

REAL PROPERTY APPRAISAL REPORT

PREPARED FOR:

Thornton Development Authority
City of Thornton Economic Development
9500 Civic Center Drive
Thornton, Co 80229

Attention: Chadwick Howell, CHMM

PREPARED BY:

Charles Nelson, MAI
Nelson Appraisal and Consulting, LLC
2413 Washington Street, Suite 100
Denver, Colorado 80205

PROPERTY ADDRESS: 9045 Grant Street, Thornton, Colorado 80229

COUNTY PARCEL NO.: 0171922409002

OWNER: Thornton Development Authority

APPRAISER: Charles Nelson, MAI

DATE OF VALUATION: February 17, 2022

DATE OF REPORT: February 23, 2022

Nelson Appraisal and Consulting, LLC
2413 Washington Street, Suite 100
Denver, CO 80205

February 23, 2022

Thornton Development Authority
City of Thornton Economic Development
9500 Civic Center Drive
Thornton, Co 80229

Attention: Chadwick Howell, CHMM

LOCATION: 9045 Grant Street, Thornton, Colorado 80229
OWNER: Thornton Development Authority

Mr. Howell:

This is my appraisal report concerning the property located at 9045 Grant Street, Thornton, Colorado. The property is a 6.43-acre vacant commercial land tract situated on a cul-de-sac just west of Grant Street. The subject site, at the head of the cul-de-sac, slopes downward to the I-25 right-of-way which runs along the west side of the site.

The effective date of appraisal and valuation is February 17, 2022. The purpose of this appraisal is to provide an opinion of current market value based on the fee simple estate. The report will be used to aid the client in setting a possible selling price.

I have not performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report, within the three-year period immediately preceding acceptance of this assignment.

The market value estimate is subject to certain definitions, assumptions and limiting conditions, and the certification of the appraiser as set forth in the attached appraisal report. Based upon my independent appraisal and exercise of my professional judgment, my estimate of the current market value, as of February 17, 2022, is **\$1,820,000**.

Respectfully submitted,



Charles Nelson, MAI
State of Colorado
Certified General Appraiser #CG- 01323474

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Executive Summary	
Property Address or Location:	9045 Grant Street, Thornton, Colorado
Parcel Number(s):	0171922409002
Name of Owner:	Thornton Development Authority
Name of Tenant/Owner Occupant:	The land is vacant.
Property Inspection:	The property was inspected on several occasions including an inspection on February 17, 2022.
Property Interest Appraised:	Fee Simple
Effective Appraisal Value Date:	February 17, 2022
Date of Appraisal Report:	February 23, 2022
Environmental Concerns:	The property is appraised as though clean with no environmental concerns.
Parcel Land/Site Area:	Based on Adams County assessor information, the site is approximately 6.43 acres or 279,960 square feet. The size based on the county records is used in the appraisal. The parcel is located between a multifamily development, commercial office buildings and a school. A second vacant site also owned by the Thornton Development Authority is adjacent to the northwest.
Subject 5-Year Sales History:	The subject property has not been transferred or sold within the past five years.
Zoning:	The site is zoned (CC) City Center District. The City Center District provides for the development of a central business district containing governmental, quasi-public agencies, office, retail, and service uses. Residential uses are permitted as part of a mixed-use development.
Market Influences:	<p>The Thornton market has been improving notwithstanding the residual effects of the ongoing pandemic. In recent years, the Denver metro area has grown at a rapid pace. With the development of light rail and commuter rail branching out to the suburbs; the desirability of the area has increased.</p> <p>The overall residential market continues to show increasing values due to low supply and historically low interest rates. Interest rates, however, may be increased in 2022 due record levels of inflation.</p> <p>Certain parts of the commercial market are currently impacted by the COVID-19 pandemic, causing negative absorption, and increasing vacancy rates in some markets.</p> <p>The projected data could be impacted by the rate of vaccination, changes in the duration and/or severity of the pandemic through variants of the virus, changing demographic growth patterns, changes to planning and zoning, and so on. (Further comment is in the body of the report)</p>
Highest/Best Use:	Public or private commercial office uses; other uses on a special case basis
Current Market Value:	\$1,820,000

Subject Images

(Please note - outlines and highlighted areas on exhibits/aerials in this report are approximations and presented for illustration only)

STDB Aerial Looking West



Looking East



Zoomed View



Subject Property Photographs/Aerials



Adams County Parcel Aerial



Looking west across the subject cul-de-sac on Russell Blvd.



Looking south across the west portion of the site



Looking west across the overall site



Looking east along Russell Blvd.

Assumptions and Limiting Conditions

The certification of the appraiser who developed this report is subject to the *Assumptions and Limiting Conditions* that are listed below:

Extraordinary Assumptions

Definition of Extraordinary Assumption: “*an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.*”

Comment: *Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.*

(USPAP 2020-2022 ed.; The Appraisal Foundation)

1. A cursory site inspection was completed, and research included investigation of zoning and allowed uses. The site is not in a floodplain according to data from the Federal Emergency Management Agency (FEMA). However, detailed soil reports, environmental studies, or past development plans, if any, were not provided. The appraisal is developed as though the land is developable and can support construction of a building or buildings. If new or different information is provided, the appraisal and report may need to be revised.

USPAP requires disclosure that this extraordinary assumption could impact the results of this appraisal.

Hypothetical Conditions

Definition of 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.*”

Comment: *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.*

(USPAP 2020-2022 ed.; The Appraisal Foundation)

There are no hypothetical conditions applied in this report.

General Assumptions and Limiting Conditions

1. The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photographs are included for the same purpose. Site plans are not surveys unless prepared by a separate surveyor.

2. This Appraisal Report is intended to comply with the reporting requirements set forth in Standards Rule 2 of USPAP.
3. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report. The property is appraised “as if free and clear” of liens and encumbrances, but subject to existing easements, covenants, deed restrictions, and rights-of-way of record.
4. Opinions, estimates, data, and statistics furnished by others in the course of studies relating to this report are considered reliable.
5. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated land use. Separate allocations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
6. This report is as of the date set out and is not intended to reflect subsequent fluctuations in market conditions, up or down.
7. It is assumed there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or arranging for engineering studies that may be required to discover them.
8. It is assumed the subject property complies with all applicable zoning and use regulations and restrictions, unless non-conformity has been stated, defined, and considered in this appraisal report.
9. It is assumed the use of land and improvements is within the boundaries or property lines of the property described and there is no encroachment or trespass unless otherwise stated in this report.
10. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of nor did the appraiser become aware of such during the appraiser’s inspection of the subject property. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the subject property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, or for any expertise or knowledge required to discover them.

Scope of Work

Identity of the Client and Intended Users

This appraisal report has been prepared for the client, the Thornton Development Authority. The intended user of this appraisal report is the client.

Intended Use of the Appraisal

The intended use of the appraisal is to aid the client in setting a possible selling price.

Real Property Interest Appraised

The real property interest of the subject parcel is valued as fee simple title. The property is appraised “as if free and clear” of all liens, bond assessments, and indebtedness, but subject to existing easements, covenants, deed restrictions, and rights-of-way of record.

Purpose of the Appraisal

The purpose of this appraisal is to develop an estimate of reasonable market value.

Definition of Reasonable Market Value

The following definition of *market value* is used by agencies that regulate federally insured financial institutions in the United States. This definition is adopted for use in this report, including the text grammatical style. The definition follows.

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Exposure Time

Exposure Time is defined in *The Dictionary of Real Estate, 6th Edition* as follows:

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

Based on data in file, and the state of the real estate market for vacant land sites like the subject, the estimated market exposure time is six months to one year. The value in the report is based on the subject as if the property had been exposed to the open market from six months to one year.

Effective Date of Appraisal

The effective date of the appraisal is February 17, 2022.

Date of Appraisal Report

The date of the appraisal report is February 23, 2022.

Scope of Research and Analyses

Research was completed to identify recent land sales with similar zoning and highest and best use compared to the subject property. The search area included the immediate area and general metropolitan area. The subject is an infill site, in a largely developed area. Consequently, there were limited recent sales of similar land tracts in the immediate area. Therefore, the larger general area was researched with sales selected that had similar location attributes, similar surrounding development, similar demographics, and so on.

Data sources used included published sales and market data prepared by *CoStar*, *RealQuest*, *REColorado* (a multiple listing service; (MLS)), and public records. Economic factors relating to the subject neighborhood and surrounding areas were investigated. The sources

of these economic factors varied including *Focus Colorado: Economic and Revenue Forecast*, the *Site to Do Business* service, published reports by *Newmark Grubb Knight Frank* market research, and articles published by news sources. There are three approaches by which the value of real estate may be estimated, with additional subset methodology based on the core approaches. The three approaches include the sales comparison approach, the cost approach, and the income capitalization approach. In some cases, one or more of the approaches are unreliable or unsupported; and, consequently, are not used.

The subject is valued using the sales comparison approach. Infill land sites like the subject are not often leased. The subject site is not income producing and the income approach is not used. The site is unimproved, and the cost approach is not applicable.

Summary of Appraisal Problems

The subject neighborhood and market area were studied, with data gathered from the City of Thornton and surrounding market areas, including the zoning and planning departments. The subject area is surrounded primarily with commercial office, multifamily and educational uses. Sales selected for comparison in the valuation section included criteria to match the subject land type.

Although several sales are presented in the report, the analysis includes research of numerous sales, and other market data, in file.

The research and analysis resulted in a conclusion of highest and best use, and various sales to be used as land sale comparables to support the concluded value of the site.

The final estimate of current market value is based on the analysis presented, and support data in file.

External Market and Location Influences

In the past two years there has been an outbreak of a new strain of the Corona virus known as COVID-19. This pandemic had a major impact on financial markets across the country and world and although markets in some instances have recovered, they remain unstable. To date office and retail vacancies are increasing and rents are decreasing. As an example, Alpine Investments, a Denver area developer, revised plans for construction of a 10-story office building on a land site at 955 Bannock Street. The new submittal for the same site calls for a 12-story 109-unit apartment. The developer explained that the uncertainty in the office leasing market, combined with the uncertainty in the office financing arena, led to the change.

The apartment market has not had the same level of impact, in Colorado. The residential housing market continues to be strong given the limited supply of available resale homes and low interest rates. Increases in lumber costs, however, could slow the rate of development of new homes.

The pandemic and related health issues impacted all parts of the U.S. and Colorado economies. The steep decline began in the first quarter of 2020 and worsened in the second quarter. There was some recovery in summer 2020, but data over the 2020-21 holiday season showed the highest growth rate in positive cases and increases in hospitalization. As of January 2022, cases and hospitalizations were increasing due to the highly contagious Omicron variant.

Although several vaccines have been approved and the distribution/vaccination process is taking place, there is still ongoing risk until a sufficient percentage of the population has been inoculated.

According to *CoStar* data and other sources, the COVID-19 outbreak had a major impact on employment. Jobless claims, at the high point, were more than 20 million and short-term unemployment grew to more than 15 percent. To contain and subjugate the virus stay-at-home orders and safer-at-home orders were enforced across the country. Non-essential businesses were ordered to close.

To counter the negative economic impacts fiscal and monetary stimulus packages were passed. The first was over \$2 trillion, a second at \$900 billion, and a third passed at \$1.9 trillion and is known as the American Rescue Act of 2021. The bullet lists below, taken from the *Colorado Legislative Council Staff Economic & Revenue Forecast*, list the major provisions of the act.

- extending expanded unemployment benefits, offering \$300 per week for unemployed persons through Labor Day 2021;
- direct payments of \$1,400 to individuals with adjusted gross income below \$75,000 (\$150,000 for married taxpayers filing jointly), with smaller benefits for taxpayers with incomes above that threshold;
- creation or expansion of certain targeted federal tax programs, including the federal earned income tax credit, the federal child tax credit, and a tax credit for employers offering paid family or medical leave benefits;
- \$350 billion in assistance to state, local, territorial, and tribal governments; \$130 billion in assistance to K-12 schools to assist with school reopenings; and
- over \$100 billion in COVID-19-related spending, with the largest portion of this going to the Federal Emergency Management Agency (FEMA) to conduct vaccine distribution.

The purpose of the stimulus bills was to provide a short-term bridge until the economy could fully reopen. The American Rescue Act of 2021 is the single most impactful act in terms of changing the forecasted economic health of the nation, for the short term.

A substantial segment of the Colorado economy, including Weld and Larimer counties, is based on oil and gas and crude oil prices plummeted reaching a low of \$20 per barrel in March of 2020. The global oversupply of crude oil combined with diminishing demand created by stay-at-home orders and other social distancing, resulted in upstream and downstream impacts. Current crude oil prices have increased to approximately \$80-\$84 per barrel, a level where profit can be generated but at the expense of rising gas prices.

In addition to oil price increases, goods and services are currently experiencing a period of inflation. Supply and demand are out of equilibrium caused by labor shortages, congestion at ports of entry, stalled supply vessels, and so on. In addition, the rise and rapid spread of the Omicron variant has shifted the expected pace of recovery from COVID. Although COVID did not have the catastrophic impact expected by some forecasters, there is uncertainty around the consumer, business, and work force behavior, and how some temporary changes

may become permanent. This includes the trend of a remote workforce, and lack of need for traditional office space.

Gross Domestic Product (GDP) is the most relied on indicator of total economic activity in the U.S. Based on data from the *Colorado Legislative Council Staff Economic & Revenue Forecast*, the pandemic caused a 31.2 percent decline in the second quarter of 2020. A substantial rebound at 33.8 percent occurred in the third quarter of 2020. The fourth quarter experienced normalization with growth at 4.3 percent by December 2020. Real GDP declined by an average of 3.4 percent in 2020. Growth as of the first and second quarters of 2021 was 6.3 and 6.6 percent, respectively, with growth in the third quarter at 2.1 percent. The growth as of the end of 2021 is projected to average 5.7 percent for the year, at pre-COVID-19 levels. A rate at 3.8 percent is projected for 2022, then slowing in 2023 at a rate of 2.4 percent.

Figure 24, below, taken from the *Colorado Legislative Council Staff Economic & Revenue Forecast December 2021*, shows U.S. real gross domestic product from 2007 forecasted through 2023.

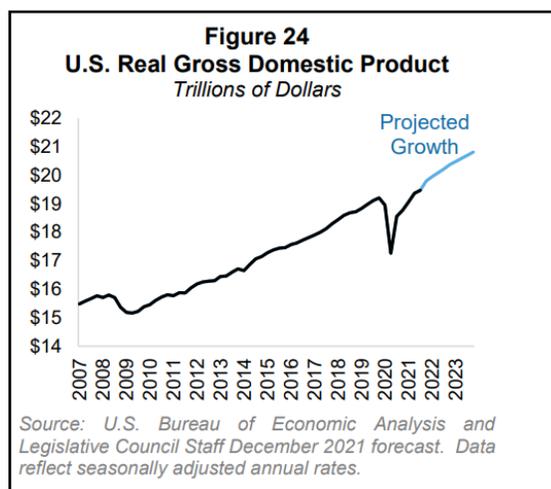


Figure 24 shows the sharp decline after the impact of COVID-19, but the most recent forecast shows higher than expected growth and economic health. The various government stimulus packages and the successful distribution of vacancies has had a positive impact.

National Labor Market

The U.S. labor market, based on employee survey, added 531,000 jobs in October. This is lower than the average of 1,027,000 in June and July, but more than the 398,000 jobs added in August and September. Jobs added in May 2021 totaled 559,000, with gains of 785,000 in March and 278,000 in April. Leisure and hospitality experienced the largest gains. However, this industry also suffered some of the largest losses. Public and private education, health care, and social assistance also experienced significant gains.

Despite recent gains the U.S. economy is still down 7.6 million jobs since the pandemic in early 2020. However, the national unemployment rate, based on information from the Bureau of Labor was down to 5.8 percent as of May 2021, the first time the rate has been under 6 percent since the pandemic. The rate, as of December 2021, is 3.9 percent, based on data from the U.S. Bureau of Labor Statistics. Long term unemployment, those unemployed for 27 weeks or more, remains high at 32.2 percent of the total jobless population, as of December 2021.

As of 2021 the national labor market has been unstable with lower-than-expected gains for certain months, and higher than expected gains for others. Employers report difficulty filling available positions, although unemployment remains relatively high. Early retirement and other pandemic related labor market shifts contribute to some of the lack of availability. U.S. nonfarm employment decreased by 5.7 percent over 2020, but is expected to increase by 2.7 percent through 2021, and 3.1 percent in 2022. The U.S. unemployment rate was 8.1 percent in 2020, dropping to 3.9 percent, based on most recent reporting, as of year-end 2021.

Table 21 to follow shows national economic indicators including employment and income indicators.

Table 21
National Economic Indicators

Calendar Years	2016	2017	2018	2019	2020	Legislative Council Staff Forecast		
						2021	2022	2023
Real GDP (Billions) ¹	\$17,680.3	\$18,079.1	\$18,606.8	\$19,032.7	\$18,384.7	\$19,432.6	\$20,171.1	\$22,655.2
Percent Change	1.7%	2.3%	2.9%	2.3%	-3.4%	5.7%	3.8%	2.4%
Nonfarm Employment (Millions) ²	144.3	146.6	148.9	150.9	142.3	146.1	150.6	155.0
Percent Change	1.8%	1.6%	1.6%	1.3%	-5.7%	2.7%	3.1%	2.9%
Unemployment Rate ²	4.9%	4.4%	3.9%	3.7%	8.1%	5.4%	3.9%	3.6%
Personal Income (Billions) ¹	\$16,096.9	\$16,850.2	\$17,706.0	\$18,424.4	\$19,627.6	\$21,021.2	\$21,105.2	\$22,012.8
Percent Change	2.6%	4.7%	5.1%	4.1%	6.5%	7.1%	0.4%	4.3%
Wage and Salary Income (Billions) ¹	\$8,091.3	\$8,474.7	\$8,900.5	\$9,323.5	\$9,444.1	\$10,294.1	\$10,983.8	\$11,598.9
Percent Change	2.9%	4.7%	5.0%	4.8%	1.3%	9.0%	6.7%	5.6%
Inflation ²	1.3%	2.1%	2.4%	1.8%	1.2%	4.7%	4.1%	2.0%

Sources

¹U.S. Bureau of Economic Analysis. Real gross domestic product (GDP) is adjusted for inflation. Personal income and wages and salaries not adjusted for inflation.

²U.S. Bureau of Labor Statistics. Inflation shown as the year-over-year change in the consumer price index for all urban areas (CPI-U).

Personal income fared relatively well during the pandemic, but this was tied to transfer payments and other government support mechanisms. As the support is removed, the actual income will be realized, and the impact may be more severe. Personal income growth is estimated at 7.1 percent for 2021, but lowering to 0.4 percent for 2022, and recovering to 4.3 percent in 2023.

Colorado Labor Market

The Colorado labor market indicates a similar unstable job market, with initial slow job growth but then showing some signs of recovery. The economy added 10,600 nonfarm jobs in October 2021, an increase compared to gains of 5,000 in August and 9,700 in September. Even with this growth, total employment is down 62,700 jobs since the pandemic. This calculates to a job recovery rate of 83.3 percent.

Of the gains, leisure and hospitality added the most jobs in October, at 6,800 jobs, with 5,100 of these jobs in accommodations and food services and 1,700 in arts, entertainment, and recreation. These sectors account for approximately 63 percent of the jobs gained in Colorado in 2021. However, these sectors also experienced the greatest job losses during the pandemic.

Other sectors with gains included trade, transportation, and utilities, with 2,100 jobs added, and professional and business services, adding 1,900 jobs. Other Services had the highest loss in October at 2,000 jobs.

Figure 25 to follow, taken from the study, illustrates the employment statistics for the U.S. and Colorado.

Figure 25
Selected U.S. and Colorado Labor Market Indicators

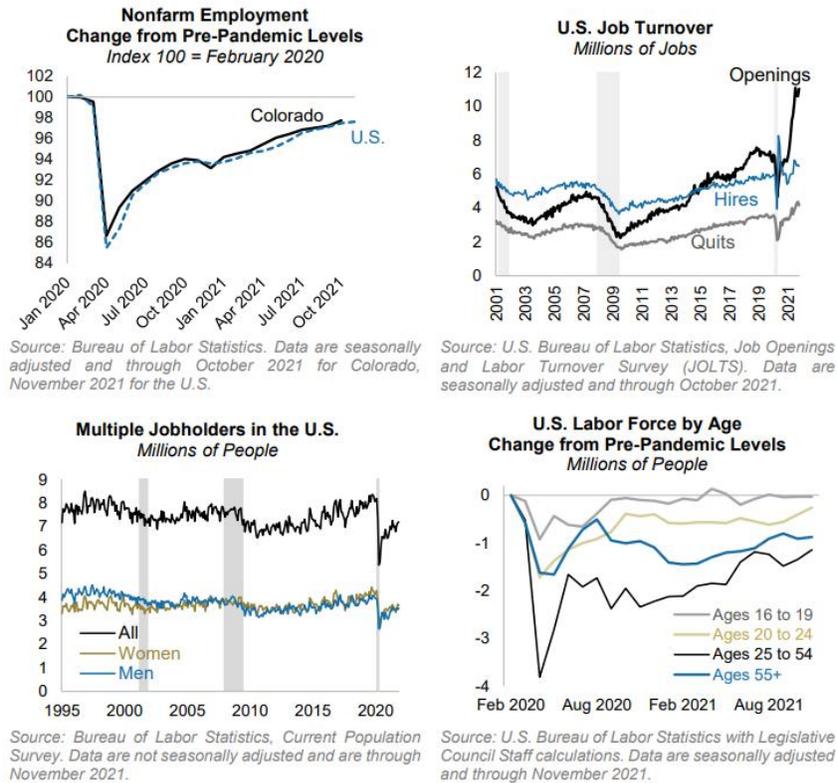


Figure 27 to follow indicates that the private industry sectors have recovered more jobs than were initially lost at the beginning of the pandemic. The net gains include 8,000 jobs in transportation, warehousing, and utilities, 6,400 jobs in professional, scientific, and technical services, and 3,100 jobs in management of companies and enterprises.

The mining and logging sector, information sectors including movie theaters, and the state and local government sectors, continue to be down compared to pre-pandemic levels. The accommodation and food services sector has the highest downturn of total jobs loss at 25,200 jobs since April 2020. This is 82 percent of the pre-pandemic level. Construction and manufacturing have recovered 20 and 46 percent, respectively. Arts, entertainment, and recreation and private educational services sectors have recovered slightly more than 50 percent of the losses. Figure 27 below shows a summary of the job loss and gain data indicating that from February-October 2021 Accommodations & Food Services were down the highest percent from pre-pandemic levels, with Professional, Scientific & Technical

Services up the highest percent, over pre-pandemic levels. This could reflect some of the job change/displacement in the labor force.

