

**Arizona State Land Department
Rights of Way Section**

Valuation / I.O.U. Multi-Purpose Worksheet

Application No.: 16-120378-00-100 Applicant: Pima County
 County: Pima
 Location: Marana, adjacent to Tangerine Road at Twin Peaks Road
 Appraiser: David A. Every, MAI Appraisal Date: 19-Feb-19

Purpose No. 1: TCE for an underground 10" gravity werew distribution line
 Legal Description: M&B thru N2 of Lot 1
 Appraised Land Value Per Acre..... = 70,000.00
 Total Sq. Ft..... x 1.12
 Intensity of Use Factor (including damages, if any)..... x 99%
 Term..... 1 Year(s) Term Factor..... x 0.09091
Final Value of Right of Way for Purpose No. 1..... = \$7,062.37

Purpose No. 2: N/A.
 Legal Description:
 Appraised Land Value Per Acre..... = 0.00
 Total Acreage..... x 0.00
 Intensity of Use Factor (including damages, if any)..... x
 Term..... Year(s) Term Factor..... x
Final Value of Right of Way for Purpose No. 2..... = \$0.00

Purpose No. 3: N/A.
 Legal Description:
 Appraised Land Value Per Acre..... = 0.00
 Total Acreage..... x 0.00
 Intensity of Use Factor (including damages, if any)..... x
 Term..... Year(s) Term Factor..... x
Final Value of Right of Way for Purpose No. 3..... = \$0.00

Total Amount of Right of Way = \$7,062.37

Total Acreage = 1.121

Other Charges/Credits:
 _____ = _____
 _____ = _____
 _____ = _____
 _____ = _____
 _____ = _____
Total ESTIMATED Amount of Right of Way & Other Charges/Credits: = \$7,062.37
Total ESTIMATED Amount of Right of Way (rounded) = \$7,062.00

THIS WORKSHEET IS FOR REFERENCE ONLY!

**ARIZONA STATE LAND DEPARTMENT
RIGHT OF WAY SECTION RECOMMENDATION**

APPLICATION NO.: 16-120378-00-100 **APPLICANT:** Pima County

NEW: X **RENEWAL:** _____ **AMEND:** _____

COUNTY: Pima **TWP:** 12S **RNG:** 12E **SEC:** 2

LOCATION: Marana, adjacent to Tangerine Road at Twin Peaks Road

APPRAISER: David A. Every, MAI **DATE:** February 19, 2019

Purpose No. 1: Underground 10" gravity sewer distribution line

Legal Description: M&B thru N2 of Lot 1

Value Per Acre: \$ 70,000.00

Total Acreage: x 0.957

Intensity of Use Factor (including damages, if any): x 40%

Term: Perpetual Term Factor: x 1.00

Cost of Right of Way – Purpose No. 1: = \$ 26,796.00

Purpose No. 2: N/A

Legal Description: _____

Value Per Acre: \$

Total Acreage: x

Intensity of Use Factor (including damages, if any): x %

Term: _____ Term Factor: x

Cost of Right of Way – Purpose No. 2: = \$

Total Cost of Right of Way = **\$ 26,796.00 (r)**

Beneficiaries: Permanent Common Schools (S)

Additional Comments: Subject sewer line will connect to an existing Pima County Wastewater Station in Section 35, T11S, R12E. The County will be billed for a Temporary Construction Easement (TCE) in the amount of \$7,062.00.

Recommendation: Approval of this Right of Way of the subject property under the terms and conditions herein/or attached.

Gloria Nichols, Administrator **Date**

Ruben Ojeda, Manager - R.O.W. Section **Date**

COMMISSIONER'S APPROVAL:

for **State Land Commissioner** **Date**

BOARD OF APPEALS APPROVAL:

By: _____
Chairperson, Board of Appeals

Date: _____



8476 E. Speedway Blvd., Suite 210
Tucson, Arizona 85710
Ph: 520.954.4736
www.everyappraisals.com

APPRAISAL REPORT

OF

ABOUT 0.96 ACRES OF LAND
TO BE USED AS A RIGHT OF WAY FOR A
SEWER EASEMENT
LOCATED IN
T12S, R12E, SECTION 2
PIMA COUNTY, ARIZONA

PREPARED FOR:

MARK FAST, MAI
APPRAISAL SECTION MANAGER
ARIZONA STATE LAND DEPARTMENT

APPLICATION NO. 16-120378 (PIMA COUNTY)

BY:

DAVID A. EVERY, MAI, AI-GRS

EFFECTIVE DATE OF THE APPRAISAL: FEBRUARY 19, 2019

DATE OF THE REPORT: MARCH 6, 2019

OUR JOB NO. 7648-1901



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March 6, 2019
Our File No. 7648-1901

Mr. Mark Fast, MAI
Appraisal Section Manager
Arizona State Land Department
1616 West Adams
Phoenix, AZ 85007

RE: **Appraisal of about 0.96 acres of land to be used as a right of way for an underground sewer easement located in T12S, R12E, Section 2, Pima County, Arizona.**

Application Number: 16-120378 (Pima County)

Dear Mr. Fast:

In accordance with your request, I have appraised the above-referenced property. The *purpose* of this appraisal is to provide an opinion of the fee simple interest in the “as is” market value of the subject property. The *intended use* of this appraisal is to assist the State Land Department in its disposition and/or leasing decisions.

The subject consists of 0.957 acres of land, to be used as a right of way for an underground 10-inch gravity sewer distribution line by the applicant, Pima County. It should be noted that, as I have been requested to provide only the fee simple value of subject easements, no consideration has been given to an “intensity of use” factor, which is often included as part of the analysis of an easement. The *effective date of the appraisal* is February 19, 2019, the date of the most recent inspection of the subject property.

This report details those pertinent physical and non-physical factors relevant to the valuation of the subject property. Information about the region in which the property is located, the subject neighborhood, site, highest and best use, and valuation methods and techniques are discussed in detail in this report.

The *client* is the Arizona State Land Department. The *intended user* of this report is the Arizona State Land Department for the stated purpose and intended use. It is recognized that other parties may read or utilize information set forth in this report. However, any party other than the client cannot rely on the analysis and conclusions contained herein, without the prior, express written permission of the author.

This appraisal is being written in conformance with the Uniform Standards of Professional Appraisal Practice as issued by the Appraisal Foundation (USPAP), specifically pertaining to Appraisal reports, and the Arizona State Land Department's March 2018 Appraisal Guidelines.

Based upon the data and discussions contained within the following report, it is my opinion that the fee simple interest in the "as is" market value of the subject property, as of February 19, 2019, is as follows:

**OPINION OF THE MARKET VALUE
OF THE SUBJECT PROPERTY\$67,200**

The value conclusion above reflects a market value equal to \$70,000 per acre for the easement areas, as set forth below and described in detail in the body of this report, and as summarized below.

Subject Parcel	Tnshp	Range	Sec	Area in Acres	Value per Acre	Value of Parts
Easement Area	12S	12E	2	0.96	\$70,000	\$67,200

As will be discussed in the attached appraisal, it is my conclusion that no damages or special benefits will accrue as a result of this acquisition. The market value noted above is based on an exposure time of no more than 12 months and a marketing time of no more than 12 months. Your attention is invited to the data and discussions contained in this report and to the exhibits, which are pertinent.

Per the instructions provided by the client, this report is subject to the following ***Extraordinary Assumptions***:

- 1. There is no known archaeological significance found on the subject site.***
- 2. There is no known geological significance found on the subject site.***
- 3. There are no known environmental risks or hazardous conditions found on the subject site.***
- 4. There is legal access to the larger parcel(s).***
- 5. The property is appraised as if unencumbered by any leases or rights of way.***

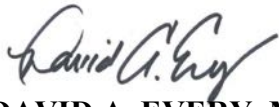
In accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), it is noted that the use of the hypothetical conditions and/or extraordinary assumptions might have affected the assignment results.

At the request of the Arizona State Land Department, the fee simple interest is appraised. No consideration is given to existing leases, easements, or rights of way that already encumber all or portions of the subject properties.

I hereby certify that I have inspected the subject; that my fee was not contingent upon the value opinion contained herein; and that I have no interest, present or prospective, in the property

appraised. Furthermore, I certify that, to the best of my knowledge and belief, all statements, and opinions contained in this report are correct, subject to the assumptions, conditions, special limiting conditions, and certification that are made as part of this report.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David A. Every". The signature is fluid and cursive, with the first name "David" being more prominent.

DAVID A. EVERY, MAI, AI-GRS

Owner - Every Appraisal Service
State of Arizona Certified General
Real Estate Appraiser #31343

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**SUMMARY OF SALIENT FACTS AND CONCLUSIONS
APPLICATION NUMBER 16-120378 (Pima County)**

PURPOSE/INTENDED USE: The *purpose* of this appraisal is to provide an opinion of the fee simple interest in the “as is” market value of the subject property. The *intended use* of this appraisal is to assist the State Land Department in its disposition and/or leasing decisions.

CLIENT/INTENDED USERS: The *client* is the Arizona State Land Department. The *intended user* of this report is the Arizona State Land Department for the stated purpose and intended use. It is recognized that other parties may read or utilize information set forth in this report. However, any party other than the client cannot rely on the analysis and conclusions contained herein, without the prior, express written permission of the author.

EFFECTIVE DATE
OF THE APPRAISAL &
DATE OF REPORT: The effective date of the appraisal is February 19, 2019, the date of the most recent inspection of the subject property. The date of transmittal of this report is March 6, 2019.

INTERESTS TO BE
APPRAISED: At the request of the Arizona State Land Department, the fee simple interest is appraised. No consideration is given to existing leases, easements, or rights of way that already encumber all or portions of the subject properties.

PROPERTY HISTORY/
OWNERSHIP: The subject property is currently owned by the Arizona State Land Trust. There have been no prior sales within the preceding 3 years.

