



Epic Land Solutions, Inc.

APPRAISAL REPORT

Vacant Land

ADDRESS: Vacant Land at the corner of Walsh Center Drive
& Sparkman Court, Murrieta, CA 92563
APN: 910-031-006
DATE OF REPORT: December 29, 2023
DATE OF VALUE: December 6, 2023
EPIC PROJECT CODE: Project Code: EA 23024 – City of Murrieta

Prepared For:
Jarrett Ramaiya, Deputy Director
City of Murrieta
1 Town Square
Murrieta, CA 92562

Prepared By:
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December 29, 2023

Jarrett Ramaiya, Deputy Director
City of Murrieta
1 Town Square
Murrieta, CA 92562
E-mail: jramaiya@murrietaca.gov

Re: Appraisal of a portion of a vacant parcel located at the corner of Walsh Center Drive & Sparkman Court, Murrieta, CA 92563

Dear Jarrett,

At your request and authorization, I have prepared an appraisal report to satisfy the agreed upon scope of work and requirements. This appraisal is presented in an Appraisal Report format as defined by USPAP Standards Rule 2-2a. The appraisal format provides a description of the appraisal process, subject and market data and valuation analyses.

The subject property is a portion of a legally described larger parcel that is currently undeveloped. According to the assessor's plat map, the larger parcel contains 21,741 square feet, or .50 acres, with the portion being appraised being 1,796 square feet. The portion being appraised is to facilitate the development of a multi-family project on both the larger parcel and the adjoining property. The balance of the larger parcel will be developed with the road widening of Monroe Avenue (13,303 square feet), and a 6,642 square foot "pocket" park. As the claim on the larger parcel for each of the three proposed uses is deemed similar in necessity and significance, the market value of the subject property will be based on its pro-rata share of the concluded market value of the larger parcel.

The larger parcel on which the subject property is located is zoned Regional Commercial within the city of Murrieta. A Commercial land use designation applies to the property per the city's General Plan. The property will be valued using sale comparables of properties with similar development and use potential.

Data, information, and calculations leading to the value conclusion are retained in my files. This report is a summary of my findings, and addresses the most pertinent data gathered, the techniques employed, and the conclusion of my opinion of value. The analyses, opinions and conclusions were developed, and this report has been prepared, in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Professional Ethics of the Appraisal Institute. The value conclusion for this assignment, which is based on the valuation analysis in the accompanying report, indicates that the fair market value for the subject property as of December 6, 2023, is as follows:

\$30,100

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Kent J. Carpenter', with a large circular flourish at the end.

Kent J. Carpenter, MAI
Certified General Real Estate Appraiser
Senior Appraiser
Epic Land Solutions, Inc.
California License AG003087

Introduction

Executive Summary

Property Reference:	EA 23024 – City of Murrieta
Property Address:	Corner of Walsh Center Drive & Sparkman Court, Murrieta, CA 92563
Larger Parcel APN:	910-031-006
Property Type:	Vacant Land
Report Format:	Appraisal Report
Larger Parcel Area:	.50 acres (21,741 square feet)
Subject Property Area:	1,796 square feet
Zoning:	RC (Regional Commercial)
General Plan:	Commercial with a TOD overlay
Date of Appraisal Report:	December 29, 2023
Date of Value:	December 6, 2023
Real Estate Interest Appraised:	Fee Simple
Function of the Appraisal:	To facilitate the acquisition of the subject property for development and use by the proposed multi-family development on the adjoining parcels.
Larger Parcel Description:	Single, undeveloped parcel with both sloping and level topography. The larger parcel contains 21,741 square feet and has frontage on both Sparkman Court and Walsh Center Drive.
Subject Property:	Acquisition of 1,796 square feet on the larger parcel and is for access into the proposed multi-family development.
Highest and Best Use:	Multi-family development
Concluded Value:	\$30,100
Extraordinary Assumptions (EA) & Hypothetical Conditions (HC):	<ol style="list-style-type: none">1. EA - The subject property has not been staked. The physical description of the property will rely on aerial photo overlays, plats and legals, and property inspection.2. EA – It is assumed that provisions for the future road widening of both Sparkman Drive and Hawthorne Street do not involve signed “irrevocable offers to dedicate” and that public roadway acquisitions impacting the larger parcel would be based on the fair market value of the larger parcel.3. EA - It is assumed that the proposed uses on the larger parcel are deemed similar in necessity and significance, with no negative impact or damages to the larger parcel resulting from the subject’s partial acquisition.
Appraiser:	Kent J. Carpenter, MAI

Overview of Appraisal

Purpose of Appraisal

The purpose of this appraisal is to estimate the Fair Market Value of a proposed fee simple acquisition being acquired for access to the proposed development on the adjoining parcels.

Intended User

The client for this appraisal assignment is Jarrett Ramaiya, Deputy Director for the city of Murrieta. There are no other intended users. Anyone else using or relying on this appraisal is considered an unintended user and no fiduciary obligation is owed by the appraiser to that party.

Intended Use

The intended use of this appraisal report is as a basis for establishing a sale price for the disposition of the subject property. The appraisal cannot be used for evaluation for collateral for a loan, collateral for bond funding, appealing taxes, settling an estate, partnership dissolution, etc.

Definition of Fair Market Value

The purpose of this report is to initially render an opinion of the fair market value of the fee simple interest of the land for the larger parcel. Market Value, as used in this report, is defined below. The following definitions and discussions are extracted from the State of California Code of Civil Procedure, Title 7, Eminent Domain Law, Chapter 9.

Fair Market Value - CCP Section 1263.320

- 1) (a) "The fair market value of the property taken is the highest price on the date of valuation that would be agreed to by a seller, being willing to sell but under no particular or urgent necessity for so doing, nor obliged to sell, and a buyer, being ready, willing and able to buy but under no particular necessity for so doing, each dealing with the other with full knowledge of all the uses and purpose for which the property is reasonably adaptable and available.
- (b) The fair market value of property taken for which there is no relevant market is its value on the date of valuation as determined by any method of valuation that is just and equitable."

Fair Market Value of Property Taken - CCP Section 1263.330

- 1) The fair market value of the property taken shall not include any increase or decrease in the value of the property that is attributable to any of the following:
 - (a) The project for which the property is taken.
 - (b) The eminent domain proceeding in which the property is taken.
 - (c) Any preliminary actions of the plaintiff relating to the taking of the property.

Compensation for Injury to Remainder - CCP Section 1263.410

- 1) (a) "Where the property acquired is part of a larger parcel, in addition to the compensation awarded pursuant to Article 4 (discussed above), for the part taken, compensation shall be awarded for the injury, if any, to the remainder.
- (b) Compensation for injury to the remainder is the amount of the damage to the remainder reduced by the amount of benefit to the remainder. If the amount of benefit to the remainder equals or exceeds the amount of the

damage to the remainder, no compensation shall be awarded under this article. If the amount of the benefit to the remainder exceeds the amount of damage to the remainder, such excess shall be deducted from the compensation provided in Section 1263.510 (Compensation for Loss of Goodwill), if any, but shall not be deducted from the compensation required to be awarded for the property taken for from the other compensation required by this chapter."

Damages - CCP Section 1263.420

- 1) Damage to the remainder is the damage, if any, caused by either or both of the following:
 - (a) "The severance of the remainder from the part taken.
 - (b) The construction and use of the project for which the property is taken in the manner proposed by the plaintiff whether or not the damage is caused by a portion of the project located on the part taken."

Benefits - CCP Section 1263.430

- 1) Benefit to the remainder is the benefit, if any, caused by the construction and use of the project for which the property is taken in the manner proposed by the plaintiff whether or not the benefit is caused by a portion of the project located on the part taken.

Delay – CCP Section 1263.440

- 1) (a) The amount of any damage to the remainder and any benefit to the remainder shall reflect any delay in the time when the damage or benefit caused by the construction and use of the project in the manner proposed by the plaintiff will actually be realized.
 - (b) The value of the remainder on the date of valuation, excluding prior changes in value as prescribed in Section 1263.330, shall serve as the base from which the amount of any damage and the amount of any benefit to the remainder shall be determined.

Project as Proposed – CCP Section 1263.450

Compensation for injury to the remainder shall be based on the project as proposed. Any features of the project which mitigate the damage or provide benefit to the remainder, including but not limited to easements, crossings, underpasses, access roads, fencing, drainage facilities, and cattle guards, shall be taken into account in determining the compensation for injury to the remainder.

Fee simple estate is defined as:

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

¹ *The Dictionary of Real Estate Appraisal*, Fifth Edition (Chicago: Appraisal Institute, 2010), p. 78.

Date of the Appraisal

The effective date of value is December 6, 2023. The date of this appraisal report is December 29, 2023.

Owner of Record & Property History

According to the submitted title report, title to the larger parcel is vested in the City of Murrieta. The property has not experienced any arms-length transactions during the past 5 years and the property is not currently listed for sale.

Scope of Work

An appraisal report was requested in this assignment. In order to complete this assignment, I made all necessary identifications such as the intended users, intended use, definition of value, property interest, date of value, relevant property characteristics and assignment conditions necessary to develop a credible opinion of value; determined an appropriate scope of work; collected general and specific data on the district, neighborhood, market area, subject property and comparable properties; analyzed the data gathered; performed a highest and best use analysis, applied the appropriate approaches to value; and reconciled all indications of value into a final value estimate.

