Appraisal of 68th & Oak Street Property

November 30, 2021

Shannon Crosier, Chief Financial Officer
Appraisal Service

• The Purchasing Department provided three vendors who were on State Contract for Real Estate Appraisal Valuation Services

• Three vendors contacted for quotes and availability
  • M. Bernstein Real Estate Appraiser
  • Southwest Appraisal Associates Inc.
  • First Appraisal Services Inc.

• First Appraisal Services was the only vendor to respond with a quote and availability to perform the service
68th & Oak Street Property  (Formerly Tonalea Elementary)

- 10.090 acres
- 439,520 square feet
- Buildings removed – former administration building remains
- Appraisal was to determine a Fair Market Rate Rental based off proposed improvements from the Phoenix Rising.
Market Rent Analysis

• Income Approach
  • Value = Stabilization Net Operating Income/Capitalization Rate
  • Stabilized Net Operating Income = Value X Capitalization Rate

• Comparable sales determined a rate of $18.00 per square foot
  • Property Size of 439,520 square feet X $18.00 per square foot = $7,911,360 which was rounded to $7,911,000

• Capitalization Rate was determined at 4% to 5%
  • Net annual Ground Rental Rate (rounded) of $316,400 to $395,600

• Analysis Rate $320,000 or $26,667 per month
Next Steps

• Administration will work with legal consultant on possible 20-year lease agreement
• Lease agreement will take into consideration market price as well proposed land improvements
• Information brought back to the Governing Board for possible action December 14, 2021
Questions?