Below Grade
Drainage	Adequate
Soil Type Description	We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
Land Cover	Grass and stones
View / Appeal	Average
Utilities Description	All public utilities serve the site.
Site Utility	Average

4630 S 16th St

Location	
MSA	Phoenix
Market Type	Large
Legal Description	PT ARB LOT 11 FR NE COR SEC 28 TH S ALG SEC LI 1207.72' TO PI SD PT BEING ON CENT LI WIER AVE & FR WH PT THE E4 SEC COR BEARS S 1431.88' TH S 89D 00' W ALG CENT LI WIER AVE 33'TH N 150' TO TR POB TH S 89D00' W 387.06' TH N 120' TH N 89D00' E 387.06F TH S 120F TO BEG EX E 7F
Location Classification	Average
Parcel Identifier	113-55-069
Location of Parcel	Mid-Block
Size	
SF / Acres	45,607 / 1.0470
Usable Land Acres	1.0470
Usable Land Square Feet	45,607
Usable Land Percent	100%
Number of Lots	1
Lot Depth Feet	380.06
Site Dimensions	120x380.06
Access	
Traffic Count	23,064
Primary Frontage Feet	120.00
Primary Frontage Type	Minor Collector
Primary Frontage Curb Cuts	2
Access Classification	Average
Encumbrances	
Flood Zone	X
Flood Map Number	04013C2220M
Flood Map Effective Date	09/18/2020
Flood Plain Description	Areas outside the one-percent annual chance floodplain, areas of 1% annual chance sheet flow flooding where average depths are less than 1 foot, areas of 1% annual chance stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 1% annual chance flood by levees. No Base Flood Elevations or depths are shown within this zone. Insurance purchase is not required in these zones.
Environmental Description	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
Encumbrances Easements Description	We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.

Site Characteristics	
Shape	Rectangular
Topography	Basically Level
Grade	Below Grade
Drainage	Adequate
Soil Type Description	We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
Land Cover	Grass and stones
View / Appeal	Average
Utilities Description	All public utilities serve the site.
Site Utility	Average

4640 S 16th St

Location	
MSA	Phoenix
Market Type	Large
Legal Description	PT ARB LOT 11 FR NE COR SEC 28 TH S ALG SEC LN 1207.72' TO PI SD PT BEING ON C/L WIER AVE & FR WH PT THE E4 SEC COR BEARS S 1431.88' TH S 89D 00' W ALG C/L WIER AVE 33' TH N 30' TO TRUE POB TH S 89D 00' W 387.06' TH N 120' TH N 89D 00' E 387.06F TH S 120F TO BEG EX W 180F & EX E 7F
Location Classification	Average
Parcel Identifier	113-55-066
Location of Parcel	Corner
Size	
SF / Acres	24,001 / 0.5510
Usable Land Acres	0.5510
Usable Land Square Feet	24,001
Usable Land Percent	100%
Number of Lots	1
Lot Depth Feet	200.06
Site Dimensions	120x200.06
Access	
Traffic Count	23,064
Primary Frontage Feet	120.00
Primary Frontage Type	Minor Collector
Primary Frontage Curb Cuts	1
Secondary Frontage Feet	200.04
Secondary Frontage Type	Local
Access Classification	Average
Encumbrances	
Flood Zone	X
Flood Map Number	04013C2220M
Flood Map Effective Date	09/18/2020
Flood Plain Description	Areas outside the one-percent annual chance floodplain, areas of 1% annual chance sheet flow flooding where average depths are less than 1 foot, areas of 1% annual chance stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 1% annual chance flood by levees. No Base Flood Elevations or depths are shown within this zone. Insurance purchase is not required in these zones.
Environmental Description	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
Encumbrances Easements Description	We were not given a title report to review. We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use. However, we recommend a title search to determine whether any adverse conditions exist.

Site Characteristics	
Shape	Rectangular
Topography	Basically Level
Grade	Below Grade
Drainage	Adequate
Soil Type Description	We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support existing and/or proposed structure(s). We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
Land Cover	Grass and stones
View / Appeal	Average
Utilities Description	All public utilities serve the site.
Site Utility	Average

Site Description

The subject's site consists of 4 parcels. It was deemed that the most profitable use of the subject was to construct a multi-family property on the site, combining all 4 parcels and utilizing as one. With all 4 sites combined, the subject is a corner lot with arterial street frontage and local street frontage, allowing for multiple ingress/egress options. The site is a corner lot with a minor arterial street to the east and a local street to the south. The site is basically level, and the elevation is slightly below street level. Development will include significant excavation; therefore, the elevation is likely not a concern to a prospective purchaser. All public utilities are available at the site. There are a total of 4 curb cuts in place for the entire site.

Map

November 3, 2025

Override 1

1:564

0 0.01 0.01 0.02 mi

0 0.01 0.01 0.03 km

Maricopa County GIO, Maricopa County Assessor's Office

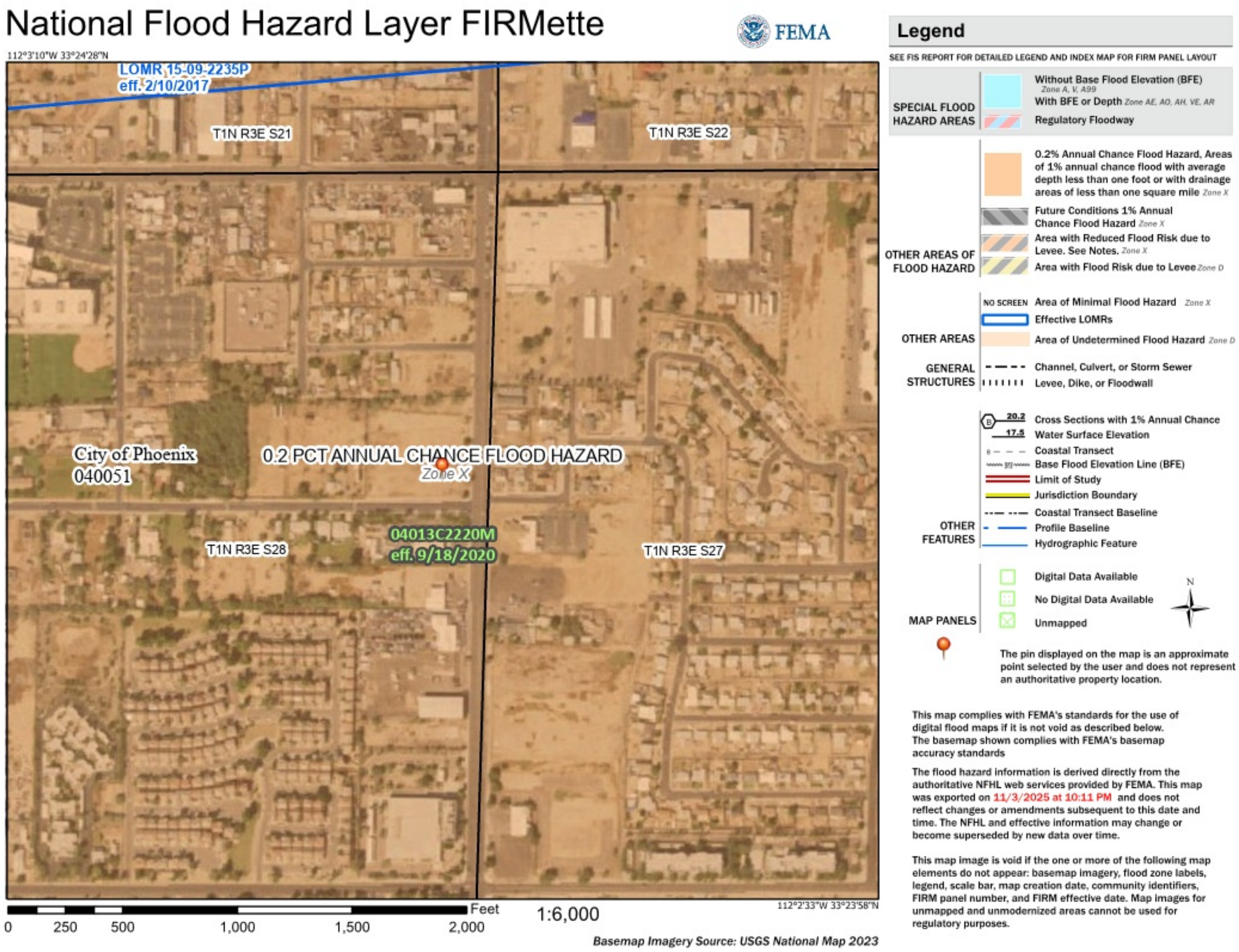
2024 - Maricopa County Assessor's Office