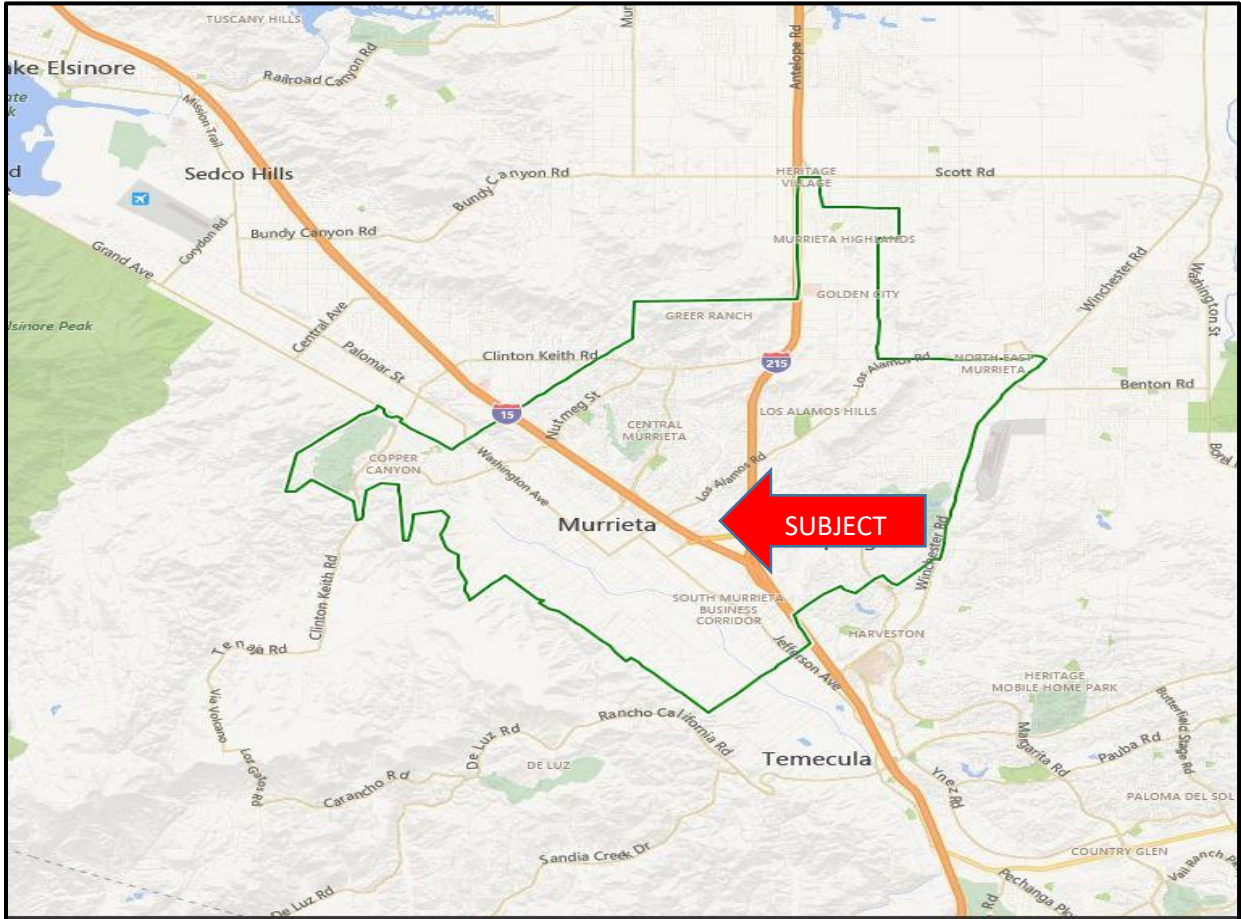
Data, information, and calculations leading to the value conclusion are retained in my files. This report is a summary of my findings, and addresses the most pertinent data gathered, the techniques employed, and the conclusion of my opinion of value. The analyses, opinions and conclusions were developed, and this report has been prepared, in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Professional Ethics of the Appraisal Institute.

Based on the Extraordinary Assumptions used in this report, no “before” and “after” analysis has been undertaken in this partial acquisition valuation. Rather, the claim on the larger parcel by the subject property and two other proposed uses is deemed similar in necessity and significance, with the market value of the portion being appraised being based on its pro-rata share of the concluded market value of the larger parcel.

My investigation, value opinion and analyses are unbiased and impartial. No predetermined value or opinion formed the basis of any conclusions stated in this appraisal. The depth of the investigation and analysis is meant to be in keeping with the purpose and intended use and report format of the appraisal.

AREA/NEIGHBORHOOD DESCRIPTION

The subject property is in the City of Murrieta, which was incorporated in 1991 and covers an area of approximately 33.6 square miles in the southwest region of Riverside County. Murrieta is bordered by Menifee and Wildomar to the north, Temecula to the south, and rural residential in the foothills of the Cleveland National Forest to the west. Together with Temecula, it forms the southern portion of the greater Inland Empire. A map of Murrieta is outlined below:



Local Overview

The City of Murrieta is primarily residential in nature with a mix of industrial, commercial and office uses surrounded by residential neighborhoods. Served by freeways, air, and bus service, Murrieta is located at the southerly juncture of the I-15 and I-215, approximately 50 miles south of the Ontario International Airport. All highways and interstates connect the subject neighborhood with a wider network of regional freeways including State Route 79, which runs along the City's eastern border. Public transportation in Murrieta is served by the Riverside Transit Authority.

Demographic Factors

The data summarized below demonstrates the demographic information from the latest information available (2010 census statistics).

Total population: 103,466
Population density: 2,255.5 people per square mile
Median age: 36.7 years
Median household income: \$75,485
Per capita income: \$29,405
Poverty rate: 6.8%
Educational attainment: 92.1% of residents over 25 have a high school diploma or higher, and 33.8% have a bachelor's degree or higher.
As for employment information, the following statistics are based on the American Community Survey (ACS) 5-year estimates for the period 2008-2012:
Total civilian labor force: 49,717
Employment rate: 92.3%
Unemployment rate: 7.7%
Median household income for workers: \$79,852
Mean commute time: 36.2 minutes.

The 2010 Census population figure for Murrieta indicates a significant increase of approximately 104% over the ten-year period since the 2000 Census figure. This rate of growth is significantly above the 41.5% experienced by Riverside County over the same period.

The 2010 Census number of households' figure for Murrieta compared to the 2000 Census figure reflects a growth of 128.7% over the ten-year period. This rate of growth is much higher than the 35.6% growth rate experienced by Riverside County over the same period.

The average household size between 2009 and 2013 was 3.21, a slight increase from 3.08 recorded in the 2000 Census. This average is slightly above the average household size of 3.14 for Riverside County in 2010. Murrieta median house value was \$286,600 between 2008 and 2012 and has grown 50.29% since 2000. The median house value is higher than the Riverside County median house value of \$248,100 and the growth rate is higher than the 33.13% growth rate experienced by Riverside County over the same period. The median home value in Murrieta for January 2021 is \$414,100, compared to the median home value of \$369,600 for Riverside County.

Murrieta median household income was \$75,485 in 2010 and has grown by 23.93% since 2000, compared to the Riverside County median household income of \$57,096, which has grown by 33.13% since 2000. The median household income in 2018 was approximately \$99,000 compared to \$56,592 for Riverside County. The current housing income continues to increase and is reported at \$109,684.

Currently 74.7 % of the 38,702 housing units in Murrieta are owner occupied, 25.3% are renter occupied and 6.5% are vacant. In Riverside County approximately 64% of the housing units are owner occupied; 36%, renter occupied and 4.4% are vacant.

Murrieta is considered a young, affluent community with a median age of 34. Approximately 29% of Murrieta’s residents have a bachelor’s or advanced degree, and 63% have attended college. The percentage of individuals 25 years of age or older between 2009 and 2013 who have graduated high school or higher was 92%. Murrieta is in proximity to 22 colleges and universities; the nearest community college is Mt. San Jacinto College, and the nearest public university is the University of California, Riverside. The city is served by the Murrieta Valley Unified School District consisting of eleven elementary schools, three middle schools, four high schools, and one independent study school.

Employment

The occupational distribution of the Murrieta employed population is 61.7% in white collar jobs (compared to 74.9% for the county) and 38.3% in blue collar jobs (compared to 25.1% for the county). The table on the next page illustrates the largest non-retail employers and retail employers in the City of Murrieta.

Largest <i>Non-Retail</i> Employers	
Murrieta Valley Unified School District	1,919
Southwest Healthcare Systems	1,500
County of Riverside	220
Loma Linda University Medical Center	650
City of Murrieta	401
Oak Grove Institute	245
U.S. Border Patrol	148
Post Office and Annex	135
Cryoquip	120
American Industrial Manufacturing Services	106
Sempra Energy (The Gas Company)	82

Largest <i>Retail</i> Employers	
Walmart	340
Target	500
Home Depot	295
Sam’s Club	220
Lowe’s	200
Ralph’s	165
Best Buy	130

Land Development

Approximately 36% of the land in Murrieta is devoted to residential uses, primarily single-family residential, which covers 30.5% of the total area. Other land uses are commercial (3.8%), industrial (1.2%), public/institutional (0.7%), parks and open space (3.1%), agricultural (4.7%), vacant (33%), and roads (16%). This existing Land Use summary is based upon 2009 Riverside County Tax Assessor Data. Newer developments include, the Town Square, home to the Murrieta Police Department, Murrieta Public Library and City Hall, as well as the Veterans Memorial, a new memorial for military veterans featuring an honor garden, memorial obelisk, and World War II memorial wall.

Another major development near Madison Avenue and Murrieta Hot Springs Road, is the new CarMax Superstore, an automobile dealership site is on 40-acres and has freeway frontage. A Fortune 500 company, CarMax is the nation's largest used-car retailer with \$15.9 billion in sales last year. The Richmond, Virginia-based firm has more than 197 stores in the United States, including approximately 25 in Southern California, as the firm's website states. In addition, there are two new hotels, just north of Guava Street. These are both Marriott brand hotels. The first one is the 100-room, four-story Residence Inn, and the second is the four-story Courtyard hotel which has 210-rooms.

Proposals currently exist to connect the city with the high-speed rail, which potentially involves building a station between Murrieta and Temecula near the I-15 and I-215 freeway interchange, according to available High-Speed Rail plans on Metro's website.