PROPERTY
IDENTIFICATION: The subject consists of 41,683 square feet or about 0.96 acres of land to be used as a right of way for construction of an underground 10-inch gravity sewer distribution line, located in T12S, R12E, Section 2, Pima County, Arizona. The applicant is Pima County. The subject is generally located along the south side of Tangerine Road, running west from Twin Peaks Road, in Pima County, Arizona. It should be noted that, as I have been requested to provide only the fee simple value of subject easements, no consideration has been given to an “intensity of use” factor,

which is often included as part of the analysis of an easement.

The subject right of way has been appraised as part of a larger 40-acre parcel. Inspection revealed no significant improvements on either the subject parcel or the larger tract of which it is a part.

CURRENT ZONING:

As discussed in the Zoning section of this report, the subject property is located within the jurisdiction of the Town of Marana, and is zoned C (Large Lot Zone).

**HIGHEST AND
BEST USE:**

The highest and best use of the subject larger Tract is considered to be for investment for rezoning for future commercial development.

**VALUATION
METHODOLOGY:**

All of the three traditional approaches to value were considered to develop the opinion of market value for the Larger Parcel. The Sales Comparison Approach was considered to be appropriate for use in this analysis. The Income and Cost Approaches to value were not. Please see the Scope of the Appraisal section for more detail regarding the valuation methodology.

**SALES COMPARISON
APPROACH:**

The Sales Comparison Approach was considered to reflect an appropriate method by which to develop an opinion of the market value of the Larger Parcel of which the subject right of way is a part. Using this Approach to value and applying the value per acre of the larger parcel to the area of the subject right of way yielded the following value conclusion for the subject property.

Subject Parcel	Tnshp	Range	Sec	Area in Acres	Value per Acre	Value of Parts
Easement Area	12S	12E	2	0.96	\$70,000	\$67,200

The highest and best use analysis and value conclusion contained herein are subject to the Extraordinary Assumptions and Hypothetical Conditions set forth in the accompanying letter of transmittal to this appraisal.

ESTIMATED MARKETING
& EXPOSURE TIMES:

The marketing time and exposure period for the subject are estimated at 12 months or less for this appraisal, based upon the market value opinion set forth in this report.

SECTION I

SCOPE OF THE APPRAISAL

The firm of Every Appraisal Service has been asked by Mr. Frank Strickler, Appraiser IV, Appraisal Section, Arizona State Land Department, to form and express an opinion of the fee simple interest in the “as is” market value of the subject property. The intended use of this appraisal is to assist the State Land Department in its disposition and/or leasing decisions.

The subject property consists of 41,683 square feet or about 0.96 acres of land for construction of an underground 10-inch gravity sewer distribution line. The right-of-way is located within Section 2, T12S, R12E, G&SRB&M, Pima County, Arizona. The right-of-way area totals 0.96 acres, and reflects a long narrow strip of land, which is 50’ wide and roughly 600’ long.

As the subject parcel is a long narrow strip of land, it is not considered to reflect an independent economic unit. Therefore, it is appraised herein as a portion or portions of a larger tract or tracts of land. The fee simple market value of the subject property has been developed by analyzing the area to be acquired based on its respective value as part of the larger tract of which it is a part. This larger tract is referred to as being a Larger Parcel, or Whole.

Following the valuation of the subject parcel (Part Taken), the Remainder tract (the Larger Parcel less the Part Taken) must be appraised in the After the Take condition in order to compare it to the Value of the Remainder Before the Take (Value of the Whole Before the Take less Value of the Part Taken Before the Take). To determine the value of the Remainder After the Take, the appraiser conducts a new appraisal, taking into consideration the highest and best use of the Remainder After the Take. The highest and best use of the Remainder After the Take, and the resulting indication of market value reflect influence from the project. Upon determining the value of the Remainder After the Take, an analysis of Benefits and Damages is conducted

Here follows a discussion of a determination of the nature of Project Influence, the Part Taken, and the determination of the Larger Parcel to be appraised.

Description of the Part Acquired and the Project: The Part Acquired (subject property) is the land area required for construction of an underground sewer easement. This roadway project is considered to be the Project for which the Part Acquired is necessary.

Determination of the Larger Parcels: A Larger Parcel, of which a given subject property is a part, typically consists of a property or properties that have a unity of ownership, contiguity, and unity of use.

Unity of Ownership/Contiguity: As previously noted, the subject property consists of approximately 0.96 acres of land located within a single section of land. The parcel is a long narrow strip of land contained within a roughly 640-acre holding of the State Land Trust within Section 2, T12S, R12E, G&SRB&M, Pima County, Arizona. The following tabulation summarizes the right-of-way area and the section of land in which it is situated.

**Easement Parcel Areas and the Approximate Acreage Owned by the
State Land Trust Within Each of the Sections in Which They Are Located**

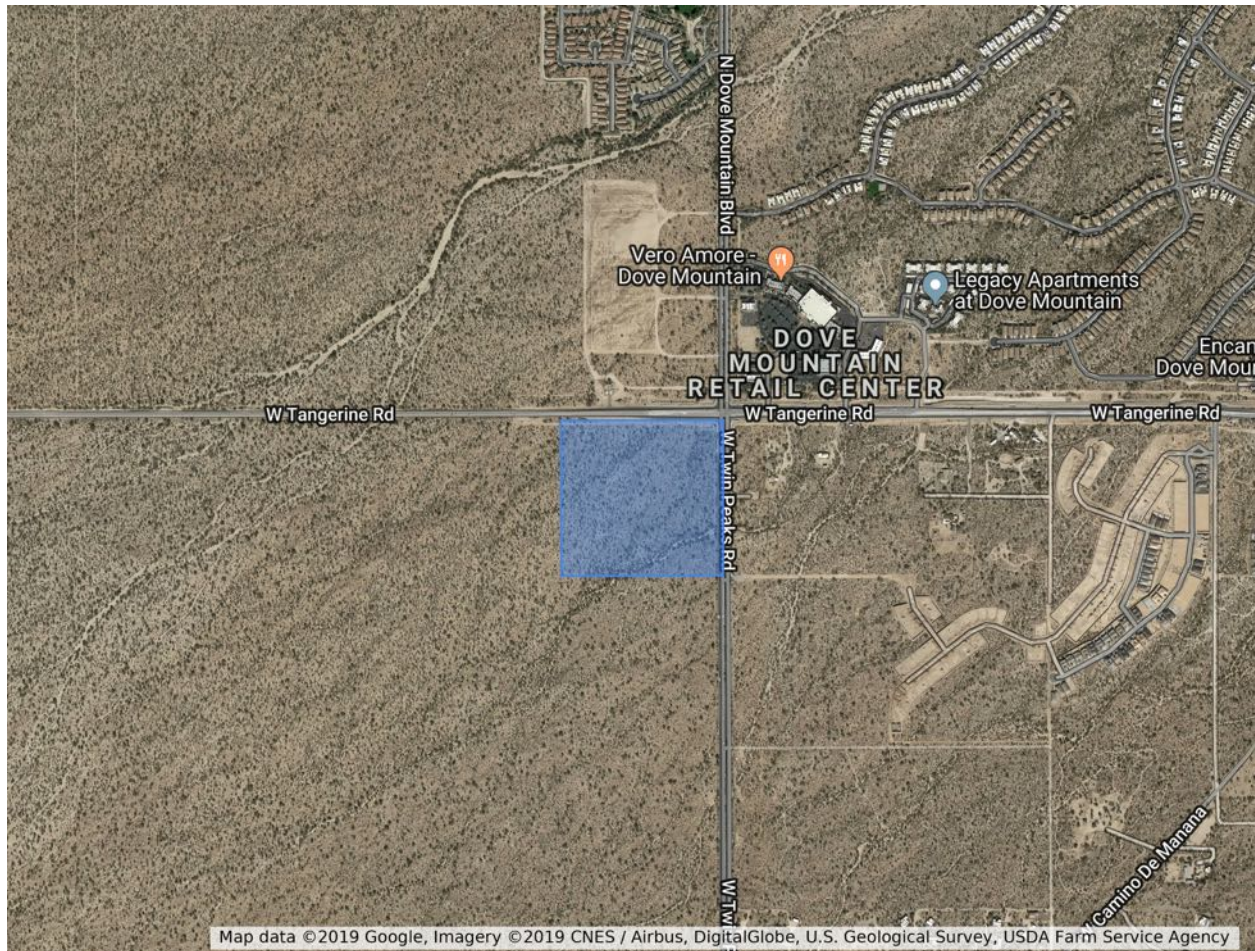
Tnshp	Rnge	Sec	Subject Right of Way	Total	State Trust Acreage (Approx.)	Zoning
12S	12E	2	0.957	0.960	640.36	C (Large Lot), Marana

As noted on the tabulation, the Arizona State Land Department owns about 640.36 acres in this section. This land area, however, represents only a portion of the thousands of acres of land owned by the State Trust in the larger area.

Unity of Use: The final component in identifying the Larger Parcels of which the Easement Parcels are a part is the question of unity of use. The State's holdings in the section noted above includes the entire section, or 640.36 acres, and is zoned for large lot (minimum 25 acres, C Marana) uses. According to the Town of Marana General Plan, the larger section is designated for low-density residential uses (0.5-2.0 units per acre), with commercial uses in the northeast corner of Section 2. With respect to the potential future commercial uses, discussion with market participants supports the conclusion that there is presently limited demand for new commercial development in the area until higher concentrations of residential uses have been built-out. The holding period for commercial uses is likely 5 to 10 years.

Taking into account the physical characteristics of the lands held by the State Land Trust in the vicinity of the Easement Parcel area, as well as the recent sales of similar land in the area, I have concluded that the 40-acres of State trust land as illustrated below reflects the Larger Parcel, or subject Tract, as set forth in the following table and depicted in the accompanying aerial exhibit.