Site Risk Factors

Flood Zone

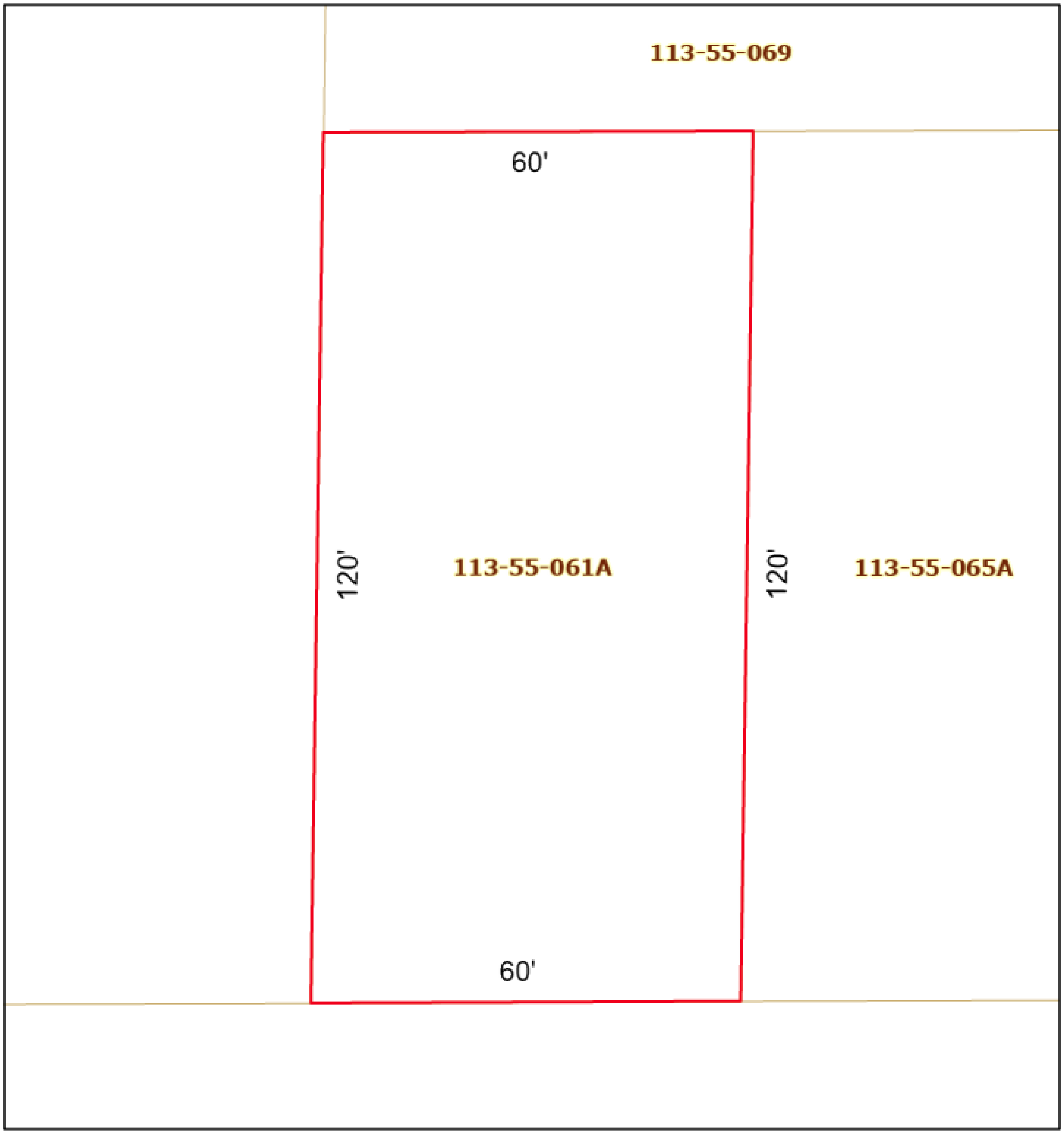
The subject property is located in Zone "X" as designated by the Federal Emergency Management Agency (FEMA).