Murrieta's 300-acre Business Center is the City's principal industrial park. The Center is a mixed-use development and is one of Southwest Riverside County's master-planned industrial parks. Murrieta opened its technology business incubator in 2012 and it has become the place to locate, invest, develop, and expand technology businesses, as stated in the Community Economic Profile for Murrieta prepared by the Riverside County EDA. Murrieta has over 2,000 acres of additional available land and 1,200 acres planned for industrial use, representing 7% of the city's total 18,300 acres. Over half of the industrially zoned acreage is in the city's southern sector along the Jefferson Avenue corridor. New retail centers, industrial buildings, and Class A offices have been completed and more are in the planning process, according to the City of Murrieta website.

Current Developments

On the south side of Murrieta Hot Springs Road south of the subject is the Triangle Development which is being processed and entitled for a large mixed-use development under the guidelines of the Triangle Specific Plan. The Triangle is approximately 64.3 acres in size and the name reflects its location in the triangle of land bounded by Murrieta Hot Springs Road to the north, I-15 to the southwest, and I-215 to the southeast. The location is optimal for the planned mixed-use development that incorporates offices, shopping, hotel, entertainment, and restaurant spaces as part of an integrated commercial and business complex. This development brings a vibrant mix of uses to the City of Murrieta and southwestern Riverside County, creating a regional center of activity. The Triangle combines the best features of a mixed-use development with a modern, progressive retail center.

The Triangle Specific Plan incorporates a maximum of 1,767,914 square feet of gross building area, divided among approximately 840,832 square feet for retail, restaurant, and entertainment uses, approximately 779,082 square feet of Class A and B office space, and approximately 148,000 square feet for hotel rooms and related uses. The Triangle includes innovative development concepts, such as the potential for office over retail space and integrated parking structures serving multiple land use categories. All of these uses are proposed within a design framework of four planning areas with connecting internal circulation that unifies the space and creates a distinct sense of place.

Adjoining the subject property and serving as the impetus for this appraisal is the planned development of a large multi-family project known as the Terraces. Apartments. This Project is a

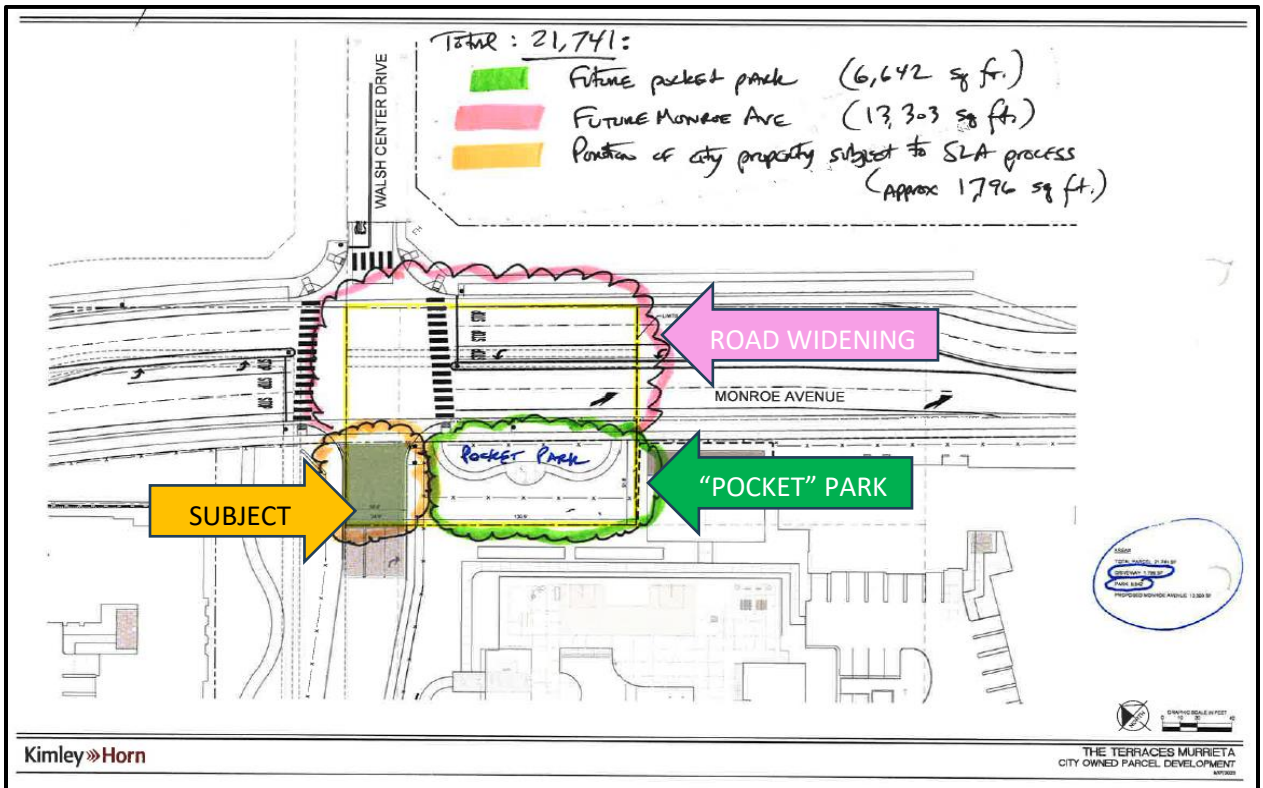
privately owned development property that is comprised of twenty-six parcels (26) forming a 31.39 net acre site. The applicant, Greystar Development West, LLC, submitted development applications on February 28, 2022, and March 14, 2022, under the SB-330 provisions of the Housing Crisis Act (HCA) streamlined review process. The proposed project includes 899 total units, which include 5% (45 units) proposed as affordable units (very low). The units will be comprised of 360 1-bedroom, 471 two-bedroom, and 69 three-bedroom. Tentative Parcel Map 38373 and Development Plan 2022-2518 proposes the subdivision of 31.39 net acres into two (2) large development phases that include eleven (11) residential buildings of four stories each and nine (9) two-story carriage-style buildings. Phasing Plan 2022-2614 addresses one (1) mass grading phase of the entire site and two (2) development phases of the Project.

Larger Parcel Description

Aerial View of Larger Parcel



Larger Parcel Uses



Subject Photographs



Looking south at larger parcel (Sparkman Court at left)



Looking west from larger parcel at approximate location of subject property



Looking west at central portion of larger parcel



Looking southwest at approximate location of "pocket" park



Looking west at approximate location of subject property and future Hawthorne Avenue



Looking south at larger parcel



Looking south along improved portion of Sparkman Court with larger parcel at right



Looking west along Walsh Center Drive at larger parcel at end of street



Looking south at larger parcel and topography changes



Looking southeast at larger parcel from northern property line

Larger Parcel Description

General Site Information

- Address:** Corner of Walsh Center Drive & Sparkman Court, Murrieta, CA 92563
- Location:** The property is on the fringe of existing development that includes multi-family, office and retail development. The location is an established retail/commercial location between the I-15 freeway and the 215 freeway in the city of Murrieta, CA.
- Legal Description:** No legal description was provided for the larger parcel. For purposes of this report, the property will be legally described as APN 910-031-006.
- Current Owner(s):** According to public records, title to the larger parcel is vested in the City of Murrieta.
- 5-Year Sales History:** There have been no sales transactions impacting the larger parcel during the past five years. The property is not currently listed for sale.
- Zoning:** RC (Regional Commercial) - The RC zoning district is applied to areas appropriate for major regional centers containing several major anchor tenants, including, but not limited to, financial, hotel, motel, restaurant, smaller retail, theater and accessory uses, with landscaping, parking access, and signs designed and provided in common. Regional centers are generally thirty (30) acres or larger in size. The RC zoning district is consistent with the commercial land use designation of the general plan. The zoning area is within a Transit Development Oriented Overlay District (TOD), which allows for multi-family residential if built at 30 du per acre.
- General Plan:** The Property is designated Commercial in the Murrieta General Plan 2035 with a TOD Overlay. As stipulated in Section 16.16.040 of the City's Municipal Code, the purpose of the TOD Overlay is to allow a mixture of residential and non-residential development within proximity to transit to encourage mixed land uses for enhanced transit and pedestrian activity. The TOD Overlay provides additional development rights, which property owners may exercise under certain conditions while retaining all development rights conferred by the underlying zone to property owners within the TOD Overlay. Multifamily land use is permitted within the TOD Overlay when a minimum of 30 dwelling units per acre are provided.
- Transit Oriented Dev. (TOD):** Transit-oriented development (TOD) or transit village is a district with frequent public transit, taller buildings, a mix of commercial and residential, and a lot of people walking. In a transit village decision about density, building heights, street design, sidewalk widths, crosswalks,

flow of traffic and parking are made with the intent of encouraging people to walk and use public transit rather than giving priority to cars. The basic idea behind a transit village is that for buses, light rail and subways to be convenient for riders, they must run frequently. In order to run frequently, they need to have a lot of passengers going to the same place. Higher density areas have more destinations, drawing more passengers and therefore making more frequent transit economically feasible for the transit agency and more convenient for the people using it.

Parcel No: 910-031-006

Assessment: The larger parcel is owned by a municipality, which is a non-taxable entity. Therefore, no assessment has been made and no taxes are due.

Physical Characteristics of the Site

Larger Parcel Area: The property contains 21,741 square feet.

Acquisition Area: 1,796 square feet

Frontage: Frontage on both Walsh Center Drive and Sparkman Court

Shape: Rectangular (larger parcel and acquisition area)

Topography: Level & sloping both above and below the grade of adjoining streets.

Access: Walsh Center Drive and Sparkman Court

Easements: No preliminary title report was furnished for the larger parcel on which the proposed acquisition is located. With the exception of the Extraordinary Assumptions contained in this report, it is assumed that there are no onerous easements, encroachments or conditions that would negatively impact development or use of the larger parcel at its concluded highest and best use.