Larger Parcels	Township	Range	Section	Larger Parcels (Acres)	Zoning
Larger Tract	12S	12E	2	40.00	C (Large Lot), Marana



In order to evaluate the ‘Larger Parcel Before the Acquisition’ and the ‘Remainder After the Acquisition’, relevant data has been gathered and analyzed. Data gathered for appraisals are of two types: general and property specific. General data include information on social, economic, governmental, and environmental trends and conditions affecting the subject property. Each of these items has an impact on property value and the study of these forces enables the appraiser to identify the underlying causes of change in property values and what future market expectations might be. Property specific information includes data about the subject site, tax information, and zoning classifications.

The general and specific data form the basis for the conclusions with respect to the highest and best use of the Larger Parcel and the Remainder. As concluded in the following analysis, the Larger Parcel and the Remainder are considered to have a highest and best use for near term single-family residential development.

All three of the traditional approaches to value were considered to develop an opinion of the market value of the Larger Parcel and the Remainder. As the Larger Parcel and the Remainder are comprised of vacant land, only the Sales Comparison was considered relevant.

PURPOSE, INTENDED USE, INTENDED USERS

The ***purpose*** of this appraisal is to provide an opinion of the fee simple interest in the “as is” market value of the subject property. The ***intended use*** of this appraisal is to assist the State Land Department in its disposition and/or leasing decisions.

The ***client*** is the Arizona State Land Department. The ***intended user(s)*** of this report is the Arizona State Land Department for the stated purpose and intended use. It is recognized that other parties may read or utilize information set forth in this report. However, any party other than the client cannot rely on the analysis and conclusions contained herein, without the prior, express written permission of the author.

INTEREST APPRAISED

At the request of the Arizona State Land Department, the fee simple interest is appraised. No consideration is given to existing leases, easements, or rights of way that already encumber all or portions of the subject properties. The interest in fee simple includes the various rights that usually consider the present worth of the future benefits resulting from the ownership of the property. This interest includes those rights generally associated with ownership of the property but subject to the limitations of eminent domain, escheat, police power, and taxation.

LEGAL DESCRIPTION

The legal descriptions of the subject property are lengthy, and are included with the exhibits provided by the client and included in the Addenda to this appraisal.

EFFECTIVE DATE OF THE APPRAISAL

The effective date of the appraisal is February 19, 2019, the date of the most recent inspection of the subject property. On this date, the physical characteristics of the subject property were documented and photographed.

EXTRAORDINARY ASSUMPTIONS AND/OR HYPOTHETICAL CONDITIONS

Per the instructions provided by the client, this report is subject to the following ***Extraordinary Assumptions***:

1. ***There is no known archaeological significance found on the subject site.***
2. ***There is no known geological significance found on the subject site.***
3. ***There are no known environmental risks or hazardous conditions found on the subject site.***
4. ***There is legal access to the larger parcel(s).***

5. *The property is appraised as if unencumbered by any leases or rights of way.*

In accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), it is noted that the use of the hypothetical conditions and/or extraordinary assumptions might have affected the assignment results.

PROPERTY HISTORY/OWNERSHIP

The Arizona State Land Trust owns the subject property. There have been no sales of the subject properties within the preceding three years.

DEFINITIONS

Appraisal The act of process of developing an opinion of value; an opinion of value. An appraisal must be numerically expressed as a specific amount, as a range of numbers, or as a relationship (e.g., not more than, more than, not less than, less than) to a specified amount.¹

Appraiser One who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.²

Contiguity “The quality or state of being contiguous.”³

Economic Unit

1. “A portion of a larger (parent) parcel, vacant or improved, that can be described and valued as a separate and independent parcel. Physical characteristics such as location, access, size, shape, existing improvements, and current use are considered when identifying an economic unit. The economic unit should reflect marketability characteristics similar to other properties in the market area. In appraisal, the identification of economic units is essential in highest and best use analysis of a property.”
2. “A combination of parcels in which land and improvements are used for mutual economic benefit. An economic unit may comprise properties that are neither contiguous nor owned by the same owner. However, they must be managed and operated on a unitary basis and each parcel must make a positive economic contribution to the operation of the unit.”⁴

Extraordinary Assumption “An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about

¹ The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice (USPAP) (2018-2019 Edition), 3.

² Ibid

³ Merriam-Webster On-Line Dictionary 2010

⁴ Appraisal Institute, The Dictionary of Real Estate Appraisal (Sixth Edition), 72-73.

conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”⁵

Fee Simple Estate “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”⁶

Hypothetical Condition “A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.”⁷

Larger Parcel “In governmental land acquisitions and in valuation of charitable donations of partial interests in property such as easements, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use. In most states, unity of ownership, contiguity, and unity of use are the three conditions that establish the larger parcel for the consideration of severance damages. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use.”⁸

Leased Fee Interest “The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.”⁹

Leasehold Interest “The tenant’s possessory interest created by a lease.”¹⁰

Market Value According to the most recent publication of the Uniform Appraisal Standards for Federal Land Acquisitions, market value is defined as follows:

“Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.”¹¹

⁵ Ibid, 3

⁶ Ibid, page 90

⁷ The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice (USPAP) (2018-2019 Edition), 3.

⁸ Appraisal Institute, The Dictionary of Real Estate Appraisal (Sixth Edition), 127.

⁹ Ibid, page 128

¹⁰ Ibid, page 128

¹¹ Appraisal Institute, *Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA)* (Sixth Edition), 10

Price

1. “The amount paid in exchange for a good or commodity. Price is distinguished from value because price becomes a fact when the transaction is consummated as opposed to value, which is an estimate.”
2. The amount asked, offered, or paid for a property. Comment: Once stated, price is a fact, whether it is publicly disclosed or retained in private. Because of the financial capabilities, motivations, or special interests of a given buyer or seller, the price paid for a property may or may not have any relation to the value that might be ascribed to that property by others. (USPAP, 2018-2019 ed.)”¹²

Right Of Way “A right to pass over land in some particular path; a strip of land used for transportation such as streets and roads, railways, utility and fiber optic lines, and for other public or private transportation uses.”¹³

Severance Damages Severance is defined as “the damages that will accrue to the portion not sought to be condemned by reason of its severance from the portion sought to be condemned, and the construction of the improvement in the manner proposed by the plaintiff.”¹⁴

¹² Ibid, page 175

¹³ Ibid, pages 202 & 203

¹⁴ Arizona Revised Statute §12-1122(A)(2)

SECTION II

AREA OVERVIEW

The purpose of this section of the report is to identify and analyze the social, economic, governmental, and environmental forces that can influence property values in the vicinity of the subject. The primary area of influence is the neighborhood, defined as a group of complimentary land uses; a residential neighborhood may contain residential uses along with ancillary commercial uses that provide services for the residents. A district, on the other hand, has one predominate land use such as apartments, commercial, industrial, or agricultural.

ARIZONA

Arizona is in the southwestern area of the United States within the Sunbelt Region and ranks sixth in the nation in terms of size with 113,417 square miles. The state can be divided into three geographical areas, each with its own distinct topography and climate. The northeastern portion of the state is a high plateau, which tends to be cool and dry. Most of this area is within the boundaries of the Navajo Nation, the largest Native American reservation in the United States. The mountainous region, extending diagonally across the state from northwest to southeast, offers cool summertime temperatures and winter sports opportunities, attracting visitors to this area year round. The remaining half of the state, south and west of the mountainous region, consists of desert valleys divided by low desert mountain ranges and is home to most of the state's population; about 80 percent of the state population resides in the Tucson and Phoenix metropolitan areas.

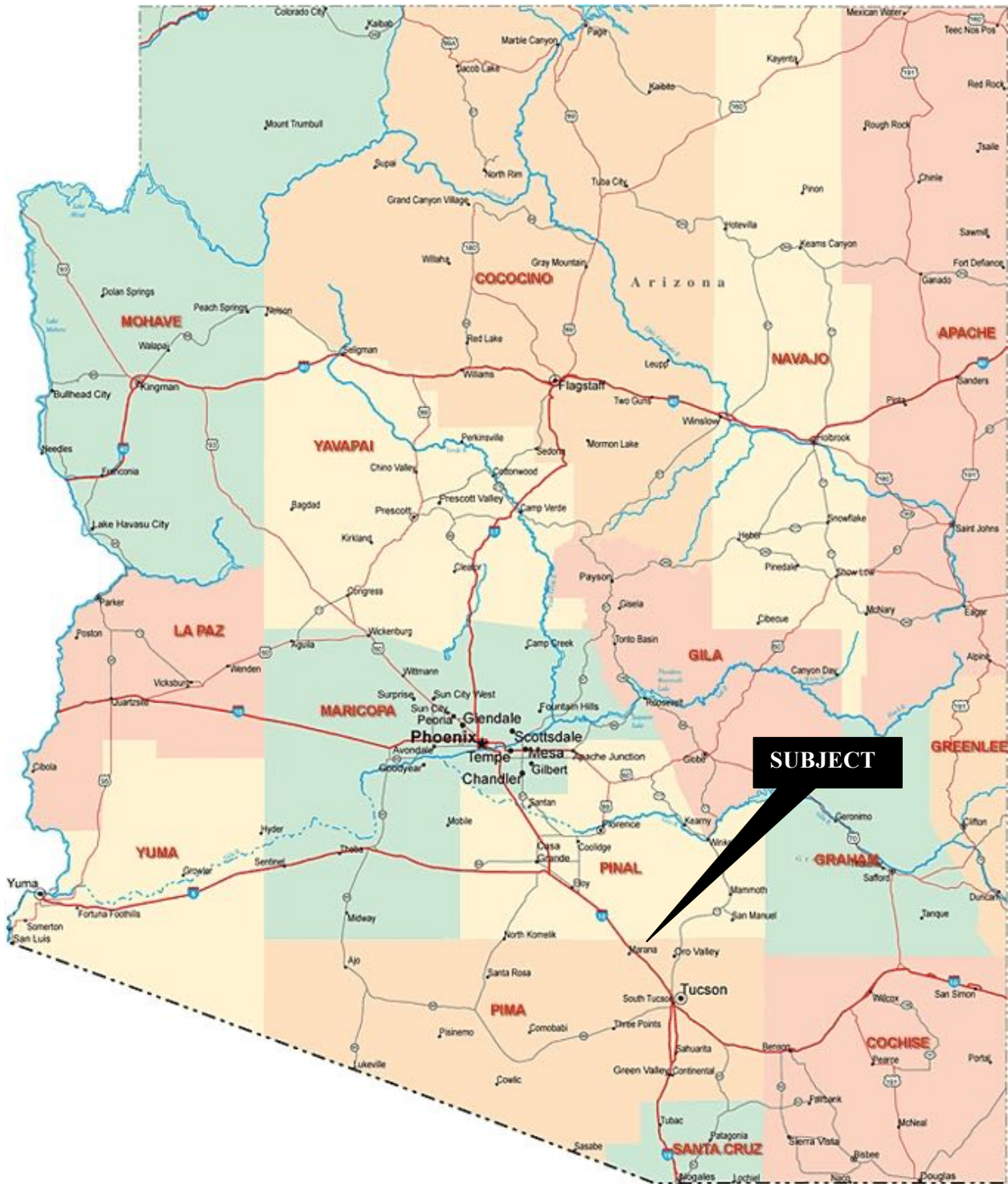
Between 1980 and 1990, Arizona was the third fastest growing state, with a population increase of almost 35 percent. According to the 2000 census, approximately 5,130,000 people resided in the State, up from 3,665,000 in 1990, reflecting an increase of about 40 percent, or a 4.0 percent annual rate. The latest 2010 census information shows the Arizona population at about 6,392,017, an increase of about 24.6% over the 2000 number or an average of 2.5% per annum. Arizona's projected growth is about 200,000 per year through 2030.

