

APPRAISAL OF:

**THREE HYPOTHETICAL, TYPICALLY SIZED, DEVELOPMENT
SITES IN CUPERTINO, CALIFORNIA**

PREPARED FOR:

PUBLIC WORKS DEPARTMENT

CITY OF CUPERTINO

CUPERTINO, CALIFORNIA

MARCH 2024

2024CNA107

March 13, 2024

Chad Mosley, P.E.
Director of Public Works
City of Cupertino
10300 Torre Avenue
Cupertino, California 95014

Re: 2024CNA107, *Appraisal to Establish
Parkland In-lieu Fee*
Market Value of Three Hypothetical,
Typically Sized, Development Sites
in Cupertino, California

Dear Mr. Mosley:

At your request and authorization, Carneghi-Nakasako & Associates has provided appraisal consulting to determine the fair market value of three hypothetical, typically sized, development sites in Cupertino to aid the City of Cupertino in establishing the parkland in-lieu fee. This appraisal addresses the hypothetical market value of the fee simple interest in: 1) a typical residential development site; 2) a typical commercial development site; and 3) a general development site that is comprehensive and inclusive of all Cupertino land types. The hypothetical development sites are not any specific property in terms of use, location within the City of Cupertino, size, or development potential.

As you know, Carneghi-Nakasako & Associates has previously appraised the same hypothetical development sites for the City of Cupertino on multiple occasions, most recently in an Appraisal Report identified as 2023CNA102, dated March 14, 2023, and having a date of value of January 1, 2023. In the current appraisal, the same hypothetical development sites are appraised, but as of January 1, 2024. The concluded unit value for the typical residential development site for the current date of value is about six percent higher than for the January 1, 2023 date of value. This is primarily because the residential market experienced increasing prices during 2023. In the current appraisal, the concluded unit value for the typical commercial development site is about six percent less than the January 1, 2023 date of value unit value conclusion mostly on account of declining demand/values for office properties.

The client for this appraisal is the City of Cupertino, c/o Chad Mosley, P.E., Director of Public Works. The purpose of this appraisal is to estimate the market value of three hypothetical development sites in the City of Cupertino as of January 1, 2024. The intended user/use of this appraisal report is the City of Cupertino and it will be used as an aid in establishing the City's parkland in-lieu fee. ***This report should not be used or relied upon by any other parties for any reason.***

Market Value Conclusions

Based on the research and analysis, and subject to the assumptions, hypothetical conditions, and limiting conditions contained in this report, it is the opinion of the undersigned that the market value of the fee simple interest in a hypothetical **typical residential development site** in Cupertino, as of January 1, 2024, is:

TWO HUNDRED FORTY DOLLARS PER SQUARE FOOT

(\$240 per Square Foot)

Furthermore, based on the research and analysis, and subject to the assumptions, hypothetical conditions, and limiting conditions contained in this report, it is the opinion of the undersigned that the market value of the fee simple interest in a hypothetical **typical commercial development site** in Cupertino, as of January 1, 2024, is:

ONE HUNDRED FIFTY DOLLARS PER SQUARE FOOT

(\$150 per Square Foot)

Lastly, based on the research and analysis, and subject to the assumptions, hypothetical conditions, and limiting conditions contained in this report, it is the opinion of the undersigned that the market value of the fee simple interest in a hypothetical **general development site** in Cupertino, which is comprehensive and inclusive of all Cupertino land types, as of January 1, 2024, is:

TWO HUNDRED TWENTY DOLLARS PER SQUARE FOOT

(\$220 per Square Foot)

This appraisal report is identified on the footer of each page as 2024CNA107 and includes this letter of transmittal plus several related exhibits, tables, and addendum.

Certification

I, the undersigned, hereby certify that, to the best of my 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 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 previously provided appraisal consulting regarding hypothetical development sites similar to the subject(s) of this report for the same client on multiple occasions, most recently in an Appraisal Report identified as 2023CNA102, dated March 14, 2023, and having a date of value of January 1, 2023; I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment; my engagement in this assignment was not contingent upon developing or reporting predetermined results; my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal; my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*; I have not made a personal inspection of the properties that are the subject of this report since the subject sites are hypothetical; no one provided significant real property appraisal assistance to the person(s) signing this certification; 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 Practice of the Appraisal Institute; and the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute. In accordance with the Competency Provision in the USPAP, I certify that my education, experience, and knowledge are sufficient to provide the valuation services needed for this assignment.

I am pleased to have had this opportunity to be of service. Please contact me if there are any questions regarding this appraisal.

Sincerely,

CARNEGHI-NAKASAKO & ASSOCIATES



Matthew Watson, MAI
Certified General Real Estate Appraiser
State of California No. AG040050

TABLE OF CONTENTS

I.	REPORT SUMMARY	1
	A. Property Appraised	1
	B. Client, Purpose, Intended Use, and Intended User	1
	C. Report Format and Scope of Work	1
	D. Real Property Rights Appraised	3
	E. Date of Valuation & Report	3
	F. Definitions	3
	G. Value Conclusion(s)	4
	H. Hypothetical Conditions and Extraordinary Assumptions	5
	I. General Assumptions and Limiting Conditions	5
II.	AREA DESCRIPTION	7
	A. County of Santa Clara	7
	B. City of Cupertino	8
III.	MARKET ANALYSIS	10
	A. General Economic Conditions	10
	B. Regional Economic Conditions	12
	C. Commercial Market Conditions	13
	D. Residential Market Conditions	19
	E. Conclusions	28
IV.	PROPERTY IDENTIFICATION AND DESCRIPTION	30
	A. Hypothetical Parcel Site Description	30
	B. Assessed Value and Real Estate Taxes	31
	C. General Plan, Zoning, and other Land Use Ordinances	31
V.	HIGHEST AND BEST USE AND VALUATION METHODOLOGY	32
	A. Highest and Best Use of the Hypothetical Sites	32
	B. Valuation Methodology	33
VI.	MARKET VALUE OF A TYPICAL RESIDENTIAL DEVELOPMENT SITE	35
	A. Residential Single Family Lot Sales Discussion	35
	B. Residential Subdivision Land Sales Discussion	37
	C. Residential Development Site Conclusion	39
VI.	MARKET VALUE OF A TYPICAL COMMERCIAL DEVELOPMENT SITE	40
VII.	MARKET VALUE OF A GENERAL DEVELOPMENT SITE	43

TABLE OF EXHIBITS

LIST OF MAPS & EXHIBITS

City Map

following Page 8

ADDENDA

Table 1: Single Lot Residential Land Sales Summary

Table 2: Residential Subdivision Land Sales Summary

Residential Subdivision Land Sales Map

Table 3: Commercial Land Sales Summary

Commercial Land Sales Maps

List of Issued Demolition/New Construction Permits (on file)

Qualifications of Appraiser

I. REPORT SUMMARY

A. Property Appraised

This appraisal addresses the hypothetical market value of the fee simple interest as of January 1, 2024 in: 1) a typical residential development site; 2) a typical commercial development site; and 3) a general development site that is comprehensive and inclusive of all Cupertino land types. The hypothetical development sites are not any specific property in terms of use, location within the City of Cupertino, size, or development potential

It was a general assumption of this appraisal that the subject's hypothetical sites are graded and level with all utilities and services stubbed to the site, and ready for building improvement.

B. Client, Purpose, Intended Use, and Intended User

The client for this appraisal is the City of Cupertino c/o Chad Mosley, P.E., Director of Public Works.

The purpose of this appraisal is to estimate the market value of three hypothetical development sites in the City of Cupertino as of January 1, 2024. The hypothetical development sites include: 1) a typical residential development site; 2) a typical commercial development site; and 3) a general development site that is comprehensive and inclusive of all Cupertino land types.

The intended user/use of this appraisal report is the City of Cupertino and it will be used as an aid in establishing the City's parkland in-lieu fee. *This report should not be used or relied upon by any other parties for any reason.*

C. Report Format and Scope of Work

This report is intended to satisfy the requirements of USPAP Standards Rule 2-2 as a real property appraisal presented in an Appraisal Report format.

The agreed upon scope of work performed for this appraisal is the following:

- The City of Cupertino intends to use the appraisal as an aid in establishing the parkland in-lieu fee. The City of Cupertino will be the intended user.

- The subject of the appraisal will not be any specific property in terms of use, location, size, or development potential. Rather, the appraisal will reflect the current market value of three hypothetical, typically sized, development sites in Cupertino. The appraisal will provide the current market value for:
 - 1) a typical residential development site;
 - 2) a typical commercial development site (commercial land to include any parcels not zoned residential, inclusive of mixed-use and industrial sales); and
 - 3) a general development site that is comprehensive and inclusive of all Cupertino land types.
- Date of appraised value will be January 1, 2024.
- Comparables will include sales from January 1, 2021, through December 31, 2023, and appropriate “time/market conditions” adjustments will be utilized.
- The search for comparable sales will emphasize development sites located within the City of Cupertino, but may, where appropriate, include relevant sales from adjacent and/or nearby Cities. “Tear downs” and other improved sites wherein the improvement contribution to the selling price was minimal will be included. City to provide a list of issued demolition permits to substantiate these sales/conclusions.

Additionally, the following steps were taken to complete the scope of work:

Extent of Data Research

For this appraisal, data was gathered concerning land use ordinances for the hypothetical lots and sale comparables from the websites of the appropriate municipalities. Macro- and micro-economic information was gleaned from many sources, including: 12th District Beige Book; CoStar; GlobeSt.com; National Association of Home Builders; Silicon Valley Business Journal; California Association of Realtors; California Employment Development Department; and the California Department of Finance.

A variety of subscription and web-based services were used to gather comparable sales data. The sources of information may or may not have included: appraiser work files; real estate brokers and agents; property owners; CoStar Group; MLS; DataTree; Bay Area News Group; The Registry; sfyimby.com; news articles; local government agencies; and other market participants. Several streets in Cupertino were driven, primarily in support of comparable sale research. The City of Cupertino provided a list of issued demolition and new construction permits from the period January 2021 through February 2024.

Type and Extent of Analysis Applied

The data is summarized on spreadsheets displayed in the Valuation chapter(s) following. The sales comparison approach was the only applicable approach to value. The analysis was comparative, iterative, qualitative, and quantitative.

D. Real Property Rights Appraised

Fee simple property rights were appraised.

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

E. Date of Valuation & Report

At the client’s request, the date of valuation is January 1, 2024. The date of this Appraisal Report is March 13, 2024.

F. Definitions

The city code states: *The Director of Public Works shall establish the fair market value of land within the City and update the value on an annual basis in the City’s Fee Schedule. The fair market value shall be determined by reference to comparable land within the City. As used herein, the term “comparable” means land of similar size and development potential as the land which would otherwise be dedicated.*

Within this appraisal the terms “fair market value” and “market value” are used interchangeably and carry the same meaning. As used herein, **market value** is defined as “the most probable price, as of a specific date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.”²

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed. (Chicago: Appraisal Institute, 2022)

² Ibid.

Average means the value that is calculated by adding values together and then dividing the total by the number of values.

Median means the value separating the higher half from the lower half of a data sample. i.e., “the middle” value.

Weighted Average means an average resulting from the multiplication of each component by a factor reflecting its importance or contribution.

G. Value Conclusion(s)

Based on the research and analysis, and subject to the assumptions, hypothetical conditions, and limiting conditions contained herein, it is the opinion of the appraiser that the market value of the fee simple interest in a hypothetical **typical residential development site** in Cupertino, as of January 1, 2024, is:

TWO HUNDRED FORTY DOLLARS PER SQUARE FOOT

(\$240 per Square Foot)

Furthermore, based on the research and analysis, and subject to the assumptions, hypothetical conditions, and limiting conditions contained in this report, it is the opinion of the appraiser that the market value of the fee simple interest in a hypothetical **typical commercial development site** in Cupertino, as of January 1, 2024, is:

ONE HUNDRED FIFTY DOLLARS PER SQUARE FOOT

(\$150 per Square Foot)

Lastly, based on the research and analysis, and subject to the assumptions, hypothetical conditions, and limiting conditions contained in this report, it is the opinion of the appraiser that the market value of the fee simple interest in a hypothetical **general development site** in Cupertino (that is comprehensive and inclusive of all Cupertino land types), as of January 1, 2024, is:

TWO HUNDRED TWENTY DOLLARS PER SQUARE FOOT

(\$220 per Square Foot)

H. Hypothetical Conditions and Extraordinary Assumptions

The use of these hypothetical condition(s) and extraordinary assumption(s) might have affected the assignment results.

Hypothetical Conditions

1. The market value conclusions are estimated based on a typical, but hypothetical site. It was a hypothetical condition of this appraisal that each typical subject site was a finished lot and rated average in all other physical, locational, and legal aspects as compared to competing properties.

Extraordinary Assumptions

1. An estimate of the total parcels under residential use in the City of Cupertino was obtained from DataTree, which is owned by First American. I then used the County defined land use classifications within DataTree to qualify each residential record as either single family, condominium, townhouse, planned unit development (PUD), multifamily, or other multiple-unit. This data was based on records available in February 2024. It was an extraordinary assumption of this appraisal that the number of parcels reported by DataTree for each residential use in the City of Cupertino was accurate.

I. General Assumptions and Limiting Conditions

1. It is the client's responsibility to read this report and to inform the appraiser of any errors or omissions of which he/she is aware prior to utilizing this report or making it available to any third party.
2. Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraiser is assumed by the appraiser.
3. All information has been checked where possible and is believed to be correct, but is not guaranteed as such.

4. The appraiser is not required to give testimony or appear in court in connection with this appraisal unless arrangements have been previously made.
5. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with the proper written qualification and only in its entirety, and only for the contracted intended use as stated herein.
6. Neither all nor part of the contents of this report shall be conveyed to the public through advertising, public relations, new sales, or other media without the written consent and approval of the appraiser, particularly as to the valuation conclusions, the identity of the appraisers, or any reference to the Appraisal Institute or the MAI designation.

II. AREA DESCRIPTION

The hypothetical development sites are located within the City of Cupertino, California, which is a municipality within Santa Clara County.

A. County of Santa Clara

Santa Clara County is the most populous of the San Francisco Bay Area counties. The County had an estimated population of 1,911,749 as of July 1, 2023, according to the California Department of Finance (DOF). This represents an *increase* of about 0.45 percent from the July 1, 2022 reported population; Santa Clara County added the most residents among all counties in California between July 2022 and July 2023. Population growth in Santa Clara County is generally limited by the fully built out nature of the area. The DOF estimated that Santa Clara County had 701,539 housing units as of July 1, 2023. In its publication *Plan Bay Area 2050*, the Association of Bay Area Governments (ABAG) in conjunction with the Metropolitan Transportation Commission forecasts the number of households in Santa Clara County to increase to 1,075,000 in the year-2050, which would represent about 33 percent of all growth in the region.

According to statistics published by the State of California Employment Development Department (EDD), the Santa Clara County unemployment rate was 3.8 percent as of November 2023. This rate is unchanged from the previous month, but up from the 2.5 percent reported in November 2022. The unemployment rate has been below four percent every month since September 2021.

Santa Clara County is well served by transportation routes, although many are heavily congested during commute hours. U.S. Highway 101 travels in a north/south direction through the middle of the County, continuing north to San Francisco and south to Los Angeles. Interstate 880 extends south from Oakland in the north, through Santa Clara County, where it becomes State Highway 17, extending into Santa Cruz County. Interstate 280 crosses through the middle of Santa Clara County in an east/west direction, before turning north towards San Francisco. Interstate 680 extends in a predominantly northerly direction across the eastern portion of the County, extending into Alameda County. State Highways 237, 85, and 87 provide further freeway transportation through the County.