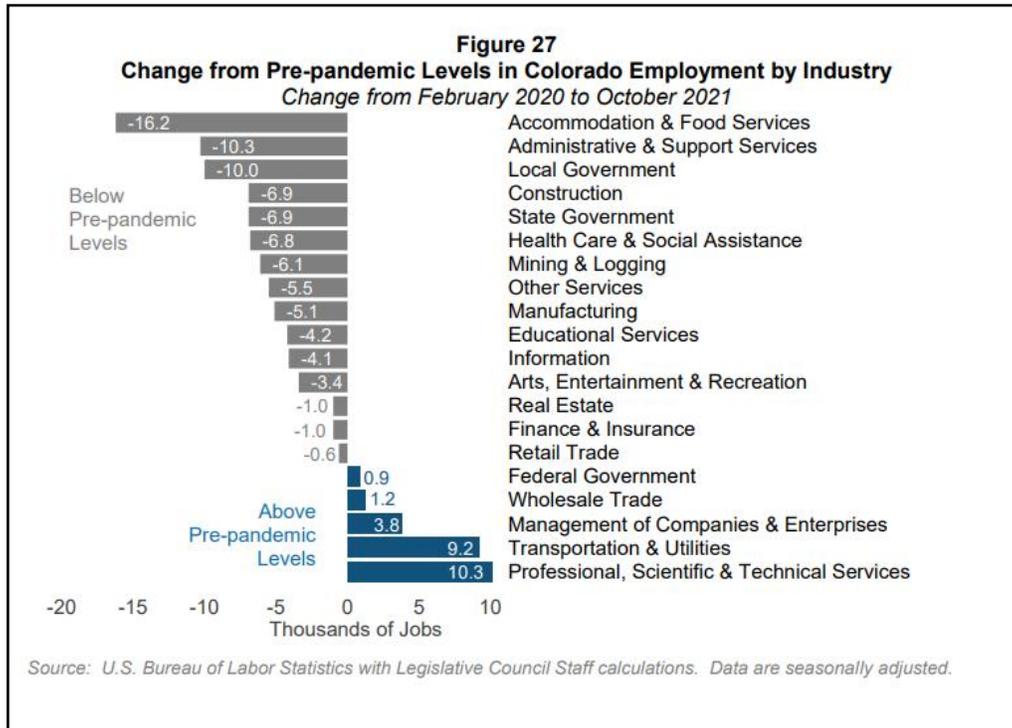


Table 22 below shows Colorado economic indicators projected through 2023.

Table 22
Colorado Economic Indicators

Calendar Years	2016	2017	2018	2019	2020	Legislative Council Staff Forecast		
						2021	2022	2023
Population (Thousands, as of July 1) ¹	5,543.8	5,617.4	5,697.2	5,758.5	5,773.7	5,819.9	5,883.9	5,954.5
Percent Change	1.6%	1.3%	1.4%	1.1%	0.3%	0.8%	1.1%	1.2%
Nonfarm Employment (Thousands) ²	2,601.5	2,660.2	2,727.1	2,789.9	2,645.9	2,720.0	2,812.5	2,885.6
Percent Change	2.4%	2.3%	2.5%	2.3%	-5.2%	2.8%	3.4%	2.6%
Unemployment Rate ²	3.1%	2.6%	3.0%	2.7%	7.3%	5.9%	4.1%	3.4%
Personal Income (Millions) ³	\$289,673	\$309,658	\$331,955	\$350,390	\$370,392	\$394,838	\$397,997	\$418,295
Percent Change	1.7%	6.9%	7.2%	5.6%	5.7%	6.6%	0.8%	5.1%
Wage and Salary Income (Millions) ³	\$151,165	\$160,963	\$170,904	\$182,944	\$187,128	\$201,724	\$213,276	\$224,278
Percent Change	3.1%	6.5%	6.2%	7.0%	2.3%	7.8%	5.7%	5.2%
Housing Permits (Thousands) ¹	39.0	40.7	42.6	38.6	40.5	49.6	47.7	49.3
Percent Change	22.3%	4.4%	4.8%	-9.4%	4.8%	22.5%	-3.7%	3.4%
Nonresidential Construction (Millions) ⁴	\$5,987.8	\$6,154.9	\$8,146.4	\$5,166.7	\$5,444.0	\$5,248.0	\$5,515.7	\$5,686.6
Percent Change	20.0%	2.8%	32.4%	-36.6%	5.4%	-3.6%	5.1%	3.1%
Denver-Aurora-Lakewood Inflation ⁵	2.8%	3.4%	2.7%	1.9%	2.0%	3.7%	3.4%	1.8%

Sources
¹U.S. Census Bureau. Residential housing permits are the number of new single and multi-family housing units permitted for building.
²U.S. Bureau of Labor Statistics.
³U.S. Bureau of Economic Analysis. Personal income and wages and salaries not adjusted for inflation.
⁴F.W. Dodge.
⁵U.S. Bureau of Labor Statistics. Inflation shown as the year-over-year change in the consumer price index.

The Colorado indicators show the impact from COVID-19. Population growth is projected to be lower than the four years prior to the pandemic, at approximately 0.8 percent for 2021, 1.1 percent for 2022, and 1.2 percent for 2023. The Colorado unemployment rate was 7.3 percent as of year-end 2020, 5.9 percent as of year-end 2021, and is expected to continue to be elevated through 2023 at 3.4 percent. According to the U.S. Bureau of Labor Statistics the Colorado unemployment rate as of November 2021 was 5.1 percent (preliminary). Prior to the pandemic the Colorado unemployment rate was 2.9 percent. The table below shows the steady decrease in unemployment in Colorado since June 2021.

June 2021	July 2021	Aug 2021	Sept 2021	Oct 2021	Nov 2021
3,196.4	3,195.5	3,193.2	3,193.4	3,196.7	(P) 3,199.9
2,999.2	2,999.5	3,004.2	3,013.6	3,025.4	(P) 3,036.1
197.3	196.0	188.9	179.9	171.3	(P) 163.8
6.2	6.1	5.9	5.6	5.4	(P) 5.1

Wage and salary income growth in Colorado was lower than inflation as of year-end 2020 but is projected to increase to 7.8 percent for year-end 2021, 5.7 percent for 2022, and lower at 5.2 percent for 2023.

The future strength of the commercial, agricultural, and residential markets is dependent on the success in mitigating the virus. The larger population will need to be receptive to inoculation. The growth in new cases, including cases of the highly contagious Omicron variant, will have to be mitigated with mask wearing and social distancing for the next several months and the results of population behavior will have an impact on the rate of economic recovery.

The previous analysis may change depending on the course of the virus and treatment options. The *Colorado Legislative Council Staff Economic & Revenue Forecast - December 2021*, provided comment below.

Risks to the forecast

The evolving COVID-19 pandemic continues to pose sizable risks to the economy, caseloads, and revenue streams. As this forecast expects revenue subject to TABOR to exceed the Referendum C cap throughout the forecast period by a sizable amount, General Fund revenue forecast error is expected to lead to higher or lower TABOR refunds instead of impacting the amount of revenue available to spend or save. That said, higher (or lower) cash funds revenue subject to TABOR could decrease (or increase) budget flexibility by requiring additional TABOR refunds, which are paid for using revenue from the General Fund. The published actual rate of Denver-Aurora-Lakewood inflation will also have important budgetary consequences. Higher (or lower) than expected inflation would allow the state to retain more (or less) revenue under the Referendum C cap, and may also contribute to higher (or lower) budget pressures for state programs.

The commentary illustrates the uncertainty related to the TABOR (Tax Payer's Bill of Rights). Decisions and possible ballot referendums around TABOR could dictate how the expected growth in general revenue funds, at \$800 million, created by the Colorado Economy, is applied.

Metro Denver Region

Adams, Arapahoe, Boulder, Broomfield, Denver, Douglas, and Jefferson Counties

The following Metro Denver Region narrative includes information and excerpts (paraphrased) also taken from the *Focus Colorado Economic & Revenue Forecast*, and other sources.

Colorado's diverse seven-county metro Denver region holds the largest population and workforce of the nine economic regions identified in the forecast. The region showed signs of a mature economic expansion entering 2020, characterized by a tight labor market, slowing employment growth, and post-peak levels of construction activity. Due to COVID-19-related business closures and stay-at-home orders, the region saw a steep contraction in economic activity. The current rate of vaccination is positive and could accelerate the

recovery into the future. Table 23 to follow shows metro Denver region economic indicators.

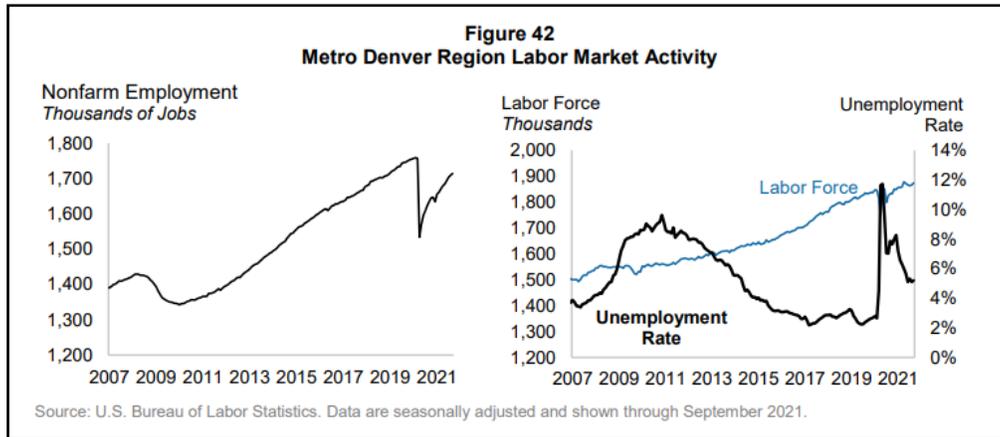
	2017	2018	2019	2020	YTD 2021
Employment Growth ¹	2.1%	2.6%	2.3%	-5.1%	2.4%
Unemployment Rate ²	2.5%	2.9%	2.5%	7.4%	5.8%
Housing Permit Growth ³					
Denver-Aurora MSA Single Family	3.8%	7.9%	-6.1%	1.5%	23.9%
Boulder MSA Single Family	-4.3%	15.7%	-9.5%	-6.2%	-25.4%
Nonresidential Construction Growth ⁴					
Value of Projects	-10.9%	46.7%	-37.1%	-10.9%	0.2%
Square Footage of Projects	-14.8%	-10.7%	-8.0%	-5.8%	16.0%
Level (Millions)	19,259	17,193	15,809	14,887	14,996
Number of Projects	-23.9%	-18.4%	-11.5%	-1.3%	10.7%
Level	945	771	682	673	621

MSA = Metropolitan statistical area.
¹U.S. Bureau of Labor Statistics, CES (establishment survey). Seasonally adjusted. Data through September 2021.
²U.S. Bureau of Labor Statistics, LAUS (household survey). Seasonally adjusted. Data through September 2021.
³U.S. Census. Growth in the number of residential building permits. Data through September 2021.
⁴F.W. Dodge. Data through October 2021.

The indicators show the impact from the virus. Employment growth was negative by 5.1 percent over 2020, after being positive the four previous years. Housing permit growth in the Denver-Aurora MSA was positive in 2017 and 2018, declining in 2019, but positive in 2020, with a major increase over 2021. This increase, in part, is due to the record level shortages of available homes on the market, with continued high demand. Interest rates were low and stagnant over 2021, creating a larger pool of qualified buyers. There was also pent-up demand from 2020, when COVID had its largest impact; and young buyers living with family members, or in apartments with roommates. Some of this young demographic is now returning to the home purchase market.

The early uneven pattern, with a lower than expect number of permits, is partially due to increases in construction costs. However, recent data shows lumber cost beginning to decrease. The limited number of homes available and high demand caused prices to continue to increase through the pandemic. Nonresidential growth, in terms of value, was down significantly over both 2019 and 2020, partially due to the pandemic. The year 2021 showed a slight recovery, with a growth of positive 0.2 percent.

The **regional** unemployment rate was 2.5 percent in 2019 growing to 7.4 percent as of year-end 2020. The rate as of year-end 2021 was 5.8 percent. Figure 42 below illustrates historic and current employment trends, showing the steep increase in the unemployment rate after the pandemic.



The metro Denver region is home to a wide range of tourism-related and business travel activity, serving as the main air transit hub in and out of Colorado. Ceased air travel and mandatory business closures shuttered hotels, retail establishments, restaurants, and bars beginning mid-March 2020.

Denver International Airport (DIA), a major economic generator at more than \$33 billion for the state over a 5-year span, experienced flight reduction, in some cases and for some airlines, by more than 90 percent. This has a direct impact on in-migration that provides workers for Denver’s labor force.

Flight activity is now increasing at DIA, with recent reports showing some periods of 80+ percent capacity compared to 2019. The overall travel industry, however, continues to be below pre-COVID-19 demand. There are signs of a return to normalcy with strong gains over the past several months. The airport continues to be the 3rd busiest in the nation, based on total travelers.

In July of 2020, United Airlines, a major employer in Denver, announced layoffs of 36,000 employees nationwide, including 2,800 based in Denver. The layoffs, however, were later

decreased with improvement in flight traffic, and with impact from the American Care Act stimulus package.

A positive factor is the Lufthansa Airlines return of nonstop service between Denver and Munich, creating connectivity between the city and Europe. United Airlines has resumed service from Denver to Frankfurt.

Some parts of the industry continued to struggle illustrated by the announcement in December of 2020 of a possibility of furloughs for 556 employees from Southwest Airlines, the second largest carrier operating out of DIA.

Recently the airline announced rehiring of flight attendants nationwide and the furloughs may not take place. However, the company has been impacted by the lack of available labor, and loss \$75 million due to cancellation of 1,000 flights in October.

A positive development is the opening of the first phase of the DIA Great Hall project, a \$1 billion plus multiphase terminal renovation project. The first phase was completed in time for the uptick in air travelers. Denver City Council also approved \$1.3 billion in contracts to complete the final phases.

Residential

Following several years of double-digit gains, home price appreciation continues to moderate in the metro Denver region along with other regions of the state. COVID-19-related restrictions and uncertainty limited the number of homes put on the market.

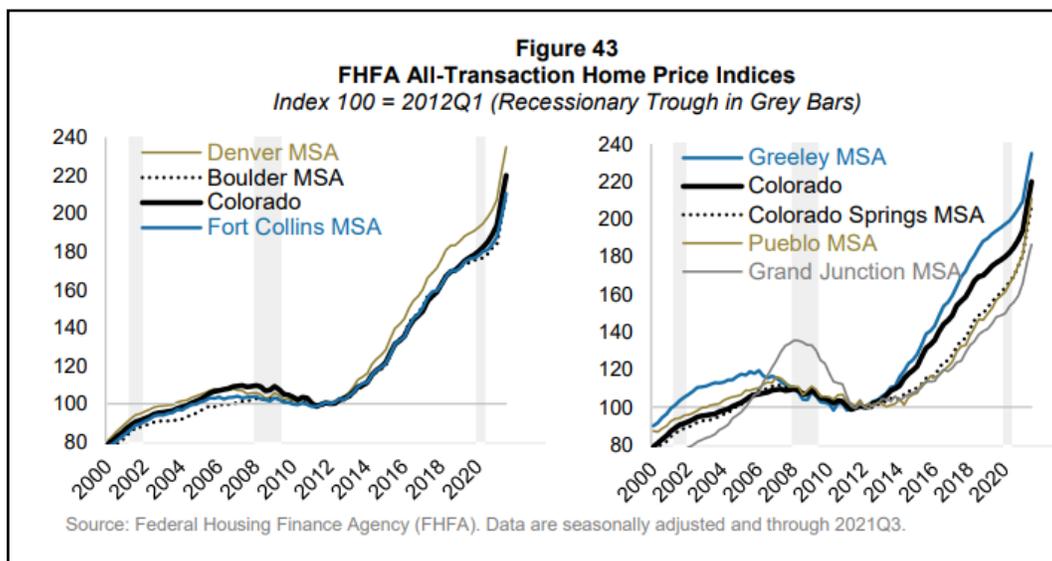
However, home prices are expected to remain elevated as demand for housing in the metro Denver area continues to outstrip supply, even in the uncertain environment. Low interest rates and limited supply have created upward pressure on prices. However, the increase in construction costs, specifically lumber, may cause pricing to increase limiting the supply of qualified buyers, although lumber costs are moderating and decreasing in some cases.

Based on data from the Denver Metro Association of Realtors the median price of a single-family **detached** home in the Denver metro area (higher in Denver proper) in October 2021

was \$585,000 and the median price of a condo or townhome was \$375,000. These represent increases of 13.6 and 11.7 percent, respectively, over the last year. Sales of single-family homes and townhomes/condominium units fell by 8.3 percent from September to October and are also down from October 2020. Lack of supply, however, may continue to keep prices elevated, although bidding wars are no longer driving closed prices substantially over the asking price.

The inventory of homes at the end of October was 3,376, which is a 15 percent decline from September, and a 30 percent decline from October 2020. Although it is common to see a decrease in September and October, the current decreases are much higher than normal.

Figure 43 below, showing data from the Federal Housing Finance Agency (FHFA) illustrates the price increases over time, with an exponential pattern from 2016 through third quarter 2021.



Residential Construction

Metro Denver residential construction activity grew from 2020 through October 2021. (See Figure 44 to follow later in the narrative). The region is coming off a multi-year residential construction boom, although the high cost of housing dampened interest among many would-be buyers, and construction labor and land shortages constrained the pace of new building. Permits for new single-family residential construction activity in the Denver-

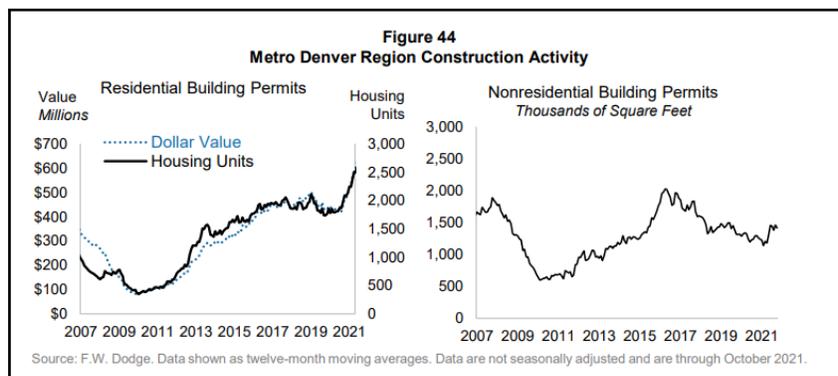
Aurora metropolitan statistical area (MSA) were up by 23.9 percent year-to-date through October 2021, compared to year-ago levels. Construction activity for new single-family residential in the Boulder MSA decreased by 25.4 percent over the same period. Boulder County policy restricts new development.

Nonresidential Construction

Metro Denver nonresidential building activity continues to be in decline. The value, and square footage of new projects in 2021 continued the trend of decline since the highs in 2016. The shift toward remote work and business impacts of the COVID-19 crisis continue to put downward pressure on demand for commercial real estate. Future commercial building is expected to shift from office space and storefronts to distribution centers near the highway system and densely populated areas.

“Last Mile” locations, representing the close-in industrial distribution centers that deliver products to the consumer, are seeing major shifts in demand where older and smaller buildings are demolished to create large modern distribution centers to provide service to end users. The increase in online shopping and e-commerce has created the demand, and the traditional delivery mechanisms, like UPS, FedEx and the United States Post Service (USPS), are not meeting the expectations of consumers, in terms of timely delivery and the customer experience, in many cases. A distribution infrastructure and network system allow retailers to meet expectations of brick-and-mortar customers, showroom shoppers, online customers; providing web-based products, and other customer interfaces that have changed significantly over the last 5 years.

The recent passing of national and state infrastructure funding may have a positive impact on nonresidential construction. Figure 44 below shows commercial and residential building trends moving in opposite directions.



Apartment Market

The apartment and housing markets did not have the same level of impact from COVID, compared to retail and office markets. The slowdown in construction caused by the early stages of the pandemic (longer permitting process, shortage of labor, slower inspections, and so on) explains some of the pent-up demand allowing for current apartment rent increases. In addition, younger adults who moved back home during the pandemic are returning to the apartment market. This has created additional households, now above the pre-pandemic levels. International immigration is increasing slightly which was previously halted by COVID. However, this does not explain the growth in demand.

Based on data from the Denver Metro Apartment Vacancy & Rent Report, produced by the University of Denver's (DU) Daniels College of Business, the apartment vacancy rate was 3.7 percent in the second quarter of 2021 and rising slightly to 3.8 percent in the third quarter. Both numbers are at record low vacancy levels. Rents generally increase when vacancy is below 4 percent, according to Mark Williams, executive vice president of the Apartment Association of Metro Denver.

The average apartment rent in metro Denver was \$1,726 in the third quarter of 2021, and this is an increase of 4.5 percent from \$1,651 in the second quarter, and 13.5 percent from the percent average rent of \$1,522 in the third quarter of 2020.

As of October 2021, 14,365 units have been absorbed surpassing the 13,708 units absorbed in 2018, which was near record highs. Developers delivered 2,400 units in metro Denver in the third quarter, but an additional 1,882 units were absorbed, explaining the small increase in vacancy. One report indicated there were 14 potential renters for each available unit. Based on Apartment Insights, 32,000 units are approved and under construction in metro Denver, with an additional 90,000 units planned.

The rate that an apartment complex can be constructed will also impact rents and vacancies. At present, a substantially higher level of construction will be needed to meet demand. Although labor shortages and supply chain issues create delays, the entitlement process is a major factor in the rate of development.

Denver is also considering an affordable housing mandate that would require 8 to 15 percent of units that are built in projects of 10-units or more, to be affordable, or a payment in lieu of providing the units would be necessary. Some developers believe this could have a major impact on the direction of growth.

CoStar Data - Economy

The exhibits to follow, taken from *CoStar**, give a summary of demographic trends and employment statistics in the Denver metro area compared to the United States. (*The *CoStar* data, *Focus* data, and other sources can vary based on the method used to compile the data, job categorization, and so on.)