The state also ranked third in job growth for the same period with a gain of 47 percent, twice the national average. Employment is fairly diversified with professional and business services accounting for 14 percent of total non-farm employment, followed by government with 13 percent, retail with 12 percent, health care with 10 percent, construction with 8 percent, and manufacturing with 6 percent. During 2008, job growth in the State and in Tucson was greatly reduced, with a rise in unemployment throughout much of 2008 that persisted throughout 2009 and into 2010. However, by December 2018, Arizona's seasonally adjusted unemployment rate had declined to 4.8% per the Bureau of Labor and Statistics. Arizona's unemployment has lagged the US unemployment rate by approximately 0.5% for the years 2000 through 2010.

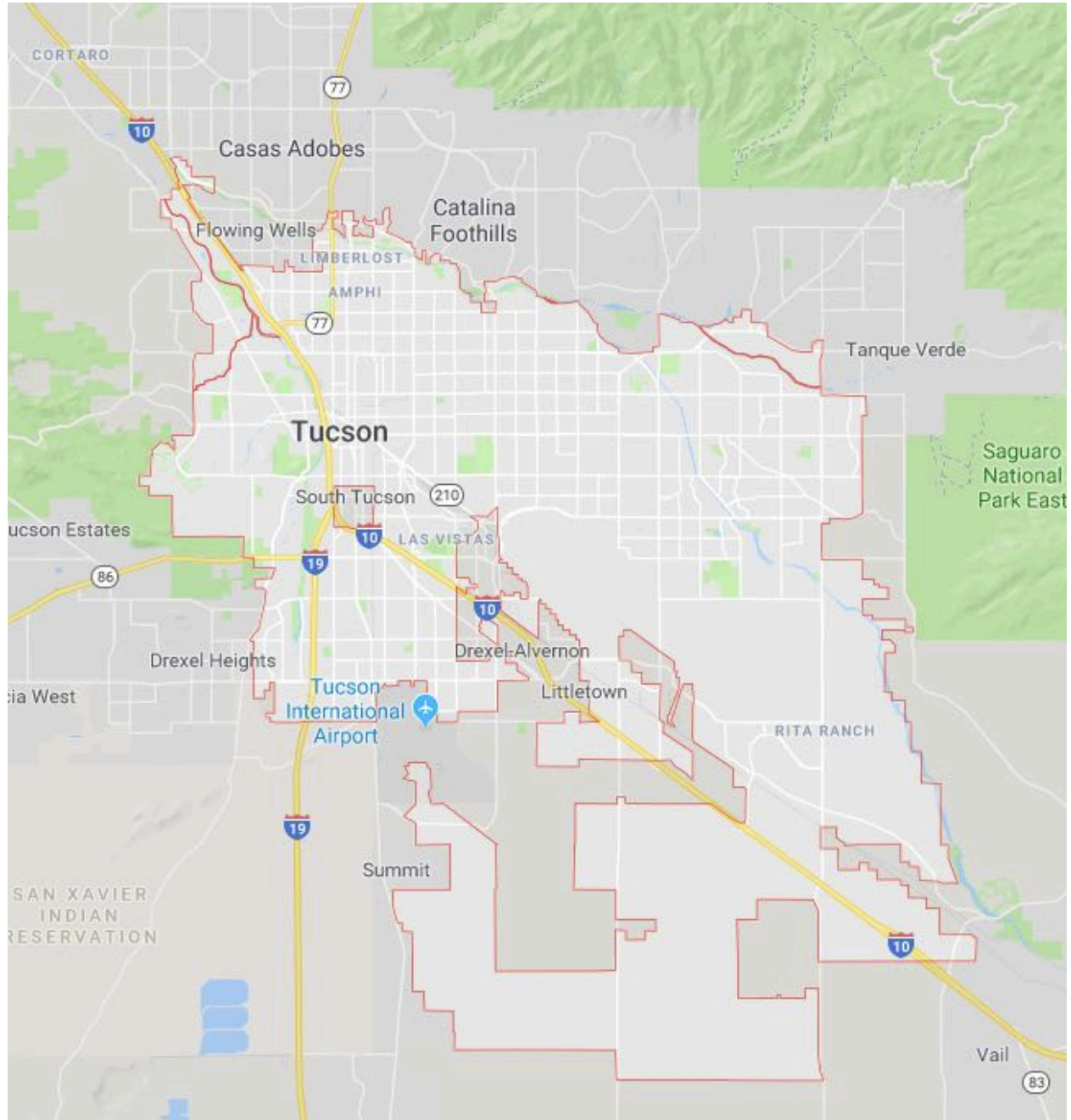
According to George W. Hammond, Ph.D., Director and Research Professor, EBRC (Eller Economic and Business Research Center), "Arizona's economy is well positioned to outpace the U.S. during the next 30 years. The outlook calls for the state, the Phoenix metropolitan statistical area (MSA), and the Tucson MSA to grow faster than the nation across most major macroeconomic aggregates. However, as is expected for the nation, the state is not likely to regain the rapid growth

rates posted during the 30 years before the Great Recession. In the end, the aging of the baby boom generation will take a toll on growth at the national, state, and local levels.

Arizona's recent growth continues to be strong, with job gains far outpacing the national average. This is true even for Tucson, where employment increases have accelerated strongly during the past nine months. The outlook calls for growth rates to improve in the near term, with reduced fiscal drag and increased migration flows into the state. This drives further gains in construction and related sectors, which have been slow to rebound from the housing bust. Overall, the state economy is moving forward and its trajectory is positive. “



Metropolitan Tucson



*Map data ©2019 Google

Tucson is the economic center of southeastern Arizona. The overall economy of the metropolitan area was strong throughout much of 2008, with continued inventory growth in virtually all sectors, although the residential market has slowed substantially over the past three years. Most recently, the commercial property sector, notably the retail sector, has experienced some weakness, which is exacerbated by the recent credit market turmoil and subsequent national economic recession.

The population of Pima County, which approximates the metropolitan area, increased from 666,954 in 1990 to 843,746 in 2000 and to 1,018,012 in 2009 (based on July estimates from the Arizona Department of Economic Security), reflecting compounded annual growth rates of 3.8 percent from 1990 to 2000, and about 2.5 percent annually from 2000 to 2009.

The Pima Association of Governments (PAG), projects that the population of the County will grow by 1.6 to 2.1 percent annually over the next 20 years. The northwest and southeast portions of the metropolitan area, where ample land is available, are expected to be the focal points for most of the growth.

The long-term outlook for Tucson is positive. Population and employment, though currently down for the first time in nearly a decade, are projected to continue to increase at rates in excess of the nation as a whole as the market recovers over the next two to five years. The cyclic nature of the economy reflected in the population, employment, and development segments is now stabilized from the peak of the previous cycle. Overall, the Tucson Metropolitan area is considered to remain in the growth stage of its life cycle and, even with the problems currently shown by the residential and commercial markets, should have a positive long-term impact upon properties in the area as recovery is anticipated to occur in most sectors over the next few years.

NEIGHBORHOOD DATA

The subject neighborhood can be roughly defined as the current boundaries of the Town of Marana and the Town of Oro Valley, located approximately 10 miles north of the Central Business District of the City of Tucson.



Boundaries

Neighborhood boundaries are generally Oracle Road/State Highway 77 to the east, the Santa Cruz River to the south and west and the Pima/Pinal County border to the north. The topography of the subject neighborhood is predominantly level to rolling, with natural washes and hills.

Population

The following tabulation summarizes population projections as prepared by the Arizona Department of Economic Security for Pima County and related jurisdictions.