Public transportation options in Santa Clara County include an extensive bus network, the Santa Clara County Light Rail system, and the Caltrain commuter rail service. The Light Rail system provides public transportation to areas of San Jose,

Santa Clara, Sunnyvale, Mountain View, Campbell, Los Gatos, and Palo Alto. An extension along Capitol Expressway will extend the system to Eastridge Mall. The Caltrain commuter rail service extends from Gilroy in the south, through San Jose, to San Francisco in the north, with multiple stops provided in both Santa Clara and San Mateo Counties. The metro area is served by San Jose Mineta International Airport with non-stop service to more than 40 destinations.

A planned extension of the Bay Area Rapid Transit (BART) regional rail system, which serves the greater San Francisco Bay Area, into downtown San Jose will further enhance public transit options. The regionwide BART system currently terminates in San Jose at the Berryessa Station.

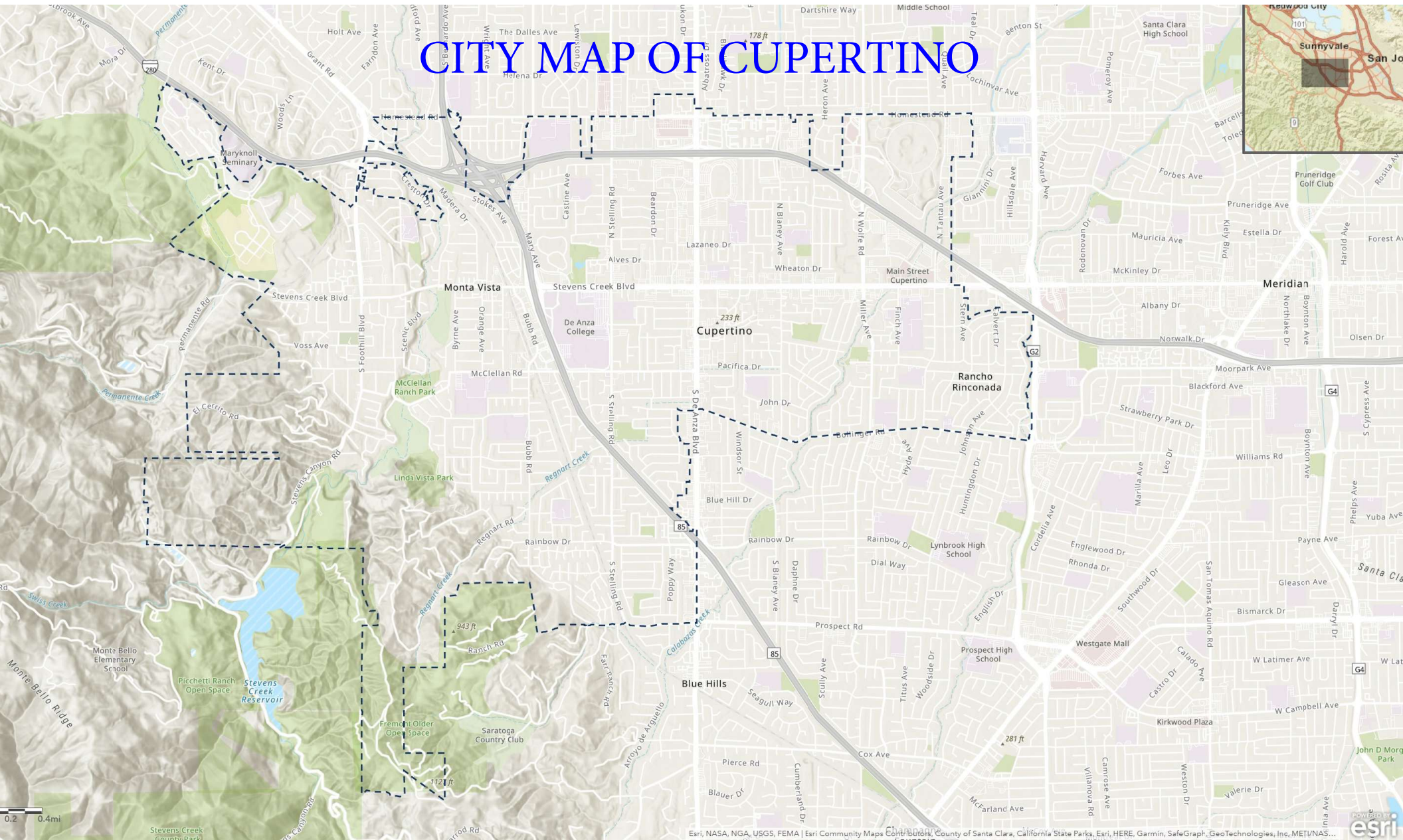
B. City of Cupertino

The City of Cupertino is situated in the northern portion of Santa Clara County. Cupertino is one of many cities that claim to be the “heart” of Silicon Valley, as many computer and technology companies were founded here and in the surrounding areas. The world headquarters for Apple is located here, whose new campus can house up to 13,000 employees in one central four-storied circular building surrounded by extensive landscaping, with parking mainly underground and the balance centralized in a parking structure. Though Cupertino is home to the headquarters of many high-tech companies, very little manufacturing takes place in the city. The city’s large office parks are primarily dedicated to management and design functions.

Like the County as a whole, the City’s population and employment bases expanded dramatically during recent decades, with growth more recently slowing due to lack of remaining land suitable for residential development. The DOF most recently estimated the City’s population at 59,154 as of January 1, 2023. The number of residents decreased 0.77 percent from one year prior, according to the DOF. The number of housing units in Cupertino as of January 1, 2023 was 21,787, according to the DOF, higher than the year-ago estimate of 21,757 housing units.

The unemployment rate, as reported by the EDD, was at 4.0 percent in the City of Cupertino as of November 2023 and represents a 10-basis point increase from the previous month and a 160-basis point increase from the year-ago unemployment rate of 2.4 percent. Although this is the highest unemployment rate since August 2021 when it was also 4.0 percent, it represents a healthy level.

CITY MAP OF CUPERTINO



Cupertino is well served by transportation routes. Interstate 280 extends in an east/west direction along Cupertino's northern boundary, while Highway 85 extends in a generally northerly direction along Cupertino's western side. Major surface arterials include De Anza Boulevard, extending in a north/south direction, and Stevens Creek Boulevard, extending in an east/west direction.

According to the U.S. Census Bureau, from 2018-2022, Cupertino was comprised of 53.9% foreign born persons with 97.2% of all residents 25 and older being a high school graduate and 82.8% having attained a bachelor's degree or higher. The median household income in 2022 dollars was \$223,667, among the highest in Santa Clara County. Cupertino is well-regarded for its public schools, which drives residential property values to be well above the county median (\$2,800,000 vs. \$1,472,500 in December 2023 per MLS for resale single family residences and condominiums).

Notable uses in Cupertino include: De Anza Junior College; Apple's Infinite Loop campus; Apple's 2.8 million square foot "spaceship" campus facility; several parks, golf courses, and public facilities; Main Street Cupertino; and the former Vallico Fashion Mall, which has been demolished, and for which the developer is nearing approvals for 2,669 residential units, 226,000 square feet of retail, and 1.95 million square feet of office space in a project called The Rise.

Additional development occurring in Cupertino includes: the Westport project at 25661 Stevens Creek Blvd, which is under construction with 88 market rate townhomes, and 48 below market rate units for seniors, in addition to open space and some commercial space; the Canyon Crossing project at 10625 South Foothill Blvd, which will replace a commercial building with a mixed-use development of 18 residential units and about 4,500 square feet of commercial space; the 15-unit Foothill Apartments at 10310 N Foothill Blvd; a 9-unit townhome development at 22690 Stevens Creek Blvd; and several related projects at The Forum at Rancho San Antonio, located at 23500 Cristo Rey Drive.

Approved projects include: 34 new residential units and about 7,600 square feet of commercial space at 1655 S De Anza Blvd; the Hamptons Apartment Homes at 19500 Pruneridge Avenue is increasing its unit count from 342 units to 600 units, although this project is on hold; a 158-unit senior living facility that is part of the Westport project; three hotels; and the Loc-n-Store self-storage facility at 10655 Mary Avenue, which is approved for a larger, modern 167,000 square foot multistory self-storage facility.

III. MARKET ANALYSIS

Following a general discussion of the economy, some statistics and comments regarding the market conditions for each land use being appraised are presented. Land market conditions for each of these uses are not typically tracked by any firms that I am aware of; it has been my experience and historically as reported by market participants that the land market for these uses typically follow the improved property markets, oftentimes leading. I report on the sale, rental, and construction trends of the respective markets, in estimating the appropriate market conditions adjustments used in the following analysis.

A. General Economic Conditions

UCLA Anderson Forecast's fourth quarterly report in 2023 indicates that the threat of imminent recession has faded. This development results from expansionary fiscal policy, new national industrial policy and a consumer that continues to spend, despite overall economic uncertainty.

In California, employment growth slowed at a rate higher than expected. Though the state's economy will continue to grow more quickly than the nation's, the difference will, for the first time in several years, be quite small. This is in part because of slower U.S. economic growth, a slowdown in investment and slower logistics sector growth.

As part of the National Forecast, the report states: The oft-predicted but never seen "recession next quarter" has now faded in the face of expansionary fiscal policy, new national industrial policy and a consumer who is happy to continue spending. The impact of higher interest rates will be felt in restraining growth in 2024. Inflation is slowly working its way back to the neighborhood of 2.8% per annum, primarily because of residential rents, automobile repair and new health insurance premiums. Nevertheless, the Forecast expects Fed policy to take a neutral stance in the slow-growth 2024 economy. Economic growth is expected to rebound to trend rates by the end of 2025.

Nevertheless, there are risks to the forecast. A protracted shutdown of government was averted until 2024 but the possibility still exists, and geopolitical events might upset the current growth pattern. On the more distant horizon, uncertainty about the election in November 2024 might result in significantly weaker business investment and consumer spending. These risks are substantial and bear watching, as they could well drive the economy off its current growth path.

The California Forecast

During the early part of this year, uncertainty about California's 2023 economic outlook was elevated because of the uncertainty in national economic policy. Even though recession worries have faded, increased military activity abroad and a sense of greater geopolitical risk has kept uncertainty about the future high.

This uncertainty factor, combined with a slower-growing U.S. economy in 2024, suggests a slower-growing California economy. There is some indication in the employment numbers that the fourth quarter of 2023 and the early quarters of 2024 will see small but positive growth. However, the data signals are mixed. California's labor force has declined of late, and the unemployment rate has been inching up. While there are still tailwinds in the data, they have moved from relatively strong to a very mild breeze. As such, there is less confidence in California's outperforming the U.S. in 2024 than there was three months ago. A sector-by-sector analysis results in a forecast for the California economy to, once again, grow faster than the U.S., but not by much.

The unemployment rate for the fourth quarter of 2023 is expected to average 4.7%, and the average for 2024 and 2025 is expected to be 4.5% and 3.8%, respectively. The forecast for 2024 and 2025 is for total employment growth rates to be 0.3% and 0.9%. Non-farm payroll jobs are expected to grow at a 1.8% and 1.7% rate during the same two years. Real personal income is forecast to grow by 1.7% in 2024 and 2.7% in 2025. In spite of the higher interest rates, the continued demand for a limited housing stock, coupled with state policies that induce new homebuilding, should result in the beginning of a recovery this year followed by solid growth in new home production thereafter. Our expectation is for 127,000 net new units to be permitted in 2024 and permitted new units to grow to 155,000 in 2025. Needless to say, this level of home building means that the prospect for the private sector building out of the housing affordability problem over the next three years is nil.

According to the Federal Reserve District's Beige Book, published November 29, 2023, economic activity slowed since the previous report, with four Districts reporting modest growth, two indicating conditions were flat to slightly down, and six noting slight declines in activity. Retail sales, including autos, remained mixed; sales of discretionary items and durable goods, like furniture and appliances, declined, on average, as consumers showed more price sensitivity. Travel and tourism activity was generally healthy. Demand for transportation services was sluggish. Manufacturing activity was mixed, and manufacturers' outlooks

weakened. Demand for business loans decreased slightly, particularly real estate loans. Consumer credit remained fairly healthy, but some banks noted a slight uptick in consumer delinquencies. Agriculture conditions were steady to slightly up as farmers reported higher selling prices; yields were mixed. Commercial real estate activity continued to slow; the office segment remained weak and multifamily activity softened. Several Districts noted a slight decrease in residential sales and higher inventories of available homes. The economic outlook for the next six to twelve months diminished over the reporting period.

As for real estate and construction activity in the subject's Twelve District, conditions in the residential real estate sector softened further over the reporting period. Asking and selling prices for single-family homes declined as buyers were deterred by high mortgage rates, and demand from first time homebuyers was particularly weak. Inventories remained low, and properties took longer to sell. Contacts reported slight softening in the multifamily sector with lower occupancy rates in some downtown high-rise buildings and slower rent growth. In contrast, a Southern California contact noted continued strong demand for affordable multifamily units. New residential construction was stable, while renovation construction rose as homeowners sought to modify existing homes rather than buy new ones. Commercial real estate activity was varied in recent weeks. Office leasing activity was muted, and occupancy rates remained low. In contrast, demand for space in sectors less conducive to remote work, such as defense and lab-based sciences, was robust and occupancy rates were high. Elevated financing costs and economic uncertainty slowed commercial construction projects.

B. Regional Economic Conditions

CoStar Group, Inc. is a multinational provider of information, analytics, and marketing services to the commercial real estate industry. According to a recent CoStar report on economic conditions in the San Jose/Silicon Valley market area, which includes Cupertino:

As of the first quarter of 2024, the San Jose economy faces the same economic headwinds slowing growth across much of the nation. In Silicon Valley, high interest rates have forced tech companies to cut costs and investors to reduce the amount of capital available for startups.

During the pandemic, growth in demand for cloud computing products and services led tech companies to hire rapidly during 2020 and 2021. By the middle of 2022, however, rising interest rates softened demand, and under pressure to manage

costs, employers started to initiate hiring freezes, layoffs, and office space reductions. Weaker demand has also led retail and industrial tenants to reconsider their expansion plans.

The pandemic also caused many people to leave San Jose, as lockdowns and health concerns impacted their lives and work. In the past year, the metro area's population has started to grow again but remains -52,000 short of the total population of five years ago.

The unemployment rate declined to a historic low of just 2.5% in 2022, reflecting high worker demand. More recently, a slowing economy and tech layoffs across Silicon Valley have caused unemployment to rise above 3%. After two decades of strong growth, employment in the metro's information sector was negative for much of the past 18 months, before returning positive in the most recent quarter.

San Jose remains the nation's largest and most prestigious market for tech companies. Highly educated graduates flock to the region, seeking employment at one of Silicon Valley's leading tech companies or startups. The market has one of the highest educational attainment rates in the country, with over 50% of its working-age population possessing a college degree.

Despite the current economic headwinds facing the market, San Jose is expected to retain its position as a leading center for innovation and economic growth. Over the past 10 years, San Jose saw an average annual increase in GDP of 8.3%, the highest rate among the largest 20 metro areas in the nation and twice the U.S. average. The metro is expected to continue to lead the nation in key measures, such as venture capital investment and new information technology patents.

C. Commercial Market Conditions

Commercial properties typically include office and retail uses. However, at the instruction of the Client, the commercial hypothetical site being appraised is presumed to also allow for industrial and mixed-uses combining residential and commercial use. Therefore, each of these uses, reflecting office, retail, research and development (R&D), and industrial, are discussed following. A separate section will be dedicated to residential markets.

Office Market

The commercial brokerage firm Cushman & Wakefield (C&W) reported on office market conditions in the subject area in their Silicon Valley Office Marketbeat report for the Fourth Quarter of 2023. They note that the Bay Area has “struggled to return to its pre-pandemic strength” as layoffs at tech companies caused both landlords and tenants to reassess space needs.

Silicon Valley’s office vacancy rate increased in the fourth quarter of 2023 to 22.6 percent, which is a historic high, and is up from 22.1 percent in the third quarter 2023 and from 19.0 percent from one year ago, according to C&W. The latest figure translates to 20.8 million square feet (msf) of availabilities, an increase from the 13.7 million square feet in fourth quarter 2021. In the subject’s Cupertino submarket, the fourth quarter 2023 vacancy rate was reported at 4.9 percent, higher than the 9.4 percent vacancy rate recorded one year prior. The 4.9 percent figure is the lowest vacancy rate among 17 submarkets tracked by C&W.