Economy

Denver's job market has nearly recovered from the coronavirus-induced downturn. The Denver metropolitan area added 11,300 jobs in October, according to recently released data from the Bureau of Labor Statistics. Like most markets, Denver was hit hard at the initial onset of the coronavirus pandemic, and the city lost 200,000 jobs in March of last year amid shutdowns. Denver has steadily added these jobs back and is now just 1,800 jobs shy from pre-pandemic levels. Denver has been characterized as an early-recovery market dating back to the Great Recession. While it has yet to return to pre-pandemic levels, its job growth has outperformed most major cities during this recovery.

Denver's booming tech industry helped to drive office-employment job gains. Tech employers typically allow the flexibility of telecommuting, and many office-using employers have the capacity to facilitate a work-from-home transition. The professional and business services sector is up by 8,200 jobs since February 2020, and the financial activities sector has added 900 jobs during that time. Corporate expansions and relocations by tech companies Slack, Angi and Conga continue to drive employment gains and epitomize the trend of West Coast firms choosing to expand in Denver for its robust

workforce, quality of life and low cost of doing business.

Consumers turned to e-commerce during the pandemic, and the industrial sector emerged as one of the most resilient asset classes in commercial real estate as a result. The industrial industry, made up of jobs in the trade, transportation and utilities sector, was the first to reach pre-pandemic job levels in Denver. Employment in this sector is now up by 10,800 jobs from February 2020.

Denver has been frequently lauded as a hot destination for young, educated job seekers throughout this cycle. Headwinds to this trend could come from housing costs, which are dramatically higher today for both renters and prospective owners. While home prices continue to climb into the stratosphere (albeit at a slower rate than the peak years of this cycle), apartment rent growth has also recorded unprecedented increases in the last year.

Along with a young, highly educated, and growing labor force, the FasTracks transit expansion is another selling point. Transit-oriented development is taking hold through the metro as additional lines connect downtown to North Denver, Aurora, Southeast Denver, and the Denver International Airport.

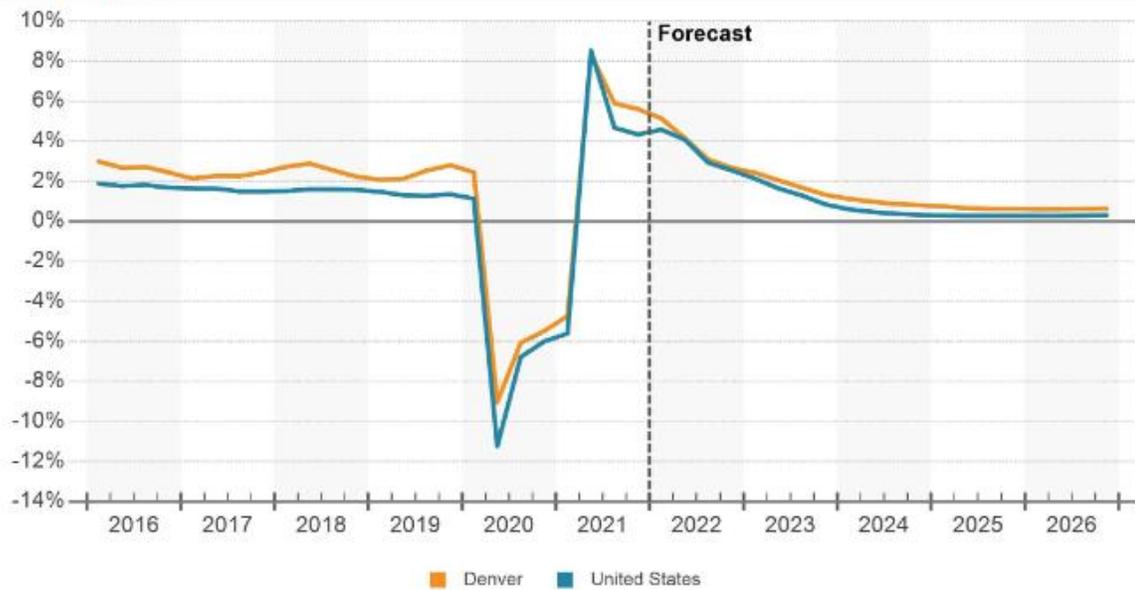
DENVER EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	70	0.5	0.39%	3.30%	1.12%	0.66%	0.52%	-0.03%
Trade, Transportation and Utilities	289	1.0	2.73%	2.95%	2.23%	0.98%	0.42%	0.27%
Retail Trade	138	0.9	1.30%	2.02%	1.17%	0.46%	0.35%	0.21%
Financial Activities	119	1.3	2.91%	1.71%	2.66%	1.44%	0.78%	0.54%
Government	197	0.9	1.25%	1.95%	1.17%	-0.01%	1.17%	0.68%
Natural Resources, Mining and Construction	113	1.3	2.12%	3.00%	4.63%	2.46%	1.23%	0.58%
Education and Health Services	195	0.8	3.67%	2.84%	2.59%	1.53%	1.34%	1.13%
Professional and Business Services	291	1.3	5.77%	4.62%	2.99%	1.97%	1.65%	1.05%
Information	51	1.7	1.17%	5.43%	1.57%	0.49%	1.01%	1.40%
Leisure and Hospitality	166	1.0	26.10%	16.90%	2.24%	1.50%	2.20%	1.91%
Other Services	64	1.1	9.88%	5.73%	2.53%	0.72%	0.14%	0.50%
Total Employment	1,555	1.0	5.40%	4.45%	2.39%	1.16%	1.16%	0.80%

Source: Oxford Economics
LQ = Location Quotient

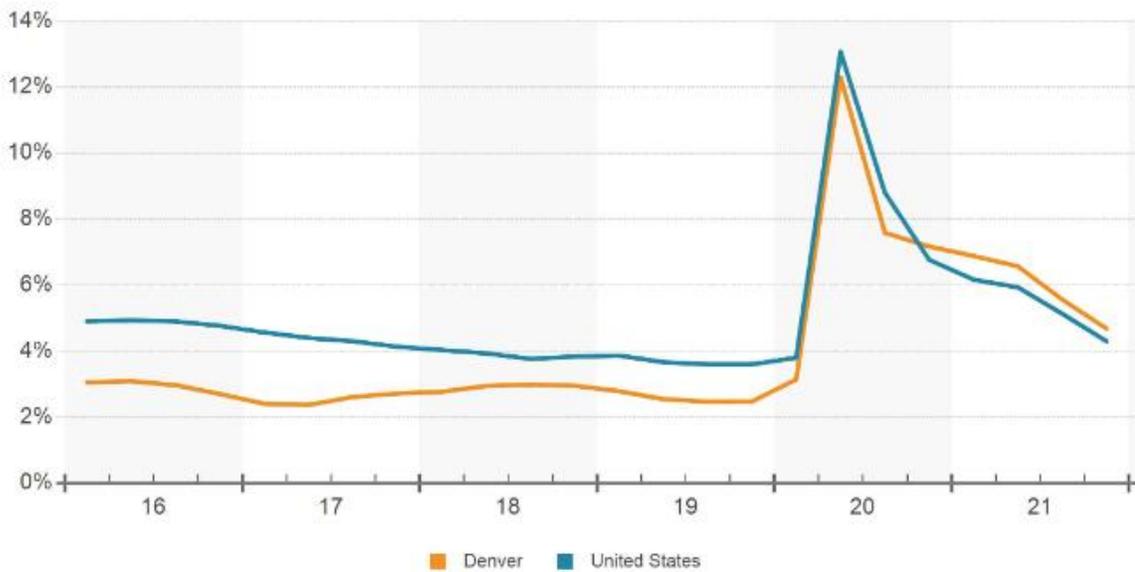
Economy

JOB GROWTH (YOY)



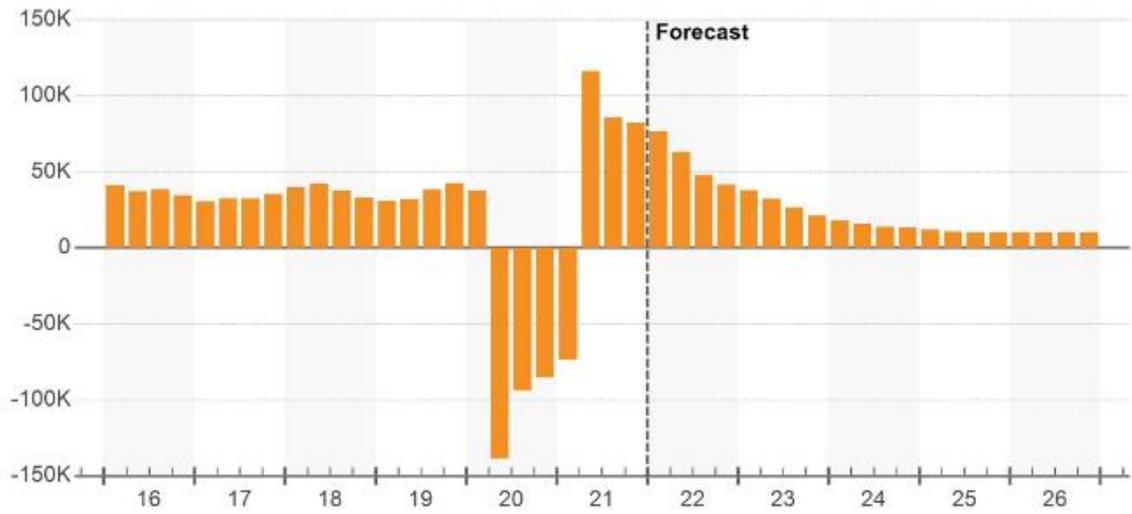
Source: Oxford Economics

UNEMPLOYMENT RATE (%)

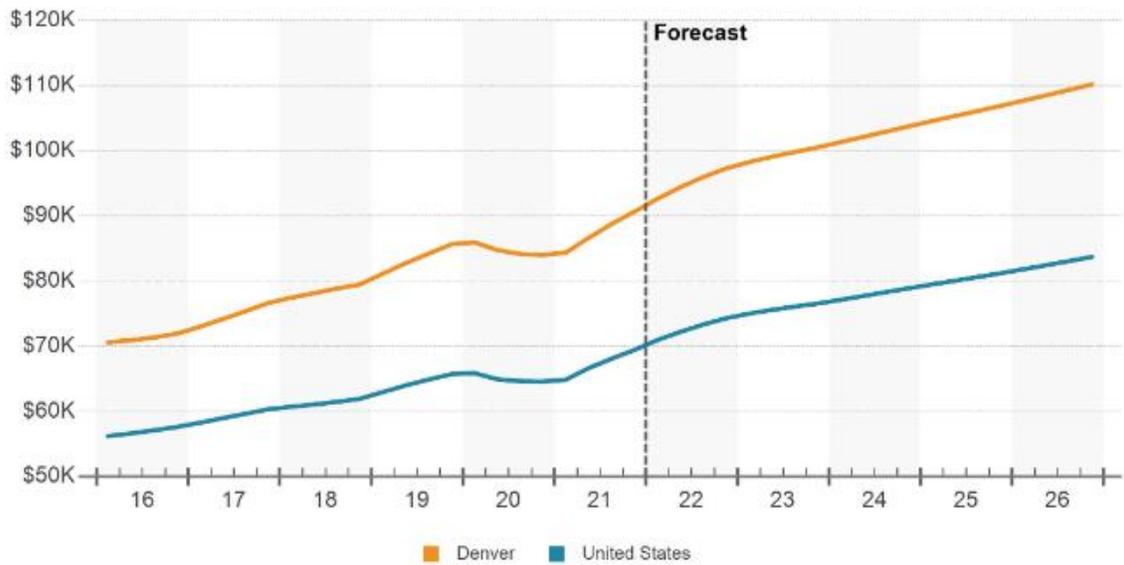


Economy

NET EMPLOYMENT CHANGE (YOY)

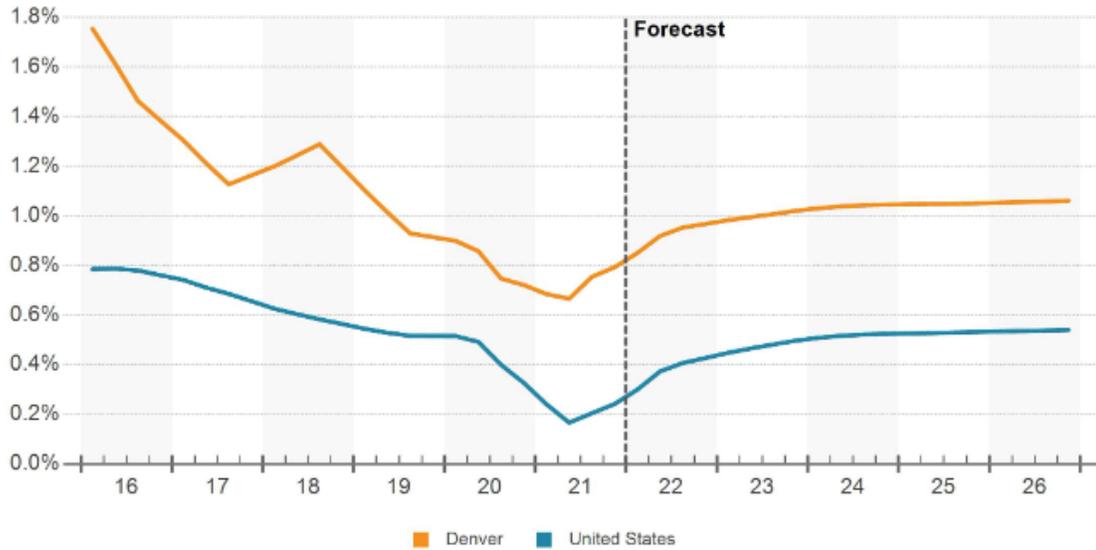


MEDIAN HOUSEHOLD INCOME

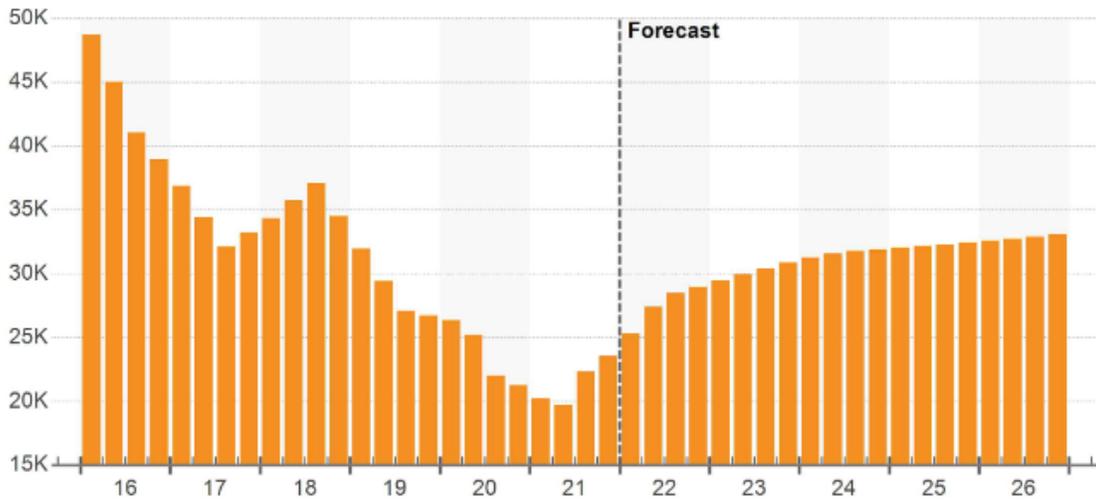


Economy

POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)



Economy

DEMOGRAPHIC TRENDS

Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	2,999,823	332,707,969	0.8%	0.3%	1.4%	0.6%	1.0%	0.5%
Households	1,164,407	124,242,867	0.8%	0.2%	1.4%	0.7%	1.0%	0.5%
Median Household Income	\$91,513	\$70,105	8.7%	8.3%	4.4%	3.3%	3.9%	3.7%
Labor Force	1,719,386	162,348,563	1.3%	1.2%	1.8%	0.5%	1.0%	0.6%
Unemployment	4.7%	4.3%	-2.4%	-2.2%	-0.4%	-0.4%	-	-

Source: Oxford Economics

POPULATION GROWTH



LABOR FORCE GROWTH



INCOME GROWTH



Source: Oxford Economics

Like the previous data, the short-term future based on *CoStar* analysis shows impacts from COVID-19. A positive factor is the growth in tech. jobs and the relative attractiveness of the metro area to a younger population base. The *CoStar* data does illustrate that the metro area, in most categories, is expected to outperform the nation in most categories, going forward. However, the unemployment rate is slightly higher compared to the U.S. rate, with *CoStar* indicating a rate of 5.8 percent for the Denver metro area and 5.2 percent for the U.S.

The U.S. Bureau of Labor Statistics indicate a U.S. unemployment rate of 3.9 percent as of December 2021. The rate is not reported for the Denver-Aurora Lakewood area as of December but is reported at 4.5 percent as of November. The statistics from the Bureau of Labor are more recent compared to *CoStar* data.

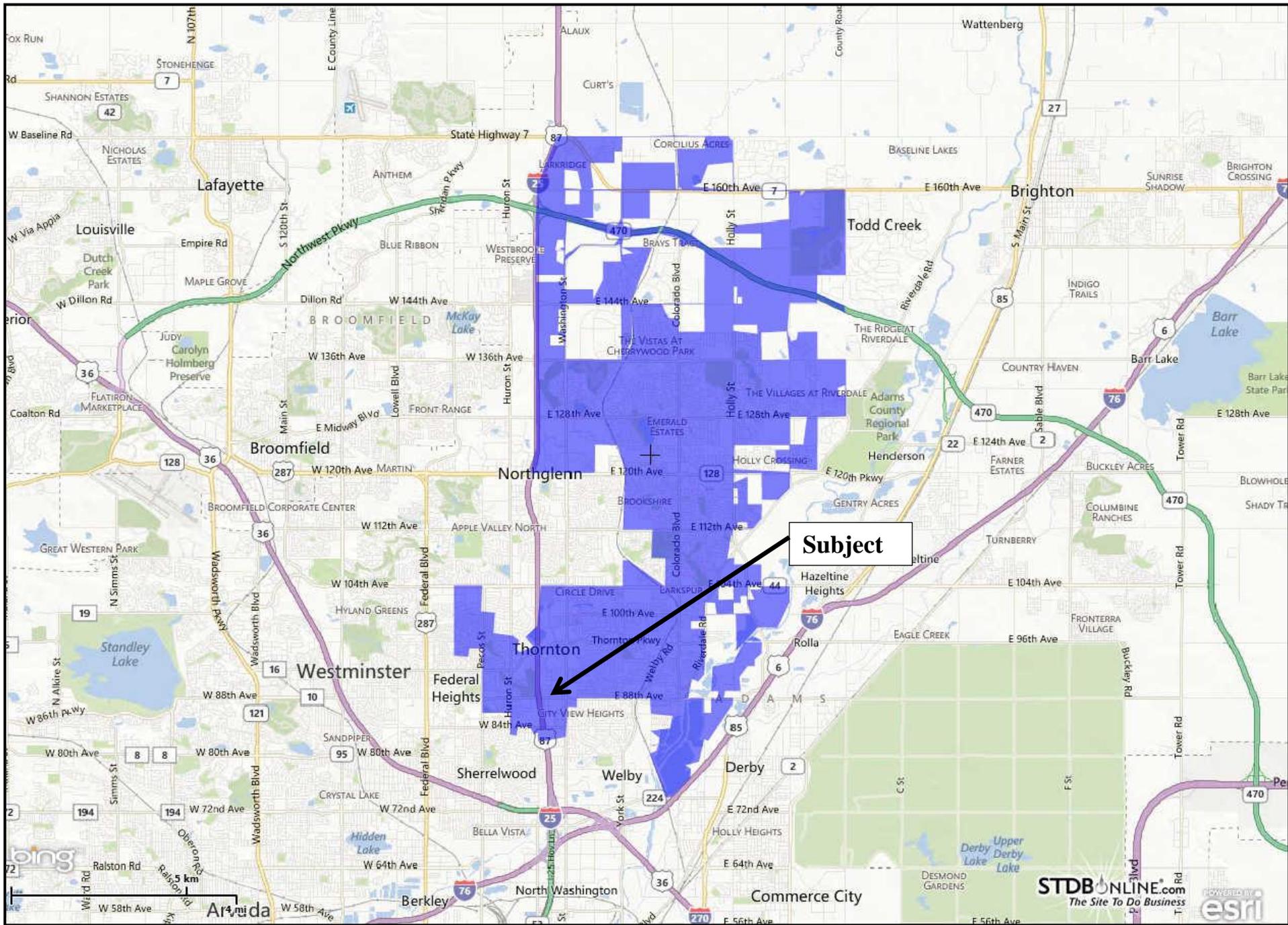
General Market Area

The subject market area is defined by buyers and sellers, land uses, the transportation system, man-made and natural barriers, and development type in reference to the highest and best use of the subject. Influences on the market area include social, economic, governmental, and environmental influences.

Social aspects include area demographics as they relate to real estate. Economic factors include analysis of external impacts like the previous discussion of the pandemic. Economic analysis, like social analysis, also includes demographics in relation to income and buying power of the residents that may impact the type of development that might be supported. Governmental influences can include the legislative environment but also include jurisdictional control like comprehensive plans that may include future use, annexation policy, planning policy, zoning implementation, and so on. Environmental factors are concentrated on the natural topography, build-out, open space lands, and so on. These factors are generally outside of the control of buyers, sellers, developers, etcetera.

City/Area Description

The subject is in Thornton, Colorado. Thornton is approximately 10 miles north of downtown Denver, and east of Interstate 25. The city annexation history has created an irregular boundary. The map to follow shows the city in blue. Existing retail and commercial development are concentrated on the main traffic carries including East 104th Avenue, East 136th Avenue and East 120th Avenue, running east and west; and Washington Street and Colorado Boulevard, running north and south. Major highways providing access from the larger Denver metropolitan area include Interstate 25, Interstate 76, State Highway 7, State Highway 44 and 224, and E-470. The city is approximately 36 square miles with a population of approximately 147,800. The subject's market area includes the adjoining city of Northglenn, and parts of Federal Heights, Broomfield, and Westminster. The map to follow shows the city boundaries.



Subject

Development

Development in the Thornton/Northglenn area is characterized by small older homes in the center core area, with newer large homes on the periphery and at in-fill locations. The newer developments are generally served by retail centers, typically anchored by a big box retail or grocery store, providing general retail services like fueling centers, quick service restaurants, and convenience stores.