Flood Map

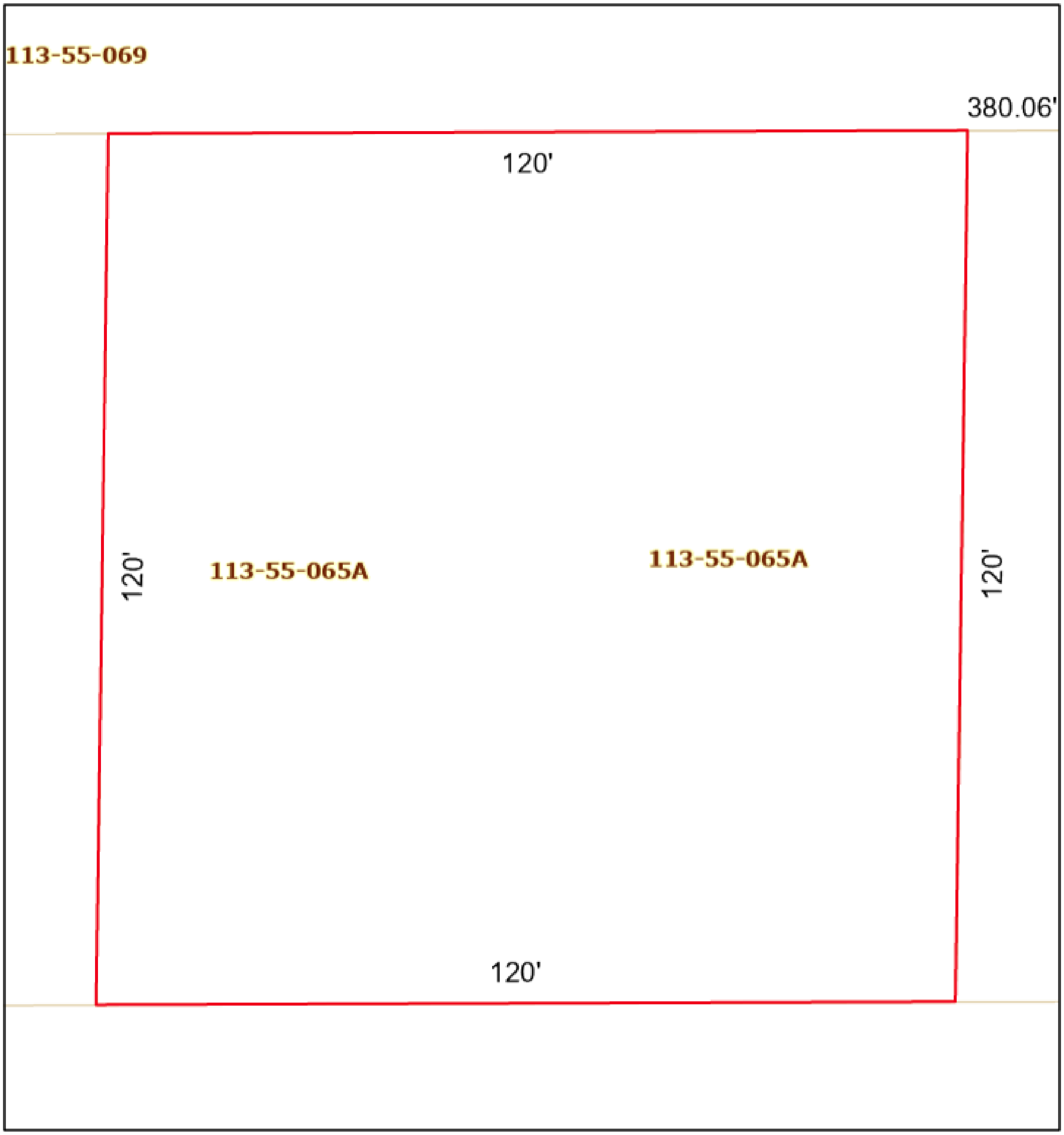


Plat Maps

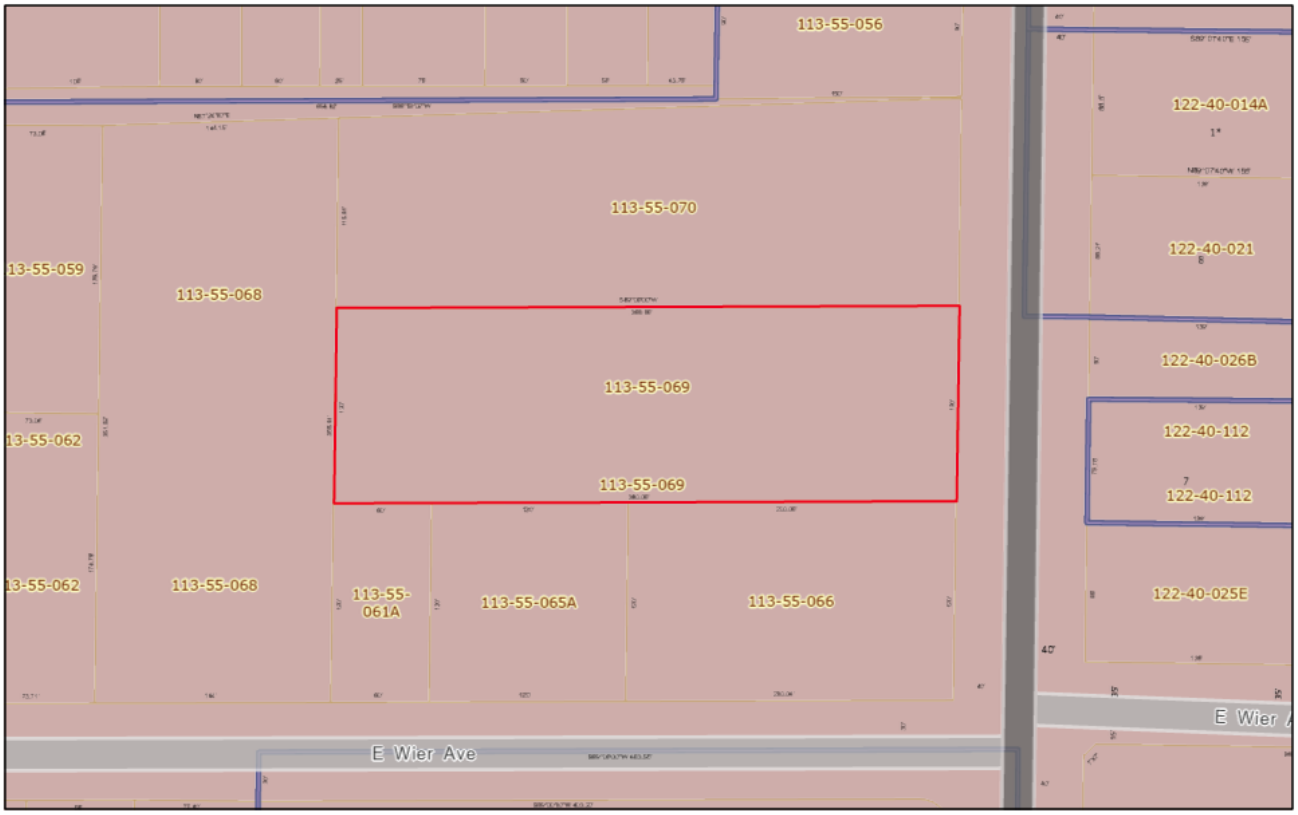
Map



Map



Map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122-40-014A
113-55-070
13-55-059
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122-40-021
122-40-026B
113-55-069
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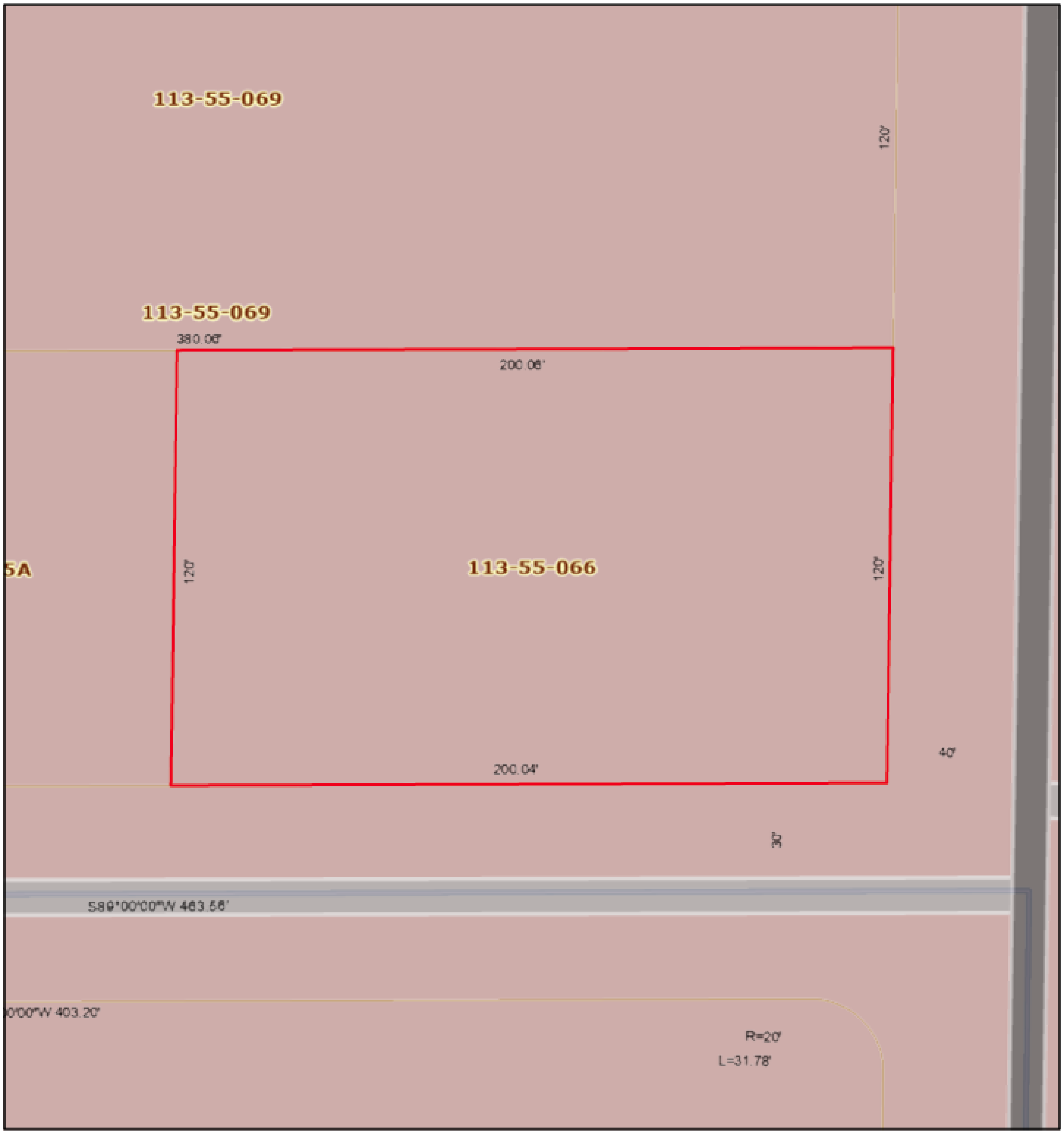
13-55-062
122-40-112
122-40-112
13-55-062
113-55-068
113-55-061A
113-55-065A
113-55-066
122-40-025E
E Wier Ave
E Wier A

Map



113-55-069
120'
113-55-069
380.06'
200.06'
5A
120'
113-55-066
120'
40'
200.04'
30'
589°00'00"W 463.56'
0'00"W 403.20'
R=20'
L=31.78'

Zoning

1526 Weir

General Zoning Information	
Current Use	Vacant Land
Zoning Jurisdiction	Phoenix
Zoning Code	R-5
Zoning Description	Multifamily Residence District
General Plan Designation	5 to 10 dwelling units per acre.
Permitted Uses	Single-family home, up to 4 story multi-family, and limited commercial. See attached zoning code for details.
Zoning Comments	While the zoning is not likely to change there have been R-5 properties in the market area that have been rezoned to commercial uses.

1530 Weir

General Zoning Information	
Current Use	Vacant Land
Zoning Jurisdiction	Phoenix
Zoning Code	R-5
Zoning Description	Multifamily Residence District
General Plan Designation	5 to 10 dwelling units per acre.
Permitted Uses	Single-family home, up to 4 story multi-family, and limited commercial. See attached zoning code for details.
Zoning Comments	While the zoning is not likely to change there have been R-5 properties in the market area that have been rezoned to commercial uses.

4630 S 16th St

General Zoning Information	
Current Use	Vacant Land
Zoning Jurisdiction	Phoenix
Zoning Code	R-5
Zoning Description	Multifamily Residence District
General Plan Designation	5 to 10 dwelling units per acre
Permitted Uses	Single-family home, up to 4 story multi-family, and limited commercial. See attached zoning code for details.
Zoning Comments	While the zoning is not likely to change there have been R-5 properties in the market area that have been rezoned to commercial uses.

4640 S 16th St

General Zoning Information	
Current Use	Vacant Land
Zoning Jurisdiction	Phoenix
Zoning Code	R-5
Zoning Description	Multifamily Residence District
General Plan Designation	5 to 10 dwelling units per acre
Permitted Uses	Single-family home, up to 4 story multi-family, and limited commercial. See attached zoning code for details.
Zoning Comments	While the zoning is not likely to change there have been R-5 properties in the market area that have been rezoned to commercial uses.

R-5 Multifamily Residence District—Restricted Commercial

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

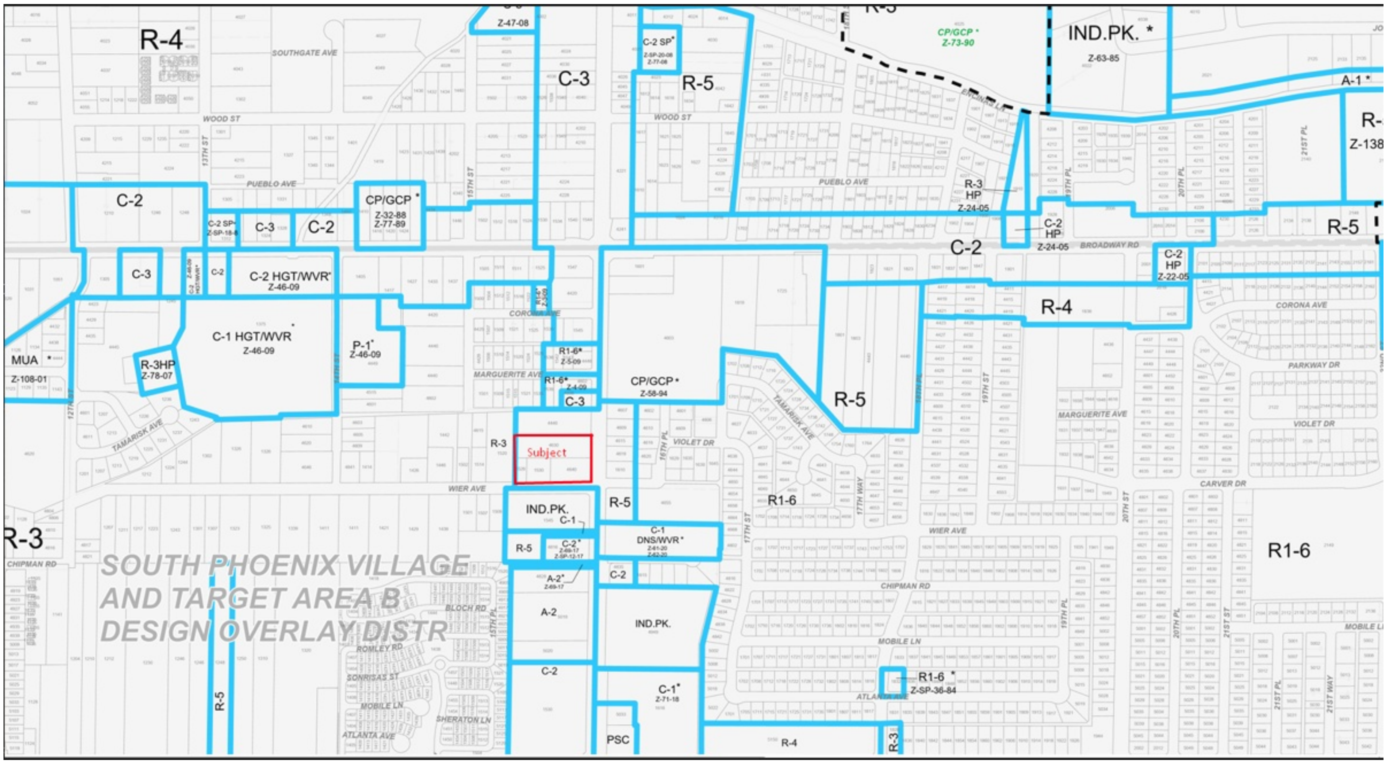
The density ranges offered are intended to allow for a greater interaction of residents with at least the opportunity for less individual maintenance, unit cost, and size as compared with a conventional single-family residence.