New product under construction across the region currently stands at 2.4 msf, breaking down to 1.6 msf of build-to-suit projects and 761,000 sf of speculative projects. The largest speculative project under construction is Cityline Downtown Sunnyvale, totaling 595,000 sf with completion expected by the end of 2024. There has yet to be any preleasing within all speculative projects and we anticipate it will push vacancy higher in the near-term.

Net absorption is the difference between space leased at the end of a period and the start of that period. Net absorption of office space in Silicon Valley totaled positive 2,528,825 square feet in 2019, negative 114,702 square feet in 2020, negative 1,442,953 square feet in 2021, and negative 2,559,198 square feet in 2022, according to statistics compiled by Cushman & Wakefield. 2023 net absorption of negative 2,528,728 square feet was reported in Silicon Valley, with negative 314,849 square feet occurring in the fourth quarter. As the net absorption remains negative, these figures are indicative of continuing challenges in this segment of the market.

Net absorption in the subject’s Cupertino submarket in 2023 was positive 201,668 square feet, which followed 2022’s negative 16,402 square feet and 2021’s negative 26,499 square feet of net absorption. This submarket had the second greatest amount of net absorption in 2023 among 17 submarkets and was one of only six submarket reporting positive net absorption of the year.

According to statistics compiled by Cushman & Wakefield, construction across the region is currently estimated at 2.375 million square feet, all of it Class A and almost half of which is in the Sunnyvale submarket. In the subject's submarket, there was no new office space under construction as of fourth quarter 2023 according to C&W. The year 2019 was the last reported year to have new office construction in this submarket, when 32,307 square feet was delivered.

As of the fourth quarter 2023, Cushman & Wakefield reports an average asking rental rate for office space in Silicon Valley of \$5.61 per square foot per month full service. One year prior, the average asking rental rate was a little less at \$5.36 per square foot per month full service. *Average asking rents have generally been holding steady since the beginning of 2022. Given the current lack of demand for office space as well as upcoming economic uncertainty, there is little expectation that significant rent increases would occur in the near term.* The average asking rent in Silicon Valley for Class B space was reported at \$5.04 per square foot per month full service in fourth quarter 2023, up from \$4.88 per square foot per month one year earlier.

As of fourth quarter 2022, the average asking rental rate for all classes of office space in the subject's Cupertino submarket was reported at \$4.74 per square foot per month full service, about 17.6 percent lower than the \$5.75 per square foot per month rate reported one year earlier.

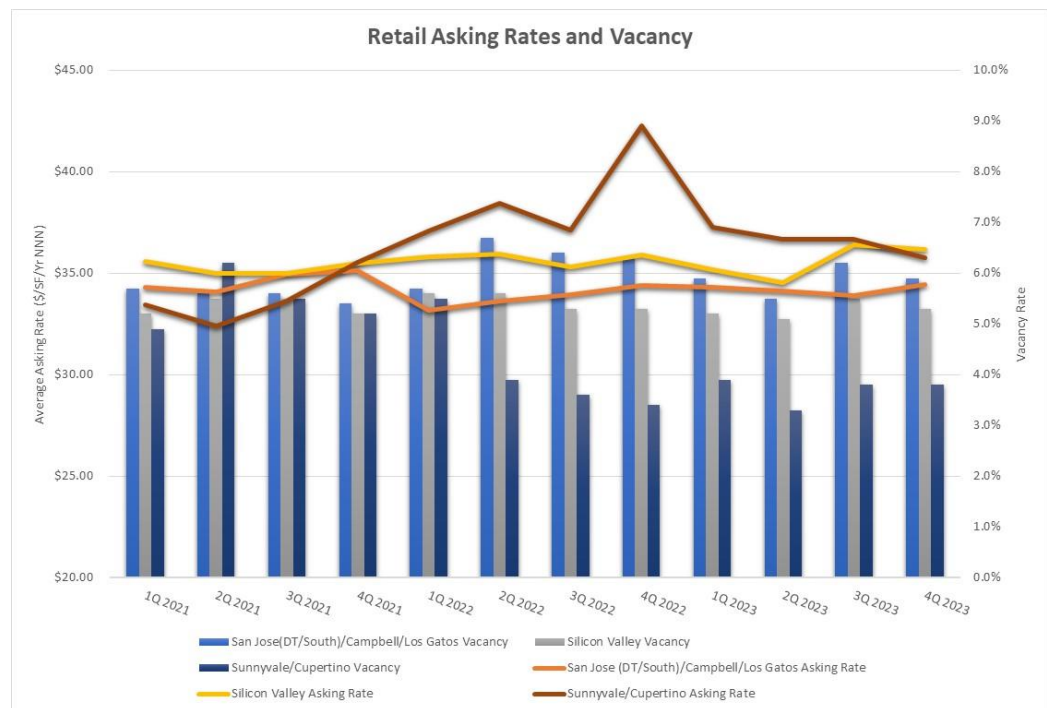
The Cushman & Wakefield report projects: *1) Layoffs and return-to-office decisions among tech companies have caused uncertainty regarding how much space will be needed in the future. C&W is currently tracking approximately 5.2 msf of active office/R&D tenant requirements in the Silicon Valley, an increase from 4.9 msf last quarter. 2) There will continue to be a bifurcation of the market with tenants searching for the best quality space to woo employees back to the office; commodity space is expected to linger on the market. 3) Although the wave of mass layoffs in the software field and the economic downturn will affect all sectors, the recovery could be fast-tracked in the Valley due to its focus on critical industries such as hardware, semiconductors, and IT infrastructure.*

With the elevated level of office space on the market, landlords are pondering ways to convert existing office properties to other uses such as residential. Many cities have been receptive to plans; however, very few of these conversions have occurred.

Retail Market

Cushman & Wakefield publishes quarterly reports for the retail market in the San Jose metro area. They reported in their *Marketbeat Silicon Valley Retail Q4-2023* that no new retail space was added to the metro in the fourth quarter of 2023, and that the vacancy rate was stable at 5.3% in 4Q-2022 and 4Q-2023. Total net absorption for 4Q-2023 was 89,122 SF with year-to-date net absorption at negative 7,541 square feet.

The chart below displays the average asking rental rate and vacancy for the subject’s Sunnyvale/Cupertino submarket, the comparable San Jose (Downtown & South)/Campbell/Los Gatos submarket, and the larger Silicon Valley market taken from Cushman Wakefield and its predecessor retail reports from 1Q-2021 onwards:



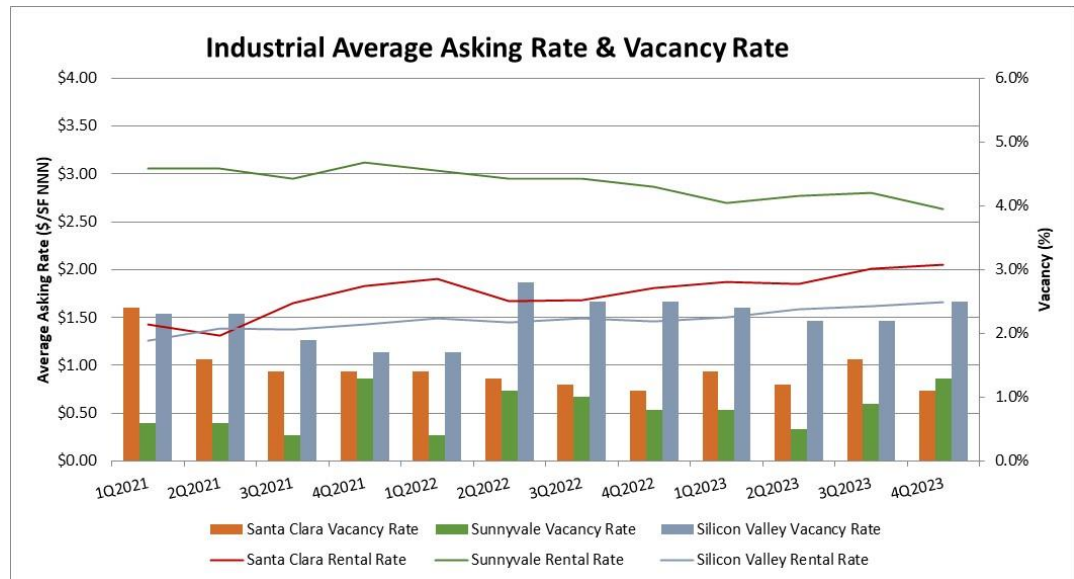
As indicated in the table above, the Silicon Valley retail market generally had stable average asking rents between the start of 2021 and mid-2023, before increasing in the third quarter of 2023. The average asking rent was \$36.16/SF/Year NNN in 4Q-2023, an increase of 25 cents per square foot per year from one year ago. A NNN expense basis in this market means the landlord is only paying for management of the account and reserves for replacement, while the tenant pays all other operating expenses. In 4Q-2023 asking rents averaged \$35.77/SF/Year NNN in the subject’s Sunnyvale/Cupertino submarket, a decrease of 15.4 percent from 4Q-2022. In 4Q-

2023 the retail vacancy rate in the Sunnyvale/Cupertino submarket was reported at 3.8%, which is the submarket with the lowest vacancy rate in Silicon Valley. There is no new retail under construction in the Sunnyvale/Cupertino submarket and 2023 overall net absorption in this submarket was positive negative 22,236 square feet.

Industrial Market

I referenced industrial (manufacturing) market data from brokerages Cushman & Wakefield and Colliers International. The Cupertino industrial market is too small to be tracked by brokerage firms; thus, only an overview of the Silicon Valley market is discussed below. Additionally, there is minimal warehouse space in Cupertino so this segment of the market is not discussed.

The next chart shows industrial rental rate and vacancy trends since 1Q-2021 based on data from Colliers International. The chart includes data from Silicon Valley as well as Sunnyvale and Santa Clara, which are the two largest Cupertino-adjacent industrial submarkets.



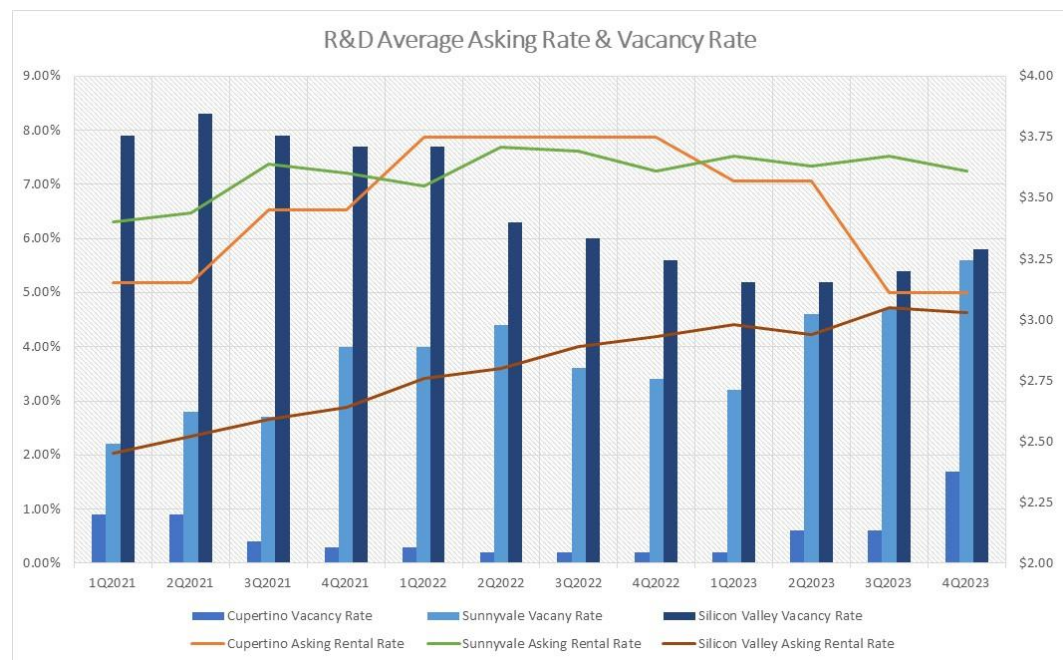
Source: Colliers International

As shown in the table, industrial (manufacturing) vacancy rates continue to be below three percent. Meanwhile, industrial rental rates in Silicon Valley increased somewhat in 2021, were level in 2022 and were increasing again in 2023. The average asking rental rate was reported at \$1.66/SF/month NNN in 4Q-2023 in Silicon Valley, about 13.7 percent higher than the \$1.46/SF/month reported 12 months earlier.

Cushman & Wakefield reported in its *Marketbeat Silicon Valley Industrial Q4 2023*, that the vacancy rate for all industrial product (manufacturing and warehouse) in Silicon Valley increased in 4Q-2023 to 3.4% from 3.0% in 4Q-2022. The vacancy rate for just manufacturing space increased from 3.1% to 3.5% over the 12 months ending Q4-2023. The Central Silicon Valley industrial submarket, which includes Santa Clara, San Jose, Campbell, and Sunnyvale, and would be most comparable to the subject’s Cupertino location, had an overall vacancy rate of 2.5% and an average asking rate of \$1.45/SF/Month NNN at the end of 4Q-2023. Year-over-year from 4Q-2022 to 4Q-2023, the average asking rent increased 3.6% in Central Silicon Valley and 4.9 percent in Silicon Valley.

Research and Development (R&D) Market

The next chart displays data from Colliers International’s 4Q-2023 Silicon Valley Market Research Report and its predecessor reports for the R&D market:



Source: Colliers International

As shown above, vacancy rates in Silicon Valley’s R&D market were generally flat in 2021 and the first quarter of 2022 before declining in the second quarter of 2022 through the first quarter of 2023. This metric has ranged between five and six percent for six consecutive quarters. Meanwhile, asking rents in Silicon Valley steadily increased from \$2.45/SF/month in 1Q-2021 to \$3.03/SF/month as of 4Q-2023, an increase of about 0.72%/month on a NNN expense basis.

The average R&D asking rate in the City of Cupertino was stable at \$3.75/SF/Mo for every quarter of 2022 before decreasing to \$3.57/SF/Mo in the first two quarters of 2023 and then further decreasing to \$3.11/SF/Mo in the last two quarters of 2023. This appears to be a function of limited listings as opposed to a market decline, supported by flatter rates in the Sunnyvale submarket and increasing rents in the Silicon Valley market. The vacancy rate trend in Cupertino is stable and registered below one percent for eleven consecutive quarters before increasing to 1.7 percent in fourth quarter 2023. The report notes *the Silicon Valley R&D market continued to decline in the fourth quarter, recording negative 1.0 million square feet of net absorption, bringing the year-to-date total to negative 2.4 million square feet...The fourth quarter saw the continued market trend of downsizing in the market, with direct lease transactions recording only 9,000 square feet on average.*

Colliers International reported that R&D sales activity decreased 71.3 percent in total volume and that the average price per square foot decreased 9.2 percent quarter over quarter in the Silicon Valley market. The report notes that there was no R&D product under construction throughout all of Silicon Valley in 2023. The most recent delivery was 65,972 square feet from 2022.

D. Residential Market Conditions

Based on statistics provided by the U.S. Census, the total number of residential building permits issued in the subject's San Jose-Sunnyvale-Santa Clara metropolitan area for 2023 amounted to 6,288 (including both single-family and multi-family units). This represents a one-year *decrease* of approximately 23.4 percent in the number of permits issued in the metropolitan area following the 2022 total of 8,207 permits.