Growth in Thornton has generally been through annexation in the northeast, and at the major interchanges of I-25. There are also newer retailers like the super Wal-Mart at Quebec and East 128th Avenue. Cabela's, a national retailer of outdoor gear and supplies, including hunting and fishing equipment, anchors the 290,000 square foot, 63-acre Grove retail and hospitality center. The Grove center is located at the intersection of East 144th Avenue and Interstate 25 and included a \$27 million investment from the city. The center serves the growing north portion of the region, although Cabela's attracts a multi-state user base.

The north I-25 corridor has seen significant growth in population and development over the last five years. This is partially due to available land with approximately 1,400 acres available for commercial development. The major recent projects that are having the greatest impact on the city and northern metro region include the Denver Premium Outlets, and 855,000 square foot Amazon Fulfillment Center, along the corridor.

Denver Premium Outlets

The Denver Premium Outlets is a 330,000 square foot open air major shopping center opened in September of 2018. This is one of the largest retail projects developed in 2018, in the Denver area. The center, located on 80 acres at the interchange of I-25 and East 136th Avenue, is home to major national retailers with approximately 80 total shops. Five restaurants are also part of the development. The center is a significant driver of employment in the area with a total of 500 full-time and part-time employees.

Amazon Fulfillment Center

Amazon broke ground on their 855,000 square foot fulfillment center in the fall of 2017. The center opened in July 2018 and relies heavily on robots to sort goods in the warehouse;

however, it still requires approximately 1,500 employees. The center is one of 25 robotic-centric facilities across the world. The robotic-centric facilities allow for 50 percent more inventory handling. The City of Thornton is completing \$100 million in infrastructure improvements along Washington Street, which also included access roads to the new center.

In addition to Denver Premium Outlets and Amazon, Topgolf, a recreational golf outlet with an indoor/outdoor driving range and scoring mechanism, opened in 2019. The facility added approximately 500 jobs.

Adams 12 Five Star Schools purchased a 10.5-acre tract at 126th Avenue and Washington Street to support development of a second Career and Technical Education campus. The campus is now open. In addition, the existing Bollman Technical Education Center at 88th Avenue and Washington Street has undergone significant renovation.

There are other commercial projects in the area including a Park n Ride at 88th and I-25, Thornton Woodspring Suites which recently opened, Humana Hospital North Suburban Medi, and Horizon Pinnacle Shopping Center.

Urban Renewal

The South Thornton Urban Renewal Plan Area (URA) was established in October of 2012, and includes approximately 290 parcels, comprising approximately 664 acres. The information is based on data from the www.businessinthornton.com web site, last visited in February of 2022. The area is bounded by 104th Avenue to the north, 83rd Avenue to the south, Huron Street to the west, and Corona Street to the east. The plan area also includes properties along Interstate 25 south of Thornton Parkway. The subject is located within this URA.

In addition to the Thornton Healthcare District south of Thornton Parkway and West of Grant Street, the URA plan area also includes the Thornton Shopping Center (northeast corner of Washington and 88th). The Thornton Development Authority (TDA) intends to finance the environmental cleanup of the shopping center in support of a high-quality redevelopment. The authority is currently undertaking an environmental risk assessment and

may acquire the property and release a Request for Proposals (RFP), for redevelopment. The city is initiating a resolution to allow for eminent domain procedures, if necessary, to purchase all, or a part of the property.

Demographics (*Based on Site to Do Business*)

The following data from the *STDB* web site (www.stbd.com), last visited in February 2022, shows demographic information for a 5-mile radius from the subject, compared to the larger Denver metro area. A 5-mile radius is selected to capture the population base for the area.

Population

Variable	9045 Grant Street (5 miles)	Denver Metro
2021 Total Population	315,587	3,023,581
2021 Household Population	314,072	2,988,747
2021 Family Population	251,709	2,341,457
2026 Total Population	327,723	3,251,055
2026 Household Population	326,208	3,216,221
2026 Family Population	260,266	2,514,161
2021-2026 Population: Compound Annual Growth Rate	0.76%	1.46%

The current year population for the subject 5-mile radius is 315,587. The five-year projection for the population is 327,723 representing a compounded growth rate of 0.76 percent per year from 2021 to 2026. Projected growth in the larger metro area is higher, at 1.46 percent. This illustrates the lack of available land for new development, in the subject area, and surrounding community.

Income

Variable	9045 Grant Street (5 miles)	Denver Metro
2021 Per Capita Income	\$31,009	\$44,921
2021 Median Household Income	\$66,923	\$84,899
2021 Average Household Income	\$84,709	\$113,772
2026 Per Capita Income	\$34,935	\$50,834
2026 Median Household Income	\$75,509	\$97,551
2026 Average Household Income	\$95,232	\$128,742
2021-2026 Per Capita Income: Compound Annual Growth Rate	2.41%	2.50%
2021-2026 Median Household Income: Compound Annual Growth Rate	2.44%	2.82%

Median household income in the subject area is \$66,923, compared to median household income at \$84,899 for the wider Denver metro. Average and median household income are lower in the subject 5-mile radius, and per capita income is also lower. Disposable income can be a determinate on the type of growth and development an area may support. The subject's immediate area has remained with older homes and older commercial development, while other areas near transit are redeveloping. These demographics may be one of the considerations of developers when planning new development.

Housing

Variable	9045 Grant Street (5 miles)	Denver Metro
2021 Median Home Value	\$363,118	\$459,343
2021 Average Home Value	\$397,141	\$536,904
2026 Median Home Value	\$416,331	\$518,371
2026 Average Home Value	\$477,228	\$613,837

Home prices in the subject area are lower. Again, this illustrates the older nature of the 5-mile radius from the subject, with older stable development. However, home prices are projected to grow by approximately 20 percent, in the subject area, through 2026, while projected price growth in the Denver metro area is lower, at approximately 14 percent. This illustrates the current affordability of the area with room for growth.

Age and Education

Variable	9045 Grant Street (5 miles)	Denver Metro
2021 Median Age	34.7	37.5
2021 Population Age 25+: High School Diploma (%)	23.12%	15.88%
2021 Population Age 25+: Bachelor's Degree (%)	17.21%	29.33%
2021 Population Age 25+: Graduate/Professional Degree (%)	8.11%	17.29%

The median age in the subject area, at 34.7, is lower compared to the metro area which has a median age of 37.5. There is also a lower percentage of residents with post high school education. Again, the data reflect the other statistics. This can dictate, in part, the type of commercial development that would attract the area residents. However, the data do not capture trade certifications, licensure, and other forms of advanced training.

The table below lists unemployment data.

Variable	9045 Grant Street (5 miles)	Denver Metro
2021 Unemployed Population Age 16+	15,150	125,428
2021 Unemployment Rate	8.3%	7.1%

The data shows similar unemployment rates with the subject area slightly higher. The *STDB* employment data is older compared to other sources that report unemployment rates. Both numbers are higher than the rate for the state, which is at 5.9 percent according to the U.S. Bureau of Labor Statistics. The Denver metro area rate as of December 2021, according to the U.S. Bureau of Labor Statistics, is 4.2 percent, lower than the rate for the state. Generally, the subject area is similar to the metro and state, based on the most current figures.

The chart to follow summarizes the type of work centers that employ the population in the 5-mile radius, and metro area.

Labor Force Breakdown

Variable	9045 Grant Street (5 miles)	Denver Metro
2021 Employed Civilian Population Age 16+ by Occupation Base	168,062	1,631,194
2021 Occupation: Management (%)	10.24%	14.77%
2021 Occupation: Business/Financial (%)	5.72%	8.37%
2021 Occupation: Computer/Mathematical (%)	3.70%	5.93%
2021 Occupation: Architecture/Engineering (%)	1.76%	2.76%
2021 Occupation: Life/Physical/Social Science (%)	0.72%	1.32%
2021 Occupation: Community/Social Service (%)	1.37%	1.76%
2021 Occupation: Legal (%)	0.58%	1.55%
2021 Occupation: Education/Training/Library (%)	3.64%	5.07%
2021 Occupation: Arts/Design/Entertainment/Sports/Media (%)	1.53%	2.25%
2021 Occupation: Healthcare Practitioner/Technician (%)	4.38%	6.14%
2021 Occupation: Healthcare Support (%)	3.25%	2.47%
2021 Occupation: Protective Service (%)	1.88%	1.95%
2021 Occupation: Food Preparation/Serving Related (%)	5.08%	4.07%
2021 Occupation: Building/Grounds Cleaning/Maintenance (%)	4.34%	2.85%
2021 Occupation: Personal Care/Service (%)	1.91%	1.62%
2021 Occupation: Sales and Sales Related (%)	8.79%	9.40%
2021 Occupation: Office/Administrative Support (%)	12.13%	10.51%
2021 Occupation: Farming/Fishing/Forestry (%)	0.32%	0.22%
2021 Occupation: Construction/Extraction (%)	9.53%	5.33%
2021 Occupation: Installation/Maintenance/Repair (%)	3.36%	2.34%
2021 Occupation: Production (%)	5.60%	3.03%
2021 Occupation: Transportation/Material Moving (%)	10.17%	6.27%

The employment data show the population in the subject area is varied, like the larger region. The highest category is Office/Administrative Support in the subject area while Management is the highest category in the metro area. Jobs in Office/Administrative Support are slightly lower paying, on average.

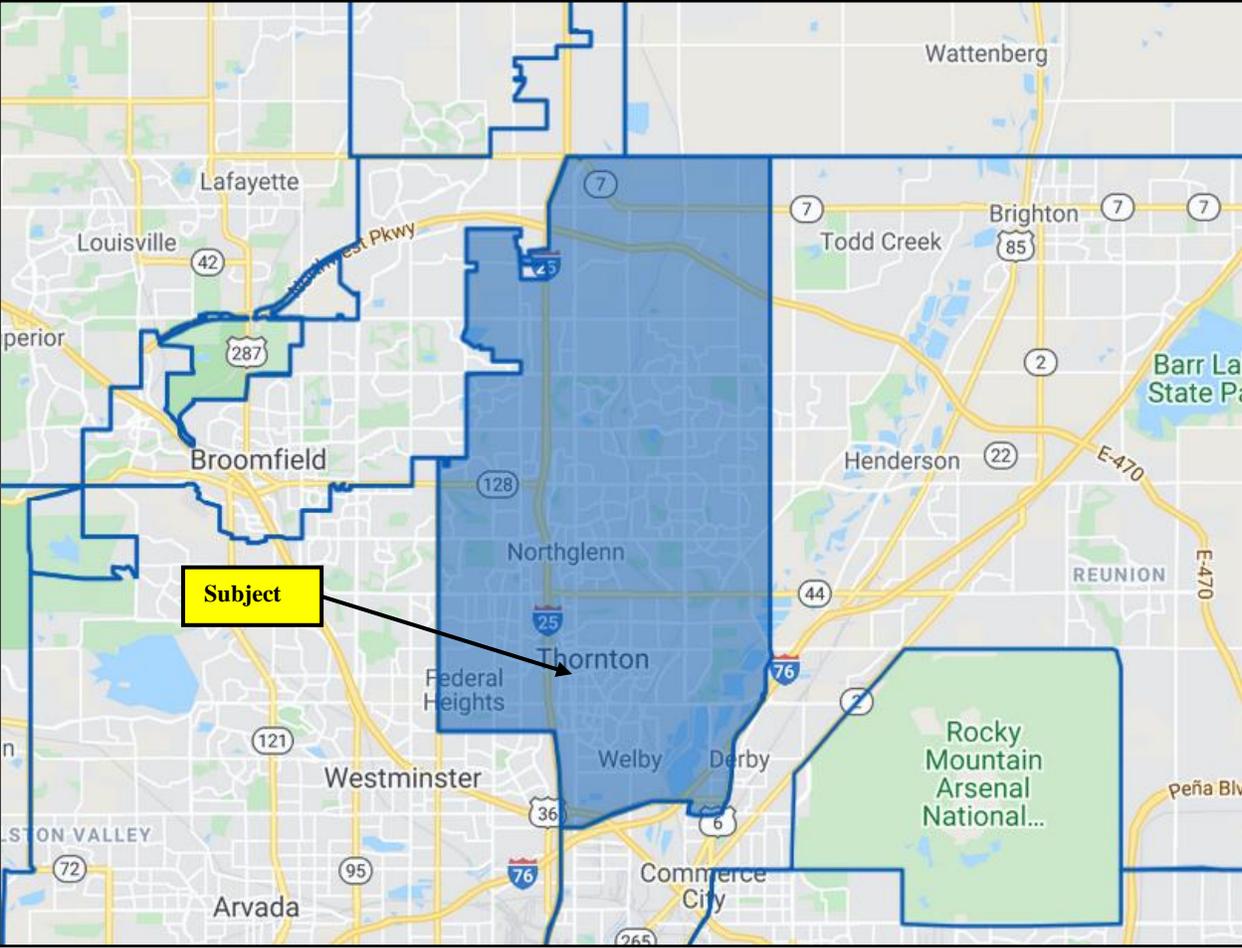
Demographics Conclusion

Overall, the subject market area indicates a continued stable trend. A developer would consider the demographics in terms of supporting the type of use for infill development. The demographics indicate a highly populated surrounding area, with a moderate growth rate that will be similar in the upcoming years. The area has slightly below average income levels, and the majority of those employed working in the office and administrative sectors. These demographics support the underlying need for an appropriate amount of commercial

and residential development at infill sites, to support the community needs. The demand is heightened given the lack of supply.

Subject Office Submarket

CoStar market maps show the subject is in the North Denver office submarket. The highlighted map to follow shows the submarket boundaries. The map is followed by a submarket overview.



Overview

North Denver Office

12 Mo Deliveries in SF	12 Mo Net Absorption in SF	Vacancy Rate	12 Mo Rent Growth
19.7K	28.8K	8.3%	1.0%

The North Submarket totals roughly 5 million SF of office space, making it one of Denver's smallest submarkets. Activity has been minimal in recent years, and the vacancy rate of 8.3% remains well-below the metro average of 14.5%.

The vacancy rate fell from nearly 17% in 2014 to well-below the long-term average of about 10% entering 2021. Demand has generally come from smaller tenants, although a few larger leases have taken place over the last year. Comsero, a manufacturer of dry-erase products, leased 25,000 SF at 550 E Thornton Pky. in 20Q3, and MYR Group leased 17,000 SF at 12121 Grant St. in 20Q1.

North Denver is one of just three Denver office submarkets where rents grew in excess of 4% in both 2017 and 2018. Another of those three was the adjacent Broomfield submarket where, like North Denver, fundamentals are looking as strong as they have throughout the current cycle. Across virtually all property types, there seems to be an exceptional momentum in northern Metro Denver suburbs. Rents began to noticeably decelerate in 2020 amid the pandemic and annual gains are now flat.

High-end 4 & 5 Star office space comprises less than 20% of North Denver's Inventory (compared to 40% of the metrowide stock), and the submarket is less exposed to the ongoing metrowide ramp-up in speculative development that has weighed on rents.

Three of the four largest buildings that have delivered this cycle were medical offices. In general, the submarket has a high concentration of medical office space, which comprises roughly 25% of the submarket's inventory (compared to about 8% of the metro stock). Roughly two-thirds of the submarket's inventory delivered during one of two development waves: In the first, 1.6 million SF delivered between 1980–1985. The second began in the late 1990s, during a period of booming suburban office development throughout the metro. Between 1997–2003, 1.5 million SF delivered. The single largest concentration of office space lies near the intersection of 120th Avenue and I-25.

Trinity Medical, located at 12880 Colorado Blvd., delivered in 21Q2. The building totals nearly 20,000 SF and is still 94% available for lease. Other recent developments have been expansions of existing campuses, including Alliance Data Systems recent new-construction expansion.

KEY INDICATORS

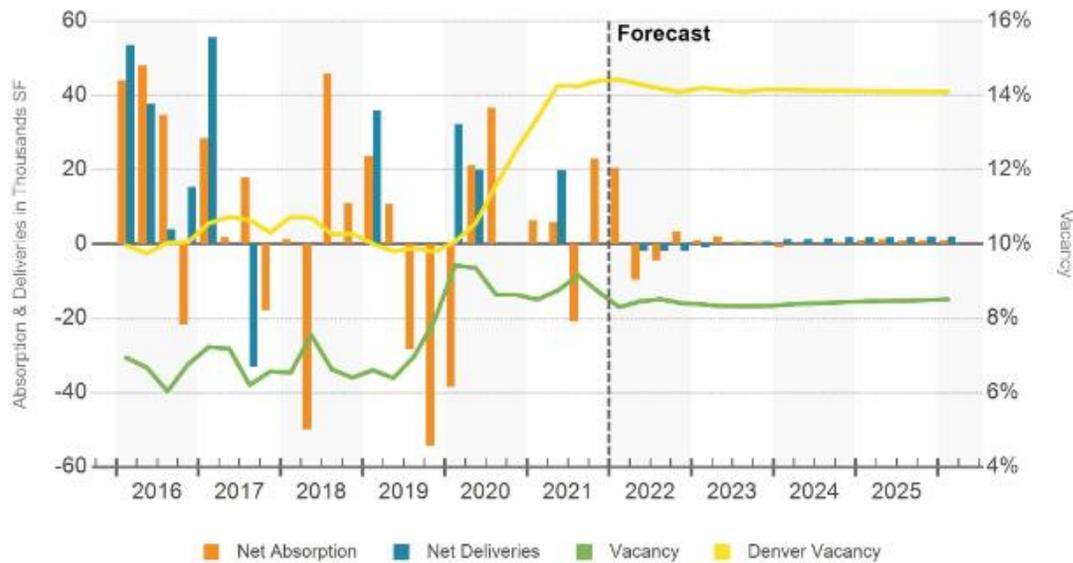
Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	909,158	6.6%	\$28.66	6.6%	2,611	0	0
3 Star	3,245,022	9.9%	\$26.80	12.7%	26,612	0	0
1 & 2 Star	891,687	4.4%	\$20.57	6.7%	(11,071)	0	0
Submarket	5,045,867	8.3%	\$25.91	10.6%	18,152	0	0
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.2%	10.3%	8.4%	16.8%	2014 Q2	3.9%	2000 Q2
Net Absorption SF	28.8K	79,704	5,721	696,785	2001 Q4	(270,600)	2014 Q3
Deliveries SF	19.7K	96,850	10,022	729,109	2001 Q4	0	2018 Q4
Rent Growth	1.0%	1.0%	3.7%	6.8%	2006 Q4	-8.9%	2009 Q4
Sales Volume	\$12.9M	\$26.8M	N/A	\$146.8M	2014 Q4	\$280K	2010 Q4

Given the impacts from COVID, the North Denver office market is stable. Vacancy, at 8.3 percent as of the fourth quarter of 2021 was lower than the metro area vacancy, at over 14 percent. The fourth quarter vacancy decreased slightly by 0.2 percent over the last year. Like other office markets, rent growth has been minimal, at one percent over the past year.

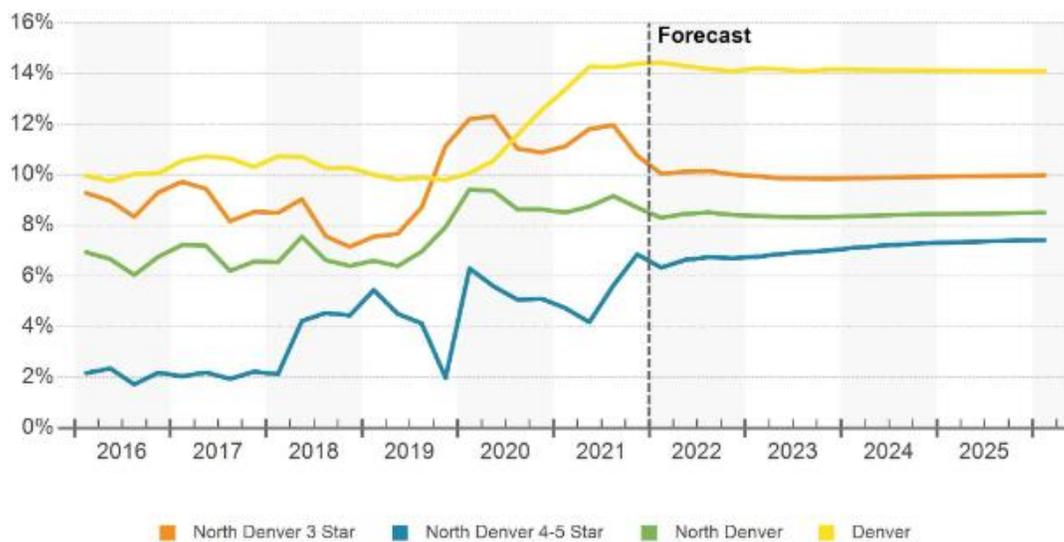
Absorption was slightly positive by 18,152 square feet, in the quarter, and positive by 28,800 square feet over the last year.

Current and projected leasing trends and vacancy data for the North Denver submarket are shown on the next page.

NET ABSORPTION, NET DELIVERIES & VACANCY



VACANCY RATE



These two charts indicate that vacancy is projected to stabilize in the future, with stabilization in absorption of space, and minimal new construction of office buildings in the short to medium term.

The charts below show a summary and projection of the percentage rent growth rate of change, and rent growth based on per square foot rates.

Rent

North Denver Office

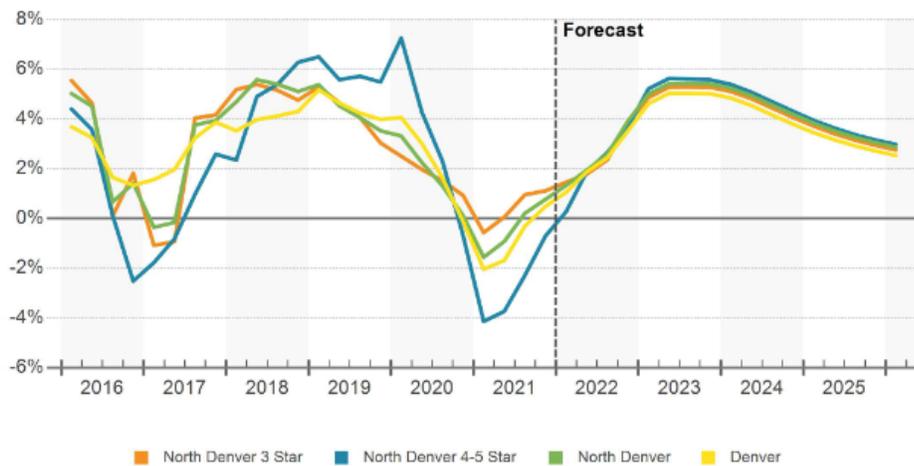
Office rents in North Denver run for about \$26.00/SF gross, a moderate discount to the metro average. That difference doesn't exist for the submarket's most prominent slice, however. Space rated 3 Star here runs for about \$27.00/SF, right in line with the metro.