Year	PIMA COUNTY (DES projected)	TOWN OF MARANA	TOWN OF ORO VALLEY	TOWN OF SAHUARITA	CITY OF SO. TUCSON	CITY OF TUCSON	UNINCORP. COUNTY
2006	980,977	29,802	40,576	18,464	5,657	537,677	348,800
2007	1,003,918	32,774	41,662	23,075	5,684	545,273	355,449
2008	1,026,506	36,037	42,852	28,140	5,710	552,715	361,052
2009	1,048,796	39,616	44,111	33,185	5,735	560,018	366,130
2010	1,070,723	43,352	45,199	37,965	5,742	566,237	372,227
2011	1,092,369	46,844	46,204	41,845	5,746	572,503	379,227
2012	1,113,749	50,335	47,209	45,725	5,750	578,769	385,961
2013	1,134,853	53,826	48,213	49,606	5,753	585,036	392,418
2014	1,155,599	57,318	49,218	53,486	5,757	591,302	398,518
2015	1,175,967	60,809	50,222	57,367	5,761	597,568	404,240
2016	1,195,933	63,230	51,005	60,189	5,758	602,988	412,763
2017	1,215,512	65,652	51,787	63,011	5,754	608,409	420,899
2018	1,234,697	68,073	52,569	65,834	5,751	613,830	428,641
2019	1,253,475	70,494	53,352	68,656	5,747	619,250	435,976
2020	1,271,912	72,915	54,134	71,479	5,743	624,671	442,969
2021	1,290,058	74,783	54,806	72,934	5,737	629,503	452,296
2022	1,307,914	76,650	55,478	74,389	5,730	634,335	461,333
2023	1,325,564	78,517	56,150	75,844	5,723	639,167	470,164
2024	1,342,978	80,385	56,821	77,299	5,716	643,998	478,759
2025	1,360,157	82,252	57,493	78,754	5,709	648,830	487,119
2026	1,377,097	83,754	58,063	79,946	5,702	653,309	496,323
2027	1,393,778	85,256	58,633	81,138	5,695	657,788	505,268
2028	1,410,235	86,757	59,204	82,330	5,689	662,267	513,989
2029	1,426,456	88,259	59,774	83,522	5,682	666,746	522,473
2030	1,442,420	89,761	60,344	84,714	5,675	671,225	530,701
2031	1,458,104	91,047	60,844	85,591	5,670	675,350	539,601
2032	1,473,502	92,333	61,344	86,468	5,665	679,476	548,215
2033	1,488,594	93,619	61,844	87,346	5,661	683,602	556,523
2034	1,503,365	94,905	62,345	88,223	5,656	687,728	564,509
2035	1,517,839	96,190	62,845	89,100	5,651	691,854	572,199
2036	1,532,026	97,442	63,416	89,726	5,656	695,835	579,952
2037	1,545,909	98,694	63,986	90,352	5,660	699,816	587,401
2038	1,559,521	99,945	64,557	90,978	5,665	703,797	594,578
2039	1,572,877	101,197	65,128	91,604	5,670	707,778	601,500
2040	1,585,983	102,449	65,699	92,230	5,674	711,759	608,172
2041	1,598,868	103,706	66,354	93,053	5,689	715,711	614,355
2042	1,611,534	104,964	67,008	93,876	5,704	719,662	620,320
2043	1,623,983	106,221	67,663	94,700	5,718	723,614	626,067
2044	1,636,316	107,479	68,317	95,523	5,733	727,565	631,699
2045	1,648,586	108,737	68,972	96,346	5,748	731,517	637,267
2046	1,660,779	109,992	69,677	97,332	5,770	735,551	642,457
2047	1,672,813	111,247	70,383	98,317	5,791	739,585	647,489
2048	1,684,824	112,503	71,089	99,303	5,813	743,619	652,497
2049	1,696,902	113,758	71,794	100,289	5,835	747,653	657,573
2050	1,709,026	115,014	72,500	101,274	5,857	751,687	662,694
2051	1,721,232	116,269	73,302	102,502	5,889	756,125	667,145
2052	1,733,499	117,525	74,105	103,729	5,921	760,562	671,657
2053	1,745,812	118,781	74,907	104,956	5,954	765,000	676,215
2054	1,758,177	120,036	75,710	106,183	5,986	769,437	680,824
2055	1,770,610	121,292	76,513	107,410	6,019	773,874	685,502

A summary of selected neighborhood demographic characteristics, based on 2010 US Census data for the Town of Marana and the Town of Oro Valley, is shown in the following table.

Demographic Summary

Area	Mean Age	Total Population	Average HH Size	Median HH Income
Town of Marana	30.8	35,232	2.63	\$67,542
Town of Oro Valley	49.8	41,335	2.35	\$69,958
City of Tucson	37.2	525,796	2.41	\$37,025
Pima County	37.7	989,569	2.46	\$45,521
State of Arizona	35.9	6,482,505	2.63	\$50,448

*Arizona Department of Economic Security, US Census

Transportation

The primary arterial roadways in the neighborhood are Oracle Road (Hwy 77), 1st Avenue, La Cholla Boulevard, Thornydale Road/River Road, Twin Peaks Road, Tangerine Road, Cortaro Farms Road, Ina Road.

Oracle Road is a primary north-south commercial arterial serving the neighborhood and northwest metro Tucson. Oracle Road extends northward from Downtown Tucson, passes through the neighborhood, continuing northward as Highway 77 to Globe, with a connection to Highway 79 toward Florence.

Although 1st Avenue extends a distance of only two miles in the neighborhood, it carries heavy commuter traffic and supports several major neighborhood shopping venues. From its junction with Oracle Road, 1st Avenue extends northward to Tangerine Road. North of Tangerine Road, 1st Avenue becomes Rancho Vistoso Boulevard; the primary arterial within the Rancho Vistoso master-planned community (MPC), before reconnecting with Oracle Road.

La Cholla Boulevard is a primary north-south commercial arterial extending from north-central Tucson to the Tortolita Mountains in the north portion of the neighborhood. In addition to being a major commuter thoroughfare, La Cholla Boulevard provides convenient access from the neighborhood southward to the Northwest Medical Center main campus, the second largest concentration of medical services in metro Tucson, as well as Foothills Mall, one of Tucson's four largest shopping malls.

Tangerine Road is a primary east-west arterial in the neighborhood, providing access from Oracle Road in the east to Interstate 10 about seven miles west of the neighborhood in Marana. Tangerine Road now has several significant commercial shopping centers, as well as a major regional medical facility.

Ina Road is a primary east-west arterial in the neighborhood, and provides access from the Catalina Foothills area to Interstate 10 to the west. As such, commercial development is concentrated around this corridor.

Overall, access within the subject neighborhood as well as to important commercial and health services in adjoining neighborhoods is good.

Land Use

The subject neighborhood in the Oro Valley area is approximately 50% built up, with the highest concentrations of development in Rancho Vistoso and in the southern portion of the neighborhood south of Tangerine Road and west of the Oracle Road corridor. Most of the anticipated future population growth will occur near the town of Catalina and other relatively undeveloped northern and western portions of the neighborhood.

Owing to U.S. Fish and Wildlife Service regulations, Pima County has instituted constraints on high-density residential and commercial development in order to be in compliance with federal government efforts to protect endangered species. Although significant growth of the neighborhood is certain over the longer term, restrictions in place at the County level, such as the “Sonoran Desert Conservation Plan” and the revised Pima County Comprehensive Plan, will still impact the pace of residential and commercial development to some extent, particularly in unincorporated areas.

Residential

The neighborhood has been one of Tucson's more active in terms of new residential construction over the past decade, though the primary focus of new growth in northwest metro Tucson is shifting westward toward Marana and the I-10 corridor. Historically low interest rates, a backlog of unmet demand, as well as a long-term trend of continuing in-migration from other states had provided significant stimulus for single-family residential development in the neighborhood and northwest Tucson in general. Considering Tucson's strong historic employment and population growth trends, the long term outlook for new residential development in the neighborhood remains positive, though currently in a correction from the 2005 peak of home sales activity and not expected to return to a stabilized market until 2012 or later, and has been negatively impacted by the housing recession in Tucson since 2008.

The area is developed primarily with medium-density residential uses, including tract housing, (which now comprises most of new construction) and custom home building. There are also attached housing communities within the neighborhood, a majority of which are north of the Canada Del Oro wash. Multi-family development is scattered throughout the neighborhood with projects located mainly along major roadways. Please refer to the Market Analysis section of this report for a more detailed analysis of residential housing in the subject neighborhood.

Commercial

Retail

The largest existing concentration of commercial uses in the neighborhood is at Oracle Road and 1st Avenue. Two existing centers there – Rooney Ranch and Rooney Ranch Center – were built in 2001 and 1994, respectively. Together they comprise about 480,000 square feet of retail space. Anchors include Target, Fry's and Pier One in the South center and Home Depot and Sports Authority in the north center.

In addition to the previously mentioned commercial projects, another area that is experiencing significant growth is along Oracle Road near First Avenue and Tangerine Road in the Town of Oro Valley. The area has had two major large-scale commercial projects. Steam Pump Village, located just north of First Avenue along the west side of Oracle Road, will be a 'lifestyle' center planned for the eventual development with approximately 250,000 to 300,000 square feet of retail and office space, including a mix of retail shops and various restaurants. An upscale furniture store (Studio C), Carpet One, Baggin's sandwich shop, Chili's restaurant and a limited-service Wingate Hotel are already opened. In Phase II of this project. Basis charter school has been completed in this area as well and is a 30,000 square foot charter school facility. This has spurred additional horizontal infrastructure development by the developers, Evergreen, which is now under construction.