Because of the relatively limited amount of remaining developable residential land in Santa Clara County, especially in the northern portion of the county, growth of the housing supply is generally limited. The State of California Department of Finance (DOF) compiles statistics on total housing units in both the cities and counties of California. Based on DOF statistics, Santa Clara County had a total housing supply of 701,539 units as of January 1, 2023. This represents a one-year increase of 5,050 units over the 696,489 total units reported in January 2022. The total number of housing units as of January 1, 2013 was estimated at 639,446. Based on these figures, between 2013 and 2023, the housing supply in Santa Clara County increased by 62,0793 units, or an average of 6,209 units per year. In comparison, the Association of Bay Area Governments (ABAG) forecasts in their Plan Bay Area 2050 that total household growth (an indicator of housing demand) in Santa Clara

County will total 452,000 between 2015 and 2050, or an average of 12,900 households per year. This indicates that the housing supply has not kept pace with projected household growth (an indicator of housing demand) as there has been an average annual shortfall of approximately 6,700 housing units. This lack of new supply is nothing new for this region, but it continues to exacerbate the housing imbalance.

The *Housing Market Index*, based on a survey by the National Association of Home Builders, reported a builder sentiment of 37 in December 2023, higher than the November 2023 reading of 34 and the recent low of 31 in December 2022. The index peaked with a November 2020 index of 90, its highest level in 35 years of tracking. Any reading above 50 signals expansion and that home builders feel very confident about the housing market. The index remained above 50 between June 2020 and July 2022, but declined over the last several months of 2022. It began rising over the first 7 months of 2023 but declined again through November 2023.

The California Association of Realtors (C.A.R.) published their December Home Sales and Price Report in mid-January 2024. The report notes *closed escrow sales of existing, single-family detached homes in California totaled a seasonally adjusted annualized rate of 224,000 in December, according to information collected by C.A.R. from more than 90 local REALTOR® associations and MLSs statewide. The statewide annualized sales figure represents what would be the total number of homes sold during 2023 if sales maintained the December pace throughout the year. It is adjusted to account for seasonal factors that typically influence home sales.*

December's sales pace was essentially unchanged from the revised 223,940 homes sold in November and was down 7.1 percent from a year ago, when a revised 241,070 homes were sold on an annualized basis. Sales of existing single-family homes in California have been below the 300,000 threshold since September 2022 and will likely stay below that level in the first quarter of 2024. While the deceleration in the year-over-year loss was due primarily to the low level of pending sales recorded a year ago, the slowdown could be a sign that the market is turning the corner, especially since rates in the past couple of weeks have remained well-below the recent peak recorded in late October.

“The housing market had a tough year in 2023 as a shortage of homes for sale and high costs of borrowing continued to have a negative impact on housing inventory and demand,” said 2024 C.A.R. President Melanie Barker, a Yosemite REALTOR®. “With mortgage rates expected to come down in the next 12 months, home sales

will bounce back as buyers and sellers return to a more favorable housing market. Home prices should see a moderate increase in 2024 as well.”

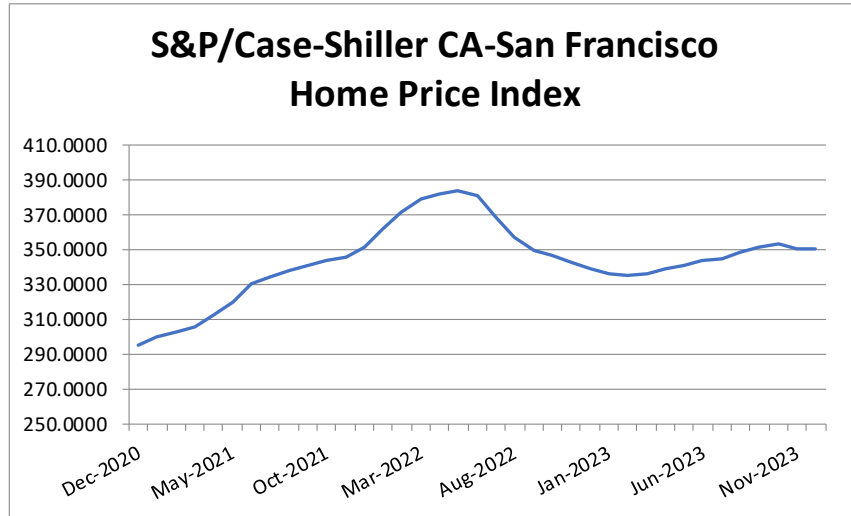
While California’s statewide median price dipped 0.3 percent from November’s \$822,200 to \$819,740 in December, it posted its largest year-over-year gain since May 2022. The December median home price rose 6.4 percent from a revised \$770,490 recorded a year ago. With mortgage rates softening since mid-October, home prices will likely maintain their upward momentum, and the market should continue to observe a mid- to single-digit, year-over-year growth rate in California’s median price in at least the early part of 2024. For 2023 as a whole, California’s median home price slipped 0.6 percent to \$813,980 from 2022’s \$818,900 figure but is expected to climb to \$860,300 in 2024.

“Easing inflationary pressure and a soft economic outlook suggest that we will see some interest rate cuts in the upcoming year, which bode well for a housing market recovery,” said C.A.R. Senior Vice President and Chief Economist Jordan Levine. “With rates declining to a 7-month low in late 2023, Americans are feeling more positive about the market, and we could begin to see some increase in market activity at the start of the year. The improvement is expected to be gradual as tight housing supply will remain the norm in 2024.”

Within the San Francisco Bay Area region, the median price increased 12.6 percent over the past 12 months ended December 2023, while sales decreased 11.4 percent. The County of Santa Clara experienced a median price increase of 16.7% year-over-year, with sales increasing just 0.2% from a year ago, according to C.A.R.

Regional Housing Market

The Standard & Poor/Case-Shiller Home Price Index measures the average change in value of residential real estate given a constant level of quality and reflects single-family housing. It is sometimes referred to as a repeat sale index. The next chart indicates that the index for the subject’s San Francisco Metropolitan Area decreased just 0.33% from 351.3320 in December 2021 to 350.1706 in December 2023. Over the twelve months between December 2022 and December 2023 the change increased about 3.3 percent.



Source: S&P Dow Jones Indices LLC

As shown above, the Home Price Index was gently increasing over the first 8 months of 2023 and was generally flat over the final four months of 2023.

According to the Association of Bay Area Governments (ABAG)³ Projections 2050 report (most recent report), in 2015, Santa Clara County had a total of 623,000 households. ABAG projects that in 2050, the number of Santa Clara County households will have increased by a compounded annual increase of 1.57 percent, to 1,076,000 or an average of about 12,900 households per year. As such, the demand for housing (i.e., households) is projected to increase at a considerably higher pace than that of housing supply.

According to the DOF, as of January 1, 2023, there were 21,787 housing units in Cupertino; 57 percent of these were single-family detached, about 12.6 percent single-family attached, and the remaining multifamily. Cupertino’s General Plan estimates that 1,882 new residential units could be accommodated between 2014 and 2040 based on the current land use designations.

According to ABAG’s Projections 2040 report, in 2020, the City of Cupertino had an estimated 22,525 housing units. This total is projected to increase to 22,805 housing units by 2030, a compounded annual rate of 0.12%, or an average increase of 28 housing units per year.

³ Association of Bay Area Governments is the official comprehensive planning agency for the San Francisco Bay Area region.

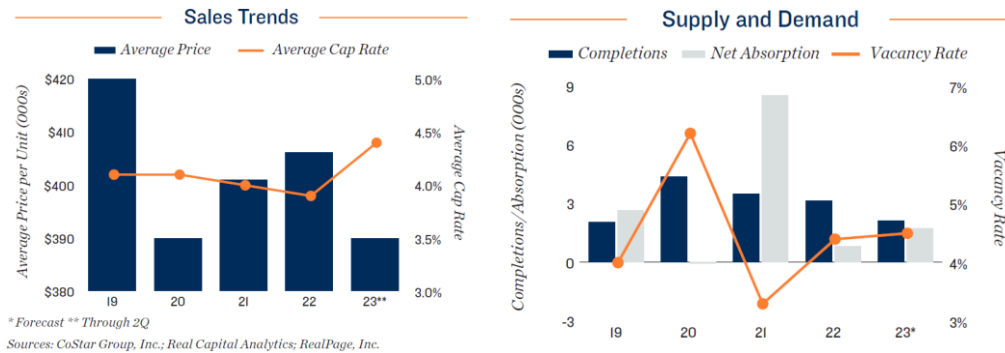
Local Multifamily Market

Cupertino is part of the San Jose metro, as tracked by many local brokerages. Marcus & Millichap's Market Report San Jose Metro Area for 3Q-2023 states the following regarding the local apartment market:

- After having a net of more than 80,000 residents move out of the metro from 2020 to 2022, San Jose is back on track to regain an overall positive count of transplants this year. Lower levels of urban malaise than nearby Bay Area counterparts, as well as a relatively steady job market, are positioning the metro to record household growth above the long-term pace of 0.5 percent in 2023. At the same time, transplants' options for housing remain limited. The difference between a typical monthly mortgage payment on a median priced house and the mean effective Class A rent was the second highest among U.S. markets, at \$7,150 in June. Luxury apartments will likely see stronger demand, both from relocating households and locals that remain in the renter pool. Already in the first half, San Jose's net absorption of 1,380 units was the highest among major California metros.
- San Jose will note its smallest stock growth since 2011, as it adds fewer units than any other major Pacific Coast market this year. The downshift will limit the impact of new builds on vacancy by steering renters toward existing units. Santa Clara and West San Jose are already seeing this trend take shape. Recently, scant completions facilitated drops in both area's vacancy rates over the first half.
- Outside of past declines, San Jose is expected to note its slowest rent growth since 2008. However, at \$3,095 per month, the mean effective rate will be \$260 above San Francisco, which is the largest margin on record.
- Development slows meaningfully in 2023, facilitating a marketwide stock expansion of 1.1 percent. Near-term deliveries are slated to be highest in Mountain View-Palo Alto-Los Altos, at approximately 590 units this year.
- The average effective rent rose on an annual basis to \$3,095 per month in June, but was 1.0 percent lower than the peak recorded last September. While rents increased across each sector during the last year, Class C properties had the greatest gain. In this segment, the average effective rent grew by 6.3 percent to \$2,588 per month.

- Rising insurance premiums and a higher cost of borrowing are leading many operators to acquire existing assets, rather than propose new builds. This has been most apparent in South San Jose, where trading activity over the first six months surpassed the entirety of 2022. Here, construction through the end of 2025 is projected to comprise just 2.7 percent of current inventory, limiting additional supply-side pressures and stoking investor interest. However, amid rising operational costs, buyers who continue to target South San Jose are generally accepting higher yields than last year. In 2022, many deals here had cap rates under 4.5 percent; whereas in 2023, most trades are being completed in the mid-5 percent band.

The following charts from Marcus & Millichap’s report show apartment pricing per unit peaked in 2019, declined significantly during the pandemic in 2020, increased in 2021 and 2022, but then decreased again in the first two quarters of 2023.



As shown above, the average capitalization rate is increasing in 2023 following two years of declines. Meanwhile, following a vacancy spike in 2020 and a net absorption near zero due to the pandemic, in 2021 the vacancy rate plummeted and net absorption was above average, before normalizing in 2022. Developers continue to add more units, although at a slower pace, to support demand.

According to commercial brokerage firm Integra Realty Resources published report on apartment market statistics, *2024 San Jose, CA Multifamily Annual Report*:

The Silicon Valley is a hub for tech employment in the nation, and despite some recent layoffs, a dominant tech presence is expected to be maintained. Tech giants such as Google and Apple continue to expand in the region, creating high income job growth and additional demand for housing. The region is one of the highest-priced housing markets in the nation, both for renters and homeowners, though there is a significant gap in affordability

between the two, forcing most new households to rent rather than purchase a home. The market experienced a slowdown during the pandemic as remote working environments allowed renters to relocate to more affordable markets. The most expensive submarkets experienced the greatest occupancy loss and rent decline. However, improvement began in 2021 and conditions reached pre-pandemic levels by mid-2022. Strong demand prompted developers towards new construction activity with roughly 8,000 units reported to be underway. This represents among the highest volume in over a decade. Activity is concentrated in Sunnyvale, Mountain View, Downtown San Jose and Santa Clara. Areas with access to transport are particularly attractive, including sites near existing and future stations along BART's extension into the metro, which will eventually link to Downtown San Jose. However, new construction starts have slowed in 2023. Over the past year, net absorption was below the high levels seen in 2021, but generally consistent with the demand levels in the years preceding the pandemic. Demand has been focused in high-end projects whereas demand for lower-quality projects remains subdued. There have been fewer deliveries over the past 12 months, which have kept vacancy levels low. However, the substantial new addition to inventory over the next two years will increase vacancy as new product is delivered and leased up, particularly in the most active submarkets.

Strong market fundamentals in this market have kept investment sales activity healthy despite heightened lending costs and restrictions. Transactions for Class C, value-add properties by local individual investors were active, as were several sales of Class A projects, recent examples include the transfer of the fully leased, 190-unit The James Apartments in downtown San Jose for \$74.25 million; the 301-unit Duo Apartments in Santa Teresa for \$93.5 million and the 162-unit Vespaio also in downtown San Jose for \$83.5 million. Conditions in the Silicon Valley apartment market are expected to remain steady in the near term, though vacancy may temper as a result of new inventory added. However, Silicon Valley remains a desirable place to live and sustained demand over the long-term is expected.

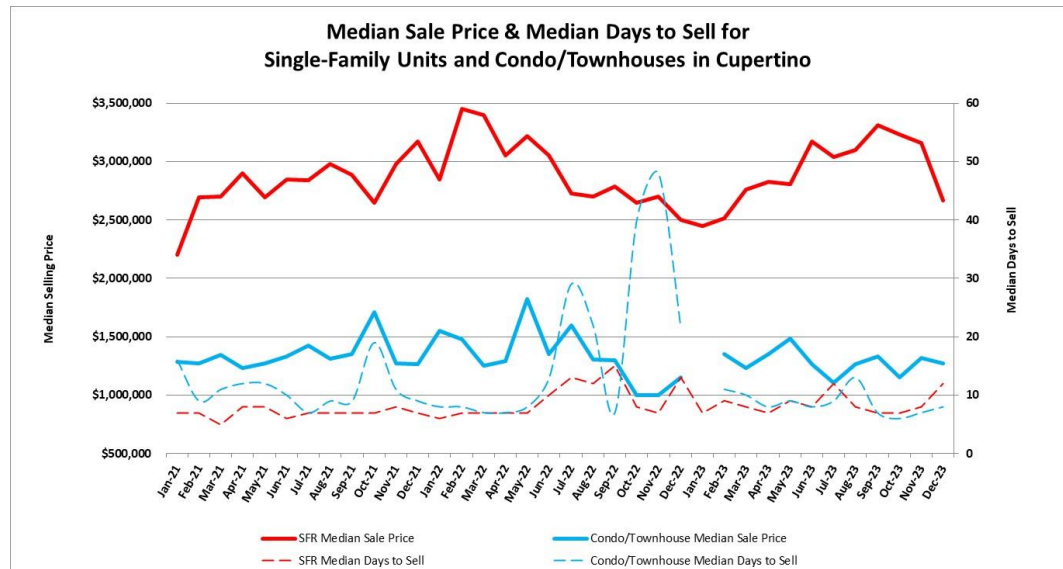
IRR reports that apartment vacancy at the end of the fourth quarter 2023 in the San Jose (metro) was 2.7 percent for Class B apartments. This compares to the 2.0 percent vacancy rate reported in fourth quarter 2022, the 3.2 percent vacancy rate from fourth quarter 2021, and the 3.3 percent vacancy rate reported in fourth quarter 2020. Average asking rents are reported by IRR at \$2,480 per month for Class B

apartments in San Jose, which is higher than the \$2,352 per month rent from 12 months earlier. IRR reports that going-in capitalization rates for Class B apartments in San Jose average 5.0 percent in fourth quarter 2023, which is higher than the 4.5 percent going-in capitalization rate reported in fourth quarter 2022 and fourth quarter 2021.