Utilities to Site: Utilities are available and connected in the immediate area and can serve both the larger parcel upon development and currently serve adjoining properties that have been developed.

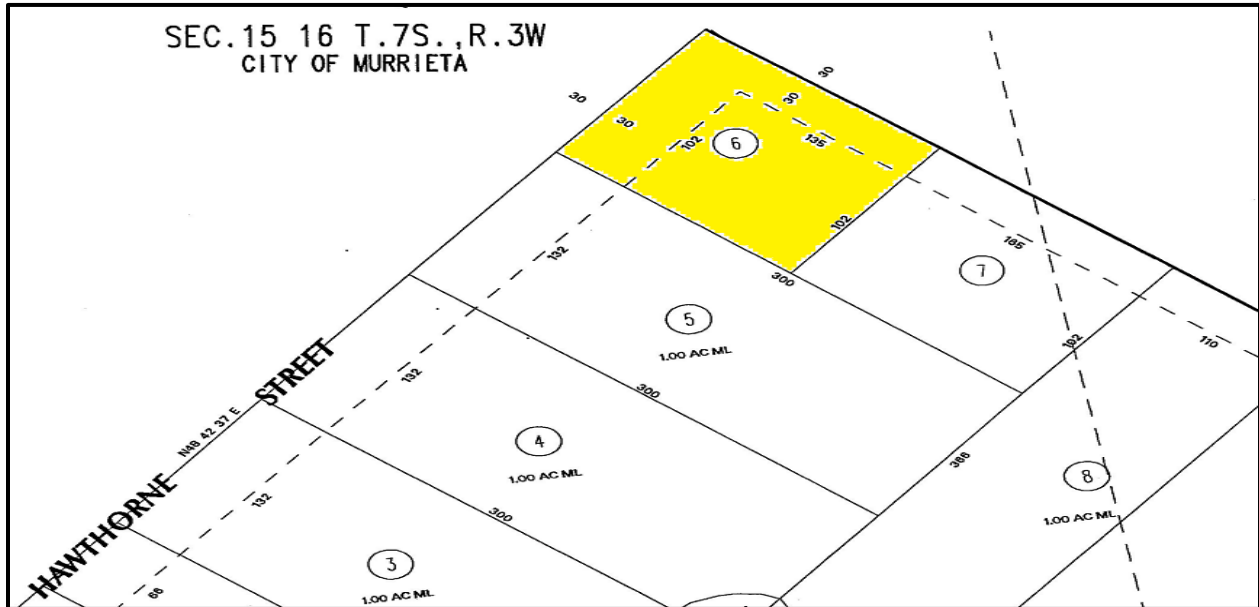
Sidewalk, Curbs and Gutters: Concrete curbs, gutters and sidewalks along the east side of Sparkman Court and along the south side of Walsh Center Drive.

Flood Designation: Zone X (Map 060751 – 06065C2720G) dated 8/28/08) indicating the property is outside the 100 and 500-year floodplains.

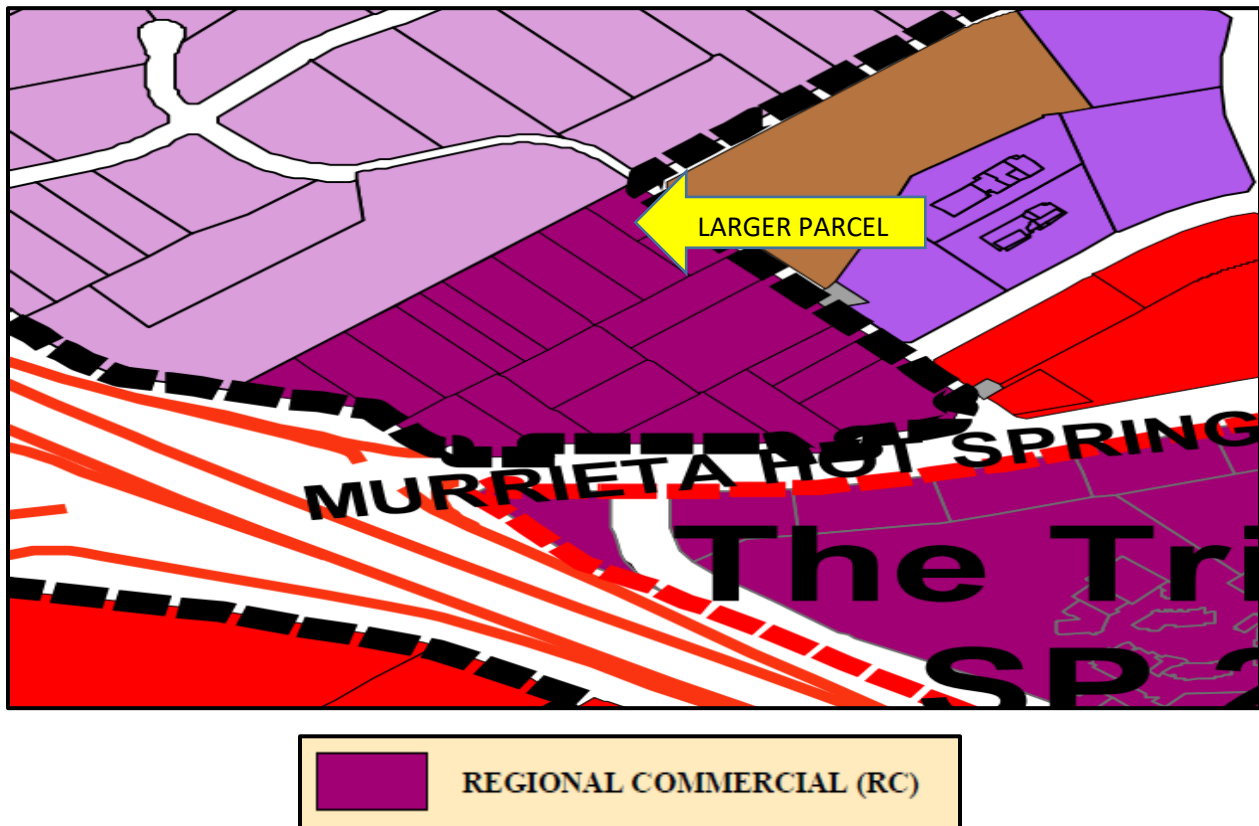
Environmental/Soils: No environmental or soils reports were submitted for the larger parcel. It is assumed that there is no toxic or hazardous waste on the property that would negatively impact development of the property to its concluded highest and best use.

Plat Map

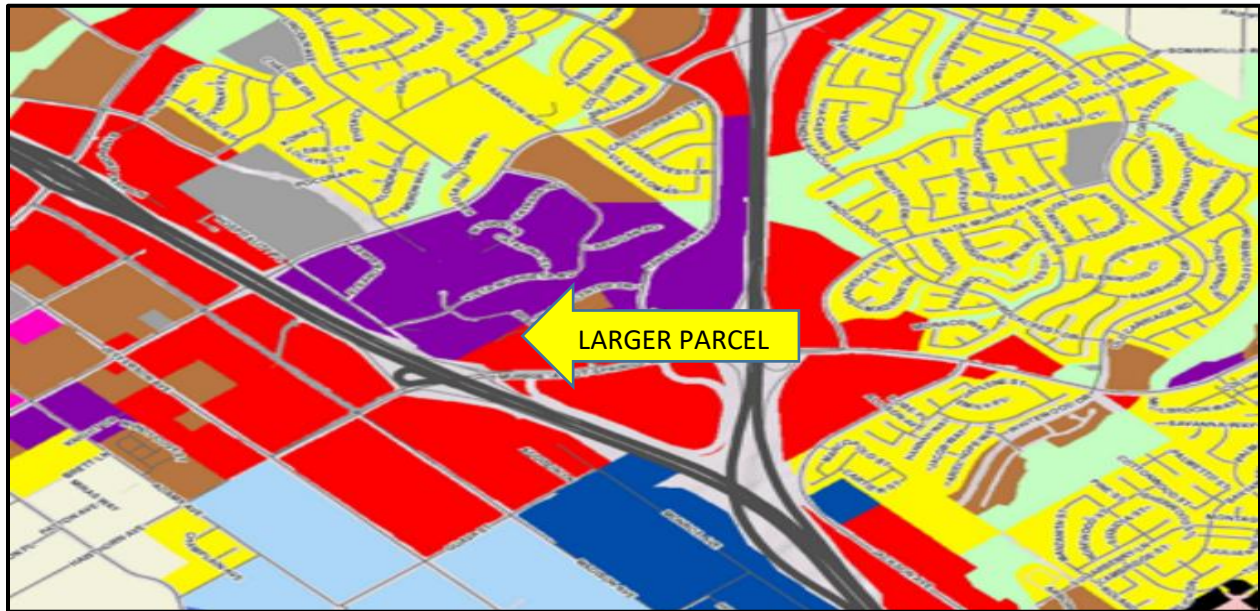
The following is a plat map showing the size, shape, and location of the larger parcel of which the proposed acquisition is a part.



Zoning Map



General Plan Map



Commercial (0.25 - 0.75 FAR)

Flood Map

Flood Zone Code	Flood Zone Panel	Panel Date
X	060751 - 06065C2720G	08/28/2008
Special Flood Hazard Area (SFHA)	Within 250 ft. of multiple flood zones?	Community Name
Out	No	MURRIETA

Flood Zone Description:
Zone X-An area that is determined to be outside the 100- and 500-year floodplains.