The second project is the Oro Valley Marketplace, which is located at the southwest corner of North Oracle Road and East Tangerine Road. The Oro Valley Marketplace is being developed by Vestar Development and occupies a total of 114 acres. This project will eventually feature roughly 700,000 square feet of retail space and is anchored by Wal-Mart and Century 12-screen movie theatre. The first phase of this regional shopping center consists of approximately 550,000 square feet of retail and pad space. Most of Phase I is now complete, including Best Buy, Wal-Mart, Century movie theatre, Petco, DSW Shoes, Ulta Cosmetics, Cost Plus World Market, Dicks Sporting Goods, Olive Garden, Red Lobster, Tilly's, GNC, Famous Footwear, Verizon Wireless, Chase Bank and various other tenants such as an In-N-Out Burger restaurant and The Keg Steakhouse & Bar. The second phase of this development is currently on hold and it is unknown when this phase will be completed, and a considerable amount of shop space in this project is still available for lease, although some recent shop leasing has been done, and additional shop spaces are under negotiation.

A number of the new shopping centers developed since the early part of the last decade were in part spurred by a tax-rebate agreement that was offered by Oro Valley to five commercial developers, including Steam Pump Village, Oracle Crossings, Oro Valley Marketplace, Hilton El Conquistador Resort & Country Club, and an undeveloped project of Canada del Oro Partners. Incentives such as this stopped being issued by Oro Valley in August 2007, but existing agreements were not affected. The Arizona Court of Appeals recently judged these agreements as enforceable, although it is not likely that similar incentives will be offered in the future.

At the intersection of the western I-10 frontage road and Cortaro Road is Arizona Pavilions, a mixed-use commercial development that is a component of the larger Continental Ranch Business Park. Wal-Mart and Kohl's have opened stores in this development (Wal-Mart is a "super" store with 250,000 square feet) and these stores are serving as anchor tenants for additional development by national retailers. Phase II has been developed with a few in-line shop buildings along with a Chili's restaurant and an In-n-Out Burger.

The Tucson Mall is located along Oracle Road north of Wetmore. This is a two-story shopping mall of about 1.3 million square feet of retail space, with over 200 stores and restaurants. Larger restaurants include The Cheesecake Factory, Mimi's Café, Olive Garden, Sir Veza's Taco Garage and Red Robin. The mall anchors include Sears, Dillard's, JCPenney, Macy's and Forever 21.

Retail development in the neighborhood is well established and lies within the Northwest Tucson Retail Submarket. The Northwest Tucson Retail Submarket has over 4.2 million square feet of inventory, about 7.8 percent of total metro inventory. Vacancy was reported as 5.5 percent, equal to the previous quarter; this is just slightly higher than the metro average of 5.2 percent. There are several “big box” retailers in the area, including Target, Wal-Mart, Lowe’s, Home Depot, PetSmart, and Best Buy, along with numerous restaurants. Thus, commercial facilities in the neighborhood are adequate to support the neighborhood.

Tucson Retail Market Summary
Fourth Quarter 2018

#	Submarket	# of Buildings	Total GLA	Share	Vacant Space	Vacancy Rate	Last Qtr.	% Chg.
1	Central East	1,162	8,488,765	15.7%	463,181	5.5%	6.3%	-0.9%
2	Central West	763	7,220,074	13.4%	314,141	4.4%	4.4%	-0.1%
3	Downtown Tucson	317	1,841,207	3.4%	71,619	3.9%	3.9%	-0.1%
4	E Outlying Pima Cnty Ret	1	6,000	0.0%	-	0.0%	0.0%	0.0%
5	East Tucson	783	10,006,098	18.5%	583,514	5.8%	6.4%	-0.6%
6	Foothills	288	5,252,781	9.7%	166,533	3.2%	3.4%	-0.2%
7	North / Oro Valley	183	2,542,606	4.7%	205,146	8.1%	5.6%	2.4%
8	Northeast Tucson	25	353,098	0.7%	24,294	6.9%	5.8%	1.0%
9	Northwest Tucson	276	4,222,261	7.8%	234,238	5.5%	5.5%	0.0%
10	South Tucson	990	6,641,171	12.3%	356,322	5.4%	5.2%	0.1%
11	South / SW Outlying	139	1,774,578	3.3%	34,631	2.0%	2.7%	-0.8%
12	Southeast Tucson	132	1,773,146	3.3%	120,074	6.8%	7.3%	-0.5%
13	Southwest Tucson	187	2,652,691	4.9%	167,838	6.3%	6.5%	-0.2%
14	W Outlying Pima Cnty Ret	39	314,878	0.6%	26,280	8.3%	8.4%	-0.1%
15	West Tucson	135	873,689	1.6%	32,174	3.7%	3.7%	0.0%
	Total	5,420	53,963,043	100.0%	2,799,985	5.2%	5.4%	-0.2%

Note: Rate based on total physical space

Source: CoStar Group, Inc., Quarterly Tucson Retail Market Report

Office

The submarket’s vacancy figures are subject to large fluctuations due the small number of units in the submarket and on-going construction and absorption. Existing office space in the submarket is predominantly owner-occupied rather than leased. Over the next decade, the neighborhood is expected to be one of metro Tucson’s most dynamic office submarkets due to relatively strong demand and development activity.

Office development in the neighborhood is well established and lies within the Northwest Tucson Submarket. The Northwest Tucson Submarket has about 494,427 square feet of inventory, about 1.9 percent of total metro inventory. Vacancy was reported as 16.8 percent, slightly higher than the previous quarter; this is higher than the metro average of 8.5 percent.

Tucson Office Market Vacancy Summary
Fourth Quarter 2018

#	Submarket	# of Buildings	Total RBA	Share	Vacant Space	Vacancy Rate	Last Qtr.	% Chg.
1	Ajo/W Outlying Pima Cnty	9	104,583	0.4%	-	0.0%	0.7%	-0.7%
2	Central Tucson	1,116	9,966,884	37.7%	1,079,279	10.8%	11.4%	-0.5%
3	Downtown Tucson	326	5,426,237	20.5%	266,786	4.9%	4.3%	0.6%
5	East Tucson	130	1,260,449	4.8%	178,951	14.2%	9.8%	4.4%
6	Foothills	94	1,349,413	5.1%	76,612	5.7%	5.7%	0.0%
7	Green Valley/South Tucson	48	359,251	1.4%	16,272	4.5%	9.9%	-5.3%
8	North Tucson, Oro Valley	335	3,624,755	13.7%	292,523	8.1%	8.1%	-0.1%
9	Northwest Tucson	53	494,427	1.9%	82,817	16.8%	16.0%	0.7%
10	Southeast Tucson	38	535,560	2.0%	25,946	4.8%	4.8%	0.0%
11	Southwest Tucson	179	1,790,630	6.8%	78,434	4.4%	5.0%	-0.6%
12	West Tucson	226	1,557,118	5.9%	158,041	10.1%	8.3%	1.8%
	Total	2,554	26,469,307	100.0%	2,255,661	8.5%	8.4%	0.1%

Note: Rate based on total physical space

Source: CoStar Group, Inc., Quarterly Tucson Office Market Report

Industrial

Industrial uses are concentrated in a park just north of Rooney Ranch, along Oracle Road and do not represent a major use in the neighborhood. There are several significant high tech industrial facilities, one of which occupies roughly 400,000 square feet. This industrial/manufacturing facility is owned and operated by Honeywell. This project is situated just north of the industrial park opposite Rooney Ranch, just east of the Steam Pump Village development. Another high tech industrial facility is owned and operated by Roche/Ventana Medical Systems and occupies roughly 332,000+ square feet in Innovation Corporate Center, north of Tangerine Road and Innovation Park Drive. In addition, Ventana Medical Systems is planning to expand their facilities another 1.8 million square feet. The timeline for this project is undisclosed. However, Ventana Medical Systems acquired approximately 17 acres in Innovation Park (June 2008) and are holding the property for development into a master plan encompassing approximately 56 acres. Sanofi Aventis has completed and moved into their approximately 110,000 square foot high tech industrial facility within Innovation Corporate Center as well.

Industrial development in the neighborhood is well established with over 9.8 million square feet of inventory, about 23.1 percent of total metro inventory. Vacancy was reported as 2.4 percent, slightly lower than the previous quarter; this is lower than the metro average of 5.8 percent.

Tucson Industrial Market Vacancy Summary
Fourth Quarter 2018

#	Submarket	# of Buildings	Total RBA	Share	Vacant Space	Vacancy Rate	Last Qtr.	% Chg.
1	Downtown Tucson	420	4,182,703	9.8%	62,800	1.5%	1.8%	-0.3%
2	E Outlying Pima Cty Ind	2	18,464	0.0%	-	0.0%	0.0%	N/App
3	Northeast Tucson	237	2,682,264	6.3%	310,788	11.6%	8.0%	3.6%
4	NW Tucson/Oro Valley	742	9,828,452	23.1%	235,456	2.4%	2.9%	-0.5%
5	Palo Verde	540	6,669,852	15.6%	207,088	3.1%	4.5%	-1.4%
6	Park/Ajo	262	3,799,703	8.9%	253,353	6.7%	5.8%	0.8%
7	Pima/Green Valley	12	187,683	0.4%	1,000	0.5%	0.6%	-0.1%
8	Southeast Tucson	97	5,857,259	13.7%	209,366	3.6%	3.4%	0.2%
9	SW Tucson/Airport	257	9,395,060	22.0%	1,198,623	12.8%	13.2%	-0.4%
10	W Outlying Pima Cty Ind	3	13,892	0.0%	-	0.0%	0.0%	N/App
	Total	2,572	42,635,332	100.0%	2,478,474	5.8%	5.9%	-0.1%

Note: Rate based on total physical space and does not include self-storage space

Source: CoStar Group, Inc., Quarterly Tucson Industrial Market Report

Government and Public Uses

The neighborhood is under the jurisdictions of both the town of Marana and the town of Oro Valley. The northernmost portion of the neighborhood is within unincorporated Pima County, including the community of Catalina on the east side of Oracle Road/Hwy 77 and mostly state land on the west side. The Pima County Sheriff's Department provides police protection to unincorporated areas. Emergency services are provided through Rural Metro Fire Department. Garbage collection is by contract with private firms. All utilities are available in the area, including water service by Marana Water Department and Oro Valley Water Utility, sewer service through Pima County Waster Water Management, natural gas service from Southwest Gas Corporation, electrical service from Tucson Electric Power, and telecommunications from CenturyLink. Comcast and Cox Communications provide cable services.