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

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

There are limited commercial uses allowed under this zoning restriction. See attached zoning code for details of the uses and requirements

Zoning Map


R-4
SOUTHGATE AVE
Z-47-08
C-2 SP
C-3
R-5
CP/GCP
Z-73-90
IND.PK.
Z-63-85
A-1
WOOD ST
PUEBLO AVE
C-2
CP/GCP
Z-32-88
Z-77-89
R-3
HP
Z-24-05
BROADWAY RD
C-2 HGT/WVR
Z-46-09
C-1 HGT/WVR
Z-46-09
MUA
Z-108-01
R-3HP
Z-78-07
P-1
Z-46-09
CORONA AVE
MARGUERITE AVE
CP/GCP
Z-58-94
TAMARISK AVE
VIOLET DR
PARKWAY DR
CARVER DR
R1-6
Subject
WIER AVE
IND.PK.
C-1
DNS/WVR
CHIPMAN RD
SOUTH PHOENIX VILLAGE
AND TARGET AREA B
DESIGN OVERLAY DISTR
A-2
MOBILE LN
C-1
Z-71-18
R1-6
Z-SP-36-84
PSC

Taxes and Assessment

The subject is owned by the city of Phoenix therefore there are no taxes associated with the property.

Property Assessment and Tax Analysis

Property Assessment and Tax Data

Assessment and real estate tax information is provided by the Maricopa County Assessors offices. The subject consists of 4 properties and each are identified in the charts below.

The State of Arizona employs a dual (Primary and Secondary) structure for real estate taxation. The assessed value derived from "full cash value" is the basis for computing taxes for budget overrides, bonds and sanitary, fire and other special districts (Secondary taxes), while the assessed value derived from "limited value" is the basis for computing taxes for the maintenance and operation of schools districts, community college districts, cities, county and the state (Primary taxes). The respective taxing authorities and tax rates per $100 of assessed value value are similar to surrounding communities and are not burdensome. The assessment ratio for improved single-family properties is 10% of the full appraised value and is 16.5% for commercial properties (note that commercial assessments have decreased by 50 basis points for the past several years until they ultimately hit 16%. *In Arizona, a sale of a property does not initiate its reassessment.* Taxes are typically determined by applying the tax rates to the assessed values.

Pursuant to Proposition 117, there is a mandatory cap on valuation increases to the LPV, upon which both primary and secondary taxes are based. Although the FCV, which is not limited based on market conditions, may experience significant increases, Proposition 117 limits the increase in the LPV to 5% annually. Notably, this limit does not apply to new construction, additions, significant renovations, and/or deletions of the property.

The following table summarizes the subjects real property taxation and my projects of real property taxes:

REAL ESTATE ASSESSMENT AND TAXES - LIMITED VALUE SHOWN						
Tax ID No.		2024		2025		2026
113-55-061A						
Tax Value Subtotal*		**$17,229**		**$18,091**		**$18,995**
Assessed Value @	10.00%	**$1,723**	10.00%	**$1,809**	10.00%	**$1,900**
General Tax Rate +	Per $100	**16.1453**		**16.1453**		**16.1453**
Property Taxes		**278.18**		**292.08**		**306.76**
Total Taxes						

** Tax Value reflect that of the existing improvements and underlying land*

REAL ESTATE ASSESSMENT AND TAXES - LIMITED VALUE SHOWN						
Tax ID No.		**2024**		**2025**		**2026**
113-55-065A						
Tax Value Subtotal*		**$24,201**		**$25,412**		**$26,682**
Assessed Value @	10.00%	**$2,420**	10.00%	**$2,541**	10.00%	**$2,668**
General Tax Rate +	Per $100	**16.1453**		**16.1453**		**16.1453**
Property Taxes		**390.73**		**410.28**		**430.79**
Total Taxes						

** Tax Value reflect that of the existing improvements and underlying land*

REAL ESTATE ASSESSMENT AND TAXES - LIMITED VALUE SHOWN						
Tax ID No.		**2024**		**2025**		**2026**
113-55-069						
Tax Value Subtotal*		**$135,585**		**$144,464**		**$151,687**
Assessed Value @	10.00%	**$13,559**	10.00%	**$14,446**	10.00%	**$15,169**
General Tax Rate +	Per $100	**16.1453**		**16.1453**		**16.1453**
Property Taxes		**2189.06**		**2332.35**		**2449.08**
Total Taxes						

** Tax Value reflect that of the existing improvements and underlying land*

REAL ESTATE ASSESSMENT AND TAXES - LIMITED VALUE SHOWN						
Tax ID No.		**2024**		**2025**		**2026**
113-55-066						
Tax Value Subtotal*		**$53,604**		**$56,284**		**$59,097**
Assessed Value @	10.00%	**$5,360**	10.00%	**$5,628**	10.00%	**$5,910**
General Tax Rate +	Per $100	**16.1453**		**16.1453**		**16.1453**
Property Taxes		**865.45**		**908.72**		**954.19**
Total Taxes						

** Tax Value reflect that of the existing improvements and underlying land*

The subjects estimated 2026 taxes total $4,140.82, which is roughly 5.0% over the prior year. As noted, the taxes reflect vacant land only.

Delinquency

There are no delinquent real property taxes.

Conclusion

The subject's current tax value appears reasonable.

Subject Photos

Subject

1526 E Wier

1526 E Wier

1526 E Wier

1526 Wier

1530 E Wier


1530 E Wier


1530 E Wier


1530 E Wier


4630 S 16th St


4630 S 16th St


4630 S 16th St


4630 S 16th St


4630 S 16th St


4630 S 16th St


4640 S 16th St


4640 S 16th St


4640 S 16th St


4640 S 16th St


4640 S 16th St

Highest and Best Use

Highest and Best Use is defined as the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are:

- Legal permissibility,
- Physical possibility,
- Financial feasibility, and
- Maximum profitability

Although this definition applies specifically to the highest and best use of land, it is to be recognized that in cases where a site has existing improvements, the highest and best use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until the land value in its highest and best use exceeds the total value of the property in its existing use.

Based upon the preceding considerations, a general discussion will follow, analyzing the highest and best use of the subject property as though vacant and as improved.

As Though Vacant

Essentially, this highest and best use analysis will consider the three options available to an owner or potential purchaser of the subject site. That is to: (1) leave the property vacant, (2) develop the property, and (3) if development is found to be feasible, determine what use is most profitable.

Legally Permissible

Zoning Classification............................ R-5 Multifamily Residence District—Restricted Commercial

Allowable Development Type(s)......... Single Family Dwelling, Up to 4-story Multiple Family Dwelling, and limited Commercial uses. See attached Zoning code for a complete list of development types.

Potential for Zoning Change................☐ Yes X No ☐ See Comments

Private Development Restrictions.........☐ Yes X No ☐ See Comments

Comments

No unusual restrictions were noted during the appraisal process

Physically Possible	Yes	No	Comments
Conforming Site Size	X	☐	The site (as combined) conforms to the area well and can accommodate a high-density development.
Conforming Site Shape	X	☐	The shape is rectangular with ample frontage on a minor arterial street and a local street.
Adequate Topography	X	☐	Overall, the site is level.
Adequate Ingress/Egress	X	☐	There are ingress and egress points to the east and south of the site.
Arterial Frontage	X	☐	The site has frontage on an arterial street with access to I-17 within 1.75 miles.
Corner Location	X	☐	The site is a corner lot location with a minor arterial street to the east and a local street to the south.
Adequate Utilities	X	☐	All public utilities are available at the site.