Valuation Analysis

Highest and Best Use

Highest and Best Use is defined as:

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value.²

Before Condition

Physically Possible - The larger parcel has a mixture of some level areas and other moderate to steep sloping areas. The parcel has frontage on two public roads and is located at the corner of Walsh Center Drive and Sparkman Court. The property is on the undeveloped side of Sparkman Court with no curbs, gutters or sidewalks installed. Upon development with multi-family structures on the adjoining properties, the property will be accessed from both Walsh Center Drive and Sparkman Court. The property is smaller in size compared to other parcels in the immediate area but will have all utilities available upon development. While the site would have potential for a variety of uses, the major development consideration would be its small size and sloping topography. The small size does not meet the minimum size requirement of RC zoned properties. Therefore, based on size and topography consideration, it is concluded that the property would most likely be assembled with adjoining properties for larger scale development.

Legally Permissible – The property is zoned RC (Regional Commercial) within the city of Murrieta. The RC zoning district is applied to areas appropriate for major regional centers containing several major anchor tenants, including, but not limited to, financial, hotel, motel, restaurant, smaller retail, theater and accessory uses, with landscaping, parking access, and signs designed and provided in common. Regional centers are generally thirty (30) acres or larger in size. The RC zoning district is consistent with the commercial land use designation of the general plan. As the size of the larger parcel is significantly smaller than the area required for a regional center, the Commercial designation of the General Plan (see below) will be relied on for land use considerations.

General Plan Land Use	Density/Intensity Standard	Consistent Zoning Classifications ²
Non-Residential Land Use		
Commercial	0.25 - 0.75 FAR	NC CC RC

The Property is designated Commercial in the Murrieta General Plan 2035 with a TOD Overlay. As stipulated in Section 16.16.040 of the City's Municipal Code, the purpose of the TOD Overlay is to allow a mixture of residential and non-residential development within proximity to transit to encourage mixed land uses for enhanced transit and pedestrian activity. The TOD Overlay

² *The Dictionary of Real Estate Appraisal: Fifth Edition*, Chicago: Appraisal Institute, 2010, p. 93.

provides additional development rights, which property owners may exercise under certain conditions while retaining all development rights conferred by the underlying zone to property owners within the TOD Overlay. Multifamily land use is permitted within the TOD Overlay when a minimum of 30 dwelling units per acre are provided.

Financially Feasible – The surrounding land usage in the immediate area has a big impact on the financially feasible uses of a property. Additionally, the approved multi-family development (development plan, phasing plan and tentative map obtained for the Terraces Apartments) on the adjoining parcels along with a portion of the larger parcel has a big impact on the most probable and financially feasible uses of the property. This planned development is supported by the existing multi-family development located across the street from the larger parcel at the southeast corner of Walsh Center Drive and Sparkman Court.

In the immediate area of the subject property along Murrieta Hot Springs Road just to the south and along Medical Center Drive as well, are primarily free-standing and multi-tenant retail/commercial/office uses. Additionally, the Rancho Springs Medical Center located just east of the subject property creates considerable demand for medical office space. Therefore, based on existing land use patterns, legally permissible uses, and the larger parcel's relatively large size and good access/exposure to major streets and freeways, it is concluded that the most financially feasible use of the property would be for assemblage with adjoining properties for some form of multi-family development, consistent with that proposed for the adjoining property and that which exists on the property across the street.

Maximally Productive – Considering the legally permissible, physically possible, and financially feasible uses in the current market, the highest and best use is for assemblage with adjoining properties for development of some form of multi-family development, consistent with that proposed for the adjoining property and that which exists on the property across the street.

After Condition

The area comprising the subject property is one of three proposed uses for the entire larger parcel. As such, the after condition will not reflect a single parcel being impacted by only one acquisition. Rather, the after conditions will reflect three different ownership entities and land uses which will eliminate any need for an after-condition analysis. There is no negative impact on the remainder parcel due to the subject property acquisition with the balance of the property having the same highest and best use as in the before condition.

Appraisal Procedures Followed, Methodologies

The subject property (proposed acquisition) on the larger parcel will be valued using a sales comparison approach and based on current zoning and the concluded highest and best use. Neither the cost approach nor the income capitalization approach are appropriate valuation methods when valuing land where building improvements are not being considered. The sales comparison approach derives a market value opinion by making a comparative analysis of recently sold properties having similar characteristics to the property being appraised. Each sale property is compared to the larger parcel focusing on similarities and differences that influence value.

Larger Parcel Determination

Research indicates that there are no other parcels that adjoin the property on which the subject is located, have the same highest and best use, or are under the same ownership. As such, the single parcel under the city of Murrieta ownership will constitute the larger parcel and offer a total square footage of .50 acres (21,741 square feet). However, based on the concluded highest and best use for the larger parcel (assemblage with adjoining properties for multi-family development), larger parcels will be used in the comparable sales search & analysis. A summary of comparable properties in the surrounding market area is shown in the following chart:

Land Sales Summary

Data No.	Location APN	Size		Zone	Sale Date Doc.No.	Buyer Seller	Sales Price Density/AC	\$/SF Land	\$/Unit
		# Units	Land (AC)						
A	Los Alamos Road & Vista Murrieta Murrieta 92562 949-170-037	64	3.21	ORP/TOD Overlay	10/31/2022 22-0449502	Meharban & Karam Singh Sethi SWC Vista Murrieta LLC	\$1,600,000 20	\$11.44	\$25,000
B	25631 Addison Street Murrieta 92552 910-490-011	52	2.13	CC (Community Commercial)	5/4/2022 22-0210106	Rudy & Frances Nunez MCH Investment Group LLC	\$1,450,000 24	\$15.63	\$27,885
C	Jefferson Ave., south of Ivy Street Murrieta 92562 909-030-032, 033	68	2.09	MF-3 (Multi-family)	N/A N/A	Third Avenue Storage N/A	\$4,700,000 33	\$18.67	\$25,000
D	El Cerrito Drive @ Canyon Crest Drive Riverside 92507 253-210-027,054,055	83	2.27	R3-1500	9/9/2021 21-0540002	DHG Investments LLC Canyon Bluffs Dev. Partners LP	\$3,000,000 37	\$30.34	\$36,145
E	Antelope Road @ Chambers Avenue Menifee 92585 333-050-034	102	9.27	MDR (Medium Density Residential)	8/9/2022 22-0351181	RC Development LLC FB Cypress Sands LLC	\$3,280,000 11	\$8.12	\$32,157
Subject	Corner Walsh Center Dr & Sparkman Court 92563 Murrieta 910-031-006			RC (Regional Commercial)					
	Average Land Size (AC)		3.91	Per Unit Summary					
	Average Sales Price Per SF		\$15.59	Average Sales Price Per Unit					\$24,842
	Minimum Sales Price Per SF		\$8.12	Minimum Sales Price Per Unit					\$25,000
	Maximum Sales Price Per SF		\$30.34	Maximum Sales Price Per Unit					\$36,145

Market Data Description

Data A - This is the sale of 3.21 acres located in the City of Murrieta with a general plan designation of ORP (Office & Research Park), with the property zoned O (Office). Like the subject property, this property is part of the Transit Oriented Development (TOD) Overlay. The asset was sold to a local developer. The listing broker and buyer confirmed the sale price with no further disclosure. The property is located on the west side of the 215 freeway in an area of single-family homes and apartments. The property has good access and exposure to both Los Alamos Road and Vista Murrieta Avenue. The development plans are unknown.

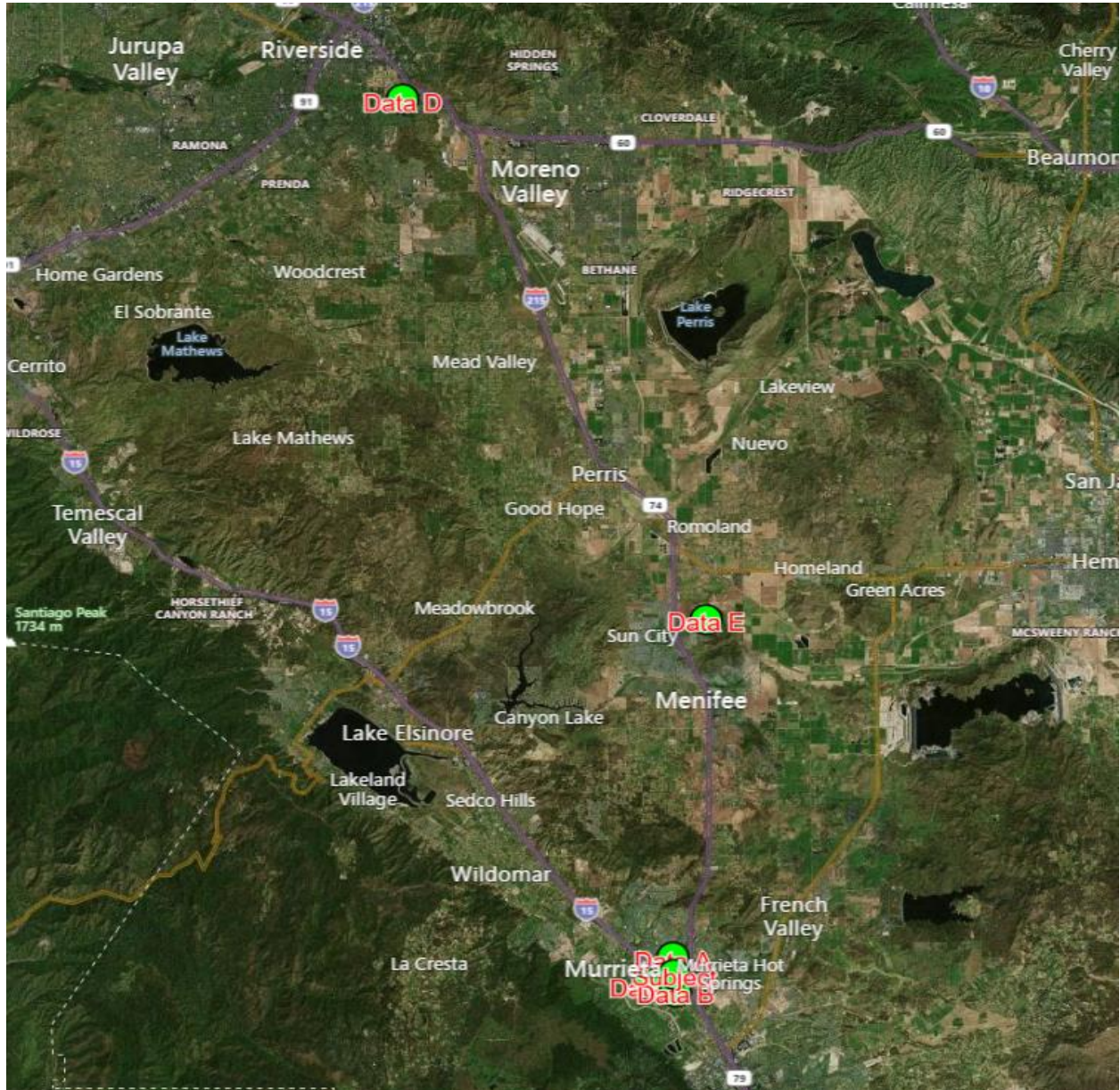
Data B - This is the sale of 2.13 acres of commercial land in the city of Murrieta. The land has I-15 visibility and is near Madison Marketplace, Walmart and CarMax on the west side of the I-15 freeway. While the buyer of this property is a hotel operator, the CC zone allows for many of the same uses that would be allowed within the subject RC zone. The property is located south of Murrieta Hot Springs Road in an area of both existing and emerging retail/commercial uses. With the 215-freeway located just to the east, this site benefits from good access to both freeways and main arterials. As a result of recent development around the site, several bordering streets have been widened and improved. Madison Avenue, located west of the site, has been widened to include four lanes, a signalized intersection at Guava Street, and curb/gutter. Guava Street, which runs along the southern border of the site, has been repaved, striped, and improved with curb and gutter up to the western border of the site. Further future improvements call for the paving and widening of Monroe Avenue (east of the site).

