

Navigating a Changing Real Estate Market and Solving Ownership/Real Property Disputes



OR



Presented by:
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CEO/Designated Broker

Presented to:
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**East Valley Bar
Association**

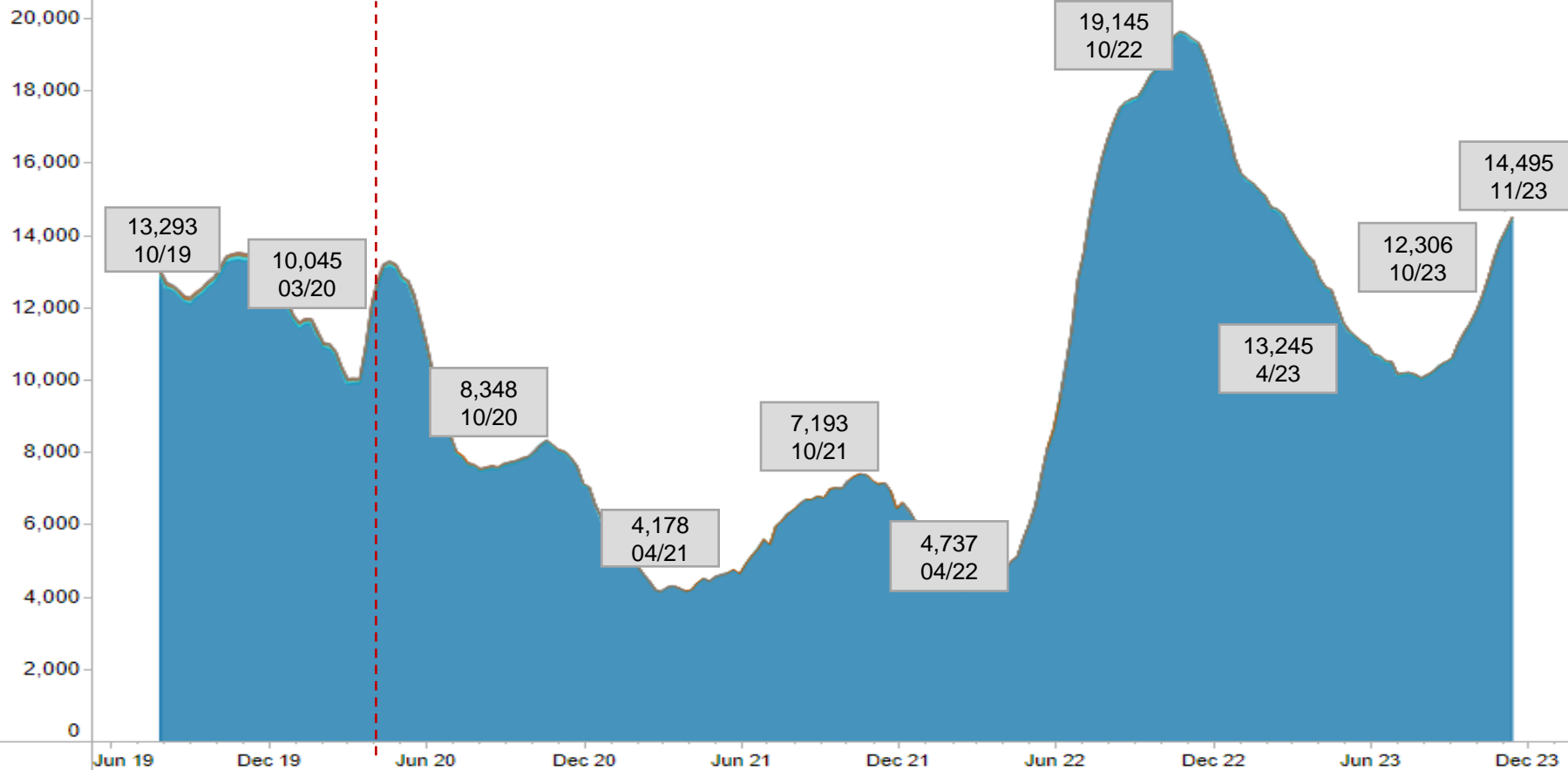