Financial Feasibility

Probable Land Use .... High-density multi-family development

Market Vacancy Level....................... 7.1%-16.7% (CoStar Multi-Family South Phoenix sub-market)

Average Rental Rate(s)...................... $1100 - $1700 Per Unit (CoStar Multi-Family South Phoenix sub-market

Financial Feasibility	Low	Med	High	Comments
Investor Development Activity	☐	X	☐	Investor activity has been high in the submarket area over the past 3-4 years; however, it has softened somewhat over the past year.
Net Absorption Levels	☐	X	☐	The market has been absorbing units quickly as there was a shortage after the Covid-19 pandemic; however, the absorption has slowed somewhat in the past year.

Maximally Productive

Consideration No. 1 .... Does holding the (as-though vacant) subject property as vacant for "investment" and/or future development represent the maximally productive use of the site as of the effective date of value?

X Yes ☐ No

Consideration No. 2 .... Does maximally productive use recognize the potential for near-term development for an owner-user?

☐ Yes X No

Consideration No. 3 .... Do current market conditions, including rental rates, occupancy levels, and absorption rates, support the development of new speculative (for lease) space within the subject's product type and geographic sub-market?

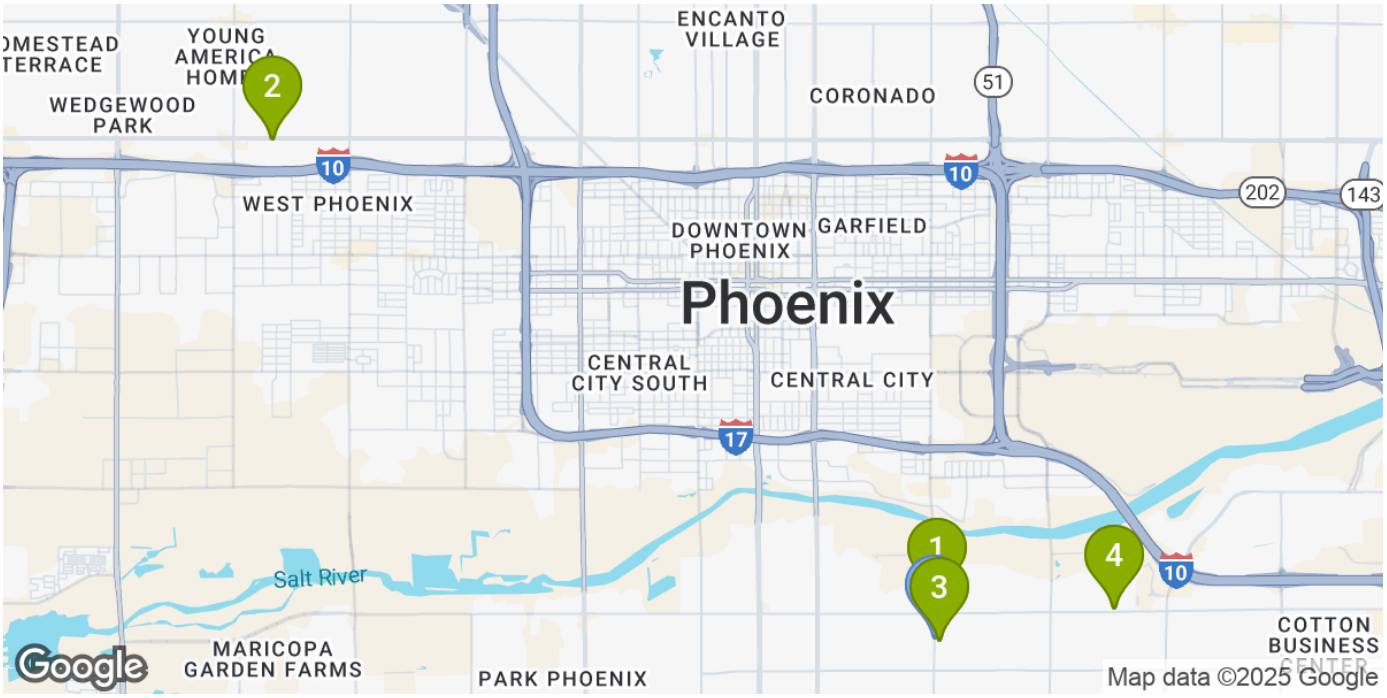
X Yes ☐ No

Conclusion – As Though Vacant:

Thus, considering the four "tests" of highest and best use, it is concluded that the highest and best use of the subject property, as though vacant and as of the date of valuation, is to develop the property for a multi-family complex based on current demand and vacancy levels. It is noted that while developing the property is deemed to be the most profitable, the market is shifting, and there is a potential for an oversupply of units in the near future; therefore, holding the property for future development for 2-5 years is a second option that is likely to be a profitable option.

Land Valuation

In evaluating the comparable sales, we selected price per square foot of land area as the primary unit of comparison. This is the unit of comparison most commonly used for this type of property in the size range in the marketplace. A map of the comparables, as well as a brief summary of the comparables, follows. Detailed write-ups of the comparables are located on the following pages.



#	Property Name	Land SF	Land Acres	Sale Date	Sale Price	Sale Price / Land SF	Sale Price / Land Acres	Analysis Sale Price	Analysis Sale Price / Land SF	Analysis Sale Price / Land Acres
1	16th & Broadway Land	51,401	1.1800	9/22/2025	$790,000	$15.37	$669,492	$790,000	$15.37	$669,492
2	R-5 Land	18,165	0.4170	12/9/2024	$260,000	$14.31	$623,501	$260,000	$14.31	$623,501
3	Multifamily Development Opportunity	108,508	2.4910	2/26/2024	$1,700,000	$15.67	$682,457	$1,700,000	$15.67	$682,457
4	2804 E Broadway Rd	38,534	0.8847	Listing	$660,000	$17.13	$746,016	$660,000	$17.13	$746,016

Land Sale #1 - 16th & Broadway Land

Property Information	
Property Name	16th & Broadway Land
Property Class	Land
Address	4221 S 16th St, Phoenix, AZ 85040
County	Maricopa
Property Type & Sub-Type	Commercial / ---

Site Information - 122-39-085	
SF / Acres	51,401 / 1.1800
Parcel Identifier	122-39-085
Zoning Code	C-3
Zoning Description	General Commerical District
Shape	Rectangular
Flood Zone	X
Topography	Basically Level

Transaction Information	
Sale Status	Closed
Sale Date	09/22/2025
Property Rights Convey Method	Fee Simple
Seller	Saral Invespro Inc, Mahadev Llc
Buyer	Darren Chapman, Darren Chapman
Sale Price	$790,000
Analysis Sale Price	$790,000
Sale Price per SF Land	$15.37
Analysis Sale Price per SF Land	$15.37
Sale Remarks	Confirmed, On September 22nd, 2025; Saral Invespro Inc sold this 1.18- acre parcel to private individuals for $790,000, or, $15 per SF. The site is zoned commercial and the buyer has not finalized any development plans yet for this site. All details for this transaction were verified by the listing agent, buyer's agent, and public record sources.
Book Page	0546260

Land Sale #2 - R-5 Land

Property Information	
Property Name	R-5 Land
Property Class	Land
Address	4007 W McDowell Rd, Phoenix, AZ 85009
County	Maricopa
Property Type & Sub-Type	Housing / ---

Site Information - 106-30-127	
SF / Acres	18,165 / 0.4170
Parcel Identifier	106-30-127
Zoning Code	R-5
Zoning Description	Multifamily Residence District—Restricted Commercial
Shape	Rectangular
Flood Zone	X
Topography	Basically Level

Transaction Information	
Sale Status	Closed
Sale Date	12/09/2024
Property Rights Convey Method	Fee Simple
Seller	Rd Capital Llc
Sale Price	$260,000
Analysis Sale Price	$260,000
Sale Price per SF Land	$14.31
Analysis Sale Price per SF Land	$14.31
Sale Remarks	Confirmed

Land Sale #3 - Multifamily Development Opportunity

Property Information	
Property Name	Multifamily Development Opportunity
Property Class	Land
Address	4655 S 16th St, Phoenix, AZ 85040-2327
County	Maricopa
Property Type & Sub-Type	Housing / ---

Site Information - Site	
SF / Acres	108,508 / 2.4910
Parcel Identifier	122-40-024A
Zoning Code	R1-6 - 75%, R-5 25%
Zoning Description	Single Family Residential, Multiple Family
Shape	Rectangular
Flood Zone	X
Topography	Basically Level

Transaction Information	
Sale Status	Closed
Sale Date	02/26/2024
Property Rights Convey Method	Fee Simple
Seller	Elevate Christian Church, Inc, Elevate Christian Church, Inc
Buyer	Arroyo Vista Properties LLC, Sierra Verde Construction LLC
Sale Price	$1,700,000
Analysis Sale Price	$1,700,000
Sale Price per SF Land	$15.67
Analysis Sale Price per SF Land	$15.67
Sale Confirmed By	Appraiser
Sale Confirmed With	Selling Broker
Sale Remarks	Affidavit, On February 26th, 2024; Elevate Christian Church, Inc sold this 2.51 acre location at 4655 S 16th St to Arroyo Vista Properties LLC for $1,700,000, or, $677,291 per acre. The site was on the market for 180 days unpriced and is currently zoned R-5 for multifamily development with an existing church on site. The details of this sale were verified by public record sources deemed reliable. Per the broker the property was purchased by the business across the street for additional parking space. A lease back was granted to the church. Long terms plans is for multi-family development.
Book Page	0093471