Data C – This is the sale of an irregular shaped parcel located just northeast of the subject property on the west side of Hancock Avenue. The property is located across the street from Rancho Springs Medical Center and is surrounded by other offices buildings in the immediate area. This property is zoned Office (O) per the city of Murrieta zoning department. The Office zoning district is applied to areas appropriate primarily for office uses with commercial uses (financial, hotel, personal services, restaurant, etc.) oriented to serve the customers and employees of the office uses, and limited community services to serve the residents of the city. The Office zoning district is consistent with the Office and Research Park land use designation of the general plan.

Data D – This is the sale of multiple adjoining parcels located in the city of Riverside near the downtown area as well as the University of California Riverside. The 2.27-acre property sold with some entitlements in place for a large multi-family development known as Canyon Bluffs. Canyon Bluffs is a collection of Mediterranean Italian inspired design comprised of two- and three-story buildings offering 88 apartment homes. A wide range of one-bedroom, two-bedroom and three-bedroom units are available for residents to choose from. Amenities include a community room with folding walls opening into the resort styled pool, high-end community kitchen and bar, bocce ball court, dog park, two fire pit areas, state of the art gym and barbeques. The residents in the apartments will also enjoy unobstructed views overlooking Box Springs Canyon to the east, and all of Riverside to the west. At the time of sale, the property had been graded, and utilities had been extended to the site.

Data E – This is the sale of a single parcel located at the southwest corner of Antelope Road and Chambers Avenue, north of the subject property in the city of Menifee. The property is zoned for medium density residential (MDR) in the EDC – MB zone (Economic Development Corridor – McCall Blvd). This property is in a developing area of single-family homes (Underwood by Lennar – 542 units), Fleming Ranch Specific Plan (1501 residential units) across the street and other new residential subdivisions. This property is located with convenient access to Interstate 215 & Freeway 74, a new shopping center and is close to Menifee Hospital. Utilities are currently along McCall Blvd.

Market Data Map



Adjustment Considerations

A summary of a qualitative adjustment analysis comparing the comparables to the subject is shown on the following page. The adjustments are sectioned into two types of adjustments – transactional adjustments and physical adjustments.

Transactional Adjustments

Transactional adjustments include interest conveyed, conditions of sale, financing, and market conditions. In this real estate market for this type of property, market conditions and demand for properties like the subject are considered to have been stable between the oldest comparable sale date through the effective valuation date. This conclusion is based upon the low transaction volume, lack of meaningful trend demonstrated by the data, lack of overall development in the area, and is supported by our interviews with market participants.

Physical Adjustments

Physical adjustments include such factors as location, access, topography, zoning, size/shape, utilities, and site improvements. Similar to the transactional adjustments, the physical adjustments have been made on a qualitative basis. The adjustments are generally subjective in nature and are intended to illustrate the logic and reasoning in developing a value opinion for the larger parcel.

Adjustment Summary					
	Data A	Data B	Data C	Data D	Data E
Address	Los Alamos Road & Vista Murrieta	25631 Addison Street	Jefferson Ave., south of Ivy Street	El Cerrito Drive @ Canyon Crest Drive	Antelope Road @ Chambers Avenue
Sale Price (Per Lot)	\$25,000	\$27,885	\$25,000	\$36,145	\$32,157
Transactional					
Interest Conveyed	Similar	Similar	Similar	Similar	Similar
Conditions of Sale	Similar	Similar	Superior	Similar	Similar
Financing	Similar	Similar	Similar	Similar	Similar
Market Conditions	<u>Similar</u>	<u>Similar</u>	<u>Similar</u>	<u>Similar</u>	<u>Similar</u>
Comparison	Similar	Similar	Superior	Similar	Similar
Physical					
Location	Inferior	Inferior	Inferior	Superior	Superior
Access/Exposure	Similar	Similar	Similar	Similar	Similar
Topography/Developability	Superior	Superior	Superior	Similar	Superior
Parcel Size	Similar	Similar	Similar	Similar	Similar
Zoning/Density	Similar	Similar	Similar	Inferior	Similar
Utilities/Site Imp.	Superior	Similar	Similar	Superior	Superior
Entitlements	<u>Similar</u>	<u>Similar</u>	<u>Similar</u>	<u>Superior</u>	<u>Superior</u>
Overall Comparison	Similar	Similar	Similar	Superior	Superior
Value Per Unit	=\$25,000	=\$27,885	=\$25,000	<\$36,145	<\$37,203

Adjustment Considerations & Value Conclusion

Adjustments to the above comparables considered the following categories:

Interest Conveyed – All of the comparables were fee simple sales with no adjustments necessary.

Conditions of Sale – Adjustments for listing status or atypical sale conditions are addressed in this adjustment category. As Data No. C is a listing, it has been adjusted for.

Financing – All of the sales involved market financing, cash equivalent sales with no adjustments necessary.

Market Conditions - In this real estate market for this type of property, market conditions for properties like the subject are considered to have been stable between the oldest comparable sale date through the effective valuation date.

Location - Adjustments were based on the surrounding land uses and the presence of or lack of synergy for the concluded highest and best use.

Access/Exposure – Adjustments were based on exposure to traffic or a freeway and its contribution to the viability of development. The subject has good access and exposure from two streets and comparables have been adjusted accordingly. The subject property would provide some key access to an assembled parcel.

Topography/Developability – Compared to the larger parcel, the comparables were adjusted for their inferior or superior attributes in this area. Due to the sloping topography on the larger parcel, most of the comparables were considered superior to the subject property.

Parcel Size – Typically, larger size comparables are considered inferior on a price per square foot basis, with smaller size comparables considered superior on a per unit basis. However, in this market for this property type, larger size parcels are equally valuable per square foot due to their ability to accommodate larger building footprints and multi-tenant designs. As such, no adjustments were made to any of the comparables for their relatively minor size difference compared to the subject property.

Zoning/Density – The highest and best use of the subject was concluded to be for some form of multi-family development. The comparables were adjusted for inferior or superior characteristics in this area. Based on current land use controls, the maximum achievable density on the subject would be 30 units per acre. However, typically something less than this is achieved due to streets and site requirements (retention basins, etc.). The comparables indicated a range of 11 to 33 units per acre. A density of 25 units per acre is concluded for the subject property which results in 13 total units for the subject's contribution to an assembled parcel (.50 acres x 25).

Utilities/Site Improvements –All the comparables were considered similar in utilities and site improvements to the larger parcel with no adjustments warranted.

Entitlements - Comparables D and E had some level of entitlements for multi-family development and warranted adjustments.

Ranking Analysis

Using the above discussion on adjustments, the following ranking analysis is concluded:

Data #	Sale Price Per Unit	Ranking
E	\$37,203	Superior
D	\$36,145	Superior
B	\$27,885	Similar
Larger Parcel	--	--
C	\$25,000	Similar
A	\$25,000	Similar

Market Data Summary

The comparables indicate an unadjusted value range of \$25,000 to \$37,203 per unit. The data includes parcels that have reasonably similar development/use potential to that of the subject property located in the city of Murrieta. The data ranged in size between 2.09 and 9.27 acres and sold between September 2021 and October 2023. The sales and listing provide a reasonable data set from which to draw comparisons to the concluded larger parcel.

After considering differences between these data items and the larger parcel, they demonstrate that the larger parcel should be worth something less than \$36,145 per unit, and something similar to the range of \$25,000 to \$27,885 per unit.

Reconciliation Larger Parcel

The data indicated a value range of \$27,885 to \$36,145 per unit. The subject is rectangular in shape, is topographically challenged, but provides good access and exposure from two adjoining public streets. Based on these factors compared to the comparables, the value of the larger parcel is concluded at \$28,000 per unit. This results in a total value of \$364,000 (13 units x \$28,000). On a price per square foot basis, this results in a value of \$16.74 per square foot which is within the range indicated by the comparables of \$8.12 to \$30.34 per square foot.