Rents in the submarket grew by a moderate 1.0% year over year as of 2022Q1, which was about the same as the annualized average growth rate over the past three

years.

Office rent growth in both the North Denver Submarket and the Denver metro at large has been exceptionally strong over a longer horizon. In the past 10 years, rents in the submarket have cumulatively risen by 37.7%, a robust performance that is essentially matched when zoomed out to the entire Denver metro.

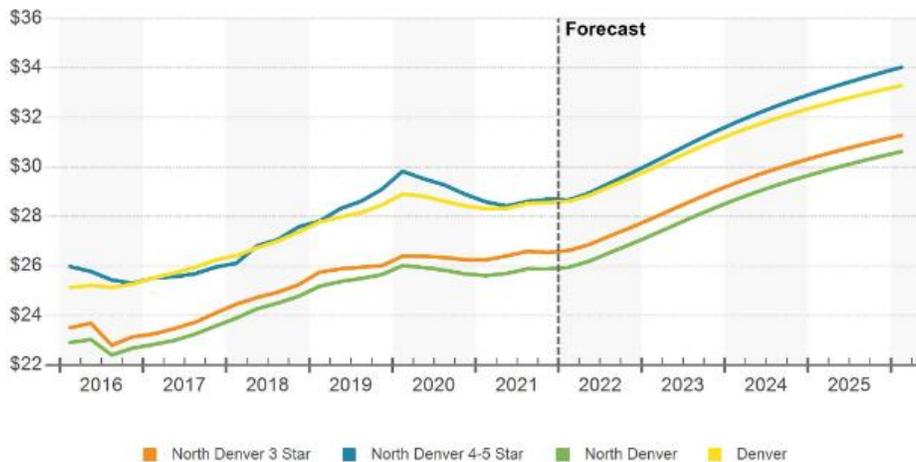
MARKET RENT GROWTH (YOY)



Rent

North Denver Office

MARKET RENT PER SQUARE FEET



The charts show that rental rates and rent growth are expected to increase in the short term. Rent growth, however, will then decrease through 2025. This could indicate a shift in the workforce with a portion of the employment base continuing to work remotely in the future. Rents in the immediate market are lower compared to the larger Denver market. However, the various property types and markets follow a similar trend.

The next chart shows a current and historic summary of average rental rates and vacancy rates, and other office market indicators.

Rent & Vacancy

North Denver Office

OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	\$F	Percent	Ppts Chg
2026	\$31.15	-	2.4%	20.4%	433,726	8.6%	0.1%
2025	\$30.43	-	3.0%	17.6%	429,270	8.5%	0.1%
2024	\$29.53	-	4.2%	14.1%	425,939	8.4%	0.1%
2023	\$28.34	-	5.4%	9.5%	419,903	8.3%	-0.1%
2022	\$26.89	-	3.9%	3.9%	424,105	8.4%	-0.3%
YTD	\$25.91	-	1.0%	0.1%	421,267	8.3%	-0.4%
2021	\$25.88	-	0.8%	0%	439,419	8.7%	0.1%
2020	\$25.68	-	0.1%	-0.8%	434,036	8.6%	0.7%
2019	\$25.65	-	3.5%	-0.9%	395,025	7.9%	1.5%
2018	\$24.78	-	5.1%	-4.2%	316,339	6.4%	-0.2%
2017	\$23.57	-	3.9%	-8.9%	324,595	6.6%	-0.2%
2016	\$22.68	-	1.4%	-12.3%	332,360	6.8%	-0.1%
2015	\$22.37	-	4.1%	-13.6%	327,694	6.8%	-7.3%
2014	\$21.49	-	5.5%	-16.9%	671,910	14.1%	3.9%
2013	\$20.37	-	3.1%	-21.3%	487,500	10.3%	-2.0%
2012	\$19.75	-	5.5%	-23.7%	583,068	12.3%	-1.3%
2011	\$18.71	-	-0.3%	-27.7%	639,560	13.6%	0.6%
2010	\$18.76	-	-1.3%	-27.5%	607,658	13.0%	0.7%

Like the previous chart, the table indicates that rent growth decreased through 2019-2021 but is expected to increase slowly through 2025. Anticipation of population vaccination against COVID-19 influences the projections. A similar pattern took place during the Great Recession. The Great Recession, however, was a multiple year event, with a more severe impact on the market. If a large percentage of the population can be inoculated against the coronavirus over the next six to eight months, the recovery may be accelerated.

The chart below shows supply and demand data.

Supply & Demand Trends

North Denver Office

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2026	5,061,144	7,992	0.2%	3,694	0.1%	2.2
2025	5,053,152	7,308	0.1%	4,133	0.1%	1.8
2024	5,045,844	5,523	0.1%	(365)	0%	-
2023	5,040,321	37	0%	4,364	0.1%	0
2022	5,040,284	(5,583)	-0.1%	9,858	0.2%	-
YTD	5,045,867	0	0%	18,152	0.4%	0
2021	5,045,867	19,698	0.4%	14,315	0.3%	1.4
2020	5,026,169	52,207	1.0%	19,196	0.4%	2.7
2019	4,973,962	36,000	0.7%	(48,686)	-1.0%	-
2018	4,937,962	0	0%	8,256	0.2%	0
2017	4,937,962	22,376	0.5%	30,141	0.6%	0.7
2016	4,915,586	110,494	2.3%	105,201	2.1%	1.1
2015	4,805,092	53,294	1.1%	397,510	8.3%	0.1
2014	4,751,798	2,390	0.1%	(182,020)	-3.8%	-
2013	4,749,408	7,495	0.2%	103,063	2.2%	0.1
2012	4,741,913	54,198	1.2%	110,690	2.3%	0.5
2011	4,687,715	16,000	0.3%	(15,902)	-0.3%	-
2010	4,671,715	11,786	0.3%	(22,407)	-0.5%	-

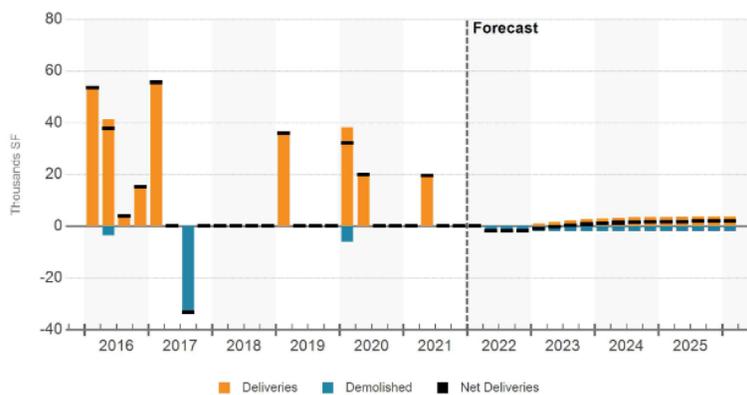
The chart indicates limited supply to be added to the market over the next several years. If the subject were developed there is probability of gaining occupancy given the limited projected competition, and vacancy rates that are lower compared to the larger metro area.

The next chart shows past and forecasted construction deliveries in the submarket, showing limited growth in the future.

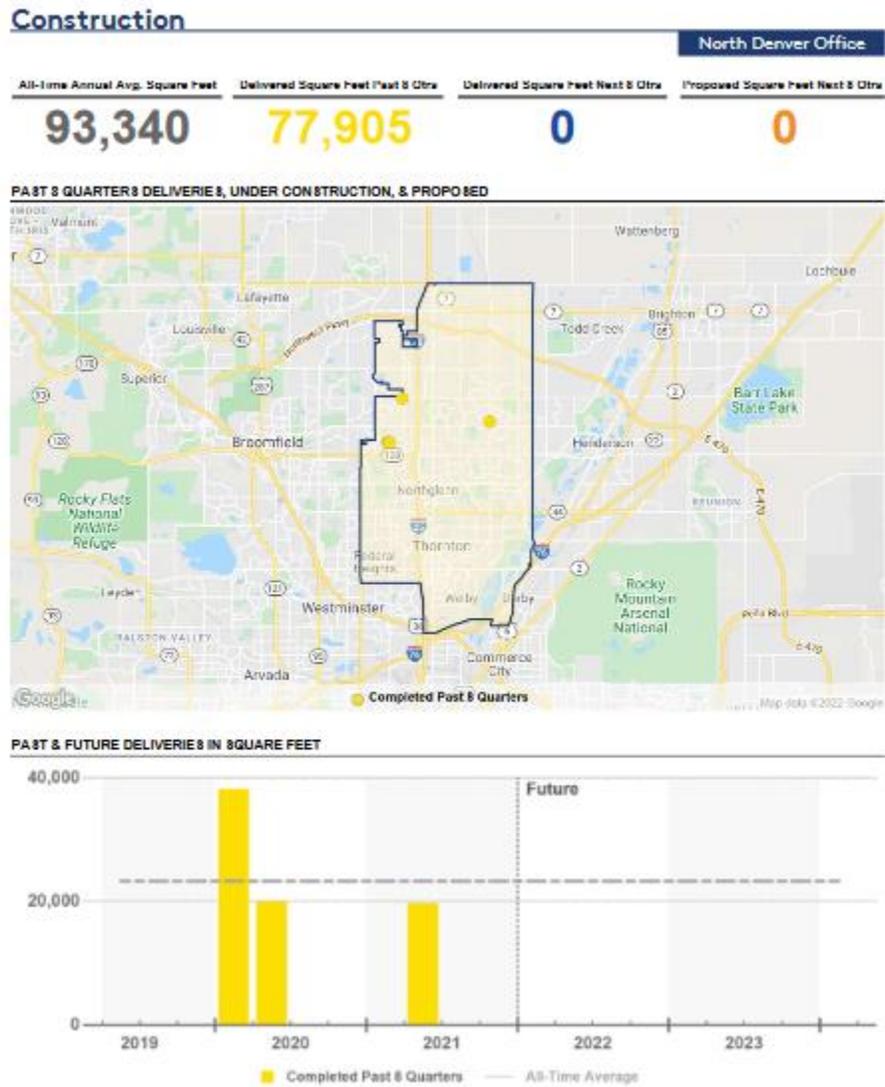
Construction

North Denver Office

DELIVERIES & DEMOLITIONS



The chart to follow shows activity over the past eight quarters and projected for the next eight quarters.



Construction

North Denver Office

RECENT DELIVERIES

#	Property Name/Address	Rating	Blgd SF	Stories	Start	Complete	Developer/Owner
1	Trinity Medical 12880 Colorado Blvd	★★★★☆	19,698	2	Aug 2020	May 2021	Elevation Companies
2	13668 Huron St	★★★★☆	20,000	2	Jun 2019	Jun 2020	Horizons North Credit Union
3	Talva Building 2 12235 Pecos St	★★★★☆	15,000	2	Jun 2018	Jan 2020	Entasis Group LLC
4	Talva Building 3 12245 Pecos St	★★★★☆	12,607	2	Jun 2018	Jan 2020	Entasis Group LLC
5	Talva Building 1 12225 Pecos St	★★★★☆	10,600	1	Jun 2018	Jan 2020	Entasis Group LLC

The projection through 2023 shows no new development. Area demand has been met over the last several years. However, with relatively low vacancy rates there is likely available demand for smaller office projects, catering to internet resistant business models.

The data and analysis are presented to reflect the type of information buyers and sellers may consider. The subject's location characteristics, land size, access, and so on, are major considerations in determining a potential purchase price.

Conclusions – External Market and Location Influences

The subject market was strong and improving prior to COVID-19. Although the pandemic caused job losses and closing of commercial properties, there continues to be significant levels of residential growth in the past several years which is expected to continue. The market is active and consumer confidence among builders is good. However, increasing construction costs may impact the rate of building and affordability.

Commercial real estate submarkets, which have trailed the residential market, are not as strong in the subject submarket. The office market is projected to see minimal growth in the short to medium term future.

The Grove development, Amazon Fulfillment Center, Denver Premium Outlets project, and Topgolf are a few of the projects that are creating jobs and additional commercial demand. The area within a 5-mile radius of the subject is stable but will likely see positive impact from the larger area projects, and development.

The subject neighborhood is a well-established area. The surrounding area contains a mixture of multifamily, commercial office, schools, and single-family residential development. The market outlook indicates continued demand, which will be increased as population vaccination takes place and effective treatments are developed for COVID-19.

Property Description

Land/Site Data

Location

The subject address is 9045 Grant Street, Thornton, Colorado. The property is a 6.43-acre vacant commercial lot, just west of Grant Street, on Russell Boulevard, a short street which ends in a cul-de-sac. The aerial below shows the property.



County Assessor Parcel No.

The Adams County assessor parcel number is 0171922409002.

Legal Description (per county)

SUB: HORIZON PLACE NO 1 BLK:1 LOT:5

Present Use

The subject is vacant.

Land Size, Shape, Dimensions, Frontage and Depth

The site measures 279,960 square feet. The lot is trapezoidal in shape, with a small amount of frontage on a cul-de-sac, as well as approximately 530 feet of frontage along the I-25 right-of-way. The depth is approximately 500 feet.

Access

Site access is from a cul-de-sac at the end of Russell Boulevard, and there are no current curb cuts to the site. Title history was not provided, and the property is appraised as though the only legal access is from Russell Boulevard. Although fronting I-25, there is no direct access to the highway, with the nearest interchange approximately 1.2 miles to the north and west.

Visibility/View

The property has exposure to traffic from local businesses on Russell Boulevard, but also has visibility to traffic along Interstate 25. Traffic volume on I-25 ranges from 143,000 to 154,000 vehicles per 24-hour period, according to 2020 *CDOT* counts.

Topography

The subject site is slightly sloping but increases toward the west near the I-25 frontage.

Floodplain and Drainage

The site does not appear to be in a 100-year floodplain according to the Federal Emergency Management Agency (FEMA) map with panel number 08001C0601 H, dated March 5, 2007. Based on the map cited floodplain mitigation would not be required for redevelopment. The FEMA floodplain exhibit showing the approximate location of the subject is below.



Soil, Subsoil and Water Conditions

No obvious adverse soil or subsoil conditions were noted during inspection. The site is vacant and has not been developed in the past, and no soil tests were provided. If, later, adverse soil conditions are discovered, the appraisal and report may need to be revised.

Easements, Encroachments, and Restrictive Covenants

No obvious encroachments were noted during inspection. The site is encumbered by easements of record. Title history was not provided, and the land is appraised as though there are no easements or restrictive covenants that would negatively impact development.

Utilities

Public water and sewer in the area is provided by the City of Thornton. Emergency services in the area are provided by the Thornton Fire Protection District and the City of Thornton Sheriff's Office. Electricity is provided by the Xcel Energy.

Land/Site Improvements

The land is unimproved.

Functional Adequacy of the Land/Site

The site is appraised as though functionally adequate to support development.

Adjacent and Surrounding Land Uses and Development

Uses in the immediate subject area include commercial offices, medical offices, multifamily, hospitals, and schools. The aerial to follow shows uses in the subject's immediate area.



Nuisances and Hazards

During inspection, no nuisances or hazards on the site or adjacent land were noted.

Potential Environmental Hazards

There were no obvious potential environmental hazards observed during inspection.

Owner Improvements Data

The land is vacant.

Owner On-Premise Sign

The site does not include a business sign.

Owner Off-Premise Sign (billboard) Site

The site does not include a billboard.

Zoning and Other Land Use Regulations

The site is zoned City Center (CC) District. The CC district provides for the development of a central business district containing governmental, quasi-public agencies, office, retail, and service uses. Residential uses are permitted as part of a mixed-use development. Its high density and mixed-use character help create a focal point for the city; its limited automobile-oriented uses help create a pedestrian environment. A list of the allowed uses, taken from the Thornton zoning code, follows.

City Center District – Summary of Allowable Uses

(Please refer to Section 18-160 for the most up-to-date list: [Section 18-160](#))

Accessory Uses

- Accessory outside display of merchandise
- Accessory outside sales
- Accessory outside storage
- Amateur telecommunication facility
- Attachment of telecommunication antennae to existing structure
- Golf safety net (SUP)
- Home Occupation (L)
- Solar Collectors
- Television reception antenna
- Wind energy conversion system – WECS (SUP)

Agricultural Uses

- Community garden
- Crop production (L)

Industrial Uses

- Heavy equipment operator outdoor training site (SUP)
- Mining (SUP)
- Well sites or production sites

Institutional/Community Service Uses

- Cemeteries and mausoleums (SUP)
- Church
- Cultural arts facilities
- Day care facility
- Hospitals and sanitariums
- Limited fundraising events (L)
- Schools, public and private

Lodging Uses

- Hotels and motels

Office Uses

- Financial institution with drive-in window (SUP)
- Financial institution without drive-in window
- General office
- Medical clinic

Recreation Uses

- Community park, recreation center or golf course

SUP – Use permitted by specific use permit

TUP – Use permitted by temporary use permit

L – Limited use permitted by right

- Neighborhood park or playground
- Private recreation center, club or area

Residential Uses

- College dormitory, fraternity or sorority houses (SUP)
- Multiple dwellings (SUP)
- Retirement housing (SUP)

Retail and Personal Service Uses

- Auto rental (SUP)
- Auto service center
- Bar, lounge or tavern
- Catering service
- Commercial amusement – outside (SUP)
- General merchandise or food store 3,500 sq. ft. or less (SUP)
- Liquor store (SUP)
- Personal service use (SUP)
- Restaurant with drive-in or drive-through (SUP)
- Restaurant without drive-in or drive-through
- Theater

Temporary Uses

- Christmas tree lots (TUP)
- Seasonal sales stand (TUP)
- Temporary concrete or asphalt batch plant (TUP)
- Temporary construction yard, construction/sales office (TUP)
- Temporary donation collection bin (TUP)
- Temporary grazing (TUP)
- Traveling show, carnival, circus or special event (TUP)

Transportation Uses

- Commercial bus station and terminal (SUP)
- Heliports (SUP)
- Transit passenger shelter

Utility and Public Service Uses

- Commercial radio and TV station
- Electric substation and gas regulator station (SUP)
- Library
- Local utilities
- Police and fire stations
- Post office
- Telephone exchange without shops or offices (SUP)
- Utility or government installation other than listed (SUP)

SUP – Use permitted by specific use permit
 TUP – Use permitted by temporary use permit
 L – Limited use permitted by right

- Water treatment plant, reservoir and water storage tanks (SUP)

Wholesale, Distribution and Storage Uses

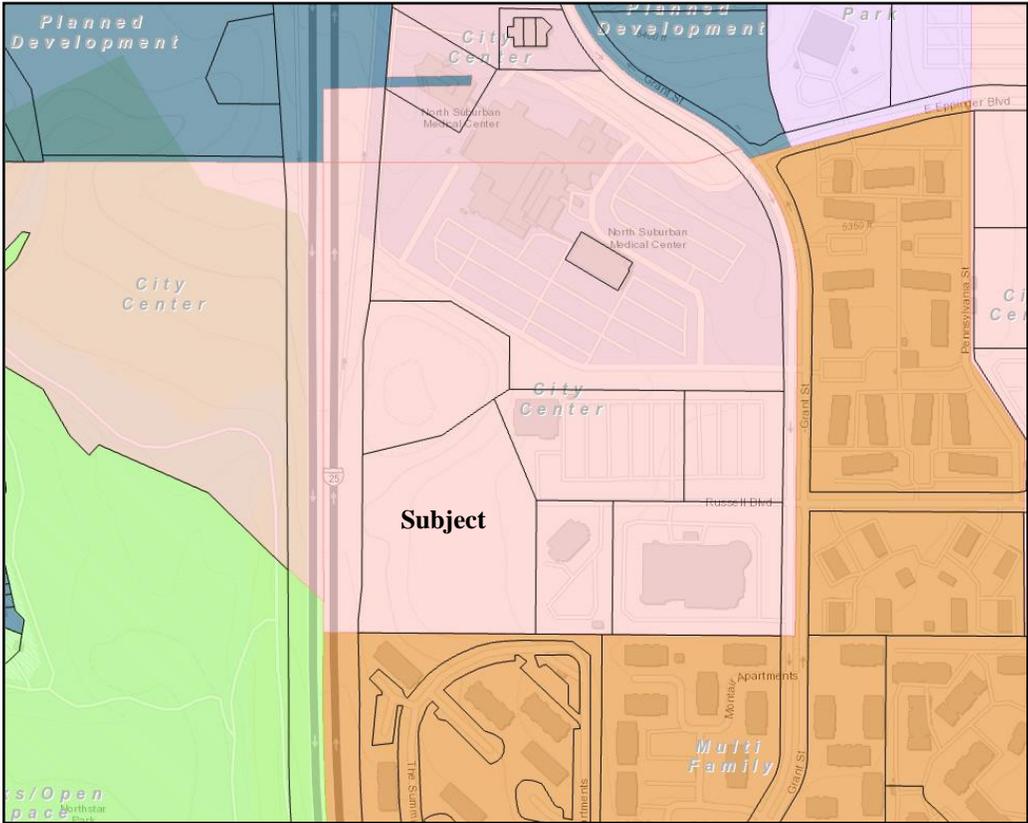
- Recycling collection center (L)

Wireless Telecommunication Uses

- Commercial radio or TV facility (SUP)
- Commercial satellite dish (SUP)
- Mobile telephone facility (SUP)
- Public safety telecommunication facility

A copy of the current zoning standards is in file.

The map to follow, taken from the City of Thornton webpage, (www.cityofthornton.net) last visited in February of 2022, shows the subject's zoning and zoning of adjacent areas.