PHOENIX RESIDENTIAL | ACTIVE LISTINGS

Active Listing Counts Greater Phoenix - ARMLS Residential - Measured Weekly

Last Update: 11/12/2023 12:47:05 PM

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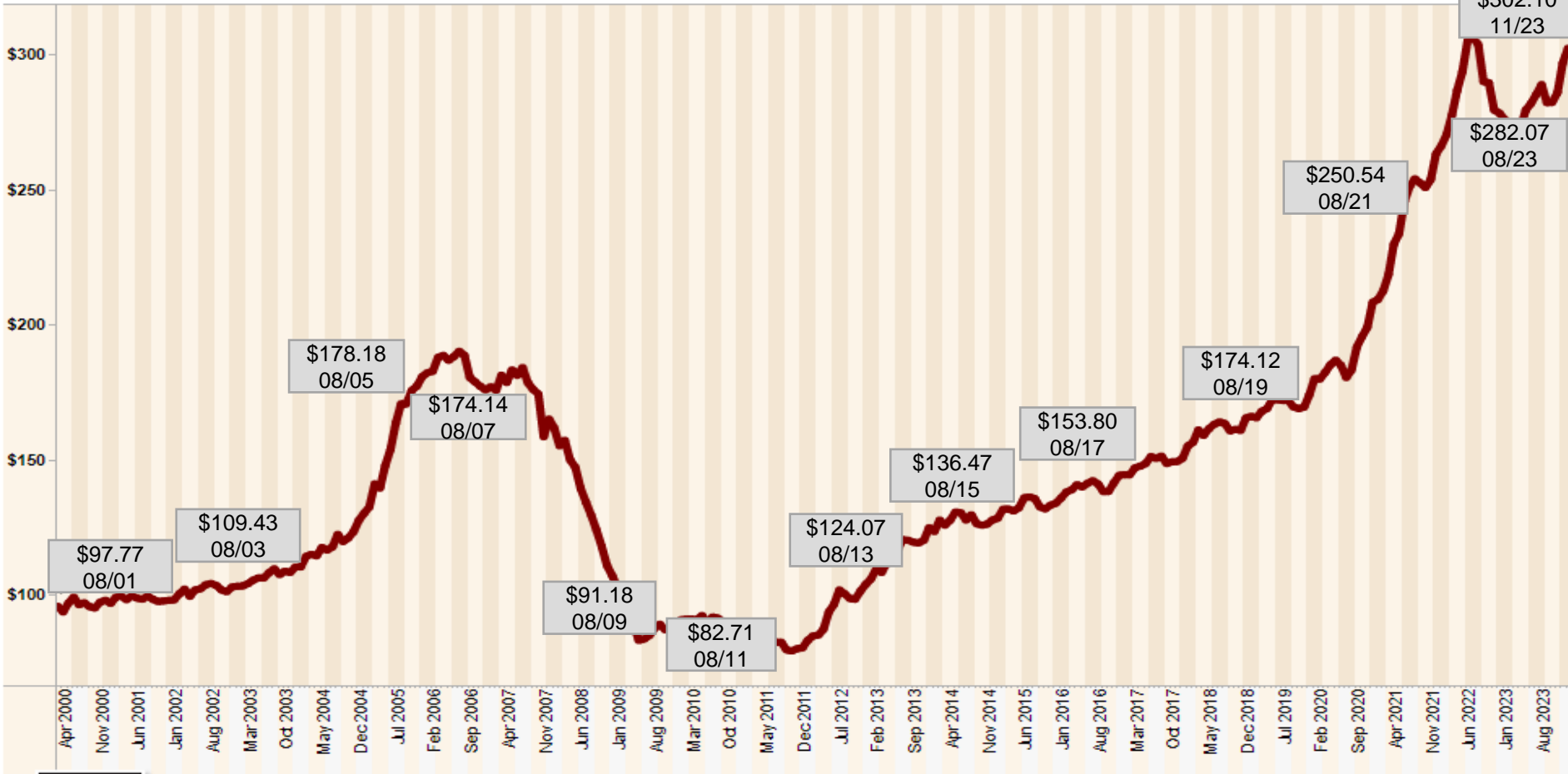


PHOENIX RESIDENTIAL | AVERAGE SALE PRICE/SQ. FT.