Value of the Subject Property

This appraisal involves the valuation of only a portion of the larger parcel which will be purchased by the adjoining property owner for development of their planned multi-family development.

The appraised land is a portion of a legally described larger parcel that is currently undeveloped. According to the assessor's plat map, the larger parcel contains 21,741 square feet, or .50 acres, with the portion being appraised being 1,796 square feet. The portion being appraised is to facilitate the development of a multi-family project on both the larger parcel and the adjoining property. The balance of the larger parcel will be developed with the road widening of Monroe Avenue (13,303 square feet), and a 6,642 square foot "pocket" park. As the claim on the larger parcel for each of the three proposed uses is deemed similar in necessity and significance, the market value of the portion being appraised will be based on its pro-rata share of the concluded market value of the larger parcel.

Therefore, using the concluded fee simple per square foot value for the larger parcel (\$16.74 per square foot), results in a rounded value for the acquisition area of \$30,100 (\$16.74 x 1,796 square feet).

Certification

The undersigned appraiser certifies that, to the best of his knowledge and belief:

- The 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 his personal, impartial and unbiased professional analyses, opinions, and conclusions.
- I have no present, prospective, direct or indirect interest in the property that is the subject of this report, nor personal interest or bias 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 in 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.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- Kent J. Carpenter, MAI has made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the appraiser signing this certification.
- The appraiser signing this appraisal report has not provided an appraisal of the subject property in the three years immediately preceding acceptance of this assignment. There have been no other services, as appraisers, or in any other capacity, in the previous three years.
- As of the date of this report, Kent J. Carpenter, MAI, has completed the continuing education program of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Very Truly Yours,
Epic Land Solutions, Inc.



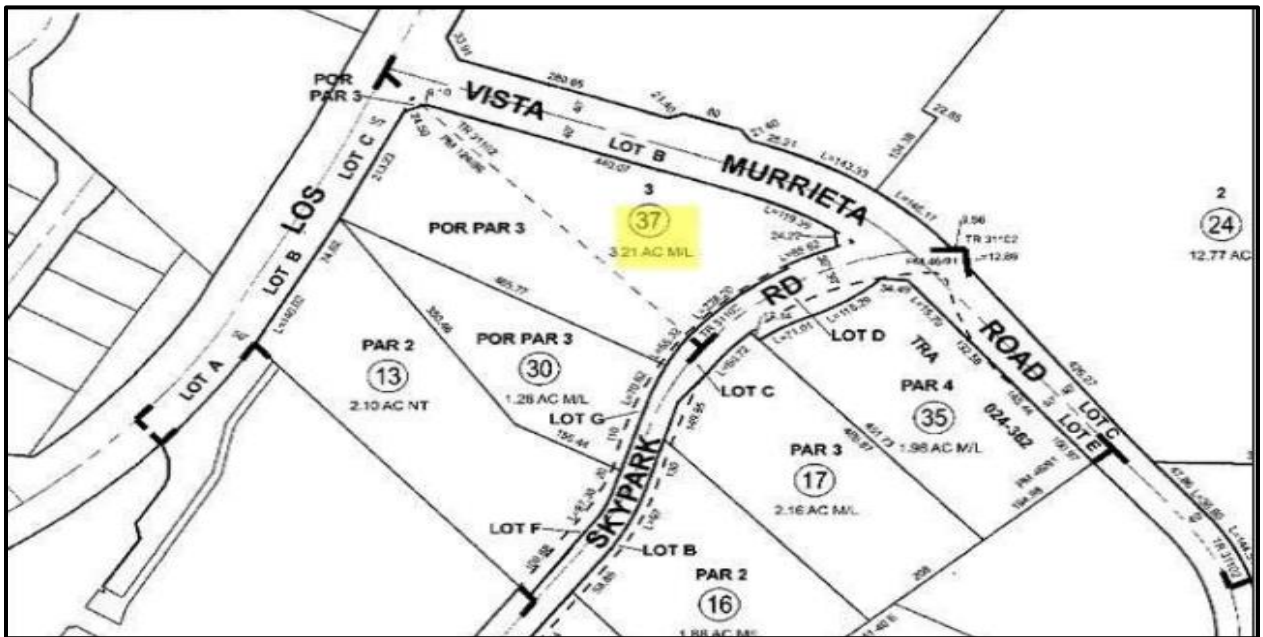
Kent J. Carpenter, MAI
Certified General Real Estate Appraiser
Senior Appraiser
Epic Land Solutions, Inc.
California License AG003087