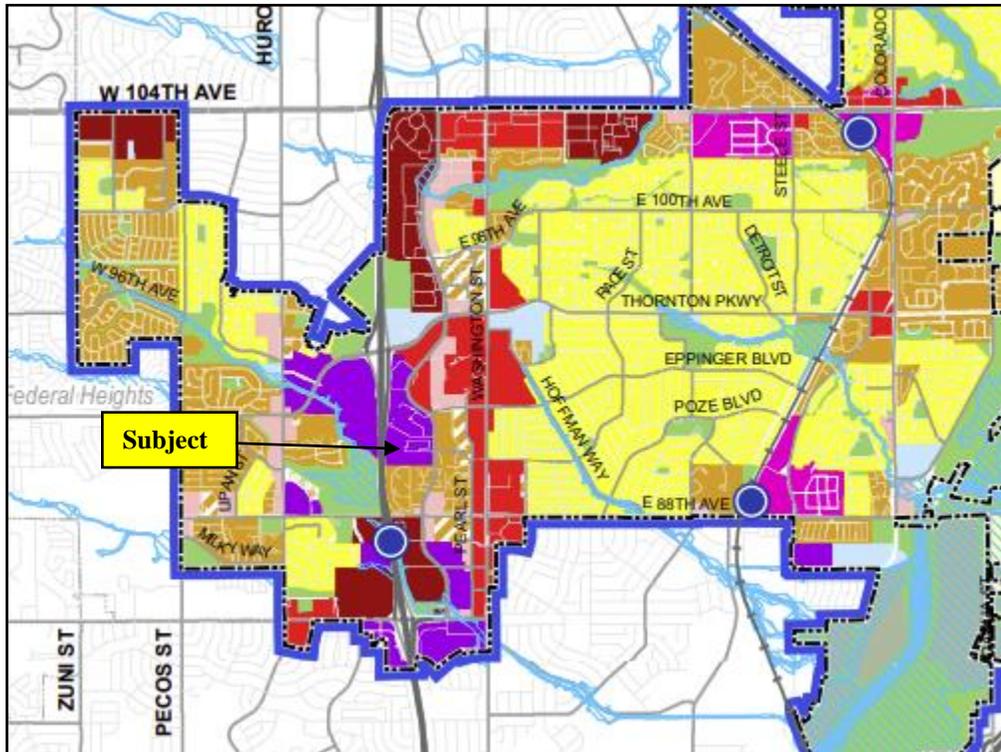


Zoning

Zones

- Agriculture
- Business Park
- City Center
- Community Retail
- Development Reserve
- Eastlake Zoning
- Industrial
- Mineral Conservation
- Multi Family
- Manufactured Home
- Neighborhood Services
- Planned Development
- Parks/Open Space
- Regional Commercial
- Residential Estate
- Single Family Attached
- Single Family Detached

Below is a portion of the Thornton Future Land Use Map, taken from the 2020 Thornton Comprehensive Plan. This map indicates the subject area is designated as future Employment Center.



- Estate Neighborhood (EN)
- Single-Family Neighborhoods (SFN)
- Mixed Residential Neighborhoods (MRN)
- Mixed-Use Neighborhoods (MUN)
- Commercial (COM)
- Community Mixed-Use (CMU)
- Regional Mixed-Use (RMU)
- Transit-Oriented Development (TOD)
- Employment Center (EC)
- Employment Center -
Warehousing Overlay (EC-W)
- Institutional (INS)

Use History

The property is vacant.

Sales History

The subject property has not sold on the open market within the past five years according to county records.

Listing/Contract History

The subject property is not currently listed for sale or under contract for sale.

Assessed Value – Real Estate Taxes – Special Taxing Districts

Property taxes in Adams County are derived by applying a mill levy to the assessed value of the property. The assessed value is a percentage of the actual value. The mill levy in the subject area is 110.645.

A county appraiser determines the actual value. The taxes due each year are based on sales from a 24-month period ending June 31st through the previous two years. Properties are reassessed every two years. The value is not necessarily equivalent to current market value. In addition, the property may not have been inspected as part of the assessment process.

The subject is under public ownership and exempt from taxes. The tables to follow show the most recent assessor appraised values and assessed values which is 29 percent of the appraised value. The taxes that would be due under private ownership are also calculated.

Parcel 0171922409002	Actual	Assessed
Land	\$2,768,806	\$802,950
Improvements	\$0	\$0
Total	\$2,768,806	\$802,950
Mill Levy	110.645	
Taxes	\$88,842.40	

The assessor appraised value is \$2,768,806 or \$9.89 per square foot. However, this value is not necessarily equivalent to current market value. The value developed by the assessor is based on mass appraisal methodology and may not consider location characteristics, highest and best use, and so on. Later in the report the subject's value is estimated at \$6.50 per square foot. Although similar to the assessor's value, the assessor's value is not considered in the estimate of current market value as defined in this report.

Legal Entitlements and Stage of Development

No known entitlements

ANALYSIS and VALUATION

Highest and Best Use

Highest and best use is the most profitable and competitive use of a property. The Appraisal Institute in The Dictionary of Real Estate Appraisal, Sixth Edition, Chicago, © 2015, pg. 109, defines highest and best use as:

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

The site is vacant and analyzed accordingly.

Highest and Best Use

Legal Permissibility

The site is zoned City Center (CC) District. The City Center District provides for the development of a central business district containing governmental, quasi-public agencies, office, retail, and service uses. Residential uses are permitted as part of a mixed-use development. The high density and mixed uses character help create a focal point for the city; while limited automobile-oriented uses help create a pedestrian environment. The future City of Thornton planning calls for employment center development. A range of uses are legally permissible.

Physical Possibility

The site measures approximately 6.43 acres and could physically support a variety of commercial development types. The site is large enough to support one or more buildings. Development would have to meet setback and other requirements for site plan approval. A use that required multiple access points would not be physically possible, however potential uses would benefit from some visibility on Interstate I-25. Sites in high demand not only have visibility to a highway, but quick access to an interchange. The subject is more than one mile from a highway interchange.

Financial Feasibility

Financially feasible uses for the site are dictated by surrounding development, planned development, and zoning and location characteristics; balanced against supply and demand.

The subject is situated in an area which includes office, multifamily and school uses, and all of these uses are uses by right under the current zoning. Due to the size and nature of the subject a number of differing development types could be financially feasible, and subdividing the lot is also a possibility.

Multifamily is a use in the subject area. The property which is adjacent to the south is a multifamily development, and the multifamily market has performed well over the past eight to ten years. The multifamily uses, however, require an additional “specific use permit,” which could be difficult to obtain, and may require offsite infrastructure impacts given the impact of adding new residents. In addition, new multifamily use generally requires more than one access point. Multifamily is possible, but with added difficulty and costs.

Retail is unlikely due to the indirect access; however, a location oriented sit-down restaurant that benefits from interstate visibility is a possibility. The Thornton Comprehensive Plan calls for employment center development which could include an office, training center, restaurant, and other employment related uses.

Commercial uses including traditional office and medical office use are a good fit for the site. The properties that are adjacent to the east of the subject are primarily office or medical office buildings, and the access would be similar to access on adjacent properties. Site plan approval for a use similar to the surrounding uses would also be more probable. A use that may be allowed by right but that is not compatible with the surrounding development, or that would introduce significant traffic, may not gain site plan approval. The on and offsite development cost may be too high for certain uses, to be feasible.

Public, quasi-public uses and schools are a fit for the site; however, these uses tend to be less financially feasible.

The subject, although zoned for a variety of uses, would require site plan approval prior to gaining development permits. Land sites that are zoned to allow a variety of uses, and that haven't been entitled for a specific use; generally sell for similar prices all other things being equal.

As the rail service grows in use and the area becomes a destination place, redevelopment to meet the needs of the growing/changing community may create demand for new development.

Maximum Profitability

The maximally profitable use is that use from the financially feasible uses which generates the highest reasonable return to the land. Development with office or medical office uses would be maximally profitable, given that this is the most reasonable use that could gain site plan approval.

Conclusion of Highest and Best Use

The highest and best use of the site is for future development when market demand is sufficient to support office or medical office uses. This may occur in the medium-term future. There are newer medical office parks in this region, meeting regional needs, and the property may be held in the short to medium term future. During the holding period, site planning and the entitlement process could take place. Market demand must also be sufficient to support development.

Alternative uses could include a public use like a school, or possibly multifamily development. However, these uses may not be feasible. Public uses would likely require identification of favorable funding and multifamily use could include significant offsite infrastructure costs and other impact fees.

Appraisal Valuation Methodology

Three methods are used in the valuation of real estate. The methods are the cost approach, sales comparison approach, and income approach. Each approach is based on a study of the market and extracted market data. In some cases, one or more of the accepted approaches to value are unreliable or unsupported, and therefore not used. The sales comparison approach will be used to value the land. The income approach and cost approach are not used, as explained previously.

Sales Comparison Approach

The sales comparison approach involves comparing the subject to similar properties that have sold on the open market. Typically, quantitative, or qualitative adjustments are made to the sale properties to arrive at an indicated value range for the subject property. The process involves adding to or subtracting from the sale price of each comparable sale to reflect the market's response to inferior or superior qualities in comparison to the subject property. An upward or positive adjustment to the comparable indicates that it is inferior to the subject property for a particular feature. A negative or downward adjustment indicates that the comparable is superior to the subject for a feature. After all adjustments are applied, a range of indicated values are developed for the subject property. The indicated values are then reconciled into a final estimated value for the subject by weighing the comparability of each sale to the subject.

The unit of comparison used in this analysis is price per square foot. Price per square foot is typically used by the market when evaluating land sites like the subject.

The best indicator of the subject's value is from land sites that are purchased for a similar development type and with similar market appeal. Attempts were made to find sites with similar highest and best use compared to the subject, and future development potential from the surrounding area.

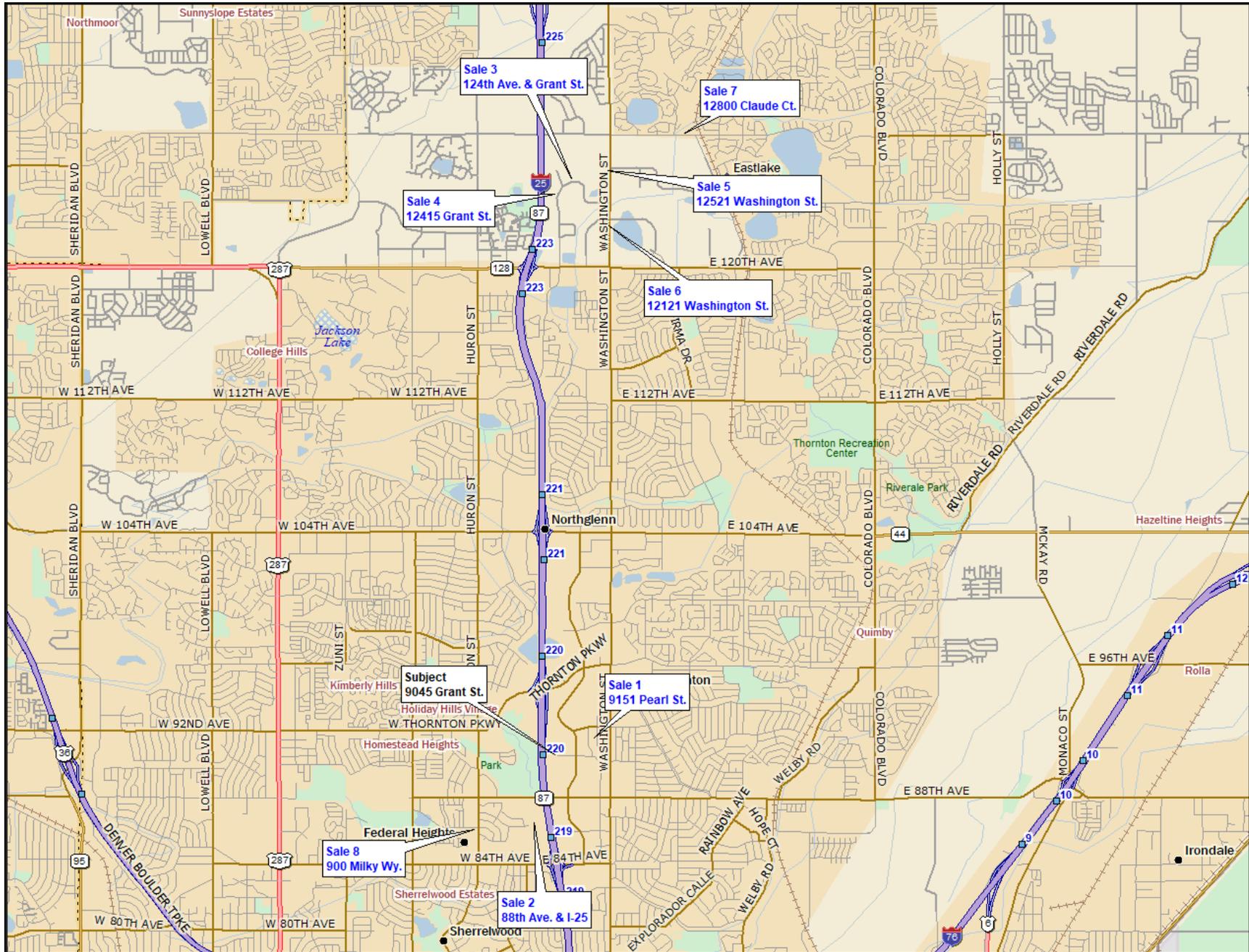
The subject is in a developed neighborhood and there were limited recent sales of sites with similar development potential in the immediate area. Therefore, sales were selected from

similar areas, in the surrounding general region, in terms of demographics, age of development, location characteristics, and so on.

From the researched group eight sales were selected for comparison. The sales are numbered 1 through 8. The numbering system is for identification and not a ranking of comparability. Descriptions and photographs of the sales are on the following pages along with a location map. An adjustment analysis including an adjustment grid will follow the comparable sale information pages. This will be followed by the valuation conclusion.

(Please note: the site sizes and other sales data are taken from various sources. In certain cases, the sources may vary. As an example, the size at the time of purchase for a particular land tract may have been larger, and after development and dedication the county data may show a smaller site; slightly different confirmation information may have been reported; a survey may show a different size, and so on.)

Land Sale Map



Sale 1 - Aerial (Photograph on Next Page)



Property Data/Buyer, Seller, and Deed Information			
Location:	9151 Pearl Street, Thornton, CO		
Grantor:	Leipold Land Company et al		
Grantee:	Malireddy S. Reddy and Syama M. Reddy		
Reception Number:	2020000137063-Adams County Colorado		
Deed Type:	Special Warranty Deed		
Parcel Numbers:	1719-22-4-03-009		
Property Description			
Physical:	Land Size - SF:	108,769	
	Land Size - Acres:	2.50	
	Shape:	Rectangular	
	Topography:	Level	
	Drainage/Flood Plain:	Not in 100 Year Flood Plain	
	Zoning:	CC; City Center District	
	Highest and Best Use:	Multifamily Development	
Use at Time of Sale:	Vacant		
Transaction and Additional Information			
Sale Date:	Dec-20	Financing:	Cash Equivalent
Sale Price:	\$750,000	Stage of Development	Undeveloped
Price/SF:	\$6.90	Utilities	Edge of the Site
Project Influence:	None	3 Year Sales History	None
Comments: The buyer for this site also owns the adjacent land parcel, and will likely sell the assembled site to a multifamily developer.			



Looking west from Pearl Street

Sale 2 - Aerial (Photograph on Next Page)



Property Data/Buyer, Seller, and Deed Information			
Location:	SEC of 88th Ave & I-25, Thornton, CO		
Grantor:	Pure Strike Centennial, LLC		
Grantee:	Pinnacle Charter School		
Reception Number:	2020000012238-Adams County Colorado		
Deed Type:	Special Warranty Deed		
Parcel Numbers:	1719-27-1-00-002, 1719-27-2-00-033, 1719-27-2-19-001 @ time of sale		
Property Description			
Physical:	Land Size - SF:	510,610	
	Land Size - Acres:	11.72	
	Shape:	Irregular	
	Topography:	Level	
	Drainage/Flood Plain:	On the edge of a Flood Plain - minimal impact	
	Zoning:	BP; Business Park	
	Highest and Best Use:	Office, Light Industrial, Hospitality, Medical	
Use at Time of Sale:	Vacant		
Transaction and Additional Information			
Sale Date:	Feb-20	Financing:	Cash Equivalent
Sale Price:	\$2,729,500	Stage of Development	Undeveloped
Price/SF:	\$5.35	Utilities	Edge of the Site
Project Influence:	None	3 Year Sales History	Yes
Comments: This transaction includes the purchase of three vacant commercial parcels. The site has frontage on I-25, and is currently being developed with an athletic facility to support Pinnacle Charter School, and also a mixed-use community facility. According to county assessor records, these three parcels sold previously on October 21, 2018, for \$2,150,000. The previous owner was planning to build a Woodspring Suites hotel but selected a different site.			



Looking northeast from adjacent property to the south



Construction Plans - Billboard

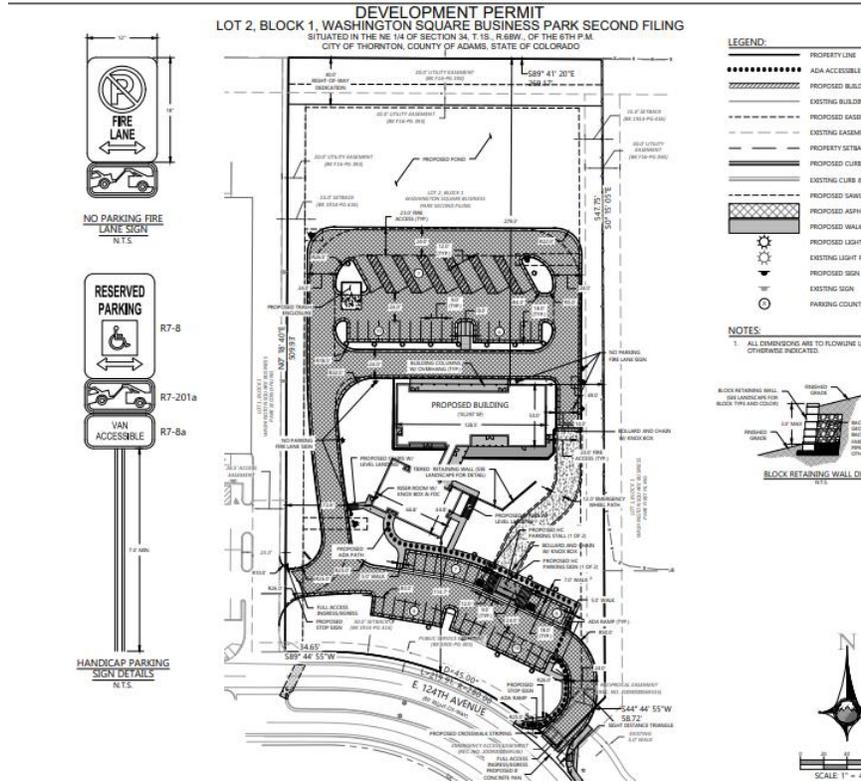
Sale 3 - Aerial (Photograph on Next Page)



Property Data/Buyer, Seller, and Deed Information			
Location:	North Side of 124th Avenue at Grant Street, Thornton, CO		
Grantor:	North Metro Business Park, LLC		
Grantee:	904 North 7th Street LLC		
Reception Number:	2019000058192-Adams County Colorado		
Deed Type:	Special Warranty Deed		
Parcel Numbers:	1573-34-0-09-028		
Property Description			
Physical:	Land Size - SF:	145,752	
	Land Size - Acres:	3.35	
	Shape:	Rectangular	
	Topography:	Level	
	Drainage/Flood Plain:	Not in 100 Year Flood Plain	
	Zoning:	BP; Business Park	
Highest and Best Use:	Office, Light Industrial, Hospitality, Medical		
Use at Time of Sale:	Vacant		
Transaction and Additional Information			
Sale Date:	Jun-19	Financing:	Cash Equivalent
Sale Price:	\$845,000	Stage of Development	Undeveloped
Price/SF:	\$5.80	Utilities	Edge of the Site
Project Influence:	None	3 Year Sales History	None
Comments: The site is in the Washington Square Business Park and will be developed with a medical/therapeutic office, as an adult daycare facility known as ABLE Colorado.			

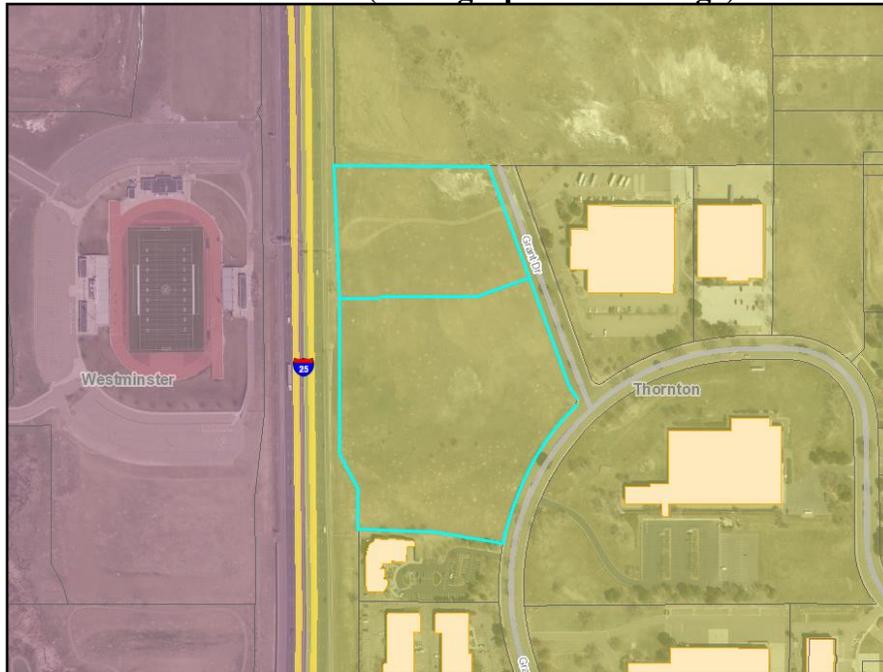


Looking northeast from 124th Avenue



Preliminary Site Plan for Proposed Building

Sale 4 - Aerial (Photograph on Next Page)



Property Data/Buyer, Seller, and Deed Information			
Location:	12415 Grant Street, Thornton, CO		
Grantor:	Banner Health		
Grantee:	Global Village Academy - Northglenn Building Corporation		
Reception Number:	2018000100822-Adams County Colorado		
Deed Type:	Special Warranty Deed		
Parcel Numbers:	1573-34-1-01-001, 1573-34-1-01-002		
Property Description			
Physical:	Land Size - SF:	641,247	
	Land Size - Acres:	14.72	
	Shape:	Irregular	
	Topography:	Level	
	Drainage/Flood Plain:	Not in 100 Year Flood Plain	
	Zoning:	BP; Business Park	
Highest and Best Use:	Office, Light Industrial, Hospitality, Medical		
Use at Time of Sale:	Vacant		
Transaction and Additional Information			
Sale Date:	Dec-18	Financing:	Cash Equivalent
Sale Price:	\$2,300,000	Stage of Development	Undeveloped
Price/SF:	\$3.59	Utilities	Edge of the Site
Project Influence:	None	3 Year Sales History	None
Comments: These parcels were purchased to develop a charter school known as Global Village Academy. The school is nearing completion. The site has frontage on I-25.			