Monthly Average Sales Price per Square Foot Greater Phoenix - ARMLS Residential Resale - Measured Monthly

Last Update: 11/13/2023 9:47:07 AM

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Source: Cromford Report

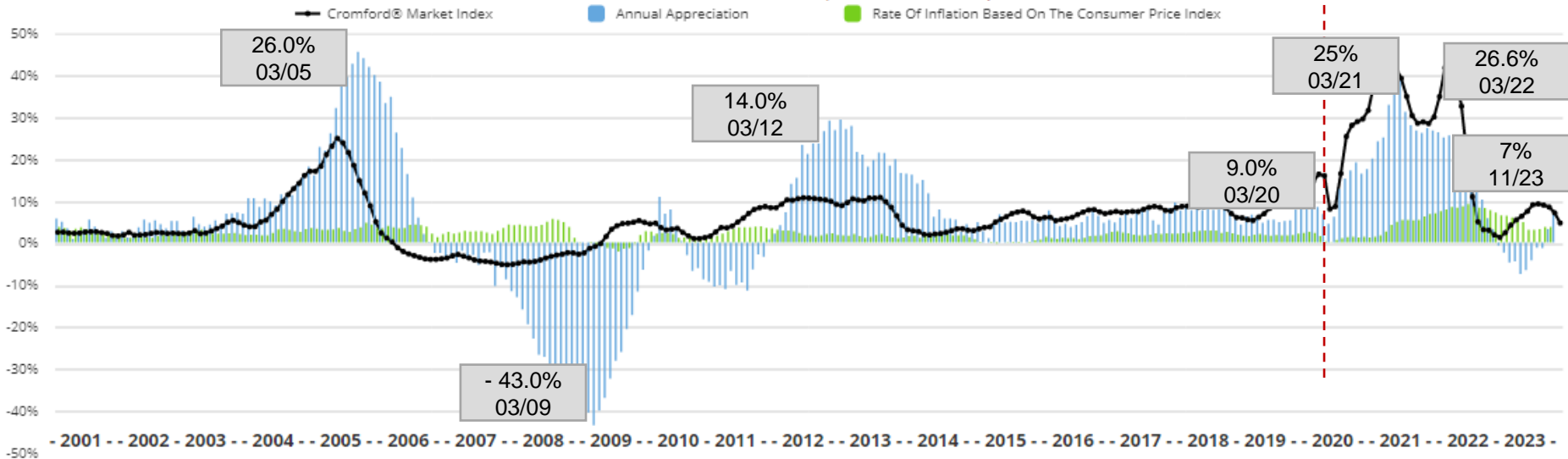


PHOENIX RESIDENTIAL | AVERAGE ANNUAL APPRECIATION

Cromford® Market Index As A Predictor Of Future Annual Price Appreciation

NOVEMBER 2023

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Source: Cromford Report



Commercial Real Estate Performance

- As of November 13th, the average sales price per square foot was:

- Office:**

- \$210/SF in Phoenix
 - \$218/SF Nationally

- Industrial:**

- \$150/SF in Phoenix
 - \$148/SF Nationally

- Retail:**

- \$231/SF in Phoenix
 - \$213/SF Nationally

- Multifamily:**

- \$277K/Unit in Phoenix
 - \$146K/Unit Nationally

- Nationally, Market CAP rates were reported at **8.1%** for office, **7%** for industrial, **6.7%** for retail, and **5.8%** for multifamily.

Office		
	Phoenix Market	National
CAP Rate	6.7%	8.1%
Sales Price PSF	\$210	\$218
Sales Volume	\$1.5B	\$36.2B
Vacancy	16%	13.5%

Industrial		
	Phoenix Market	National
CAP Rate	5.9%	7%
Sales Price PSF	\$150	\$148
Sales Volume	\$2.3B	\$60.1B
Vacancy	7.5%	5.4%

Retail		
	Phoenix Market	National
CAP Rate	5.8%	6.7%
Sales Price PSF	\$231	\$213
Sales Volume	\$1.7B	\$54B
Vacancy	4.5%	4.1%