Land Sale #4 - 2804 E Broadway Rd

Property Information	
Property Name	2804 E Broadway Rd
Property Class	Land
Address	2804 E Broadway Rd, Phoenix, AZ 85040
County	Maricopa
Property Type & Sub-Type	Housing / ---

Site Information - 122-17-038	
SF / Acres	6,392 / 0.1467
Parcel Identifier	122-17-038
Zoning Code	R-5
Zoning Description	Multifamily Residence District—Restricted Commercial
Shape	Rectangular
Flood Zone	X
Topography	Basically Level
Site Information - 122-17-040A	
SF / Acres	19,295 / 0.4430
Parcel Identifier	122-17-040A
Zoning Code	R-5
Zoning Description	Multifamily Residence District—Restricted Commercial
Shape	Square
Flood Zone	X
Topography	Basically Level
Site Information - 122-17-046	
SF / Acres	6,336 / 0.1455
Parcel Identifier	122-17-046
Zoning Code	R-5
Zoning Description	Multifamily Residence District—Restricted Commercial
Shape	Rectangular
Flood Zone	X
Topography	Basically Level
Site Information - 122-17-047	
SF / Acres	6,511 / 0.1495
Parcel Identifier	122-17-047
Zoning Code	R-5
Zoning Description	Multifamily Residence District—Restricted Commercial
Shape	Rectangular
Flood Zone	X
Topography	Basically Level

Transaction Information	
Sale Status	Listing
Sale Date	11/03/2025
Property Rights Convey Method	Fee Simple
Sale Price	$660,000
Analysis Sale Price	$660,000
Sale Price per SF Land	$17.13
Analysis Sale Price per SF Land	$17.13
Sale Confirmed By	Appraiser
Sale Confirmed With	Listing Broker
Sale Remarks	The property is listed on the open market. The broker was interviewed and stated there was an offer submitted, but it was low, and the seller is still deciding.

Elements of Comparison -- Related to the Transaction

We have evaluated the comparable sales based on differences in various elements of comparison. The first of these are elements that must be compared in every analysis and are related to the property rights conveyed, the terms/financing, conditions of the sale, expenditures after sale, excess land value, and market conditions.

Property Rights

The property rights involved in the sales did not appear to have a significant impact on the prices, and no adjustments were required.

Terms / Financing

The terms/financing involved in the sales did not appear to have a significant impact on the prices, and no adjustments were required.

Conditions of Sale

The conditions involved in the sales did not appear to have a significant impact on the prices, and no adjustments were required.

Expenditures After Sale

The expenditures after sale involved in the sales did not appear to have a significant impact on the prices, and no adjustments were required.

Excess Land Value

The excess land value involved in the sales did not appear to have a significant impact on the prices, and no adjustments were required.

Market Conditions

As can be seen, the sales have occurred relatively recently. Available market data does not indicate any significant change in prices of comparable properties during this period, and no adjustments for market conditions were required.

Elements of Comparison -- Related to the Real Estate

In addition, it is necessary to evaluate the sales based on location, physical, and economic characteristics. The elements of comparison considered most appropriate for this analysis are discussed individually in the following paragraphs.

Zoning

The subject has an R-5 multiple-family zoning. This is the least restrictive multi-family zoning among the multi-family zoning classifications. The bulk of the comparables selected for this report have the same zoning; however, comparable #1 has a C-3 commercial zoning. This allows all the uses in the R-5 zoning, plus additional uses. No current market evidence was found in regard to a value difference in the zoning categories; therefore, no adjustments were deemed necessary.

Size

Typically, larger properties tend to sell for lower unit prices, reflecting an inverse relationship between price and size. This was not found to be true in the current marketplace with multi-family zoned properties. Under the multi-family zoning restrictions, larger lots offer the opportunity for more units per acre, representing a potential for higher returns on a project. The higher returns tend to attract larger developers, and in the current marketplace, there are a larger number of larger developers. This resulted in smaller lots selling for less per unit, resulting in upward adjustments to the smaller lots.

Comments/Analysis of Comparables

Comparable #1 is located very close to the subject to the north with frontage on 16th St. This is the most recent similar and competing sale found. This is a corner lot similar to the subject with frontage on a local street as well as 16th St. It has more frontage on 16th St but far less frontage on the local street; no adjustment was warranted.

Comparable #2 is the greatest distance from the subject of all the comparables; however, it is the next most recent sale. This is a mid-block parcel with frontage on an arterial street. The properties on either side of this property are built out. The area immediately surrounding the property has a diverse use mix similar to the subject's immediate area.

Comparable #3 is located on the opposing side of the street from the subject one property to the south. It was purchased by the business directly across 16th St (across Wier from the subject) as they needed the parking space. The listing agent stated the long-term plan was for a multi-family development. In the interim, they are using the parking lot and have leased the building back to the Church that sold it to them. It appears that it may have sold for a discount, which could be attributed to the leaseback; however, the details were not supplied to this appraiser. The property has approximately 25% zoned R-5 and 75% zoned R1-6 (single-family). Discussion with the zoning department of the City of Phoenix revealed that it is common for properties with split zoning to apply for a re-zoning so the entire property would have the same zoning. It is likely that if an application for a re-zoning of the R1-6 portion were requested, the entire property could be zoned R-5, allowing it to be very similar to the subject. The improvements on the property did not appear to contribute to the selling price significantly; therefore, no adjustments were made.

Comparable #4 has multiple parcels (4) similar to the subject. This is **NOT** a sold property; it is currently active. An interview with the listing agent revealed there is an offer on the property, but she feels it is low, without disclosing the amount. The listing price is above the current market level. This is a corner lot at a signaled intersection. It was noted that the information about the property in CoStar is incorrect; the property is also marketed through the local MLS system, which has the correct information. This was used for additional supportive information; however, it was not relied upon for the final value conclusion.

Land Adjustments				
	Subject	**Sale #1**	**Sale #2**	**Sale #3**
Name	**Four Parcels - 16th St and Wier Ave**	16th & Broadway Land	R-5 Land	Multifamily Development Opportunity
Street Address	**16th St and Wier Ave**	4221 S 16th St	4007 W McDowell Rd	4655 S 16th St
City	**Phoenix**	Phoenix	Phoenix	Phoenix
Sale Price		$790,000	$260,000	$1,700,000
Unit of Comp.	**Land SF**	Land SF	Land SF	Land SF
UoC Value	**91,388 sf**	51,401 sf	18,165 sf	108,508 sf
Sale Price / UoC		$15.37	$14.31	$15.67
Transactional Adjustments *(calculated cumulatively)*				
Property Rights		*Fee Simple*	*Fee Simple*	*Fee Simple*
		Similar	Similar	Similar
Terms/Financing		*$0.00*	*$0.00*	*$0.00*
		Similar	Similar	Similar
Cond. of Sale		*$0.00*	*$0.00*	*$0.00*
		Similar	Similar	Similar
Expend. After Sale		*$0.00*	*$0.00*	*$0.00*
		Similar	Similar	Similar
Excess Land Val.		*$0.00*	*$0.00*	*$0.00*
		Similar	Similar	Similar
Market Cond.		*9/22/2025*	*12/9/2024*	*2/26/2024*
		Similar	Similar	Similar
Adj. Price per UoC		*$15.37*	*$14.31*	*$15.67*
Property Adjustments - Quantitative *(not cumulative)*				
Size	*91,388 sf*	*51,401 sf*	*18,165 sf*	*108,508 sf*
Adjustment		5.00% $0.77	10.00% $1.43	0.00% $0.00
Zoning	*R-5*	*C-3*	*R-5*	*R1-6 - 75%, R-5 25%*
		Similar	Similar	Similar
Total Adjustments				
Gross % Adj's	N/A	5.01%	9.99%	0.00%
Gross $ Adj's	N/A	$0.77	$1.43	$0.00
Net % Adj's	N/A	5.01%	9.99%	0.00%
Net $ Adj's	N/A	$0.77	$1.43	$0.00
Net Adj Price / UoC	N/A	$16.14	$15.74	$15.67

Land Adjustments			
	Subject	**Sale #4**	
Name	**Four Parcels - 16th St and Wier Ave**	2804 E Broadway Rd	
Street Address	**16th St and Wier Ave**	2804 E Broadway Rd	
City	**Phoenix**	Phoenix	
Sale Price		$660,000	
Unit of Comp.	**Land SF**	Land SF	
UoC Value	**91,388 sf**	38,534 sf	
Sale Price / UoC		$17.13	
Transactional Adjustments ***(calculated cumulatively)***			
Property Rights		*Fee Simple*	
		Similar	
Terms/Financing		*$0.00*	
		Similar	
Cond. of Sale		*$0.00*	
		Similar	
Expend. After Sale		*$0.00*	
		Similar	
Excess Land Val.		*$0.00*	
		Similar	
Market Cond.		*Listing*	
		Similar	
Adj. Price per UoC		*$17.13*	
Property Adjustments - Quantitative ***(not cumulative)***			
Size	*91,388 sf*	*38,534 sf*	
Adjustment		5.00%	$0.86
Zoning	*R-5*	*R-5*	
		Similar	
Total Adjustments			
Gross % Adj's	N/A	5.02%	
Gross $ Adj's	N/A	$0.86	
Net % Adj's	N/A	5.02%	
Net $ Adj's	N/A	$0.86	
Net Adj Price / UoC	N/A	$17.99	

Analysis Price Indications	
Minimum	$15.67
Maximum	$17.99
Average	$16.39
Median	$15.94
Standard Deviation	0.94

Sales Comparison Approach – Reconciliation:
All of the comparable sales presented in the sales comparison grid are located within the South Phoenix/South Mountain area, with significant emphasis placed on proximity to the subject property. The subject consists of four individual lots, while Comparable Sale #4 (an active listing) also includes multiple lots, making it the most similar in terms of overall site configuration. Each of the comparables exhibits some element of multi-family zoning, which reflects current market trends, as the multi-family sector has demonstrated strong performance in recent years, though it has shown signs of softening over the past year.