Comparable Photos

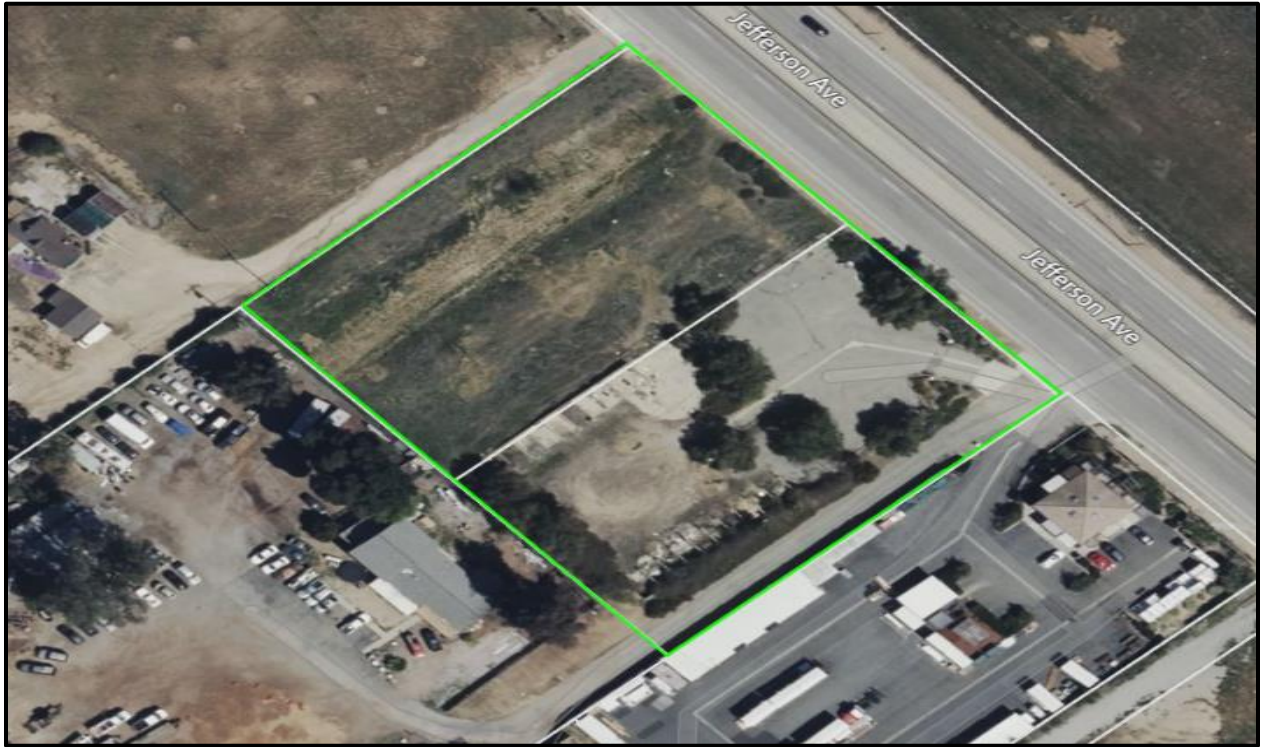
Comparable A Photo



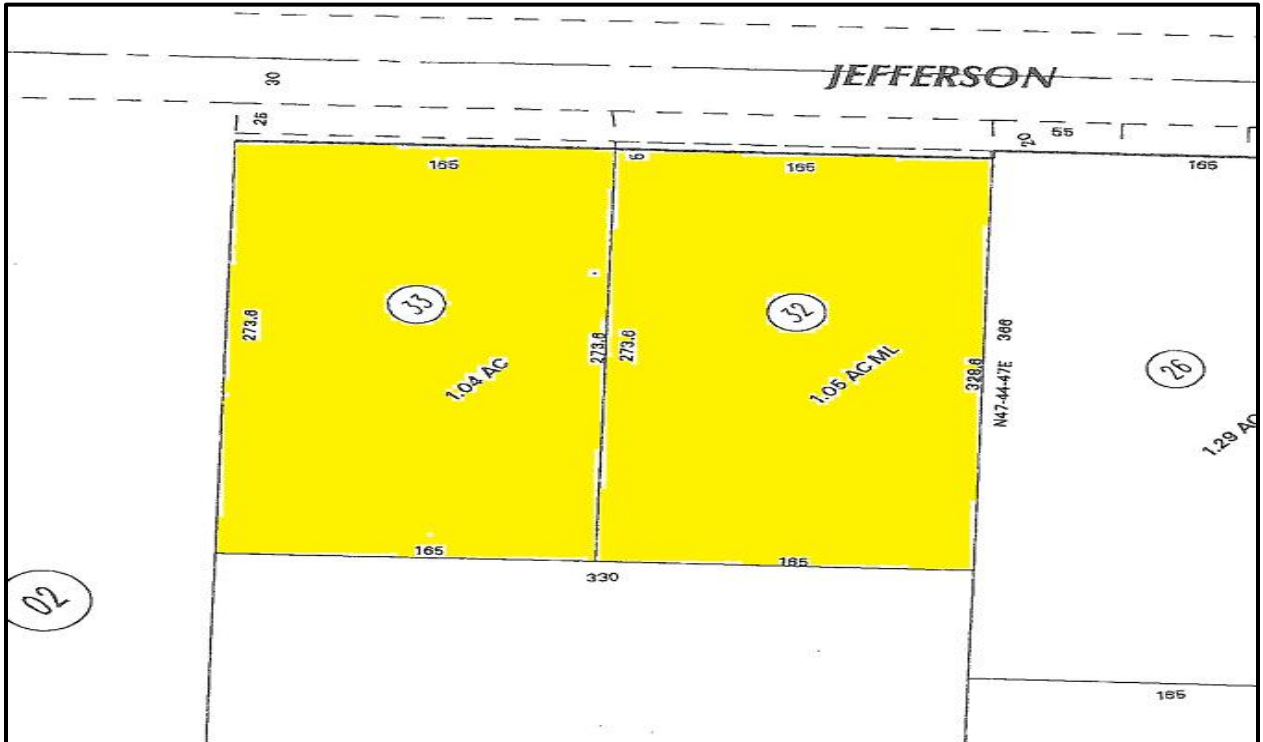
Assessors Parcel Map



Comparable C Photo



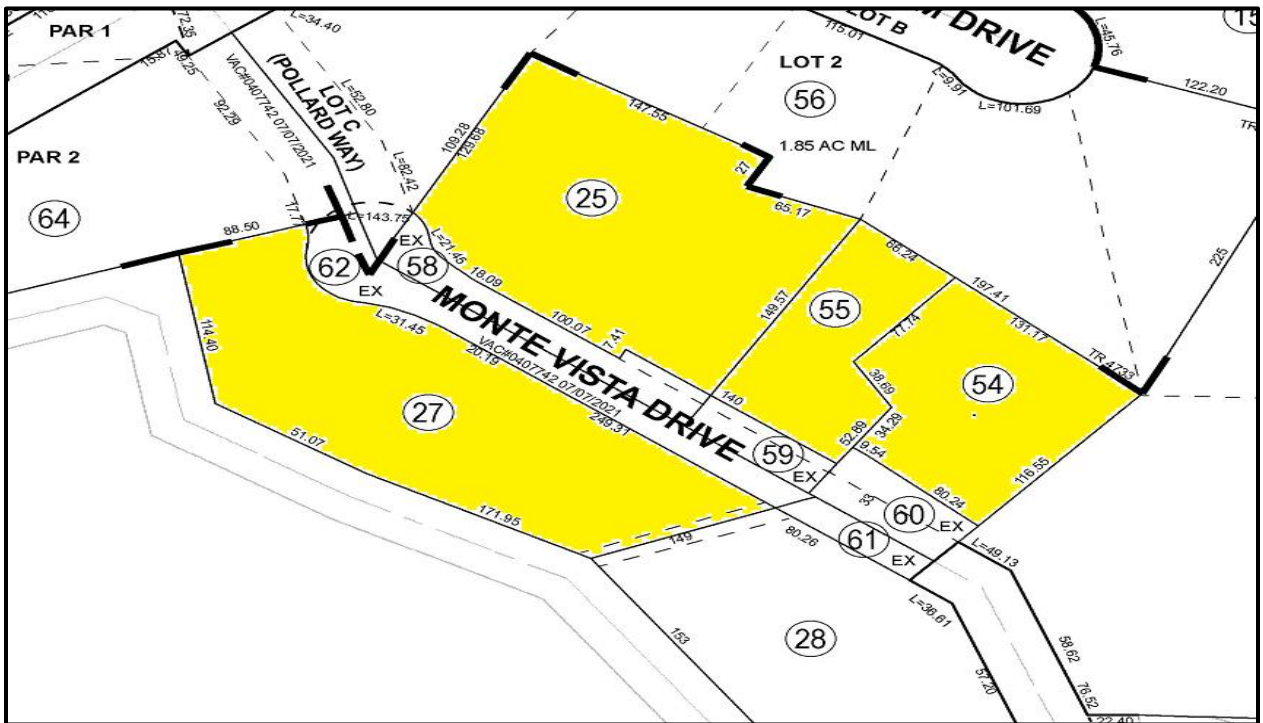
Assessor's Parcel Map



Comparable D Photo



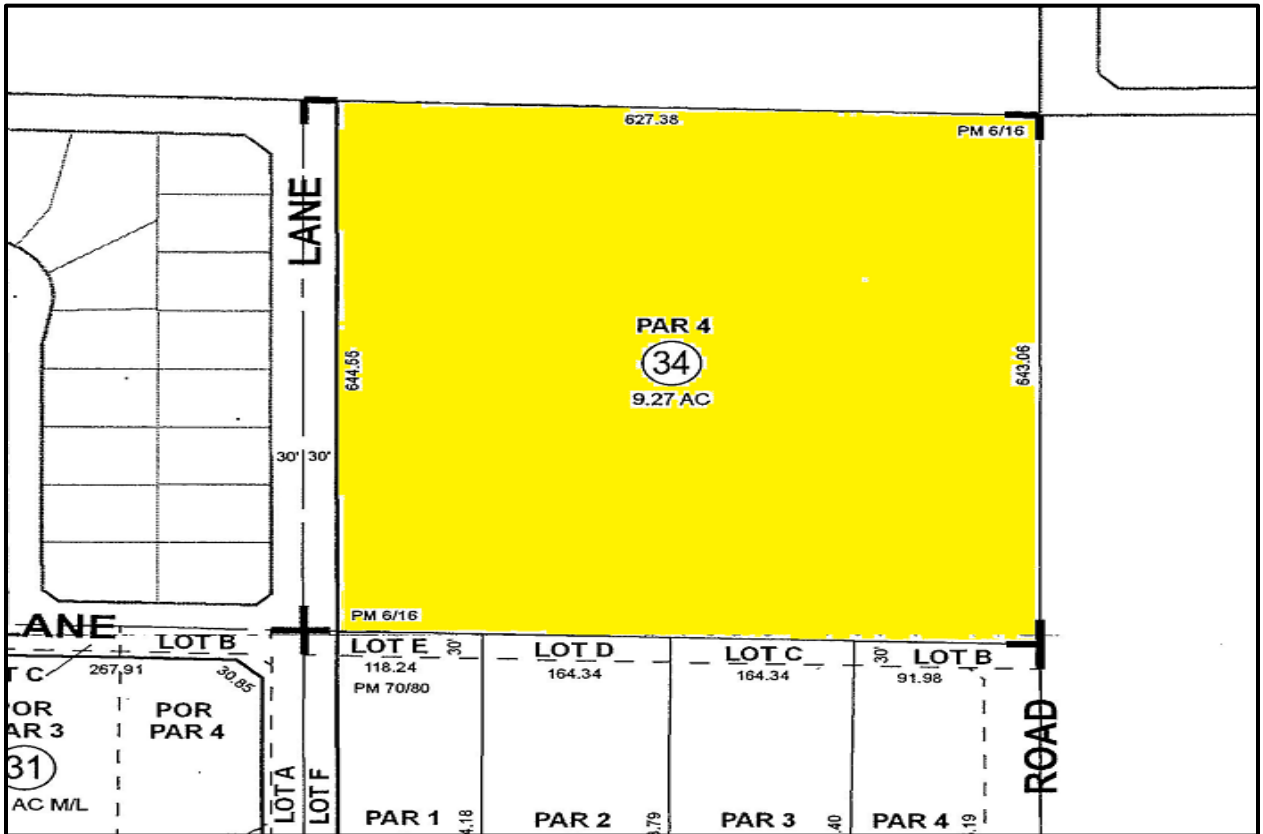
Assessor's Parcel Map



Comparable E Photo



Assessor's Parcel Map



QUALIFICATIONS OF THE APPRAISER

Kent Carpenter, MAI, Senior Appraiser



Total Years of Experience: 33
Years with Firm: <3

Education: Bachelor of Science, Financial Planning & Counseling, Brigham Young University
 Graduate Courses, San Diego State University

Registrations/Certifications:
 Certified General Real Estate Appraiser, State of California, License #AG003087

Associations/Organizations:
 MAI Designated Member, Appraisal Institute
 Officer, San Diego Chapter of the Appraisal Institute, 2008

Kent J. Carpenter has over 30 years of experience in the valuation of residential, commercial, industrial, agricultural and special purpose properties in California. Prior to joining Epic, Carpenter worked as Managing Director for the San Diego offices of Hilco Real Estate Appraisal and Grubb & Ellis Landauer Valuation Services. Additionally, he was a principal at a top San Diego County appraisal firm – Lipman, Stevens & Carpenter, Inc. Carpenter’s extensive experience includes expert witness testimony in federal bankruptcy court, San Diego Superior Court and arbitrations/depositions involving real estate values. Clients include government entities, financial institutions, accounting firms, insurance companies, law firms, developers and private property owners.

Please note: The appraisal group works independently within the Epic organization to ensure complete objectivity and impartiality for all appraisal opinions and conclusions.

Relevant Experience

Valuation Specialties:

- | | |
|----------------------------|-------------------|
| Special purpose properties | Condemnations |
| Agricultural Land | Partial Interests |
| Industrial/Flex Buildings | Multi-Family |
| Shopping Centers | Hotels |
| Retail Properties | Offices |

Government Clients:

- | | |
|---------------------------------------------------------------|------------------|
| United States Department of the Interior Administration (GSA) | General Services |
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- | | |
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| Los Angeles County Community Development Commission | Port of San Diego |
| San Diego Metropolitan Transit System (MTS) | County of San Diego |
| City of La Mesa | City of National City |
| Perris Elementary School District | San Diego Unified School District |
| | City of San Diego |

Financial Institution Clients:

- Teachers Insurance & Annuity Association – College Retirement Equities Fund (TIAA-CREF)
 ING (Retirement & Insurance Products & Services)
- | | | | |
|-------------------------|------------------|-------------------|--------------------------------|
| Capital Source Lending | Bank of America | Wells Fargo Bank | Union Bank |
| California Bank & Trust | Bank of the West | Metro United Bank | City National Bank |
| Embarcadero Bank | Ironstone Bank | Rabobank | <u>Resmark Equity Partners</u> |

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