IRR forecasts that over the next twelve months there will be an increase in going-in capitalization rates, market rents, and values among all apartment classes. They do forecast that expenses will increase about four percent and that over the next 36 months market rents will increase about 10.5 percent while values will increase between 1 percent and 1.9 percent.

Local For-Sale Residential Market

The following table depicts the median price trend and median days to sell over the 36 months ending December 2023 for single family homes and common interest developments (townhouse/condos) in the City of Cupertino using closed sale data obtained by MLSlistings.com:



As shown above, market data derived from the local MLS shows that median prices for both housing types generally increased in 2021 and the first few months of 2022. Median selling prices then declined through about January 2023 before rising again. The last two months of 2023 showed a sharp decline in the median price for single-family units but just a minor decline in the median price for condominiums and townhouses.

The days to sell statistic shown above indicates that the median days to sell was generally flat between early-2021 and mid-2022 before showing greater volatility over the last six months of 2022. However, by January 2023 this metric had normalized again for all housing types.

The following rates of change in median selling price was measured for each housing type over the two years preceding the date of value:

Housing Type	Area	December-2021	December-2022	December-2023	% Change per Month Last 12 Months	% Change per Month Last 2 Years
SFR	Cupertino	\$3,176,000	\$2,500,000	\$2,669,000	0.56%	-0.67%
	Santa Clara County	\$1,676,900	\$1,465,000	\$1,700,000	1.34%	0.06%
Condo & TH	Cupertino	\$1,262,500	\$1,150,000	\$1,270,000	0.87%	0.02%
	Santa Clara County	\$920,000	\$872,000	\$880,000	0.08%	-0.18%
Source: MLS						

The next table shows the monthly median change in selling prices for all houses in Cupertino and the larger Santa Clara County market since the start of 2021 using MLS statistics:



As the table above indicates, median selling prices were generally increasing from the start of 2021 through about April 2022. They then began a steady decline through about January 2023, before rising for a couple months. The last six months of 2023 generally showed flat median selling prices in Santa Clara County but continued increasing in Cupertino until November 2023 when the median price showed a sharp decrease.

E. Conclusions

Following the brief economic recession due to the COVID-19 pandemic in 2020, stability in most real estate markets began to return in late 2020. This stability continued for most of calendar year 2021 and the early part of 2022. As inflation worries began and as borrowing rates increased, the single-family residential market saw greater volatility and a decline in demand and median prices during the second half of 2022. However, this too was short-lived, as median prices for single-family residential increased during the course of 2023 due to low levels of inventory caused in part by high mortgage rates. Meanwhile, multifamily and the general commercial market generally remained stable, aside from office (and hotel), while industrial values further increased in 2021, 2022, and 2023.

Commercial (retail and office) properties exhibited diverging trends over the last 18 months. By the end of 2022 several large tech companies began announcing major layoffs and this continued into 2023. As a result, office demand declined while vacancy increased. For retail, vacancy ticked up slightly over the second half of 2021, but average asking rents were also higher at the end of the year. In 2022 and 2023, retail vacancy rates and asking rents generally remained unchanged in the overall market, although the subject's submarket showed increasing asking rents in 2022 and then flat to decreasing asking rents through the end of 2023. There is limited new retail construction occurring; most is part of mixed-use developments. Office construction has ground to a halt. Based on discussions with market participants, general market conditions and the sales data I analyzed, I applied a market conditions rate of change to the retail and office land sales used following of positive 0.50% per month during 2021. No adjustment for changing market conditions was applied for 2022 as prices for retail and office were generally stable. However, beginning in 2023 downward adjustments are warranted for the office land sales at a rate of about 0.75% per month. Retail land sales are concluded to not warrant adjustment for changing market conditions during 2023.

Over the past several years, industrial (and warehouse) market statistics indicated that rental rates were trending upwards, while vacancy rates have stabilized below three percent over the last 12 quarters. Market participants opined that selling prices continue to increase, albeit at a slower rate in 2023 compared to 2021 and 2022. The R&D market has generally been stable over the last several quarters with stable vacancy rates and increasing asking rents. Based on increasing rents and prices, I concluded that competing industrial land prices were increasing at the rate of about 0.60% per month from the date of sale of each sale through fourth quarter 2022 and then at a more modest 0.25% per month through third quarter 2023.

Cupertino (and the Bay Area in general) is an undersupplied housing market. Market participants report minimal remaining available land for residential development in the local market, which has created few sale data points and has generally increased the demand for residential sites. Demand for housing is expected to continue in the long-term, with increased demand for higher density housing options, a result of the scarcity of developable land and the more affordable nature for prospective buyers/renters.

The trend in price paid for residential land typically mirrors median selling prices of improved residential properties. Single-family residential prices increased in 2021 and early 2022 before declining in mid-2022 as inflation worries began. The single-family residential market showed a steeper decline during the latter half of 2022 while the median prices for condominiums and townhouses increased between the end of 2021 and the end of 2022. Beginning in the first few months 2023, median selling prices started to increase, in part due to greater demand than supply, as little inventory was on the market. Although pricing leveled in the fourth quarter of 2023, the median price of a home finished 2023 at a higher level than at the end of 2021. On the date of value, for-sale residential market conditions were stable despite a lack of inventory and elevated mortgage rates. The multifamily market displayed stable vacancy rates and increasing asking rates in 2021 and 2022. Although the vacancy rate ticked up in 2023, it remains below three percent and asking rents continued to increase year-over-year. On the date of value, for-rent residential market conditions were stable.

Based on the market reports cited above, sales data analyzed, and market participant interviews, for the residential land sales used in the following analysis I applied a positive adjustment for all sales occurring through March 2021. No adjustments for changing market conditions are applied for the period April through November 2021. Beginning in December 2021 and continuing through the third quarter of 2022, downward adjustments are warranted. For the period between the first quarter of 2023 and the end of the third quarter 2023, an upward market conditions adjustment is warranted. No adjustments for market conditions are applied for any sale transacting in the fourth quarter of 2023 as these sales are considered reflective of market conditions as of the January 1, 2024 effective date of value.

IV. PROPERTY IDENTIFICATION AND DESCRIPTION

A. Hypothetical Parcel Site Description

The market value conclusions are estimated based on a typical, but hypothetical site. *It was a hypothetical condition of this appraisal that each typical subject site was a finished lot and rated average in all other physical, locational, and legal aspects as compared to competing properties.* Furthermore, it is a general assumption of this appraisal that each of the subject's hypothetical sites is vacant and ready for building improvement, each had typical neighborhood views, and each is further defined as follows:

- Area** : Typical
- Shape & Frontage** : Rectangular with typical frontage along one street
- Drainage** : Adequate
- Topography** : Graded, level, and generally at street grade
- Utilities & Services** : All normal utilities are piped and wired onto the hypothetical site or available in the immediate street frontage
- Easements** : Typical public utility easements along frontage(s) or property boundaries
- Soil Conditions** : It was a general assumption of this appraisal that each hypothetical site is suitable for any legally permissible and physically possible use(s).
- Off-Site Improvements** : Street is fully improved and maintained by the City; it is asphalt paved with streetlights, curbs, gutters, and sidewalks.
- Flood Hazard Status** : Each hypothetical site is within Flood Zone X, which denotes areas of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level.

Earthquake Fault Zone : Although seismic activity is typical of the region, each hypothetical lot is not located in an Earthquake Fault Zone as designated under the Alquist-Priolo Earthquake Fault Zoning Act.

B. Assessed Value and Real Estate Taxes

The appraised sites are hypothetical and therefore are not assessed for ad valorem tax purposes. In this appraisal, real estate taxes were not an issue that affected the value opinion(s).

C. General Plan, Zoning, and other Land Use Ordinances

Since hypothetical sites are being analyzed, it is supposed that the use of each would be based on its appropriate General Plan land use designation. The appropriate zoning category for each hypothetical use was not a critical factor as the General Plan is the long-term planning tool used by the City. Furthermore, the sale of land will typically transact based on its intended use, which is supported by the General Plan in almost all cases. The following General Plan land use designations, obtained from the Cupertino General Plan Community Vision 2015-2040, for each hypothetical use were concluded:

Use of Hypothetical Site	General Plan Land Use Designation
Residential	Very Low Density, Low Density, Low Density Rancho Rinconada, Residential (Monta Vista), Low/Medium Density, Medium, Medium/High Density, High Density
Commercial	Regional Shopping, Regional Shopping/Residential, Commercial/Office/Res., Commercial/Res., Office/Industrial/Comm/Res., Industrial/Res., Industrial/Res./Comm., Neighborhood Comm./Res. (Monta Vista)
General	All of the Above

V. HIGHEST AND BEST USE AND VALUATION METHODOLOGY

A. Highest and Best Use of the Hypothetical Sites

Highest and best use is defined as “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.”⁴

Implied in the definition of highest and best use is that the determination of highest and best use takes into account the contribution of a specific use to the community, and community development goals, as well as the benefits of that use to individual property owners.

The legally permissible, physically possible, financially feasible, and maximally productive uses of each hypothetical site were considered. I also considered prevailing market conditions and recent development trends. From a physical standpoint, any of the legally permissible uses would be possible given the physical characteristics listed in Chapter IV. The financial feasibility of each use is the primary determining factor of the highest and best use for each hypothetical site. As indicated in the market conditions section, most real estate types were generally experiencing increasing or stable prices and stabilizing vacancy rates in 2021, while 2022 was characterized by increasing prices in the first part of the year and declining prices in the latter half of the year for single-family residential, but generally stable prices for all other property types. Apart from office (and hotel) properties, all real estate classes generally showed increasing prices in the first three quarters of 2023. Among the 2023 land sales discovered, a wide range of intended uses were proposed, but very little of it for office. This indicates that developers do not find office projects to be financially feasible in the current market.

For the hypothetical residential site, we discovered several sales in 2022 and 2023 with the intended use of supporting new residential. These sales included both single-family lot sales and land subdivisions for future multifamily or single-family development. This is evidence that developers in this market find residential projects to be financially feasibility. Similarly, single-family lots continue to transact with buyers often scraping existing, older improvements for development with a newer and larger dwelling. Therefore, the highest and best use of the hypothetical residential site is to develop with residential.

⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 7th ed., (Chicago: Appraisal Institute, 2022)

For the hypothetical commercial site, most retail projects continue to be on hold unless part of a mixed-use development. No speculative office is being undertaken, so construction of retail or office would not likely occur until these markets improve, unless preleased or a build-to-suit is procured. There was evidence in this market of large retail properties being demolished for new residential and retail mixed-uses. Additionally, there are proposals being filed to replace retail with residential in Cupertino utilizing Senate Bill 330, notably townhomes at 10065 E Estates Dr and 20840 Stevens Creek Blvd. Furthermore, although the industrial and research and development markets remain characterized by more demand than supply, new industrial uses seem unlikely given the high cost of land in Cupertino and the limited areas of Cupertino zoned for such uses. Given the near-constant demand for more housing and supported by the actions of the market, a mixed-use project combining residential and commercial is the maximally productive use of the hypothetical commercial site. The commercial component of this development would be much smaller than the residential component. The highest and best use for the hypothetical commercial use is to begin the entitlement process for a mixed-use development combining residential and commercial.

The following highest and best use conclusions for each hypothetical site are based on 1) the allowed use(s) of each of the three hypothetical subject sites; and 2) the overall market for each:

Use of Hypothetical Site	Highest & Best Use
Residential	Residential
Commercial	Mixed-Use Residential & Commercial
General	Any of the Above

B. Valuation Methodology

The three approaches to value form the foundation of current appraisal theory: the Income Capitalization Approach, the Sales Comparison Approach, and the Cost Approach. It is not always possible, practicable, or necessary to use all these approaches to value. The nature of the property, and the amount, quality and type of data available dictate the use of each of the three approaches. The income capitalization approach to value utilizes the capitalization of income generated by the property; the cost approach to value adds the depreciated value of improvements and entrepreneurial incentive to the estimated land value; and the sales comparison approach analyzes sales of properties comparable to the subject, in this case three hypothetical sites.

Market value of the hypothetical sites was estimated using the sales comparison approach. The income capitalization approach is seldom used when valuing land not proposed for development. The cost approach did not offer substantial insight into this estimate of market value since there are no building improvements. Sellers, buyers, and our peers in this market rarely rely on the cost and income capitalization approaches when offering, purchasing, or valuing properties similar to the hypothetical subject development sites. Therefore, I did not undertake a cost or income capitalization approach.

Following I estimated the value of a hypothetical development site under each use scenario described above.

VI. MARKET VALUE OF A TYPICAL RESIDENTIAL DEVELOPMENT SITE

Market value is estimated using the sales comparison approach. This approach is based on the principle of substitution, i.e., the value of a property is governed by the prices generally obtained for similar properties. The value of the land is estimated by comparing the hypothetical site with sales of properties considered similar and adjusting for various comparative differences. In analyzing the market data, it is beneficial that the sale prices be reduced to common denominators to relate the degree of comparability to the property being appraised.

The hypothetical residential development site is presumed to be in a typical neighborhood of Cupertino with average accessibility, average views, surrounding development in average condition, and typical of most Cupertino residential properties.

In this market, residential development sites fall into two categories: 1) properties that can be subdivided into two or more residential lots supporting two or more single- or multi-family units and 2) sites intended for a single-family dwelling only. Therefore, two sets of sales are analyzed for the typical residential development site analysis following.

A. Residential Single Family Lot Sales Discussion

A search for lots intended for development with single-family dwellings that sold in the years 2021 to 2023 was performed. The City provided a list of residential demolition permits and new residential permits from the period January 2021 through February 2024 as an aid in discovering potential lots that had sold, including tear-downs and major fixer-uppers where the sale price was reflective of land value. Based on this information and the sales revealed through our databases, there were about 60 sales discovered in Cupertino. Given the quantity of relevant data available for analysis, searches outside the city limits were not necessary. Among the single-family lot sales, 56 fell within the range of about 5,000 to 12,000 square feet of land area. The remaining sales were either hillside lots, which are not representative of a typical single family residential development site in Cupertino, or the existing improvements were determined to contribute value to the overall selling price. As such, these other sales were not included in this analysis.

The sales which give the best indication of market value for the single-family residential hypothetical site are outlined in Table 1, displayed in the Addenda. These transactions represent a broad segment of the market and reflect sales from nearly all residential neighborhoods within Cupertino, although there is a heavier concentration from the Rancho Rinconada neighborhood as this area has some of

the smallest and oldest “ranchos” in the City, making them riper for development. Sales represented a mix of corner lots, interior lots, cul-de-sac lots, and lots along high and low traffic streets.

From the transactions shown in Table 1, lot sizes range from 5,000 square feet to 11,820 square feet, with an average of 7,767 square feet and a median of 7,984 square feet. These 56 sale transactions indicate an unadjusted price range from \$1,471,500 to \$2,900,000, a median sale price of \$1,967,500, and reflect the following indicators:

Single Lot Residential Land Sales Data Summary		
Sample Size	56 Sales	
	Property Size (SF)	Unadjusted Sale Price/SF of Land
Low	5,000	\$201
High	11,820	\$380
Average	7,767	\$259
Weighted Average	-	\$264
Median	7,984	\$269

Adjustments were applied to the sale transactions to reflect comparative differences with the hypothetical subject site. The primary adjustments considered are market conditions, size, and utility.

Market conditions adjustments were applied to the sales on a sliding scale with the oldest sales warranting the greatest adjustment, supported by changes in median selling prices as discussed in the Market Conditions chapter and by the sales data. In general, upward market conditions adjustments were applied between January 2021 and June 2021, negative adjustments were applied between July 2021 and January 2022, no adjustments between March 2022 and May 2022, then downward adjustments between June 2022 and January 2023, and upward adjustment for the period February 2023 through September 2023. No adjustments for market conditions were applied for the sales transacting in fourth quarter 2023 as they are considered reflective of market conditions as of the January 1, 2024 effective date of value.

Based on the median lot size of about 8,000 square feet, rounded, sales that differed by more than 1,000 square feet of this median were adjusted for size.