Comparable Sale #1 represents the most recent transaction, having closed within two months of the effective date of this report, and benefits from frontage along 16th Street. Comparable Sale #3 is situated directly across the street from the subject, providing an excellent location comparison. The existing improvements did not appear to have a measurable impact on the sale price. Comparable Sale #3 may have transacted slightly below market, potentially influenced by leaseback arrangements, though specific details were not available to the appraiser.

Overall, Comparables #1 and #3 were given the greatest weight in the final analysis due to their superior locational and physical similarities to the subject property.

Indicated Values	
Units	91,388
Unit of Comparison	Land SF
Indicated Value / Unit of Comparison	$16.00
Land Indicated Value	$1,462,208
Rounded	$1,450,000

Reconciliation

Indicated Values

Description	Indicated Value
Land Value	**$1,450,000**
Cost Approach	N/A
Sales Comparison Approach	N/A
Income Approach	N/A

Final Estimate of Value

Cost Approach

The primary strength of the cost approach is its explicit analysis of the subject's construction. This approach or procedure is most applicable when the subject improvements are new or proposed and represent the most appropriate use (highest and best use) of the site. It is also useful in measuring the feasibility of the subject. Since the subject is being appraised as vacant land, the cost approach to value was not deemed relevant to this assignment and is not needed for credible report results therefore it was not developed.

Sales Comparison Approach (Land Valuation)

The sales comparison approach used a physical unit of comparison (quantitative technique) based on price per unit. This approach to value is very reflective of current sales activity and market trends within the subject market. This approach to value will be used to value the subject site.

Income Approach

The primary strength of the income capitalization approach is the quality and quantity of market rental data. More specifically, this approach to value is very reflective of current rental activity and market trends within the competitive market. There is no known income of the subject property and significant income is unlikely. The income approach is not employed and is not necessary for credible report results.

Reconciliation Conclusion

In the final analysis, the land sales comparison to value is the only applicable approach. The subject features numerous attributes that would appeal to the marketplace while being just outside of an opportunity zone. No measurable value difference was found in the marketplace for the opportunity zone, confirmed with broker interviews. In the final analysis, the subject would be expected to compete in the mid to upper range of the marketplace therefore, the final estimate of value is in the upper/mid range of the adjusted price per square foot of the comparables. In addition to the comparables utilized in this report, numerous other sales and listings were reviewed and analyzed for supportive information. These were not deemed to be the best comparables to the subject however, they provided supportive information. Some of the additional properties reviewed included 2527 E Southern Ave, zoned S-2 and currently for sale at $12.42 psf, and 749 E Elwood St, zoned R-4 with a sale price of $14.84 psf.

Exposure Time and Marketing Period

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of 12 months, respectively, are considered reasonable and appropriate for the subject property, assuming aggressive professional marketing.

Value Conclusions

Description	Perspective	Type of Value	Premise	Property Interest	Effective Date	Indicated Value
Vacant Land	Current	Market Value	As Is	Fee Simple	11/03/2025	$1,450,000

Addenda

1-Zoning

Section 618. R-5 Multifamily Residence District—Restricted Commercial.

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

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

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

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

B. **District Regulations—Residential Uses.** The following tables establish standards to be used for residential developments in the R-5 district. The definitions of terms used in these standards are found in Section 608.I. The single-family infill development option must meet Section 608.F.6 requirements.

Table 618.A
R-5 Development Options
Single-Family Detached Development(3)

Standards	***Conventional***	***Planned Residential Development***
Minimum lot width	55' minimum	45' minimum (unless approved by either the design advisor or the Design Review Committee for demonstrating enhanced architecture that minimizes the impact of the garage)
Minimum lot depth	None, except 110' adjacent to freeway or arterial	None, except 110' adjacent to freeway or arterial

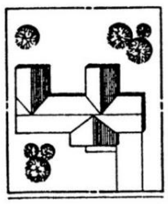
Table 618.A ***R-5 Development Options*** ***Single-Family Detached Development***[3]		
Standards	***Conventional***	***Planned Residential Development***
Dwelling unit density (units/ gross acre)	5.0	6.5; 12 with bonus
Minimum perimeter building setbacks	Front: 15'; Rear: 15' (1-story), 20' (2-story); Side: 10' (1-story), 15' (2-story)	Street[2] (front, rear or side): 15' (in addition to landscape setback); Property line (rear): 15' (1-story), 20' (2-story); Property line (side): 10' (1-story), 15' (2-story)
Common landscaped setback adjacent to perimeter streets [2]	None	15' average, 10' minimum (does not apply to lots fronting onto perimeter streets)
Minimum interior building setbacks	Front: 10'; rear: 10'; combined front and rear: 35', street side: 10'; sides: 13' total (3' minimum, unless 0')	Front: 10'; rear: none (established by Building Code); street side: 10'; sides: none (established by Building Code)
Minimum building separation	10'	None
Minimum garage setback	18' from back of sidewalk for front-loaded garages, 10' from property line for side-loaded garages	18' from back of sidewalk for front-loaded garages, 10' from property line for side-loaded garages
Maximum garage width	For lots <60': 2 car widths, for lots ≥60' to 70': 3 car widths, for lots >70': no maximum	For lots <60': 2 car widths, for lots ≥60' to 70': 3 car widths, for lots >70': no maximum
Maximum height	2 stories and 30'	2 stories and 30' (except that 3 stories not exceeding 30' are permitted when approved by the design advisor for demonstrating enhanced architecture)

Table 618.A ***R-5 Development Options*** ***Single-Family Detached Development[3]***		
Standards	***Conventional***	***Planned Residential Development***
Lot coverage	50%, plus an additional 10% for an ADU and/or attached shade structures Total: 60%	50%, plus an additional 10% for an ADU and/or attached shade structures Total: 60%
Common areas	None	Minimum 5% of gross area
Allowed development	Single-family detached[3]	Single-family detached[3]
Required review	Development review per Section 507, and subdivision to create 4 or more lots	Development review per Section 507, and subdivision to create 4 or more lots
Street standards	Public street or private accessway[1]	Public street or private accessway[1]
Landscape standards		Perimeter common: trees spaced a maximum of 20 to 30 feet on center (based on species) or in equivalent groupings, and 5 shrubs per tree.

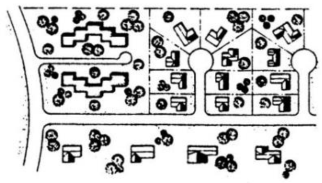
(1) Public streets may be required as a part of subdivision or development review for extensions of street patterns, for circulation within neighborhoods, or to continue partial dedications.

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

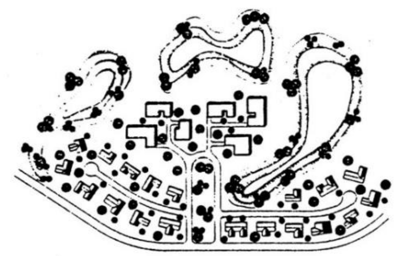
(3) For single-family detached development built or subdivided prior to May 1, 1998, refer to the development standards of Table 618.B.



STANDARD SUBDIVISION
(a)



AVERAGE LOT
(b)



PLANNED RESIDENTIAL DEVELOPMENT
(c)

Table 618.B
R-5 Development Options
Single-Family Attached and Multi-Family Development, and
Single-Family Detached Development (Subdivided Prior to May 1, 1998

Standards	***(a)*** ***Subdivision***	***(b)*** ***Average Lot***	***(c)*** ***Planned Residential Development***	***(d)*** ***Single-Family Infill*** **(4)**
Minimum lot dimensions (width and depth)	60' width, 94' depth	40' width, 50' depth	None	Individual unit lot: 20' width, no minimum depth
Dwelling unit density (units/ gross acre)	43.5	43.5	45.68; 52.20 with bonus	45.68; 52.20 with bonus
Perimeter standards	None	20' front, 15' rear, 10' side	20' adjacent to a public street; this area is to be in common ownership unless lots front on the perimeter public street(2); 15' adjacent to property line	10' for units fronting street rights-of-way; 15' for units siding street rights-of-way. This area is to be in common ownership or management. 10' adjacent to property line
Building setbacks	20' front, 15' rear, 10' and 3' side	10' front, 30' front plus rear	10' front	Individual unit lot: none

Table 618.B
R-5 Development Options
Single-Family Attached and Multi-Family Development, and
Single-Family Detached Development (Subdivided Prior to May 1, 1998