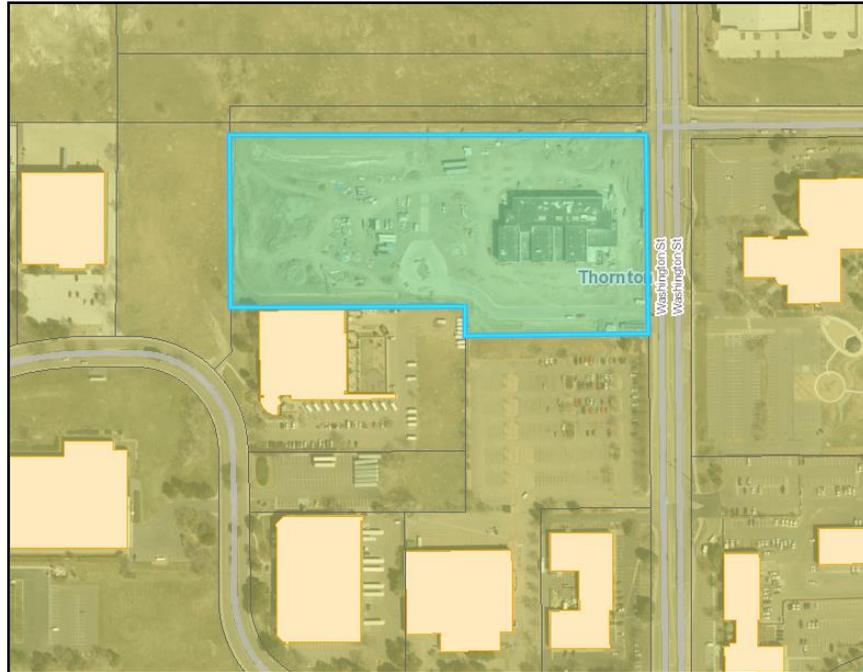


Looking southwest from Grant Street



Rendering of School

Sale 5 - Aerial (Photograph on Next Page)



Property Data/Buyer, Seller, and Deed Information			
Location:	SWC Washington St. and 126th Ave. (aka2751 Washington Street), Thornton, CO		
Grantor:	Washington Square Investors LLC		
Grantee:	Adams 12 Five Star Schools		
Reception Number:	2018000080373-Adams County Colorado		
Deed Type:	Special Warranty Deed		
Parcel Numbers:	1573-34-0-09-025		
Property Description			
Physical:	Land Size - SF:	437,865	
	Land Size - Acres:	10.05	
	Shape:	Irregular	
	Topography:	Level	
	Drainage/Flood Plain:	Not in 100 Year Flood Plain	
	Zoning:	BP; Business Park	
	Highest and Best Use:	Office, Light Industrial, Hospitality, Medical	
Use at Time of Sale:	Vacant		
Transaction and Additional Information			
Sale Date:	Oct-18	Financing:	Cash Equivalent
Sale Price:	\$1,300,000	Stage of Development	Undeveloped
Price/SF:	\$2.97	Utilities	Edge of the Site
Project Influence:	None	3 Year Sales History	None
Comments: This site was purchased to support development of the Adams 12 Five Star Schools second Career and Technical Education Center. The campus opened in 2020. The building is approximately 45,000 square feet with room to expand in the future. The buyer confirmed that they had to extend 126th Avenue west along the north side of the property in order to create a second access point for fire services. They also had to expand the 126th/Washington traffic light to have a 4th light/pole for east bound 126th Avenue. This added significant cost to the site development.			



Looking northwest from Washington Street prior to construction



Looking west from Washington Street at finished building

Sale 6 - Aerial (Photograph on Next Page)



Property Data/Buyer, Seller, and Deed Information			
Location:	12121 Washington Street, Thornton, CO		
Grantor:	Qwest Corporation		
Grantee:	Carlson Storage Thornton LLC		
Reception Number:	2018000067737 - Adams County		
Deed Type:	Bargain and Sale Deed		
Parcel Numbers:	1573-34-4-02-006		
Property Description			
Physical:	Land Size - SF:	174,240	
	Land Size - Acres:	4.00	
	Shape:	Irregular	
	Topography:	Level	
	Drainage/Flood Plain:	Not in 100 Year Flood Plain	
	Zoning:	BP; Business Park	
Highest and Best Use:	Office, Light Industrial, Hospitality, Medical		
Use at Time of Sale:	Vacant		
Transaction and Additional Information			
Sale Date:	Aug-18	Financing:	Cash Equivalent
Sale Price:	\$800,700	Stage of Development	Undeveloped
Price/SF:	\$4.60	Utilities	Edge of the Site
Project Influence:	None	3 Year Sales History	None
Comments: This site was purchased to support development of a storage facility. The location benefits from frontage on Washington Street. The larger Qwest ownership was subdivided to create this parcel and the land sold subject to communications, drainage, and access easements.			



Looking northeast from adjacent property



Looking southwest from Grant Street

Sale 8 - Aerial (Photograph on Next Page)



Property Data/Buyer, Seller, and Deed Information			
Location:	900 Milky Way, Thornton, Colorado		
Grantor:	Southwest Regional Council of Carpenters		
Grantee:	American Active Acquisitions, Inc.		
Reception Number:	2021000039931-Adams County Colorado		
Deed Type:	Special Warranty Deed		
Parcel Numbers:	1719-28-1-04-004		
Property Description			
Physical:	Land Size - SF:	44,016	
	Land Size - Acres:	1.01	
	Shape:	Rectangular	
	Topography:	Level	
	Drainage/Flood Plain:	Not in 100 Year Flood Plain	
	Zoning:	CR; Community Retail	
Highest and Best Use:	Range of retail and offices uses, and similar uses		
Use at Time of Sale:	Vacant		
Transaction and Additional Information			
Sale Date:	Apr-21	Financing:	Cash Equivalent
Sale Price:	\$225,000	Stage of Development	Undeveloped
Price/SF:	\$5.11	Utilities	At the site
Project Influence:	None	3 Year Sales History	None
Comments: This site was purchased as an investment. The site was previously developed and the small office building was demolished prior to the sale. The previous owner was considering development of an 18-unit apartment but plans were not advanced.			



Looking southeast from Milky Way



Image from listing brochure

Analysis

The sales are summarized below.

Sale	Address	Size/Acres	Size/SF	Date of Sale	Selling Price	Price/SF
1	9151 Pearl Street	2.50	108,769	Dec-20	\$750,000	\$6.90
2	SEC 88th Avenue & I-25	11.72	510,610	Feb-20	\$2,729,500	\$5.35
3	NS 124th Avenue & Grant	3.35	145,752	Jun-19	\$845,000	\$5.80
4	12415 Grant Street	14.72	641,247	Dec-18	\$2,300,000	\$3.59
5	12521 Grant Street	10.05	437,865	Oct-18	\$1,300,000	\$2.97
6	12121 Washington Street	4.00	174,240	Aug-18	\$800,700	\$4.60
7	12800 Claude Court	3.73	162,474	Sep-21	\$1,200,000	\$7.39
6	900 Milky Way	1.01	44,016	Apr-21	\$225,000	\$5.11
Subject	9045 Grant St	6.43	279,960			

The sales, prior to adjustment, range in price from \$2.97 to \$7.39 per square foot. The following is considered in the analysis.

- The sales range in size from 1.01 acres to 14.72 acres. The subject measures 6.43 acres, within the range created by the sale properties. The range is relatively large. Given the infill nature of the subject, there were limited comparable sales available, and the search criterion, in terms of site size, was therefore expanded.
- All the sales occurred within the past 3.5 years. The most recent sales are the highest in price per square foot. This supports an increasing market. In addition to these sales, a current listing is examined to support current market conditions.
- All the sales are in Thornton and are near the I-25 corridor.
- Several of the sales were purchased with plans for future multifamily development. The subject has some potential for this use but given the limited direct access infrastructure improvements would likely be required. This is similar to the comparable sales that were purchased for future multifamily use, with each likely requiring infrastructure improvements to support development.

Comparative Adjustments – Initial Adjustments

The process of adjustment analysis begins with identifying property and selling characteristics that affect market value in the subject's market area. Each comparable sale is then adjusted for the difference.

In this case, real property rights, financing terms, conditions of sale, and expenditures made immediately after purchase, are first analyzed. These four transactional adjustments must be

applied initially to ensure that the comparison is based on like property rights, motivations of the buyer and seller, and cash equivalent terms.

The adjustment for market conditions (time of sale) is evaluated as part of the initial adjustments. The market conditions adjustment ensures that the selling prices are set at the date of valuation. After the market conditions adjustment is applied, the adjustments for the physical property characteristics are applied.

Real Property Rights

Property can be purchased based on a variety of rights like a leasehold interest, leased fee interests, easements, or with other encumbrances. A fee simple purchase is based on absolute ownership. This may include a property subject to easements, leases, and so on, but the price is based on fee simple, recognizing the encumbrances.

The fee simple estate is being valued in this report. All eight sales were purchased in fee simple and an adjustment for property rights is not applied.

Financing Terms

Financing can impact a purchase price. An all-cash sale may result in a lower price while a longer-term loan may increase the purchase price, all other things being equal. There are other market dynamics related to financing that could impact price.

The sales were purchased with cash or under cash equivalent terms and an adjustment for financing is not applied.

Conditions of Sale

Conditions of sale can impact a purchase price. If a buyer has unusual motivation, a higher price may be paid. If a seller needs to liquidate and expedite a sale, the price may be lower. These are a few examples of how conditions of sale can impact price.

Seven of the eight sales occurred under normal conditions. The buyers of Sale 1 also own a vacant parcel directly to the north and they purchased the additional parcel as an assemblage.

Based on confirmation with the buyer the assemblage will create a larger more desirable multifamily development site; however, it is unknown if a higher intensity of development would be allowed. Based on confirmation and comparison with the remaining sales after all other adjustments are made; a condition of sale adjustment is not supportable.

Expenditures after Purchase

Expenditures made immediately after the sale can include items like demolition of an older building, site clean-up costs, and so on. A buyer would pay a reduced price for the land based on costs and effort that need to be performed to create a development site. If a site has improvements that contribute to value, like utility stubs to the property, and this is dissimilar to typical land sites sold and/or on the market, a higher price may be paid.

Sale 5 included significant offsite cost, as explained in the sale information sheet, including roadway extension and signal light cost. Based on confirmation and comparison with the sales in the immediate area, Sale 5 is adjusted upward \$500,000. In addition to the costs, the adjustment considers the time and risk involved with the offsite improvement process.

Sale 8 will require upgrades to the storm drainage system, but this is to allow for a high impact high density residential use. If a lower intensity use like a single office building were proposed, the significant drainage system upgrades would not be necessary. Sale 8 is not adjusted.

Market Conditions

Office land values have not experienced the type of increases compared to the residential market. A shift to remote work locations was taking place prior to the pandemic and has now been heightened. The change has resulted in higher vacancies in the office market, with lower demand.

The subject's particular market, including the Denver North office submarket, had rental growth limited to one percent over the last year. However, infill locations like the subject show stronger demand compared to suburban offices or offices where land for new development is available.

The subject area is developed with limited market data in terms of paired sales or sales and resales to support a market conditions adjustment. The support for the market conditions adjustment, therefore, is partially supported by paired sales data in file, in the larger metropolitan area.

Sale 2 did include a recent prior purchase. The sale and resale are illustrated in the table to follow.

Paired Sale Table						
Property Type	Property Address	Zoning	Date of Sale	Land Size/SF	Sale Price	Sale Price/SF
Sale 2	88th Ave. & I-25	BP	Oct-18	510,610	\$2,150,000	\$4.21
Sale 2	88th Ave. & I-25	BP	Feb-20	510,610	\$2,729,500	\$5.35
Difference in Selling Price						\$1.14
Percent Change from Low to High						27.08%
Number of Months between Sales			16 Months	% Change Per Month	1.69%	
Percent Change Per Year						20.28%

The data show a relatively large change. However, the percent change occurred prior to the pandemic. Market conditions often change in cycles and at an uneven rate. The rate after the pandemic, for certain office markets, decreased substantially. Other markets like the apartment market continued to grow through the pandemic.

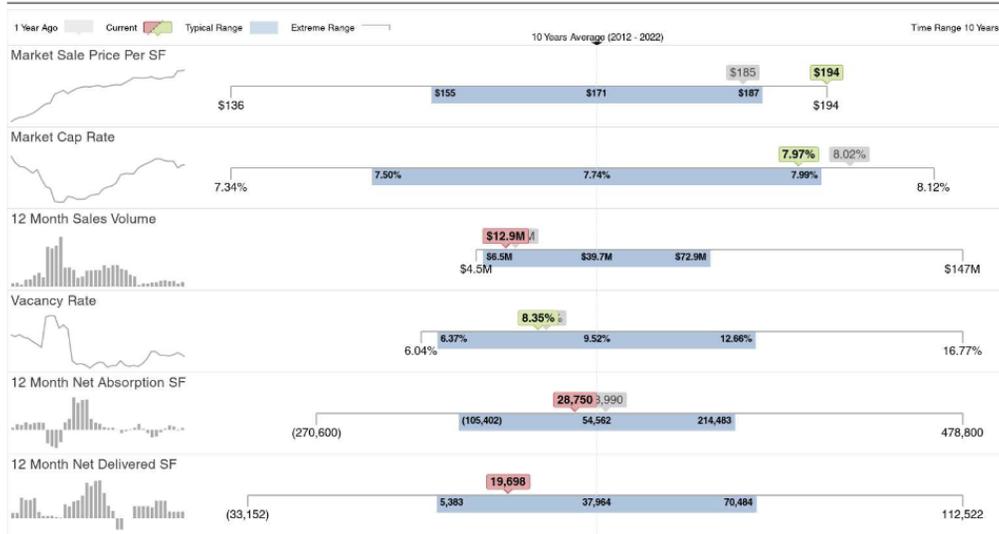
In addition to the paired sales, and additional general information in file; market surveys were considered including the Capital Markets Report for the subject's office submarket, produced by *CoStar*. The exhibit below is from the report.

Capital Markets Overview

North Denver Office

Asset Value	12 Mo Sales Volume			Market Cap Rate	Mkt Sale Price/SF Chg (YOY)			
\$977M	\$12.9M			8.0%	4.5%			
12 MO SALES VOLUME	Total	Lowest	Highest	12 MO SALES PRICE	Average	Lowest	Highest	Market
Transactions	22	-	-	Cap Rate	5.2%	5.2%	5.2%	8.0%
Sales Volume	\$12.9M	\$240K	\$1.4M	Sale Price/SF	\$171	\$58	\$610	\$194
Properties Sold	15	-	-	Sale Price	\$805.2K	\$240K	\$1.4M	-
Transacted SF	98.5K	974	19.7K	Sale vs Asking Price	-5.3%	-16.4%	0%	-
Average SF	4.5K	974	19.7K	% Leased at Sale	95.1%	6.7%	100%	-

KEY PERFORMANCE INDICATORS



The submarket report shows a sale price increase for office buildings at 4.5 percent. This includes all office types and a relatively large area but is an indication of a lower rate of price increase over the last year.

Weighing the various indicators, with additional data in file, each sale is adjusted upward 6 percent per year for market conditions, on a straight-line basis (non-compounded). The adjustment is pro-rated monthly. The adjustment considers the decrease in demand for certain office markets through the pandemic period.

Physical Adjustments

Based on comparison between the sales, data in file, and confirmation notes, the supportable physical adjustments are for general location and access, and site size. The subject and sales vary in zoning, but with similar allowed uses. Zoning is discussed but an adjustment is not necessary.

General Location and Access

The subject is located just off Grant Street, on a minor street which ends at a cul-de-sac in front of the subject site. Access is limited to a curb cut off the cul-de-sac. Traffic on the subject street is minimal, primarily from employees and customers of surrounding schools and businesses.

The west side of the subject property has some visibility to high traffic volume along Interstate I-25. Traffic volume on I-25 ranges from 143,000 to 154,000 vehicles per 24-hour period, according to 2020 CDOT counts. The subject, although exposed to traffic on I-25, is approximately 1.2 miles from the nearest interchange.

Sites with exposure to high traffic volume and quick access to a highway interchange, or other amenities like signalized corner access or multiple access points, often sell for a higher price compared to sites that do not have these features. This is illustrated by paired sales data.

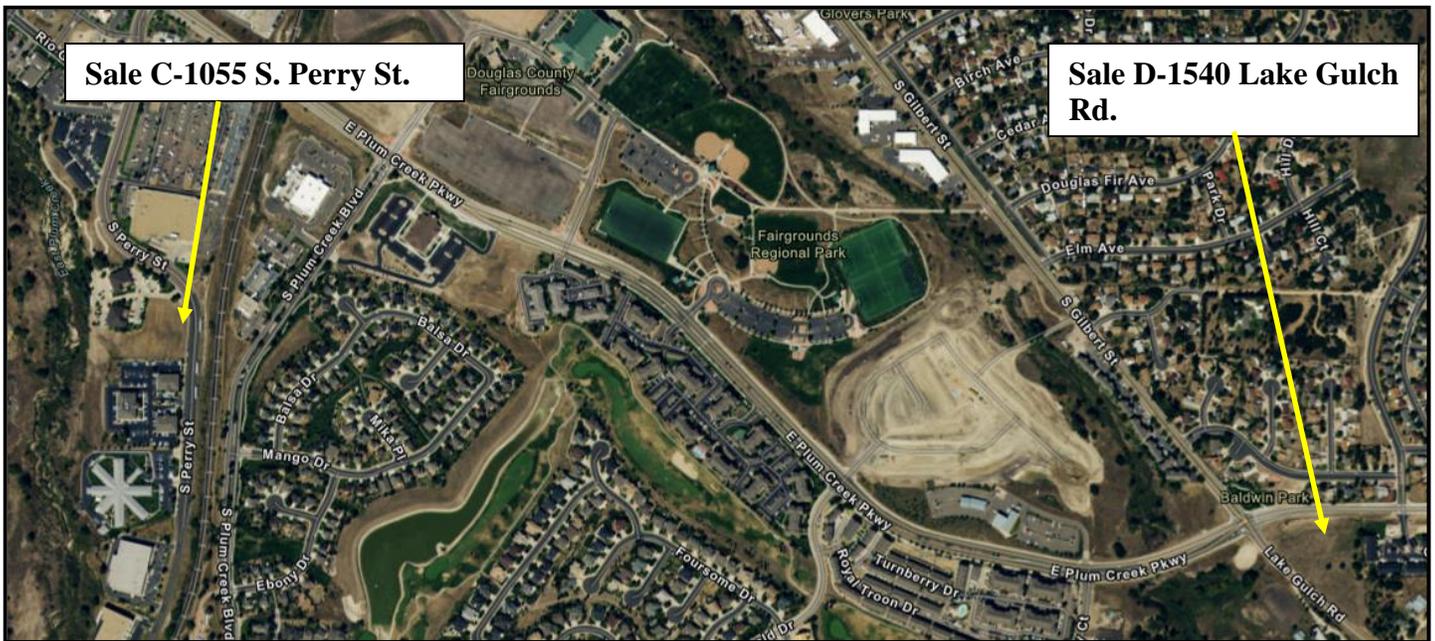
The first paring compares two sites that were purchased by the same buyer but with different sellers. Sale A, in the table below, fronts I-25 while Sale B does not front the highway. The comparison follows.

Sale	Property Address	Zoning	Date of Sale	Land Size/SF	Land Size/Acres	Adj. Sale Price	Sale Price/SF
Sale A	5037 Silver Peak Avenue	I-1; Industrial	Sep-19	169,405	3.89	\$650,000	\$3.84
Sale B	Approx. 4180 Sunshine Drive	I-1; Industrial	Sep-19	221,600	5.09	\$724,838	\$3.27
Difference in Selling Price							\$0.57
Percent Change from Low to High							14.84%
Percent Change from High to Low							17.43%

The table shows that Sale A sold for a higher unit price with the major difference based on highway frontage. Sale A sold for 14.84 percent higher from low to high, and 17.43 percent higher from high to low. The differences, however, are somewhat mitigated because the two sites will be operated as a U-Haul office and self-storage outlet, and an RV parking lot. The self-storage use will be on the lot with superior exposure, fronting I-25.

A second data set shown on the map and the table to follow includes a comparison of two similar sites located in Castle Rock. Sale C is located on an interior area near the dead-end of South Perry Street and Sale D is located at a signalized corner. The map/aerial is dated prior to development.

(Please note: Sale C includes 20 percent of the site that must be reserved for Preble Jumping Mice population, an endangered species. The reserved land can continue to meet open space requirements. Balancing the use against the restrictions, this sale has been adjusted upward 10 percent from the selling price of \$500,000 to the adjusted price of \$550,000. This adjustment creates a price based on a fully buildable site.)



Sale	Property Address	Zoning	Date of Sale	Land Size/SF	Land Size/Acres	Adj. Sale Price	Sale Price/SF
Sale C	1055 South Perry Street	PD; Business	Feb-17	99,317	2.28	\$550,000	\$5.54
Sale D	1540 Lake Gulch Road	Commercial	Jan-17	137,650	3.16	\$915,000	\$6.65
Difference in Selling Price							\$1.11
Percent Change from Low to High							20.03%
Percent Change from High to Low							16.69%

The difference in selling price from low to high is 20.03 percent and from high to low is 16.69 percent. The major difference is based on location and access. This paired data indicates that location and access, including signalization and on higher volume traffic

streets, sell for a higher price compared to sites at interior locations with lower exposure to traffic. Signalized corner sites have superior premiums.

Sale C is now developed with a medical rehabilitation office. Sale D was planned for an automotive and retail mixed use development. The site, however, was subsequently resold to Sinclair Oil, in September of 2018 for \$1,800,000, or \$13.08 per square foot. The site is now being developed with a 7-Eleven brand convenience store and gas station and car wash. The location of Sale C would not support this type of use.

Analysis

Sales 2 and 4 are both Charter School sites that are similar in nature to the subject site. They are set on minor streets, but both benefit from frontage and visibility from I-25. The location of these two sales is similar to the subject, and no adjustment is applied for general location and access considerations. In addition to the paired sales data, these two sales can be used as a base of comparison given their similarities with the subject.