The only utility adjustment concluded was for the few long and narrow lots which were adjusted upward for their inferior utility or for the lots that backed to creeks, which effectively reduced the overall usable area.

Following the adjustments summarized above, the sales adjusted to a narrower range of about \$208 to \$305 per square foot of land area with an average adjusted unit value of \$256 per square foot of land area and a median adjusted unit value that was also \$256 per square foot of land area. Further, 41 of the 56 sales reflect an even narrower adjusted range from \$235 to \$285 per square foot of land area. The fifteen sales from 2023 indicated an adjusted median unit value of about \$263 per square foot of land area.

Based on my analysis, I conclude to a unit value of **\$265 per square foot** of land area for single-family residential land in Cupertino as of January 1, 2024.

B. Residential Subdivision Land Sales Discussion

This category of sales includes all parcels of land for which more than one residential unit would be permitted i.e., subdivision land. Within Cupertino I discovered seven sales that occurred between 2021 and the end of 2023 that were selected as appropriate for this analysis. To include more data points, the search parameters were expanded to include west San Jose neighborhoods and the cities of Campbell, Mountain View, Santa Clara, Saratoga, and Sunnyvale. Twelve additional sales were selected for comparison from this expanded search. Table 2, detailing the relevant sales, and titled Residential Subdivision Land Sales Summary, is included in the Addenda. The median size of the selected sales was 0.97 acres, or 42,323 square feet of land area, and the weighted average density (based on approved, proposed, or estimated) was 17.9 dwelling units per acre.

Before adjustment, the selected residential subdivision sales indicated a median unadjusted price per unit (or price per lot) of \$811,364, while the unadjusted weighted average was \$464,315 per unit/lot. However, the price per unit/lot indicator also indicated a wide range from about \$233,000 to \$2,050,000 per unit/lot due to the wide range of densities. Because the data was more consistent on a price per square foot of land area unit of comparison, the following analysis concludes to a price per square foot unit of comparison.

Before adjustment, the residential subdivision sales indicated the following:

Residential Subdivision Land Sales Data Summary		
Sample Size	19 Sales	
	Property Size (SF)	Unadjusted Sale Price/SF of Land
Low	14,656	\$114
High	514,400	\$351
Average	123,721	\$173
Weighted Average	-	\$195
Median	42,323	\$164

Adjustments are applied to the residential subdivision land sales for changing market conditions, location, size, density, utility, and entitlement status. Adjustments for differences in location are primarily based on a comparison of median selling prices. No location adjustments are applied to any of the Cupertino-located sales.

As shown on the table, the median site size is 43,323 square feet while the average is 123,721 square feet. Size adjustments are based on a hypothetical one-acre site, which is about the middle of the range of the typical subdivision site selling in this market.

The sales table shows that the weighted average density of the sales is 17.9 dwelling units per acre. The weighted average density of the Cupertino sales is 11.6 dwelling units per acre. Density adjustments are applied to the sales by comparing the hypothetical subject parcel as if it has a density of about 12 dwelling units per acre to be consistent with the typical development density occurring in Cupertino.

Development utility adjustments are considered for any sale that had atypical shape, frontage, and/or topography. The only other adjustment warranted is for entitlements. Sales with approved entitlements or that sold subject to entitlement approvals sell at a premium compared to unentitled properties, and appropriate adjustments are applied.

Following the adjustments outlined above, the adjusted unit values range from about \$135 to \$205 per square foot of land area with a median adjusted unit value of \$171 per square foot of land area and an average adjusted unit value of \$169 per square foot of land area.

Based on the analysis above, **\$170 per square foot** of land area is concluded for unentitled residential subdivision land in Cupertino as of January 1, 2024.

C. Residential Development Site Conclusion

The fair market value of the hypothetical residential development site is estimated by applying the weighted average of the number of sales of each housing type in Cupertino to the concluded unit values above. I utilized DataTree, an online public records search tool owned by First American Financial Corporation, to obtain an estimate of the total parcels under various residential uses in the City of Cupertino. I then used the County defined land use classifications within DataTree to qualify each residential record as either single family, condominium, townhouse, PUD, multifamily, or other multiple-unit. *It was an extraordinary assumption of this appraisal that the number of parcels reported by DataTree for each residential use in the City of Cupertino was accurate.* Using these search parameters, the raw data produced 16,075 records. These were broken down between detached single-family units (SFR) and everything else as follows:

Housing Type	# of Records	% of Total
SFR	12,004	74.67%
Res Condo/TH/PUD/Apt	4,071	25.33%
Total	16,075	100.00%

As the table above shows, about 75% of the property records in Cupertino reflect a detached single-family housing unit. The % of Total in the previous table was applied to the appropriate unit values concluded above (as shown in the table below). The appropriate weighted values for each land use are summed to produce the unit value of a hypothetical residential development site in Cupertino:

Land Use	Unit Value per SF	x	Weighted Average	=	Weighted Conclusion
Single Family Lots	\$265	x	74.67%	=	\$197.89
Subdivision Lots	\$170	x	25.33%	=	\$43.05
Total Unit Value for Residential					\$240.94
(Rounded)					\$240.00

Based on the extraordinary assumptions, hypothetical conditions, and limiting conditions described herein, it is the opinion of the appraiser that the market value of a **typical residential development site** in Cupertino, as of January 1, 2024, is:

TWO HUNDRED FORTY DOLLARS PER SQUARE FOOT

(\$240 per square foot)

VI. MARKET VALUE OF A TYPICAL COMMERCIAL DEVELOPMENT SITE

The market value of the typical commercial development site is estimated using the Sales Comparison Approach. Just like in the previous chapter, the value of the land is estimated by comparing the hypothetical parcel with sales of properties considered similar and adjusting for various comparative differences. At the instruction of the Client, the typical commercial development site includes any parcels not zoned residential and is inclusive of mixed-use and industrial sales.

A search for sales of properties throughout Cupertino and nearby cities which were intended for commercial, industrial, and mixed-use development and that closed escrow in the years 2021 and 2023 was performed. The relevant sales discovered are displayed in Table 3 titled Commercial Land Sales Summary, which is displayed as an Addendum. Geographically, Sunnyvale, Santa Clara, Mountain View, San Jose, Los Gatos, Los Altos, and Saratoga were included in the search for relevant sales.

The search revealed 20 potential sales, including six from the year 2023. Two sales discovered were ultimately not selected for analysis. One was a 5.295-acre office development site purchased by Kaiser Permanente in November 2023 for \$43.5 million, or about \$189 per square foot of land area. This sale is near the San Jose Mineta International Airport and adjacent an existing Kaiser medical office building. This property had previous plans for a nine-story office building about 8-9 years earlier. Because of its large size, possible motivation on the part of the buyer, and superior allowed development intensity, it was not selected as a comparable.

The other sale not selected was an industrial property addressed as 10100 Bubb Road in Cupertino. This 0.874-acre site was improved with a 17,800 rentable square foot light industrial building in shell condition at the time of sale in March 2023. The reported sale price was \$4,038,000, or about \$106 per square foot of land value. The contributory value of the shell improvements could not be determined. This was the primary reason for not including this sale. Nonetheless, the overall per square foot land value indicated by this sale would be less after accounting for the building improvements.

Among the 18 selected typical commercial sale transactions, the following general characteristics are indicated:

Commercial Land Sales Data Summary		
Sample Size	18 Sales	
	Property Size (SF)	Unadjusted Sale Price/SF of Land
Low	5,760	\$110
High	199,505	\$260
Average	64,140	\$154
Weighted Average	-	\$152
Median	44,392	\$137

The next step in the analysis is to adjust for comparative differences with the hypothetical commercial site. Market conditions adjustments were applied differently for each sale transaction depending on its intended use/allowed use. In general, between 2021 and the end of 2023, R&D and industrial properties warrant upward adjustment, retail properties do not warrant any adjustment, and office properties warrant downward adjustments for changing market conditions.

Differences for location are applied based on a comparison of achievable rental rates and market perception as compared to Cupertino. Inclusive in this category are consideration for exposure and major roadway/freeway linkages.

As shown on the table, the median site size among the commercial sales is about one acre, at 44,392 square feet, while the average is 64,140 square feet. Size adjustments to the sales are based on a hypothetical one-acre site, which is about the median size of the typical development sites selling in this market. Only the very largest and the very smallest sales are concluded to warrant adjustment for size.

Development utility adjustments are considered for any sale that had atypical shape, frontage, and/or topography.

The only other adjustment warranted is for entitlements. Sales with approved entitlements or that sold subject to entitlement approvals sell at a premium compared to unentitled properties, and appropriate adjustments are applied.

After the adjustments discussed above the sales adjusted to a narrower range of about \$115 to \$190 per square foot of land area. The average adjusted unit value is \$147 per square foot of land area while the median adjusted unit value is \$142 per square foot.

After the analysis above and giving greater weight to the sales from Cupertino, a unit value of **\$150 per square foot** of land area for unentitled commercial land in Cupertino is concluded.

Based on the extraordinary assumptions, hypothetical conditions, and limiting conditions described herein, it is the opinion of the appraiser that the market value of a **typical commercial development site** in Cupertino, as of January 1, 2024, is:

ONE HUNDRED FIFTY DOLLARS PER SQUARE FOOT

(\$150 per Square Foot)

VII. MARKET VALUE OF A GENERAL DEVELOPMENT SITE

The market value of a general development site is estimated using the previously concluded values of the typical residential and typical commercial site. This value conclusion is intended to reflect all Cupertino land types.

A weighted average based on (allowed) land use in Cupertino is concluded as the most reasonable method of estimating the market value of a general development site. Utilizing the City’s GIS data for General Plan Land Uses in the City, I was able to quantify the acreage within the City of Cupertino dedicated to commercial and residential uses. The breakdown is as follows:

	Acreage	Weighted Average
Residential GP Land Uses		
Very Low Density	3,391	80.27%
Low Density Residential		
Low/Medium Density		
Medium Density		
Medium/High Density		
High Density		
Commercial GP Land Uses		
Commercial / Office / Residential	834	19.73%
Commercial / Residential		
Industrial / Commercial / Residential		
Industrial / Residential		
Neighborhood Commercial / Residential		
Office / Industrial / Commercial / Residential		
Regional Shopping		
Regional Shopping / Residential		
Total	4,225	100.00%

Note the data above **does not** include the following General Plan land use designations: County, Parks and Open Space, Public Facilities, Quasi-Public/Institutional, Riparian Corridor, Transportation, and Water.

The data in the previous chapters indicated that the primary land use in Cupertino is residential and that most sites that are (re)developed are planned for new residential uses.

Therefore, it would be reasonable that the market value of a general development site in Cupertino would skew toward the concluded residential unit value conclusion, which is supported by the distribution of land use areas shown in the above table.

After applying the corresponding weighted average to each respective concluded unit value, the appropriate unit value for a general development site is estimated as:

GENERAL DEVELOPMENT SITE			
Development Type	Weighted Average	Unit Value/SF	Weighted Conclusion Per SF
Residential	80.27%	\$240	\$192.65
Commercial	19.73%	\$150	\$29.60
			\$222.25
		Rounded	\$220.00

Based on the extraordinary assumptions, hypothetical conditions, and limiting conditions described herein, it is the opinion of the appraiser that the market value of a **general development site** in Cupertino (that is comprehensive and inclusive of all Cupertino land types), as of January 1, 2024, is:

TWO HUNDRED TWENTY DOLLARS PER SQUARE FOOT

(\$220 per Square Foot)

ADDENDA

Table 1

**Single Lot Residential Land Sales Summary
Cupertino Parkland In Lieu Fee Study
Date of Value - January 1, 2024**

Location	COE Date	Sale Price	Lot Size (Sq. Ft.)	Price/SF Land Area	Grantor/Grantee Document #
10201 Sterling Blvd Cupertino APN: 375-25-076	12/13/2023	\$1,800,000	6,206	\$290	Quan Ha Trust Neha Malviya and Yogesh Malviya #25574575
20642 Kirwin Lane Cupertino APN: 359-23-009	12/7/2023	\$2,638,000	9,375	\$281	Robert & Frances Withers Revocable Living Tr Cailin Huang #25572211
881 Ferngrove Dr Cupertino APN: 375-39-050	8/15/2023	\$1,880,000	6,195	\$303	Juliann Serafino Campbell Mengxiao Shan & Martin Hsu #25518516
10450 Miller Ave Cupertino APN: 375-05-038	7/25/2023	\$1,750,000	6,037	\$290	Clifton H & Victoria A Morgan Rong Chen & Kia Seong Teng #25505064
10560 Johnson Ave Cupertino APN: 375-28-034	6/30/2023	\$2,075,000	5,838	\$355	Narciso Jr & Dawn E Cruz Daisy Cupertino LLC #25495256
18940 Tilson Ave Cupertino APN: 375-09-015	6/16/2023	\$2,080,000	9,626	\$216	Pankratz Family Trust Tony Kent Lau & Jinjing Luo #25488837
22030 Hibiscus Dr Cupertino APN: 326-02-035	6/1/2023	\$2,375,500	9,664	\$246	Flynn Family Trust Pala Thamiz & Vinith K Thamizhazhagan #25482227
10574 Sterling Blvd Cupertino APN: 375-23-028	5/10/2023	\$2,050,000	8,878	\$231	Changhung & Chihming Chang Yanjie Gou & Donghua Li #25473292
19841 La Mar Drive Cupertino APN: 369-10-031	5/9/2023	\$1,765,000	6,300	\$280	TJH RE Properties III LLC Elite Development and Investment Inc #25472122
10081 S Tantau Ave Cupertino APN: 375-07-008	5/2/2023	\$2,420,000	9,289	\$261	Yi & Xiahou Zhang Mohan Ram Akella Family Trust #25469338
10270 Sterling Blvd Cupertino APN: 375-24-021	5/1/2023	\$1,625,000	8,100	\$201	SF21G LLC Golden Granite LLC #25468723
10536 S Tantau Ave Cupertino APN: 375-37-019	3/30/2023	\$1,750,000	5,246	\$334	Samuel S H Kao & Yi Feiji Tantau LP #25455667
22592 Poppy Drive Cupertino APN: 342-12-093	2/3/2023	\$2,512,800	11,548	\$218	Gray Family Trust Lijun Xie & Peng Li #25432540
10080 S Tantau Ave Cupertino APN: 375-07-042	2/2/2023	\$2,110,000	9,375	\$225	Cindy Lou Ridnour Manju Mahajan & Hament Mahajan #25432376
10531 N Portal Ave Cupertino APN: 316-30-102	1/3/2023	\$1,960,000	7,867	\$249	Judy T Kopa Amazing Ventures LLC #25422238

Table 1 (continued)