Standards	***(a)*** ***Subdivision***	***(b)*** ***Average Lot***	***(c)*** ***Planned Residential Development***	***(d)*** ***Single-Family Infill*** **(4)**
Maximum height	4 stories or 48' (5)	4 stories or 48' (5)	4 stories or 48' (5)	4 stories or 48'(5)
Lot coverage	50%, plus an additional 10% for an ADU and/or attached shade structures Total: 60%	50%, plus an additional 10% for an ADU and/or attached shade structures Total: 60%	50%, plus an additional 10% for an ADU and/or attached shade structures Total: 60%	100% for each individual lot. 50% for other parcels or tracts with accessory structures
Common areas	None	None	Minimum 5% of gross area(3)	Minimum 5% of gross area
Allowed development	Single-family detached, single-family attached, and multi-family	Single-family detached, single-family attached, and multi-family	Single-family detached, single-family attached, and multi-family	Single-family attached and single-family detached (per the provisions of Section 608.F.6 only)
Required review	Subdivision to create 4 or more lots	Subdivision with building setbacks	Development review per Section 507	Development review per Section 507
Street standards	Public street required	Public street	Public street or private accessway(1)	Development site: Public street, public alley, or private accessway. Individual unit lot: Private accessway or private drive(1)

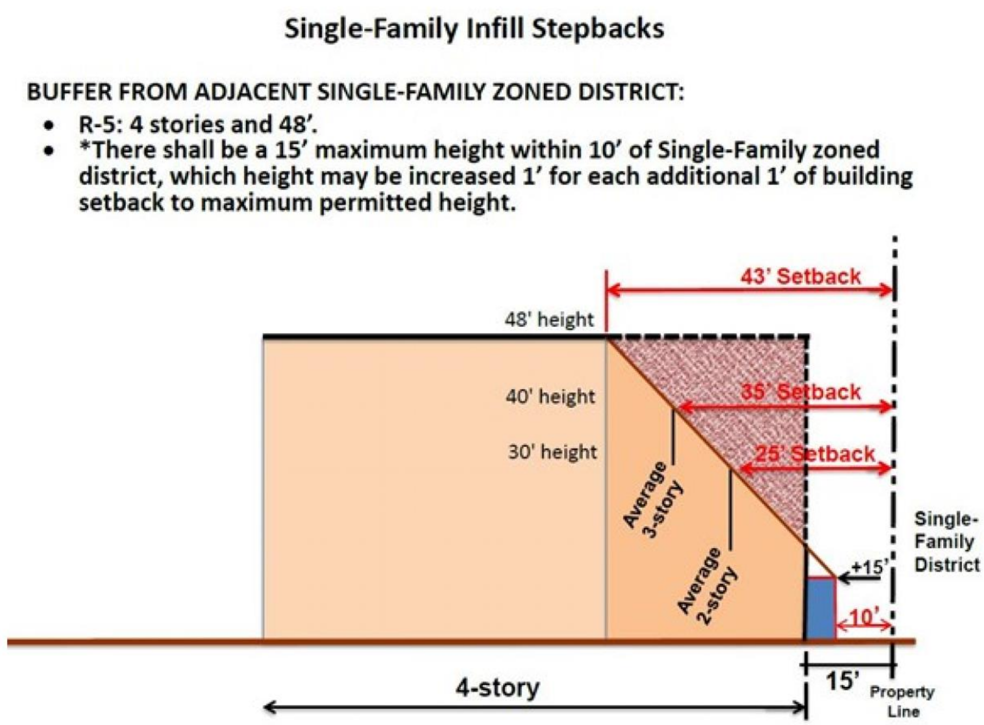
(1) Public streets may be required as a part of subdivision or development review for extensions of street patterns, for circulation within neighborhoods, or to continue partial dedications.

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

(3) The only single-family detached developments that the standards of this table apply to are ones built or subdivided prior to May 1, 1998.

(4) The single-family infill development option must comply with the additional development regulations provided in Section 608.F.6.

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



C. **District Regulations for Nonresidential and Mixed Uses.**

Development regulations for nonresidential and mixed uses shall be in accordance with C-1 standards (Sections 622.E.3 and E.4).

D. **Additional Permitted Uses.**

1. Bed and breakfast establishment.

2. *Biomedical and Medical Research Offices.* A biomedical or medical research laboratory shall be permitted as an accessory use to a biomedical and medical research office, subject to the following limitations:

a. The use shall be subject to obtaining a use permit in accordance with the procedures and standards of Section 307.

b. Entrance to the laboratory shall only be from within the building and shall not be through doors which open to the outside of the building.

c. No sign or display for the laboratory shall be visible from adjacent public rights-of-way.

d. Access to a property containing a laboratory shall only be from a major arterial or arterial, as designated on the street classification map.

3. Birthing center.

4. Branch offices of the following uses are permitted subject to a use permit: banks, building and loan associations, brokerage houses, savings and loan associations, finance companies, title insurance companies, and trust companies.

5. Copy and reproduction center, subject to a use permit.

6. Hospice, subject to a use permit.

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

a. Auto rental agency; provided, that there are no more than three vehicles stored on the hotel property.

b. Child care, for hotel/motel guests only.

c. Cocktail lounges with recorded music or one musician.

d. Convention or private group activities.

e. Gift shop.

f. News stand.

g. Restaurants with recorded music or one musician.

h. Other services customarily accessory thereto.

8. *Office for Administrative, Clerical, or Sales Services.* No commodity or tangible personal property, either by way of inventory or sample, shall be stored, kept, or exhibited for purposes of sale in any said office or on the premises wherein the said office is located. Seminars shall be permitted as an accessory use; provided, that they are clearly accessory to the office use.

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

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

(1) Fitness center.

(2) Massage therapy, administered by a State licensed massage therapist.

(3) Ophthalmic materials dispensing.

(4) Pharmacy.

(5) Sleep disorder testing with less than a 24-hour stay duration.

(6) Snack bar.

(7) Surgical center, provided there are no overnight stays.

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

(1) Medical and dental laboratories.

(2) Orthotics and prosthetic laboratories.

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

a. A maximum lot coverage of 25 percent.

b. A minimum of 50 square feet of usable outdoor open space per bed shall be provided.

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

12. Teaching of the fine arts, subject to use permit.

13. Volunteer community blood centers qualifying by law as a nonprofit entity, subject to a use permit.

(Ord. No. G-3465, 1991; Ord. No. G-3480, 1991; Ord. No. G-3483, 1991; Ord. No. G-3498, 1992; Ord. No. G-3529, 1992; Ord. No. G-3553, 1992; Ord. No. G-3562, 1992; Ord. No. G-3629, 1993; Ord. No. G-3630, 1993; Ord. No. G-4039, 1997; Ord. No. G-4041, 1997; Ord. No. G-4078, 1998; Ord. No. G-4111, 1998; Ord. No. G-4188, 1999; Ord. No. G-4857, 2007; Ord. No. G-5329, 2009; Ord. No. G-5380, 2009; Ord. No. G-5561, 2010; Ord. No. G-5582, 2011;

Ord. No. G-5643, 2011; Ord. No. G-5743, 2012; Ord. No. G-5874, 2013; Ord. No. G-6331, 2017; Ord. No. G-6451, 2018; Ord. No. G-7160, § 18, 2023)

The Phoenix Zoning Ordinance is current through Ordinance G-7396, passed July 2, 2025.

2-Qualifications

ARIZONA FINANCIAL ENTERPRISE CREDENTIAL CERTIFICATE

No: CGA-32153

Lonnie W. Heward

CREDENTIAL TYPE	ISSUE DATE	EFFECTIVE DATE	EXPIRATION DATE
Certified General Appraiser	Jun 21, 2016	Jul 1, 2024	Jun 30, 2026

This certificate was printed on May 23, 2024 and will remain in effect until a change request has been approved by the Department or the credential is surrendered, suspended, revoked or expired.

Arizona Department of Insurance and Financial Institutions
difi.az.gov
100 N 15th Ave, Suite 261
Phoenix, AZ 85007-2630

3- Engagement Letter

FINANCE PHX

City of Phoenix
FINANCE DEPARTMENT
REAL ESTATE DIVISION

October 21, 2025

Mr. Lonnie W. Heward
Accurate Appraisals USA, LLC
16808 N. 18th Street
Phoenix, AZ 85022

SUBJECT: **One Real Estate Appraisal of four contiguous vacant land parcels listed in the table below; CC: 8850110000; Project: NSD – Four Parcels 16th Street and Wier Avenue**

Address	APN
1526 East Wier Avenue	113-55-061A
1530 East Wier Avenue	113-55-065A
4630 South 16th Street	113-55-069
4640 South 16th Street	113-55-066

Dear Mr. Heward:

This letter is your authorization to conduct a real estate appraisal for the properties listed above. The purpose of the assignment is to develop an opinion of market value as per the documentation provided to you. Your report must comply with the current edition of the Uniform Standards of Professional Appraisal Practice. As such, please ensure the appraisal incorporates the Arizona definition of market value cited in ARS 28- 7091. This assignment is intended to be used by the City of Phoenix and any associated internal decisions.

Your stated fee for this work is $2,500. Please submit an electronic copy of your report no later than November 18, 2025. The City of Phoenix may request up to 3 hard copies at a later date. If the report is not delivered to the City's Appraisal Section on or before the contractual due date and no written extension has been agreed upon by both parties at least three days prior to the deadline, $300 per day may be deducted as a late delivery penalty.

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

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

Sincerely,

Christopher F. Rocca, Sr.

Christopher F. Rocca Sr.
Review Appraiser
City of Phoenix

251 W. Washington St., 8th Floor • Phoenix, AZ 85003

Mr. Lonnie W. Heward
October 21, 2025
Page 2 of 2

APPROVED:

Lonnie W. Heward
Certified General Real Estate Appraiser No. 32153
Vendor # 3539039 / Clerk # 155939 / SRM # 4701008488

251 W. Washington St., 8th Floor • Phoenix, AZ 85003