The subject neighborhood contains both recreational and public uses. The area is within both the Marana Unified School District and the Amphitheater School District. In February 2005, Northwest Medical Center opened a new \$85 million, 96-bed satellite hospital facility in Oro Valley, located at 1551 E. Tangerine Road. Recreational amenities include Catalina State Park, a popular hiking and camping destination located along the east side of Oracle Road, north of 1st Avenue at the base of the Santa Catalina Mountains. There are several private golf courses in the neighborhood, including Sun City Vistoso Golf Club and El Conquistador Golf Club.

Summary

In summary, the neighborhood is well established and projected to grow at about the same pace as Pima County overall. Most new growth will occur in the northern and western portions of the neighborhood. Relative to the City of Tucson and Pima County, the neighborhood is significantly above average in age, median household income and per capita income. The predominant development in the neighborhood is low and medium density single-family

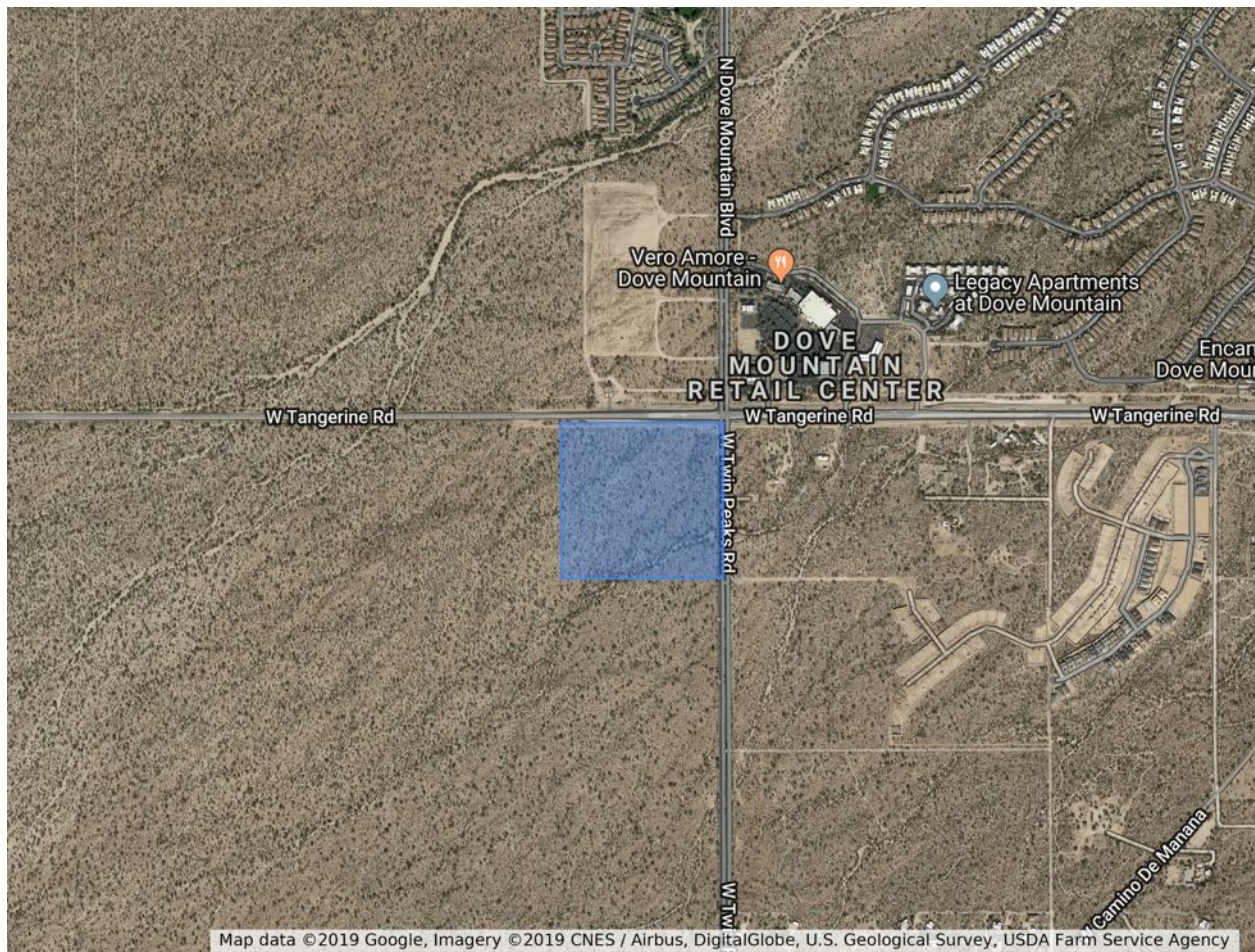
residential uses. The area is well served by existing commercial development and large-scale shopping centers such as the Oro Valley Marketplace. The neighborhood positively influences the subject property.

SECTION III

SITE DESCRIPTION

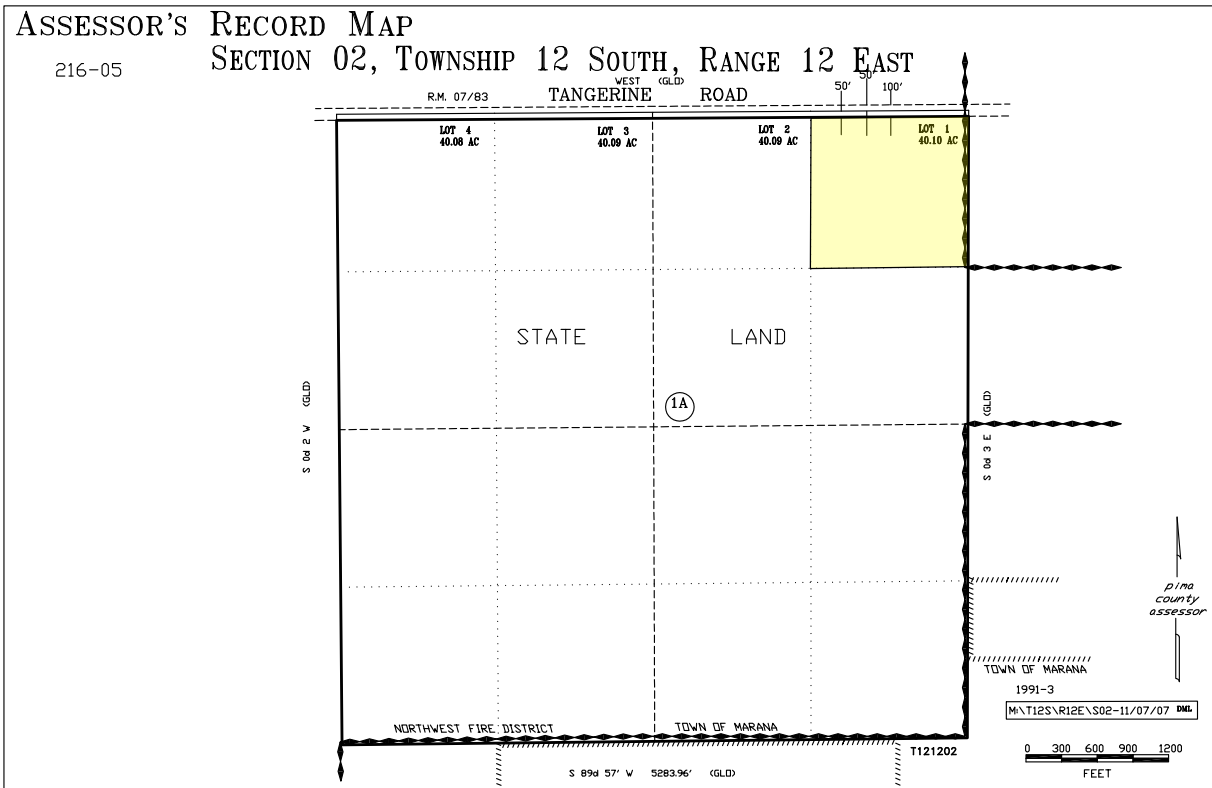
As set forth in the Scope of the Appraisal section, the subject consists of about 0.96 acres required for a right of way for construction of an underground 10-inch gravity sewer distribution line located along the south side of Tangerine Road, running west from Twin Peaks Road, in Pima County, Arizona. As such, the subject property is being appraised as a portion of a Larger Parcel. The size of the Larger Parcel is about 40 acres, and is described below.

Location: The larger parcel is located in Section 2, Township 12 South, Range 12 East, Pima County, Arizona.



Size/Shape: The Larger Parcel is a 40-acre site that is square in shape.

Topography/
Site Condition: The Larger Parcel has relatively level topography and is in a natural desert state.



Improvements:	Inspection revealed no significant improvements other than typical fencing.
Access/Frontage:	The subject has access and frontage along Tangerine Road and Twin Peaks Road. Both are four-lane asphalt-paved roadways.
Real Estate Taxes:	The Larger Parcel is owned by the State Land Trust, and is not subject to real estate taxes.
Easements:	I was not provided with a title report for the subject. The legal description and related documents provided by the client, copies of which are contained in the report Addenda, depict no easements that would impact the use of the property.
Surrounding Land Uses:	Surrounding uses include vacant State Trust land, vacant privately owned desert land, and residential and commercial uses.
Soils/Sub-soils:	A soil survey for the site was not provided. During the inspection, no conditions indicative of a potential soil or subsoil problem were apparent. This appraisal assumes soil conditions suitable for development. Should any questions arise as to the suitability of the

soil, a soils sample analysis should be obtained from a qualified firm.