Location	COE Date	Sale Price	Lot Size (Sq. Ft.)	Price/SF Land Area	Grantor/Grantee Document #
10325 Cherry Tree Lane Cupertino APN: 316-33-056	12/30/2022	\$1,900,000	7,609	\$250	Paul T & Margareta G Roth Living Trust Ramalingam Rajkumar & Priya Rajkumar #25421466
10589 Gascoigne Dr Cupertino APN: 375-28-011	12/28/2022	\$1,795,000	6,149	\$292	McKenzie Family Trust Jianjun Zhai #25420328
18831 Barnhart Avenue Cupertino APN: 375-16-053	12/8/2022	\$1,700,000	5,355	\$317	H B & R D Martinez Revocable Living Tr Wenjing Dong #25413189
19841 La Mar Dr Cupertino APN: 369-10-031	11/15/2022	\$1,750,000	6,300	\$278	Ranney Family Revocable Trust Tjh Re Properties III LLC #25400144
21590 Grand Ave Cupertino APN: 326-25-005	10/12/2022	\$1,775,000	5,400	\$329	Perez Family Trust Jingqiang Ding & Qiao Zhang #25385159
18980 Newsom Ave Cupertino APN: 375-35-015	9/30/2022	\$1,471,500	5,630	\$261	Jennifer Porterlong Heintz 2021 Living Trust Liping Zhang #25380233
22079 San Fernando Ct Cupertino APN: 357-12-008	9/6/2022	\$2,500,000	11,820	\$212	Diane Beem Lingyun Meng #25368257
10552 Gascoigne Dr Cupertino APN: 375-23-007	8/25/2022	\$1,725,000	5,260	\$328	Paul Higham & Marion MacKinnon Trust Grand Success LLC #25363591
21102 Lavina Ct Cupertino APN: 326-08-025	8/1/2022	\$2,500,000	11,347	\$220	Jane Kuei Chen Liu Bypass Trust Balasubramanian Santhanagopal et al. #25351207
10481 N Stelling Rd Cupertino APN: 326-28-088	7/26/2022	\$2,125,000	9,375	\$227	Sai Global Mission Sorrento Mesa Medical Group PC #25341374
10080 Judy Avenue Cupertino APN: 375-11-011	7/25/2022	\$2,500,000	9,375	\$267	Lorenzen Family Trust Kwan Living Trust #25340574
10567 John Way Cupertino APN: 359-19-005	7/11/2022	\$2,650,000	9,044	\$293	Sandra L McConnell SF21a LLC #25333722
10300 Stern Ave Cupertino APN: 375-14-034	4/8/2022	\$1,900,000	5,000	\$380	Ray 1990 Family Trust SF21g LLC #25278892
10755 Minette Dr Cupertino APN: 375-32-049	3/14/2022	\$2,025,000	5,714	\$354	Chi-Gen & Chu-Ching Hsin Lee Family Trust SF21g LLC #25259981
10467 Glencoe Drive Cupertino APN: 326-30-106	2/1/2022	\$2,900,000	9,375	\$309	Robert Theodore Damask Jianjun Zhai & Li Wei #25231223
19161 Tilson Avenue Cupertino APN: 375-08-029	1/28/2022	\$2,510,000	10,219	\$246	Stella Valdez Family Trust Tilson Sterling Homes LLC #25228832
10526 Sterling Blvd Cupertino APN: 375-23-034	1/5/2022	\$2,001,000	9,330	\$214	Patricia Louise Bustamante Pristine Sterling Homes LLC #25212675
10682 Flora Vista Cupertino APN: 326-08-042	1/5/2022	\$2,745,500	9,680	\$284	Uday B Koppikar Revocable Trust SF21a LLC #25212630

Table 1 (continued)

Location	COE Date	Sale Price	Lot Size (Sq. Ft.)	Price/SF Land Area	Grantor/Grantee Document #
18890 Pendergast Avenue Cupertino APN: 375-33-043	12/10/2021	\$1,975,000	5,349	\$369	Sha & Ming Lu Le Lu #25191406
10548 S Tantau Ave Cupertino APN: 375-37-018	11/23/2021	\$1,958,000	5,807	\$337	Shao Mei Lau Living Trust Jianjun Zhai #25176036
10683 Minette Place Cupertino APN: 375-32-040	11/5/2021	\$2,400,000	9,176	\$262	Miller Revocable Trust T & J Living Trust #25155282
7412 Wildflower Way Cupertino APN: 366-18-034	11/2/2021	\$1,850,000	7,007	\$264	Lai Seung Lam Leung Changwook Yoon #25151439
10542 Sterling Blvd Cupertino APN: 375-23-032	10/28/2021	\$1,900,000	9,431	\$201	Lundquist Family Trust Sterling Realty LLC #25147324
10395 Judy Ave Cupertino APN: 357-08-053	8/19/2021	\$2,150,000	9,375	\$229	William M & Emma L Bridge Cailin Huang #25071274
18745 Loree Ave Cupertino APN: 375-19-017	7/22/2021	\$1,800,000	5,589	\$322	Tina W Yu SF21G LLC #25038111
10409 Johnson Ave Cupertino APN: 375-18-044	7/12/2021	\$1,900,000	5,100	\$373	Recupero Family Trust Meenakshi Choudhary & Vaibhav Chaudhary #25024435
7480 De La Farge Dr Cupertino APN: 359-26-037	7/1/2021	\$1,900,000	6,165	\$308	Marc L Thibert SF21G LLC #25016072
Bellevue Avenue Cupertino APN: 357-01-012	6/23/2021	\$2,500,000	9,583	\$261	Gates 2000 Living Trust Sivaprasad R Udupa #25005825
10270 Sterling Blvd Cupertino APN: 375-24-021	6/21/2021	\$1,850,000	8,100	\$228	Roberto & Nina Ahlers SF21G LLC #25002016
22071 Hibiscus Drive Cupertino APN: 326-02-019	5/13/2021	\$2,337,000	10,890	\$215	Hartney Family Recovable Living Tr Jie Wang & Xiang Zhang #24968001
10667 Wunderlich Dr Cupertino APN: 375-31-049	4/23/2021	\$1,750,000	6,449	\$271	Wesolowski Trust 10671 Johnson Investment LLC #24933382
10827 Minette Dr Cupertino APN: 375-32-057	4/19/2021	\$1,852,000	6,300	\$294	Recupero Family Trust Jianping & Anil Wu #24925731
18645 Ralya Court Cupertino APN: 375-25-007	4/8/2021	\$1,775,000	5,895	\$301	Jungsyng Pan Trust SF21A LLC #24913342
20941 Alves Drive Cupertino APN: 326-30-005	3/4/2021	\$2,314,750	9,380	\$247	Jun & Yuanyuan Zhao Han Family 1996 Revocable Tr #24859101
10618 Gascoigne Dr Cupertino APN: 375-22-024	3/2/2021	\$1,850,000	5,720	\$323	Lirong Chen Li Wei #24855769
10279 S Tantau Avenue Cupertino APN: 375-08-006	3/2/2021	\$2,100,000	9,375	\$224	Shawn E & Lori L Kimball Homeland Global LLC #24855630
20564 Kinwin Lane Cupertino APN: 359-23-013	3/1/2021	\$2,050,000	10,125	\$202	Charlsi Mae Marshall 1998 Living Tr 20564 Kirwin Investment LP #24852648
18811 Loree Avenue Cupertino APN: 375-13-021	2/1/2021	\$1,500,000	5,412	\$277	David & Phuong Kim Woodward T & J Living Trust #24810215
10872 W Estates Drive Cupertino APN: 369-22-025	1/26/2021	\$1,980,000	8,306	\$238	Guymon Family Bypass Trust Haixia Shi #24801175
10621 Tuggle Place Cupertino APN: 375-34-065	1/22/2021	\$2,200,000	8,900	\$247	Hari & Rekha Gopinathan Arora Jatn Darshan Trustee et al. #24796489
10520 Johnson Ave Cupertino APN: 375-28-039	1/8/2021	\$1,645,000	6,004	\$274	Jimmy Woo Cailin Huang #247779119

Table 2

**Residential Subdivision Land Sales Summary
Cupertino Parkland In Lieu Fee Study
Date of Value - January 1, 2024**

#	Location	Sale Price/ COE Date	Lot Size/ Zoning	Entitlements/ No. of Lots/Units Density	Price/SF Land Area	Price/Unit	Grantor/Grantee Document #	Comments
1	842 Sunnyvale Saratoga Rd Sunnyvale APN: 211-18-030	\$2,800,000 9/20/2023	14,656 SF 0.336 Ac. R2/PD	Unentitled 4 DU 11.9 DU/Ac.	\$191	\$700,000	Azure Gardens LLC Silicon Valley Enchanto Capital LLC #25533391	Has expired plans for a four-lot subdivision of townhomes; has secondary frontage along Azure Street
2	20860 McClellan Road Cupertino APN: 359-20-030	\$9,300,000 9/1/2023	55,191 SF 1.27 Ac. R1-10	Entitled 6 DU 4.7 DU/Ac.	\$169	\$1,550,000	District McClellan LLC AlphaX RE Capital INC #25525850	Had Tentative Map approval for a six-lot subdivision.
3	10033 Hillcrest Rd Cupertino APN: 326-16-014	\$4,565,000 8/8/2023	27,900 SF 0.640 Ac. R1-10	Unentitled 3 DU 4.7 DU/Ac.	\$164	\$1,521,667	Donald C Gaubatz 1997 Trust Ayesha Akhter & Mohammad Kamrul Islam #25515277	General Plan is Low Density, allowing for 1-5 dwelling units per acre
4	15861 Winchester Blvd Los Gatos APN: 410-11-059	\$4,700,000 6/16/2023	31,798 SF 0.730 Ac. O (Office)	Unentitled 20 DU 27.4 DU/Ac.	\$148	\$235,000	1998 Karin Family Trust DESM Winchester Partners LLC #25489221	Proposal for 5 buildings of 4 condo units each; had General Plan land use designation of Low Density Residential
5	3075-3155 El Camino Real Santa Clara APNs: 220-32- (057 & 058)	\$16,500,000 2/14/2023	106,286 SF 2.440 Ac. CT (Thoroughfare Comm)	Entitled 60 DU 24.6 DU/Ac.	\$155	\$275,000	Peter and Lynda Bowers Toll Brothers #25436710	Bowers Plaza site at NEC corner of Catabazas Blvd sold entitled for redevelopment with 60 market-rate townhomes in eight two and three story buildings. Site has Community Mixed-Use designation in El Camino Real Specific Plan
6	1175 Aster Ave Sunnyvale APN: 213-01-040 & -041	\$98,500,000 10/21/2022	514,400 SF 11.81 Ac. MXD3	Entitled 329 DU 27.9 DU/Ac.	\$191	\$299,392	Ji&W LLC Aster-Sunnyvale LP #25389940	Sale of entitled project with 189 condos and 140 THs. Part of larger project that includes 741 residential units and 1,500 SF of ground floor retail space on 16.82 acres (44 du/ac).
7	18764-18850 Cox Ave Saratoga APN: 389-12-019	\$54,750,000 9/1/2022	256,394 SF 5.886 Ac. C-N	Entitled 90 DU 15.3 DU/Ac.	\$214	\$608,333	SHP Quito Village LLC Pulte Home Company LLC #25367478	Quito Village Redevelopment will include 90 townhomes, 76,529 SF of open space, and 5,000 square feet of commercial. Using SB 35 for density bonus. This sale represents the townhome portion only
8	20865 McClellan Rd Cupertino APN: 359-13-019	\$6,015,000 8/31/2022	42,323 SF 0.97 Ac. R1-10	Unentitled 4 DU 4.1 DU/Ac.	\$142	\$1,503,750	Santina M Disalvo Trust 20865 McClellan LLC #25366098	Note sellers will allow for extended escrow 12 to 14 months for a developer to secure the entitlements on the property to build 4 to 5 Single Family Homes. Also, sellers want to see a \$2 million per SFR home site approved by Cupertino Planning Dept. in a contract addendum
9	1957 Pruneridge Avenue Santa Clara APN: 303-03-025	\$12,250,000 8/1/2022	107,516 SF 2.468 Ac. B	Unentitled 22 DU 8.9 DU/Ac.	\$114	\$556,818	Episcopal Church in the Diocese of ECR Santa Clara De Asis, LLC #25351419	The proposal is to construct 19 detached two-story homes with attached accessory dwelling units and three car garages, and 3 detached two-story homes with detached two-car garages on a 2.47-acre property that is currently developed with a church use.
10	Hanson Avenue San Jose APN: 303-41-018	\$1,800,000 6/27/2022	15,120 SF 0.347 Ac. R1-8	Unentitled 3 DU 8.6 DU/Ac.	\$119	\$600,000	Rroca Lic Bakhtiani Family Trust et al. #25326305	Sale of a vacant flag shaped lot with possible 3 or 4-unit subdivision.
11	773 Cuesta Dr Mountain View APN: 193-22-003	\$7,480,000 5/20/2022	30,307 SF 0.696 Ac. R1	Entitled 4 DU 5.7 DU/Ac.	\$247	\$1,870,000	773 Cuesta LLC GLZ 08 LLC #25306634	Sale of a lot with entitlements for 4 SFR's.
12	21255 Stevens Creek Blvd Cupertino APN: 326-27-042 & 326-27-043 (portion)	\$71,400,000 12/29/2021	203,301 SF 4.667 Comm./Res./Heart of the City	Entitled 88 DU 18.9 DU/Ac.	\$351	\$811,364	KT Urban, Inc. VPTM Westport LB LLC #25207367	Fully entitled site for 88 market rate townhomes
13	20860 McClellan Road Cupertino APN: 359-20-030	\$7,300,000 10/19/2021	55,191 SF 1.27 Ac. R1-10	Entitled 6 DU 4.7 DU/Ac.	\$132	\$1,216,667	Carlioto 1973 Fam Tr, et al District McClellan LLC #25137535	Sale was contingent upon receiving Tentative Map approval for a six-lot subdivision.
14	1429-1445 Westmont Avenue Campbell APN: 403-10- (116 & 117)	\$6,688,800 8/24/2021	54,013 SF 1.24 Ac. R-1-6	Entitled 6 DU 4.8 DU/Ac.	\$124	\$1,114,800	Climax Development Westmontave LLC #25076029	Two adjacent lots improved with two small, older SFDs marketed as a redevelopment opportunity and sold with tentative map approval
15	11226 Bubb Road Cupertino APN: 362-06-036	\$6,150,000 7/2/2021	32,068 SF 0.74 Ac. R1-7.5	Entitled 3 DU 4.1 DU/Ac.	\$192	\$2,050,000	Mike & Jenny Mazhenlu 11226 Bubb Inv. LP #25016359	Square lot; entitled for a three-lot subdivision
16	1334-1348 Miller Avenue San Jose APN: 377-25- (053 & 055)	\$6,332,000 5/18/2021	46,406 SF 1.07 Ac. R-1-8	Entitled 6 DU 5.6 DU/Ac.	\$136	\$1,055,333	Alice Sasao Tr & Steven K Doi 2011 Tr Tao Zhang et al #24965470 & 24965466	Sold with entitlements for six-lot subdivision
17	10193 Randy Lane Cupertino APN: 316-24-016	\$3,650,000 4/29/2021	19,700 SF 0.45 Ac. R1-7.5	Unentitled 6 DU 13.3 DU/Ac.	\$185	\$608,333	T E Thiel & L J Camarda Rev Liv Tr James Livingston #24942160	Supported density is 10-20 dwelling units per acre
18	3035 El Camino Real Santa Clara APN: 220-32-059	\$11,190,000 4/2/2021	81,492 SF 1.87 Ac. CT	Entitled 48 DU 25.7 DU/Ac.	\$137	\$233,125	Janet S Larson Taylor Morrison of California LLC #24903764	Sold with entitlements for 48 condos, 6 of which are live-work units
19	466 Bryant Avenue Mountain View APN: 197-21-056	\$6,520,000 1/22/2021	38,032 SF 0.87 Ac. R1-8	Unentitled 4 DU 4.6 DU/Ac.	\$171	\$1,630,000	Minoura 1994 L T Goldsilverisland Homes #24797382	Property improved with 1K SF SFD from 1952. Advertised for subdivision into four 9,500 SF lots and then for SFR development. No entitlements at time of sale. Purchased by housing developer
		Average \$17,783,726	Average 123,721 SF 2.84 Ac.	Weighted Average 17.9 DU/Ac.	Weighted Average \$195	Weighted Average \$474,566		
			Median 42,323 SF 0.97 Ac.		Median \$164	Median \$811,364		