Sales 1 and 3 are located on Pearl Street and 124th Avenue, respectively. Both are on minor streets and do not benefit from visibility from an arterial street or highway traffic. These two sites are inferior due to lesser visibility and traffic, and each sale is adjusted upward 5 percent for general location and access considerations. The adjustment is lower compared to the paired data sets. The subject is limited in use due to access and this somewhat mitigates the highway frontage attraction.

Sales 5 and 6 are located on Washington Street. Sale 5 is at 12521 Washington Street at the southwest corner of Washington Street and 126th Avenue, and Sale 6 at 12121 Washington Street. Both have frontage and direct access to traffic along Washington Street, a major arterial in the area. Although the traffic along Washington Street is significantly less than the subject, these sales have superior and more direct access to traffic passing by the site. Overall, these sales are similar to the subject in overall general location and access considerations and are not adjusted.

Sale 7 is at 12800 Claude Court. The site fronts 128th Avenue with good traffic exposure and is also within ½ mile of the Eastlake/124th Avenue light rail station. The site is planned for affordable multifamily development and the station proximity was a major factor in the purchase. Sale 7 is slightly superior to the subject in general location and is adjusted downward 5 percent.

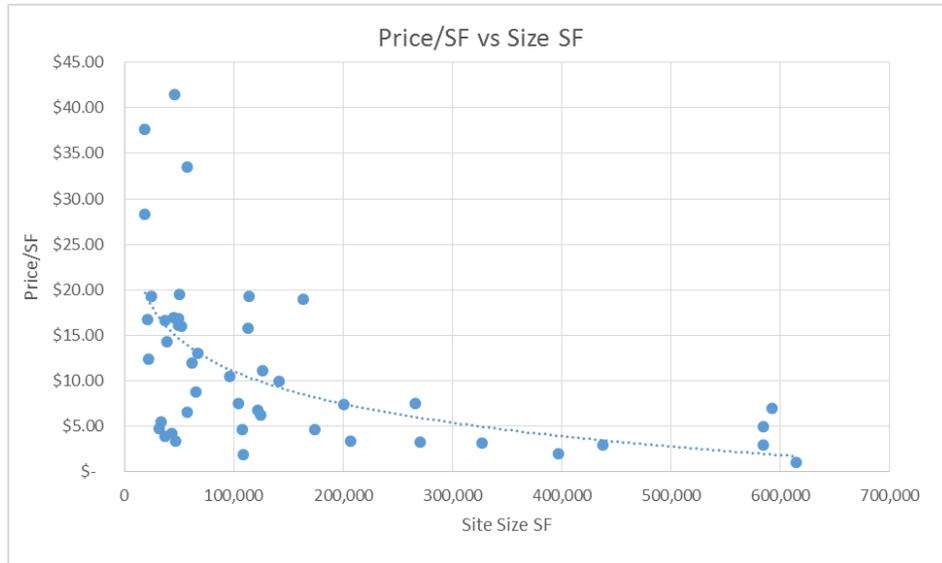
Sale 8 is at 900 Milky Way, west of I-25. The site does not front the highway or a major arterial and has limited traffic exposure. The general area has lower rents and land prices compared to the subject area. The land has been offered for sale since 2015 with an original asking price of \$308,000, or \$7.00 per square foot. The price was reduced several times, ultimately selling for \$225,000, or \$5.11 per square foot. Sale 8 is inferior to the subject and remaining sales in general location and is adjusted upward 30 percent based on the paired sales data and comparison with the remaining sales.

Zoning

The subject and Sale 1 are zoned CC; City Center. This use allows for various types of public and private commercial office, medical, and some retail uses. Residential uses are allowed with a Special Use Permit. Sales 2 through 6 are zoned BP, Business Park, which provides for many of the same uses as the subject, including commercial office, hospitality, and medical uses. Sale 7 is zoned NS, Neighborhood Services, again with similar uses allowed. Sale 8 is zoned CR, Community Retail. This district also allows uses similar to the subject. Given the similarities, an adjustment for zoning is not necessary.

Site Size

Site size and price per square foot generally have an inverse relationship. As the lot size increases, the price per square foot decreases. The following chart based on 47 vacant commercial land sales from the Denver metropolitan area, depicts this relationship.



For commercial lots similar to the subject this rule of size generally applies. However, there is also a certain size requirement needed to support typical development. Lots that are either larger or smaller than a standard size may experience a diminished value because they either have extra unneeded land, or they have insufficient land to support potential uses.

The subject site, at 6.43 acres, is sufficiently large for a variety of construction types, and has few limitations. Similarly, the comparables are all sufficient size to accommodate most types of development; therefore, size adjustments are made based on the defined inverse relationship.

Sales 1, 3, and 8 are significantly smaller than the subject, at 2.50, 3.35, and 1.01 acres respectively. Sale 1 is adjusted downward 15 percent, Sale 3 is adjusted downward 10 percent, and Sale 8 is adjusted downward 20 percent.

Sale 6 is 4 acres and Sale 7 is 3.73 acres. These sites, although slightly smaller, do not warrant an adjustment for size.

Sale 2 is 11.72 acres and Sales 5 is 10.05 acres. These two sales are larger, and each is adjusted upward 15 percent for site size.

Sale 4 is the largest site, at 14.72 acres. Comparing this sale to the remaining sales, after applying other adjustments, indicates that size impacted the unit price. Sale 4 is adjusted upward 20 percent for site size.

A summary of the adjustments follows. The valuation conclusion of the land as vacant follows the adjustment grid.

Land Sale Map

Summary of Land Sale Adjustments									
Sale #	Subject	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6	Sale 7	Sale 8
Location	9045 Grant St	9151 Pearl St	SEC 88th Ave & I-25	NS 124th Ave & Grant St	12415 Grant St	12521 Washington St.	12121 Washington St	12800 Claude Ct.	900 Milky Wy.
Land Size/SF	279,960	108,769	510,610	145,752	641,247	437,865	174,240	162,474	44,016
Land Size/Acres	6.43	2.50	11.72	3.35	14.72	10.05	4.00	3.73	1.01
Improvements	Vacant	Vacant	Vacant	Vacant	Vacant	Vacant	Vacant	Vacant	Vacant
Zoning	CC; City Center	CC; City Center	BP; Business Park	BP; Business Park	BP; Business Park	BP; Business Park	BP; Business Park	NS; Neighborhood Service	C; Community Retail
Date of Sale	N/A	12/28/2020	2/7/2020	6/27/2019	12/14/2018	10/1/2018	8/1/2018	9/15/2021	4/1/2021
Sale Price	N/A	\$750,000	\$2,729,500	\$845,000	\$2,300,000	\$1,300,000	\$800,700	\$1,200,000	\$225,000
Price/SF	N/A	\$6.90	\$5.35	\$5.80	\$3.59	\$2.97	\$4.60	\$7.39	\$5.11
Property Rights Conveyed Adj.	N/A	0%	0%	0%	0%	0%	0%	0%	0%
Adjusted Price	N/A	\$750,000	\$2,729,500	\$845,000	\$2,300,000	\$1,300,000	\$800,700	\$1,200,000	\$225,000
Financing Terms	N/A	0%	0%	0%	0%	0%	0%	0%	0%
Adjusted Price	N/A	\$750,000	\$2,729,500	\$845,000	\$2,300,000	\$1,300,000	\$800,700	\$1,200,000	\$225,000
Conditions of Sale Adj.	N/A	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adjusted Price	N/A	\$750,000	\$2,729,500	\$845,000	\$2,300,000	\$1,300,000	\$800,700	\$1,200,000	\$225,000
Expenditures After Purchase/Impr.	N/A	\$0	\$0	\$0	\$0	\$500,000	\$0	\$0	\$0
Adjusted Price	N/A	\$750,000	\$2,729,500	\$845,000	\$2,300,000	\$1,800,000	\$800,700	\$1,200,000	\$225,000
Market Conditions Adjustment	N/A	7%	12%	16%	19%	20%	21%	3%	5%
Adjusted Price	N/A	\$802,500	\$3,057,040	\$980,200	\$2,737,000	\$2,160,000	\$968,847	\$1,236,000	\$236,250
Adj. Price/SF	N/A	\$7.38	\$5.99	\$6.73	\$4.27	\$4.93	\$5.56	\$7.61	\$5.37
Physical Adjustments									
General Location and Access	N/A	Inferior	Similar	Inferior	Similar	Similar	Similar	Superior	Inferior
	N/A	5%	0%	5%	0%	0%	0%	-5%	30%
Zoning	N/A	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
	N/A	0%	0%	0%	0%	0%	0%	0%	0%
Site Size	N/A	Smaller	Larger	Smaller	Larger	Larger	Similar	Smaller	Smaller
	N/A	-15%	15%	-10%	20%	15%	0%	-10%	-20%
Net of Physical Adjustments	0%	-10%	15%	-5%	20%	15%	0%	-15%	10%
Adjusted Price/SF	N/A	\$6.64	\$6.89	\$6.39	\$5.12	\$5.67	\$5.56	\$6.47	\$5.91

Valuation Conclusion - Land As If Vacant

The unit sale price range, after applying transactional adjustments but prior to applying physical adjustments, is from \$4.27 to \$7.61 per square foot. The differences in general location and site size explain the range in price. The range, after applying physical adjustments, is from \$5.12 to \$6.89 per square foot. The average adjusted price is \$6.08 per square foot and the median price is \$6.15 per square foot.

Sale 5 required adjustments for offsite improvements. This lessens the reliability in terms of a raw land price. However, the adjustment was supported.

Under Contract

There is a commercial land listing at the southeast corner of 128th Avenue and I-25 which is 36.71 acres and is located to the north of the subject, within the city of Thornton. Similar to the subject, the property is located along the interstate I-25 frontage, and benefits from high traffic and exposure. The site is zoned BP; Business Park which provides for many of the same uses as the subject, including office, hospitality and medical. This property is being marketed for \$10,394,069, or \$6.50 per square foot, and according to the listing broker the contract price is near the asking price. If sold at this price an adjustment would be required for site size, however it would be offset by the location adjustment for being on a main road which passes over the highway. The listing brochure is below. (This listing information is considered to provide additional support for the range above.)



Infill Land for Sale SEC of 128th Ave & I-25



WITHIN THE
RAPIDLY
GROWING NORTH
METRO AREA



BP ZONING;
FLEX/INDUSTRIAL,
OFFICE, RETAIL,
HOSPITALITY



INTERSTATE 25
VISIBILITY, OVER
150,000 VPD

**AVISON
YOUNG**

PROPERTY OVERVIEW

Available	36.71 acres
Sale Price	\$6.50/SF
Address	SEC 128th Ave & I-25
City	Thornton
State	Colorado
County	Adams
Zoning	BP - Business Park
Power/Gas	Xcel Energy
Water	Thornton Water

PROPERTY HIGHLIGHTS



I-25 FRONTAGE
AND VISIBILITY



FLAT
TOPOGRAPHY



STRONG
MARKET
FUNDAMENTALS



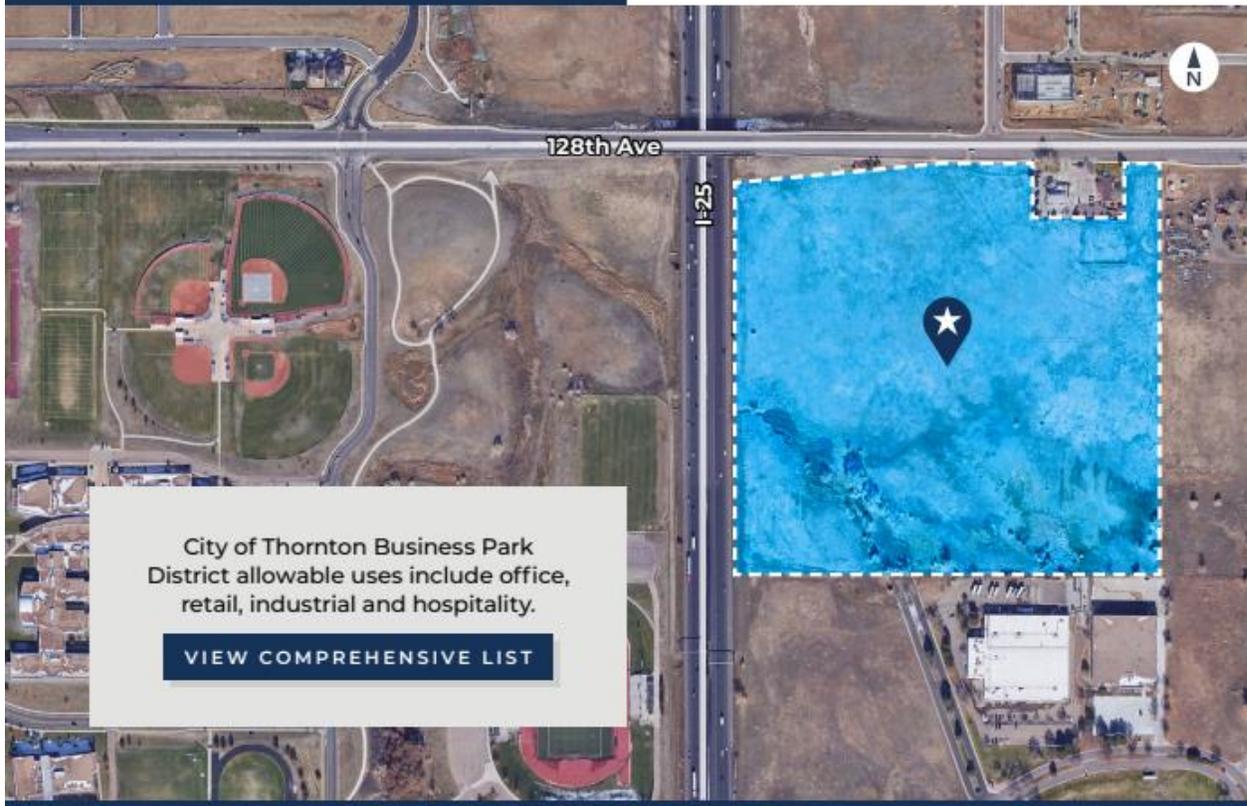
FLEXIBLE
BUSINESS PARK
ZONING (BP)



WITHIN AN
ENTERPRISE
ZONE



14 MILES TO
DOWNTOWN
DENVER



Conclusion

After adjustment the subject value is estimated to fall in the upper middle of the range of these sale comparables. Additionally, the listing further supports the range of potential value.

Based on the data presented and in file, the current market value of the subject site, as of February 17, 2022, is estimated at \$6.50 per square foot. Following is the calculation of the current market value of the land.

Value of Land				
279,960 SF	X	\$6.50/SF	=	\$1,819,740
Current Market Value Based on the Sales Comparison Approach - Rounded				\$1,820,000

Reconciliation Analysis

According to the *Dictionary of Real Estate* reconciliation is the last phase of any valuation assignment in which two or more value indications derived from market data are resolved into a final value opinion, which may be either a final range of value or a single point estimate. Each approach is summarized with the strengths and weaknesses identified and analyzed. The resulting analysis should lead to a supported conclusion. The reconciliation is below.

Sales Comparison Approach

The sales comparison approach was used to value the land. There were recent land sales, similar to the subject in highest and best use, and in the larger general area. The adjustments were limited and supported by market comparison. The income approach and cost approach were not applied, as explained.

Conclusion and Reconciliation

Given the data and analysis presented in this report and in the file, the estimated current market value of the site, as of February 17, 2022, is **\$1,820,000**.

Certification of Appraiser

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

- I have personally inspected the subject property appraised and I have also made a personal field inspection of the comparable sales relied upon in making my appraisal, examined sales instruments of record, and have confirmed the sales transactions with the buyer and/or seller or other data source. The photographs in this appraisal report reasonably represent the subject property and comparable sales relied upon.
- I have not performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- Statements of fact contained in this report are true and correct. 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.
- I have not revealed the findings and results of this appraisal to anyone other than client.
- Scott MacDonald provided significant real property appraisal assistance to the person signing this report. The assistance included data gathering, field inspection, and preliminary assistance with the valuation section.
- The use of this report is subject to the requirements of the Board of Real Estate Appraisers, State of Colorado, Department of Regulatory Agencies relating to review by its duly authorized representatives.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

- As of the date of this report, I, Charles Nelson, have completed the continuing education program for Designated Members of the Appraisal Institute.
- The report is subject to review by duly authorized representatives of the Appraisal Institute.
- As of the date of this report, I, Charles Nelson, have completed the requirements of the continuing education program of the Board of Real Estate Appraisers, State of Colorado.
- The effective date of appraisal and valuation is February 17, 2022. The date of the appraisal report is February 23, 2022.
- Based upon my independent appraisal and the exercise of my professional judgment, my estimate of the current market value for the property as of February 17, 2022, is **\$1,820,000**.

Charles Nelson

Charles Nelson MAI
Colorado Certified General Appraiser #CG1323474

EXHIBITS and ADDENDA

NELSON APPRAISAL AND CONSULTING, LLC

**2413 Washington Street Suite 100
Denver, CO 80205
Phone (303) 380-7985**

Charles Nelson, MAI - Real Estate Appraiser/Consultant
cnelson@nelsonappraising.com

Summary of Qualifications

Certified General Appraiser having 30 years of experience providing a wide range of appraisal services throughout the Greater Denver Area

Project Experience

- City of Westminster Little Dry Creek Interceptor Sewer Repair & Replacement Project
- City and County of Denver Federal Boulevard project
- City and County of Denver NWC project
- City and County of Denver Peoria Crossing project
- CDOT Central 70 project
- Commerce City 70th and Colorado Blvd. project
- El Paso County Baptist Road West project
- Jefferson County Open Space – Associate Appraiser on Public Service Van Bibber Trail Project
- RTD and CDOT T-Rex project
- RTD Fastracks project

Sample of Clients

- Arapahoe County
- City and County of Denver
- City of Aurora
- City of Commerce City
- City of Thornton
- City of Westminster
- Colorado Department of Transportation (CDOT)
- H.C. Peck and Associates
- HDR
- Regional Transportation District
- TRS Corp.

Education and Professional Certifications

- Metropolitan State University of Denver (Bachelor of Science)
- Certified General Appraiser – (CG -1323474 State of Colorado)
- Listed on CDOT's Qualified Appraiser List
- MAI Designation from the Appraisal Institute
- Qualified as an Expert Witness in Denver, Arapahoe, Douglas, and Jefferson Counties

Professional Affiliations

- Former President/current member of the Colorado Chapter of the Appraisal Institute
- Former President/ current member of the International Right-of-Way Association, Chapter 6 – Denver, CO

Recent Testimony

Client	Property Address	Case Number	Date	Attorney for Petitioner	Attorney for Respondent	Type of Testimony
CDOT	4297 E. Cty. Rd. 36	2020CV30779	01/10/22	Justin Curry & Leanne Carberry	Douglas Widlund	Deposition
City and County of Denver	4601 & 4645 Franklin St.	2017CV32825	12/10/18	Renee A. Goble	Jack R. Sperber and Katie Gray	Trial
City and County of Denver	4601 & 4645 Franklin St.	2017CV32825	10/19/18	Renee A. Goble	Jack R. Sperber and Katie Gray	Deposition
City and County of Denver	5125 Race Court	2017CV31602	06/06/18	Renee A. Goble	Jack R. Sperber and Sean J. Metherell	Trial
City and County of Denver	5125 Race Court	2017CV31602	04/06/18	Renee A. Goble	Jack R. Sperber and Sean J. Metherell	Deposition
City and County of Denver	3890 Franklin St. et al	2017CV32494	04/23/18	Renee A. Carmody	Mikaela V. Rivera	Mediation
City and County of Denver	3890 Franklin St. et al	2017CV32494	04/04/18	Renee A. Carmody	Mikaela V. Rivera	Deposition
City and County of Denver	4660 Baldwin Court	2017CV30662	11/08/17	Renee A. Carmody	Brandee L. Caswell and Sean J. Metherell	Mediation
City and County of Denver	5001 National Western Drive	2016CV34153	07/18/17	Renee A. Carmody	Bruce G. Smith	Trial
City and County of Denver	5001 National Western Drive	2016CV34153	06/07/17	Renee A. Carmody	Bruce G. Smith	Deposition
City and County of Denver	3301 Brighton Blvd. and 3400 Arkins Ct.	2015CV031614	10/24/16	Renee A. Carmody	Jack R. Sperber	Trial
City and County of Denver	3301 Brighton Blvd. and 3400 Arkins Ct.	2015CV031614	08/11/16	Renee A. Carmody	Jack R. Sperber	Deposition
RTD	4100 Dahlia Street	2012CV3221	01/25/16	Edward J. Blieszner	Douglas S. Widlund	Trial
RTD	4100 Dahlia Street	2012CV3221	11/19/15	Edward J. Blieszner	Douglas S. Widlund	Deposition
City and County of Denver	1945 Cherry Street Denver, CO	2013CV031507	10/15/14	Jo Ann Weinstein and Steve Hahn	Jody Harper Alderman and Carrie S. Bernstein	Deposition
Greenwood Village	7300 E. Belleview Avenue Greenwood Village, CO	2012CV1177	1/7/14	Tonya Haas Davidson and Shannon Chambers	Douglas S. Widlund	Trial
Greenwood Village	7300 E. Belleview Ave. Greenwood Village, CO	2012CV1177	6/13/13	Tonya Haas Davidson and Shannon Chambers	Douglas S. Widlund	Deposition
Greenwood Village	7300 E. Belleview Ave. Greenwood Village, CO	2012CV1177	4/12/13	Tonya Haas Davidson and Shannon Chambers	Douglas S. Widlund	Deposition
RTD	750 West 48th Avenue Denver, CO	2011CV2546	10/15/12	Richard F. Rodriguez	Jody Harper Alderman	Trial
RTD	4045 Fox Street Denver, CO	2011CV 8820	9/20/12	Robert R. Duncan	Mikaela V. Rivera	Deposition
RTD	750 West 48th Avenue Denver, CO	2011CV2546	6/28/12	Richard F. Rodriguez	Jody Harper Alderman	Deposition
RTD	6045 Lipan Street et al Denver, CO	2011CV 356	5/2/12	Donald M. Ostrander	James R. Cage	Deposition
RTD	5200 Smith Road Denver, CO	2011 CV 7075	4/4/12	Robert R. Duncan	Douglas S. Widlund	Deposition
RTD	5715-5717 W. 11th Ave. Lakewood, CO	2010CV 1021	9/12/11	Don M. Ostrander	Bruce G. Smith	Trial
RTD	1300 Lamar St. Lakewood, CO	2009CV 6469	3/9/11	Richard F. Rodriguez	Timothy W. Gordon	Deposition