Environmental:

No conditions indicative of an environmental problem were apparent. However, a Phase I environmental assessment was not provided. If this is an area of concern to the Client, a Phase I survey could be obtained from a qualified environmental consulting firm. This appraisal assumes that the subject property is free from any environmental contamination that would affect its value or marketability.

Cultural &
Natural Resources:

This analysis is subject to the assumption that there are no known archeological features to the subject site.

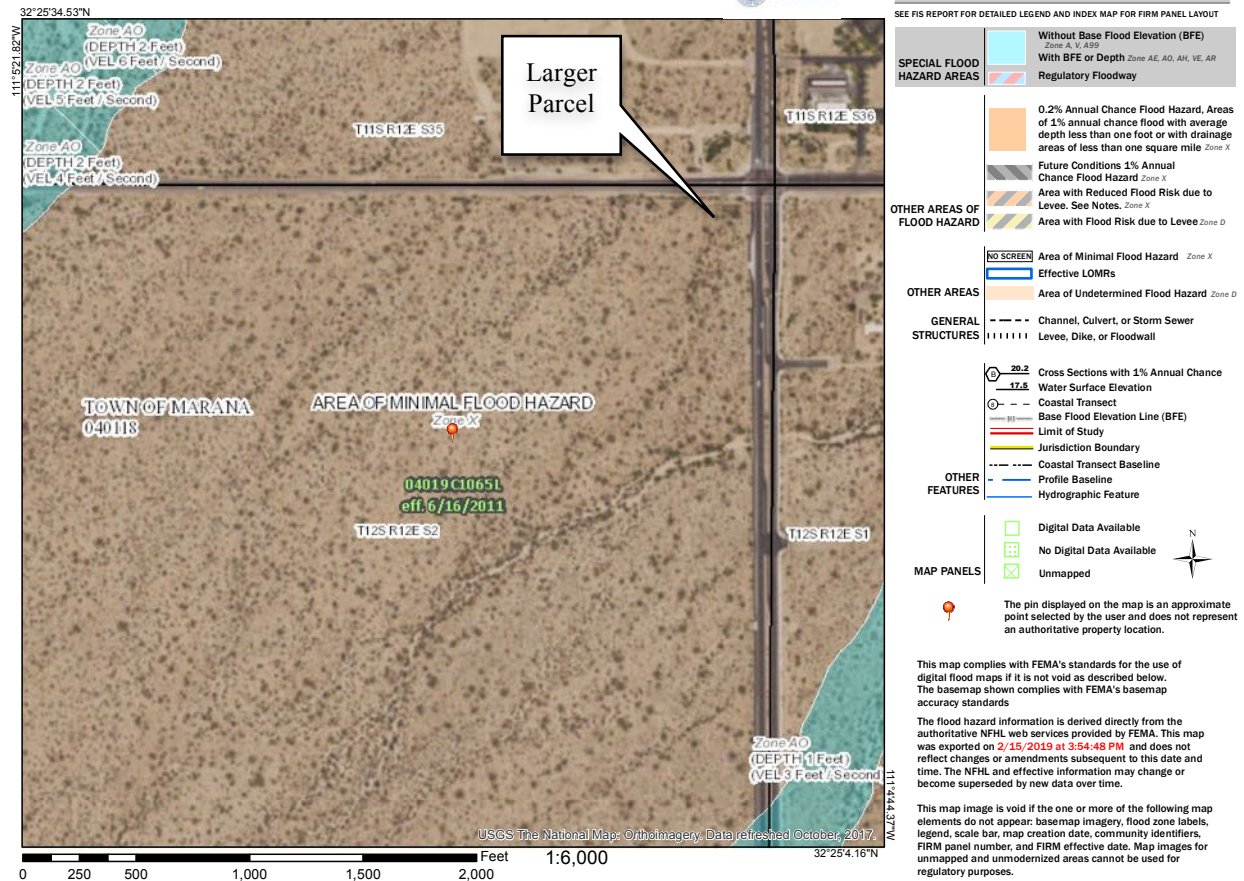
Utilities/Services:

Electricity, telephone and gas are all available within reasonable quantity to the Larger Parcel. According to the Town of Marana GIS, the intended service provider for water is the Town of Marana. Water and sewer infrastructure is present in the area however; discussion with market participants indicates that future development may be hampered by either the ability or willingness of service providers such as the Town of Marana and Pima County Wastewater to provide services to new developments. Development of the Larger Parcel would require an engineering study to determine the availability and quality of water and wastewater services.

Flood Condition:

The Larger Parcel is located within an area illustrated on the Federal Emergency Management Agency Flood Insurance Rate Map Panel Number 04019C1065L dated June 16, 2011. The Larger Parcel is located in an area designated as Zone X. Zone X is designated as an Other Area, which is an area determined to be outside the 0.2% annual chance floodplain.

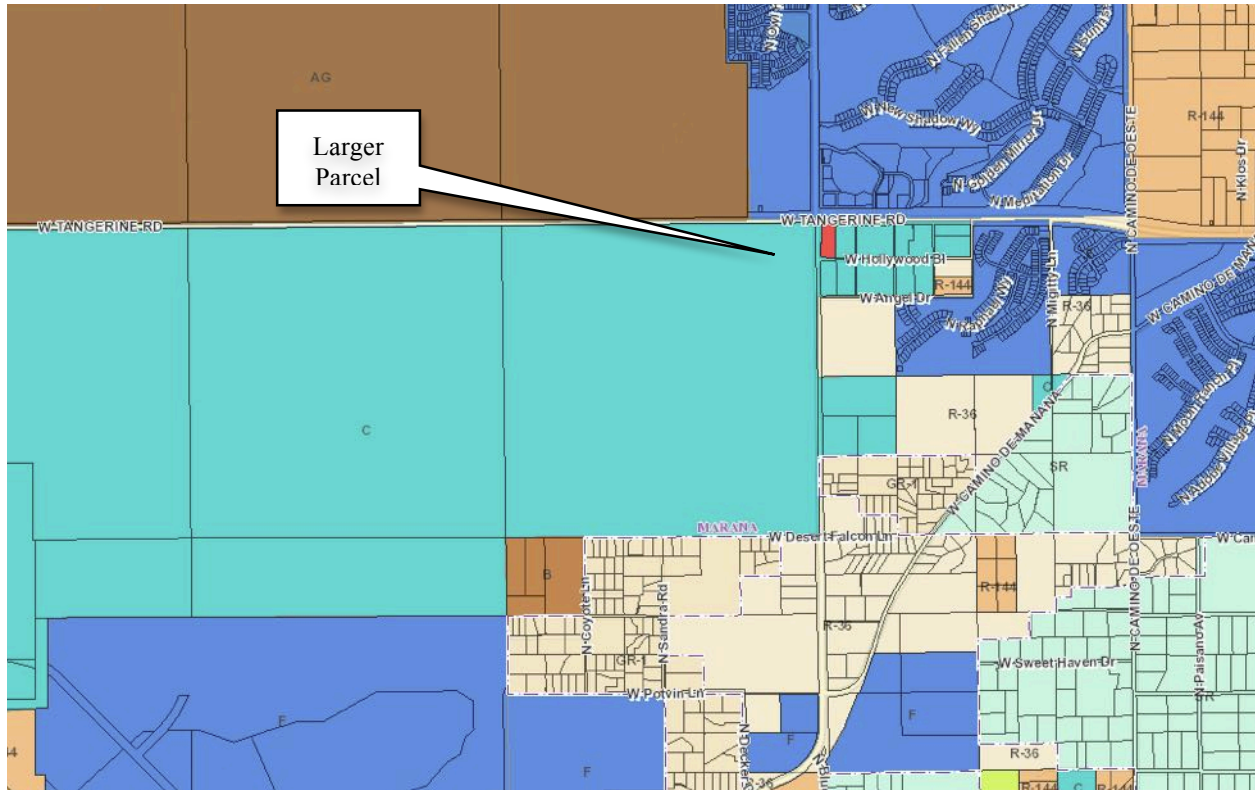
National Flood Hazard Layer FIRMette



Zoning:

The subject Larger Parcel is located within the jurisdiction of the Town of Marana. Review of the Town of Marana zoning map revealed that the subject is designated as C (Large Lot Zone). According to the Town of Marana Development Code, “within Zone C, any residential, commercial, industrial, or quasi-public land use shall be permitted, so long as each separate activity is conducted on a lot no smaller than 25 acres and is otherwise consistent with the Significant Land Use Change procedures as described in Section 05.03 of this Code. This is not to be construed, however, to permit any land use that may be expressly prohibited within the Town of Marana by other sections of this Code or ordinances of the Town of Marana, or state or federal law.” “Density Requirements- the maximum density allowed shall be one dwelling unit or one commercial, industrial, or quasi-public, establishment per 25 acres. Setbacks- No building or structure, except a fence or wall that is not part of a building and not over six feet in height shall be constructed closer than ten feet to any side property line or closer than 40 feet plus one foot for each foot of building height in excess of ten feet above ground level to any

front or rear property line. Where a lot is situated on the corner of two dedicated streets, each of the property lines along the right-of-the-way line of a dedicated street shall be considered to be a front property line, and each other property line shall be considered to be a side property line in determining allowable setbacks.”



*PimaMaps zoning map 2019

General Plan:

The subject Larger Parcel is designated as C (Commercial Zone), Marana General Plan. “The Commercial land use designation includes commercial uses that range from neighborhood to regional scale commerce. Those on the neighborhood scale may include convenience oriented commercial uses that serve single neighborhoods or groups of neighborhoods. Those on the intermediate or regional scale may include major commercial centers that serve a wider population base. Development may include regional commercial, large-scale retail establishments, local and tourist oriented services, large outdoor sales lots, office development, medical complexes, and research centers.”