Source: Carneghi-Nakasako & Associates, March 2024
2024CNA107

Residential Subdivision Land Sales Map

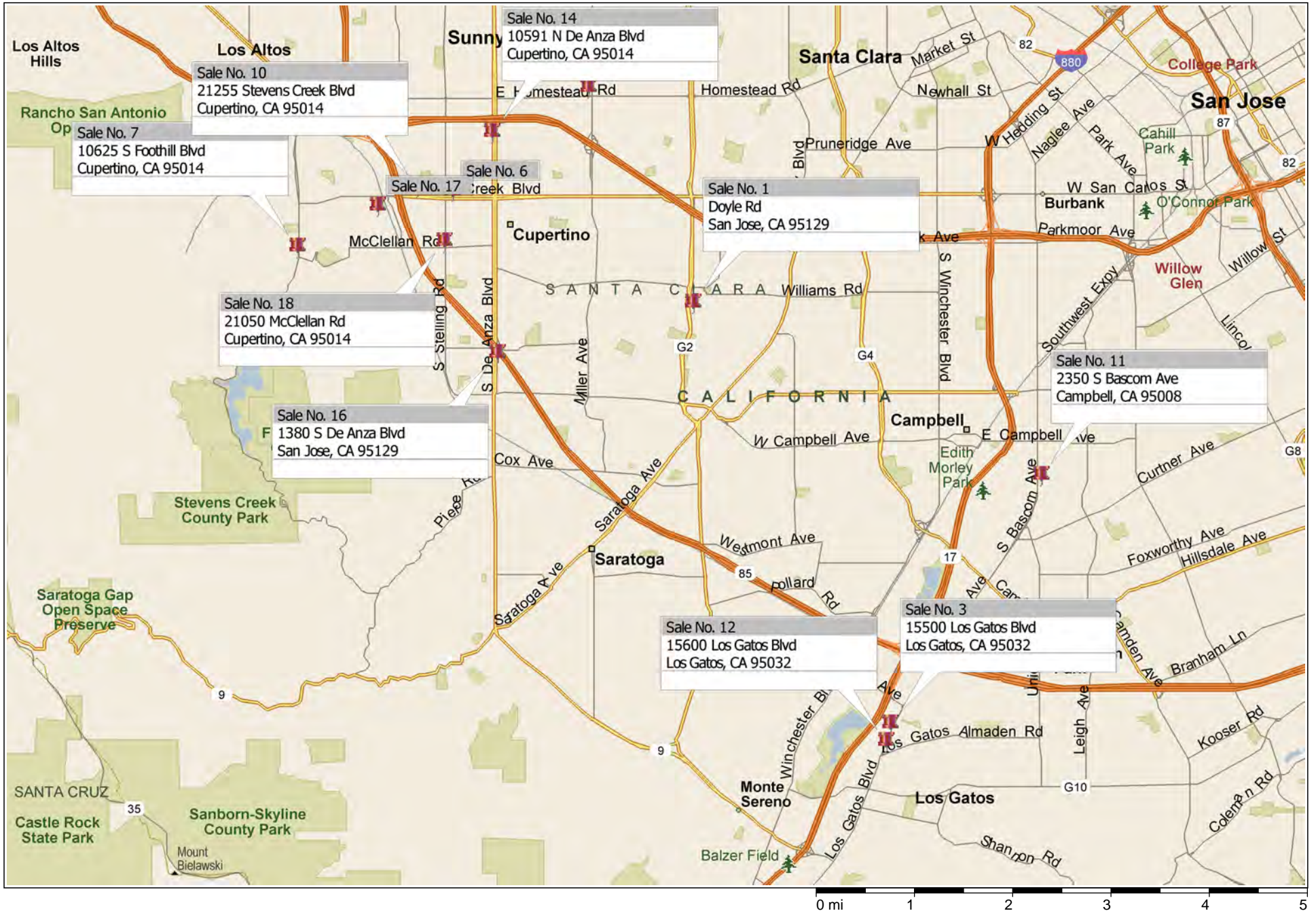


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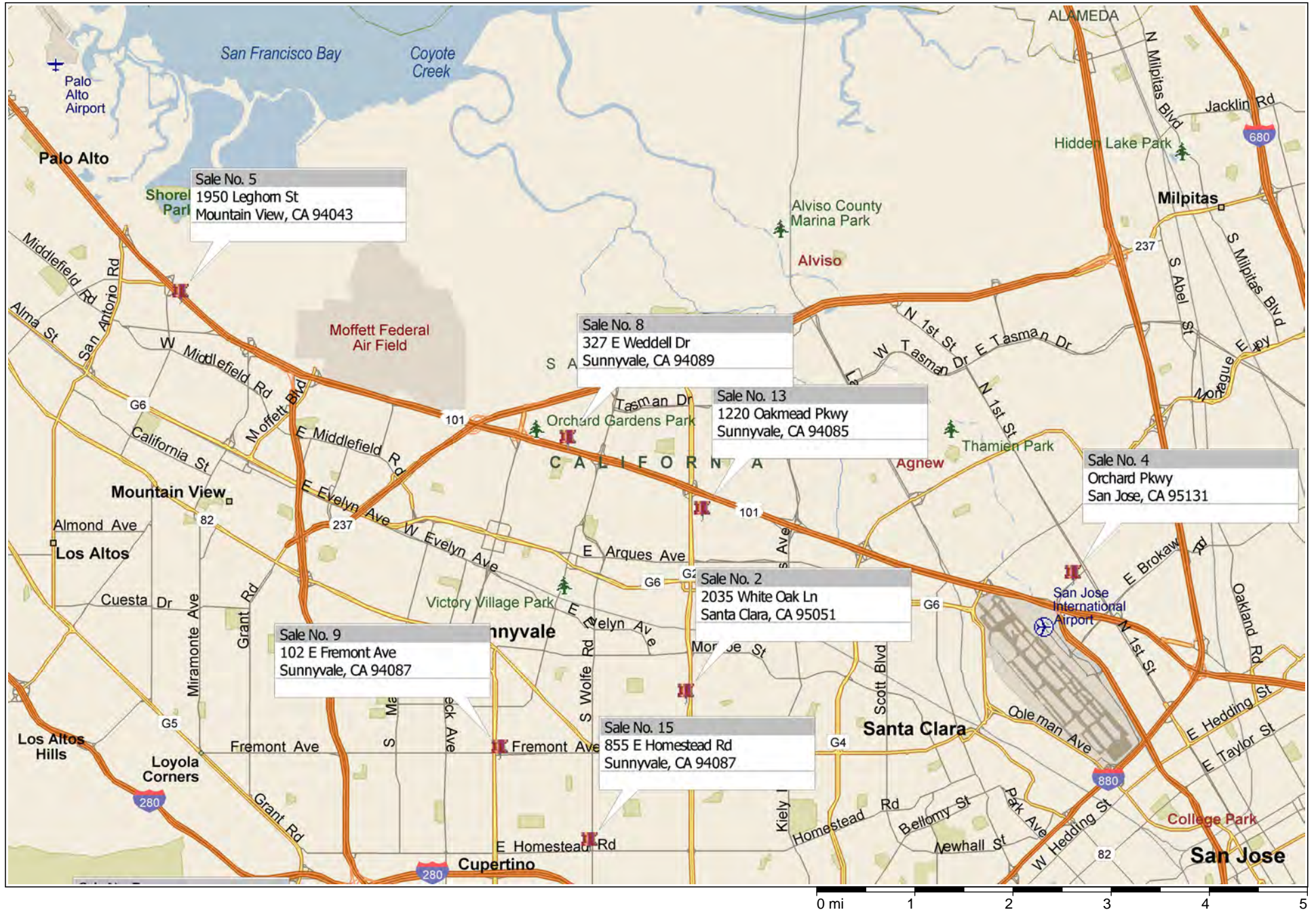
Commercial Land Sales Summary Cupertino Parkland In Lieu Fee Study Date of Value - January 1, 2024

No.	Location	COE Date	Sale Price	Lot Size	General Plan/ Zoning/ Entitlements	Price/SF Land Area	Grantor/ Grantee/ Document #
1	NEC Doyle Rd at Lawrence Expy San Jose APN: 381-19-015	12/20/2023	\$5,100,000	45,844 SF 1.052 Ac.	Light Industrial LI (Light Industrial) Unentitled	\$111	Valley Oak Partners Harker School #25577414
2	2035 White Oak Lane Santa Clara APN: 213-30-053	12/15/2023	\$3,700,000	29,839 SF 0.685 Ac.	Neighborhood Commercial CN (Neighborhood Commercial) Unentitled	\$124	Sordello Family Trust Shell USA, Inc #25575802
3	15500 Los Gatos Blvd Los Gatos APN: 424-14- (034 & 035)	5/31/2023	\$26,500,000	194,278 SF 4.460 Ac.	Mixed Use Commercial CH (Restricted Commercial Highway) Unentitled	\$136	Thomas Y Moore Sand Hill Property Company #25481849
4	Orchard Parkway San Jose APN: 101-02-019 (portion)	4/25/2023	\$5,578,000	42,940 SF 0.986 Ac.	Comb. Industrial/Commercial & IP Combined Industrial/Commercial Unentitled	\$130	LBA RV1-Company 1 LP Microsoft Corporation #25466608
5	1950 Leghorn St Mountain View APN: 153-01-013	11/7/2022	\$3,350,000	21,000 SF 0.482 Ac.	General Industrial MM-40 Unentitled	\$160	LMTNV LLC LifeMoves #25396771
6	20940 Stevens Creek Blvd Cupertino APN: 359-07-022	5/13/2022	\$800,000	6,598 SF 0.151 Ac.	Comm./Off./Res. Planned (CG, Res.)/Heart of the City Unentitled	\$121	Lin Ching-Chen Andrew Lee #25302915
7	10625 S Foothill Blvd Cupertino APN: 342-16-087	2/24/2022	\$15,500,000	60,374 SF 1.386 Ac.	Commercial/Residential P (CG) Entitled	\$257	SCR Enterprises LLC Canyon Crossings LLC #25246703
8	327 E Weddell Dr Sunnyvale APN: 110-13-071	2/24/2022	\$7,000,000	49,487 SF 1.136 Ac.	Industrial M-S Unentitled	\$141	Peter & Linda Hurwicz Prologis, LP #25246489
9	102-174 East Fremont Ave Sunnyvale APN: 309-01-002 & -006	2/2/2022	\$27,475,000	199,505 SF 4.580 Ac.	Village Mixed Use C1/PD Entitled	\$138	Fremont Corners Inc et al. Sunnyvale Fremont Corners LLC #25232619 & #25232620
10	21255 Stevens Creek Blvd Cupertino APN: 326-27-043 (portion)	1/5/2022	\$23,386,500	110,948 SF 2.547 Ac.	Comm./Res./Heart of the City Mixed Use Planned Dev. (General Comm., Res.) Entitled	\$211	KT Urban, Inc. Cupertino SCB PropCo LLC #25211665
11	2350 South Bascom Avenue San Jose APN: 288-05-045	12/23/2021	\$8,500,000	41,770 SF 0.959 Ac.	Neighborhood/Community Commercial Commercial Pedestrian Entitled	\$203	Russell J Maynard III The Pacific Companies #25203620
12	15600 Los Gatos Blvd Los Gatos APN: 424-14- (028 & 036)	9/21/2021	\$15,100,000	121,856 SF 2.797 Ac.	Mixed Use Commercial CH (Restricted Commercial Highway) Unentitled	\$124	Longs Drug Stores California LLC SHP-Cute LLC #25107922
13	1220 Oakmead Pkwy Sunnyvale APN: 216-44-048	9/8/2021	\$4,450,000	40,300 SF 0.925 Ac.	Industrial Industrial and Service Unentitled	\$110	Princeton Garden Properties LLC BPR Properties UC SC LLC #25091522
14	10591 N De Anza Blvd Cupertino APN: 326-10-054	6/25/2021	\$8,100,000	65,776 SF 1.510 Ac.	Comm./Res./Heart of the City Mixed Use Planned Dev. (Gen. Comm., Light Ind., Res.) Unentitled	\$123	Rancho De Anza Shopping Center County of Santa Clara #250008065
15	855 E Homestead Road Sunnyvale APN: 309-51-005	6/17/2021	\$6,400,000	49,223 SF 1.130 Ac.	Commercial Admin-Prof. Office/Planned Dev. Combining District Unentitled	\$130	Sunby Living Trust SST Investments LLC #24998730
16	1380 South De Anza Blvd San Jose APN: 372-22-054	4/9/2021	\$8,997,000	34,609 SF 0.795 Ac.	Neighborhood/Community Commercial Commercial Pedestrian Entitled	\$260	Osi Arrowhead LLC Shp VI MS San Jose LLC #24914015
17	21670 Lomita Avenue Cupertino APN: 357-18-005	2/17/2021	\$872,000	5,760 SF 0.132 Ac.	Industrial/Residential Planned Development (Light Industrial) Unentitled	\$151	Legalforce Rapc Worldwide Srinithyaa Parthasarathy & V S Kasi #24835708
18	21050 McClellan Road Cupertino APN: 359-05-133	1/14/2021	\$4,800,000	34,412 SF 0.790 Ac.	Commercial/Office/Residential Planned Development Unentitled	\$139	Mary R Hoefler Great Enlightenment Lotus Society of N Cal #24787849
			Average \$9,756,028	Average 64,140 SF 1.47 Ac.		Weighted Average \$152	
				Median 44,392 SF 1.02 Ac.		Median \$137	

Commercial Land Sales Map 1



Commercial Land Sales Map 2



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Qualifications of Matt Watson, MAI
CARNEGHI-NAKASAKO + ASSOCIATES

Principal

California Certified General Real Estate Appraiser No. AG040050

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Main: 408-535-0900 ext. 106

Direct: 408-514-1610

matt@cnaappraisal.com

Mr. Watson has been appraising commercial, industrial, residential, and special purpose properties in the broader San Francisco Bay Area since 2002. He was awarded the Appraisal Institute's MAI designation in 2016 and has furthered his appraisal knowledge by attending appraisal classes and seminars offered by the Appraisal Institute, including the past twenty-two Fall Conferences put on by the Appraisal Institute's Northern California Chapter. Past appraisal/valuation work include fee simple, leased fee, leasehold, and easement appraisals of improved properties and/or land for: schools; service stations; office buildings; warehouses; industrial; R&D buildings; apartment complexes; shopping centers; big-box retail; restaurants; mixed-use; auto-related uses; manufactured housing communities; churches; agriculture; ranchland; courthouse; data center; parking garages; historic properties; a former salt pond; residential and commercial condominiums; attached and detached single family dwellings, including residential subdivisions; and entitled development projects. Appraisal services have been provided to a variety of attorneys, individuals, trusts, partnerships, title companies, lenders, school districts, cities, and non-profits. He also provides services to property owners and various agencies for right-of-way and open space acquisitions. He volunteers his time as a Candidate Advisor for appraisers seeking a designation from the Appraisal Institute.

Experience

Since January 2018:	Project Manager/Principal	Carneghi-Nakasako + Associates San Jose, California
January 2002 – December 2017:	Appraiser/Senior Appraiser	The Schmidt-Prescott Group, Inc. Fremont and San Jose, California

Professional Affiliations

- **California Certified General Real Estate Appraiser No. AG040050**
- **MAI Designated Member of the Appraisal Institute (No. 464083)**
- **Candidate Advisor for the Appraisal Institute**

Qualifications of Matt Watson, MAI

CARNEGHI-NAKASAKO + ASSOCIATES

Education

B.S. Electrical Engineering

University of California
Santa Barbara, California

Appraisal & Real Estate Classes & Seminars Sponsored by The Appraisal Institute

2024-2025 7-Hour Equivalent USPAP Update Course

Advanced Concepts & Case Studies

Advanced Income Capitalization

Advanced Land Valuation

Advanced Sales Comparison & Cost Approaches

Appraising Automobile Dealerships

Basic Appraisal Procedures

Business Practices & Ethics (Nov. 2019)

California Elimination of Bias and Cultural Competency for Appraisers (Nov. 2023)

Eminent Domain and Condemnation

Federal & California Statutory and Regulatory Laws (Dec. 2021)

General Market Analysis & Highest and Best Use

General Appraiser Report Writing & Case Studies

General Demonstration Report Writing

General Demonstration Report—Capstone Program

General Applications

Supervisory Appraiser/Trainee Appraiser Course

Spring Litigation Conference 2011, 2012, 2013, 2014, 2015, 2016

Updated – February 2024