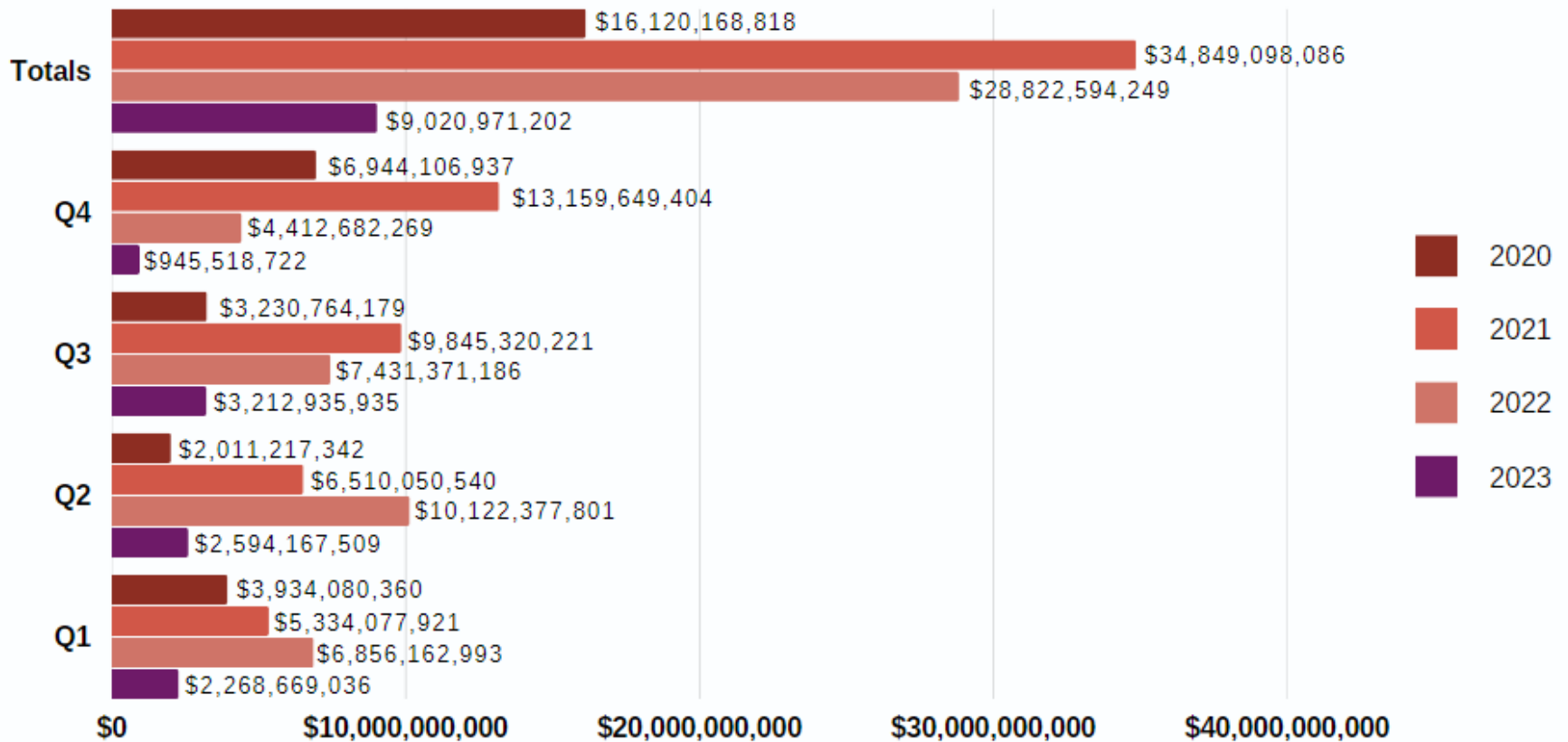
Multifamily		
	Phoenix Market	National
CAP Rate	5.5%	5.8%
Sales Price per Unit	\$277K	\$146K
Sales Volume	\$3.8B	\$89.5B
Vacancy	10.5%	7.3%

Source: CoStar



Commercial Real Estate Investment Trends

ARIZONA SALES VOLUME 2020 THROUGH 2023 - ALL ASSETS

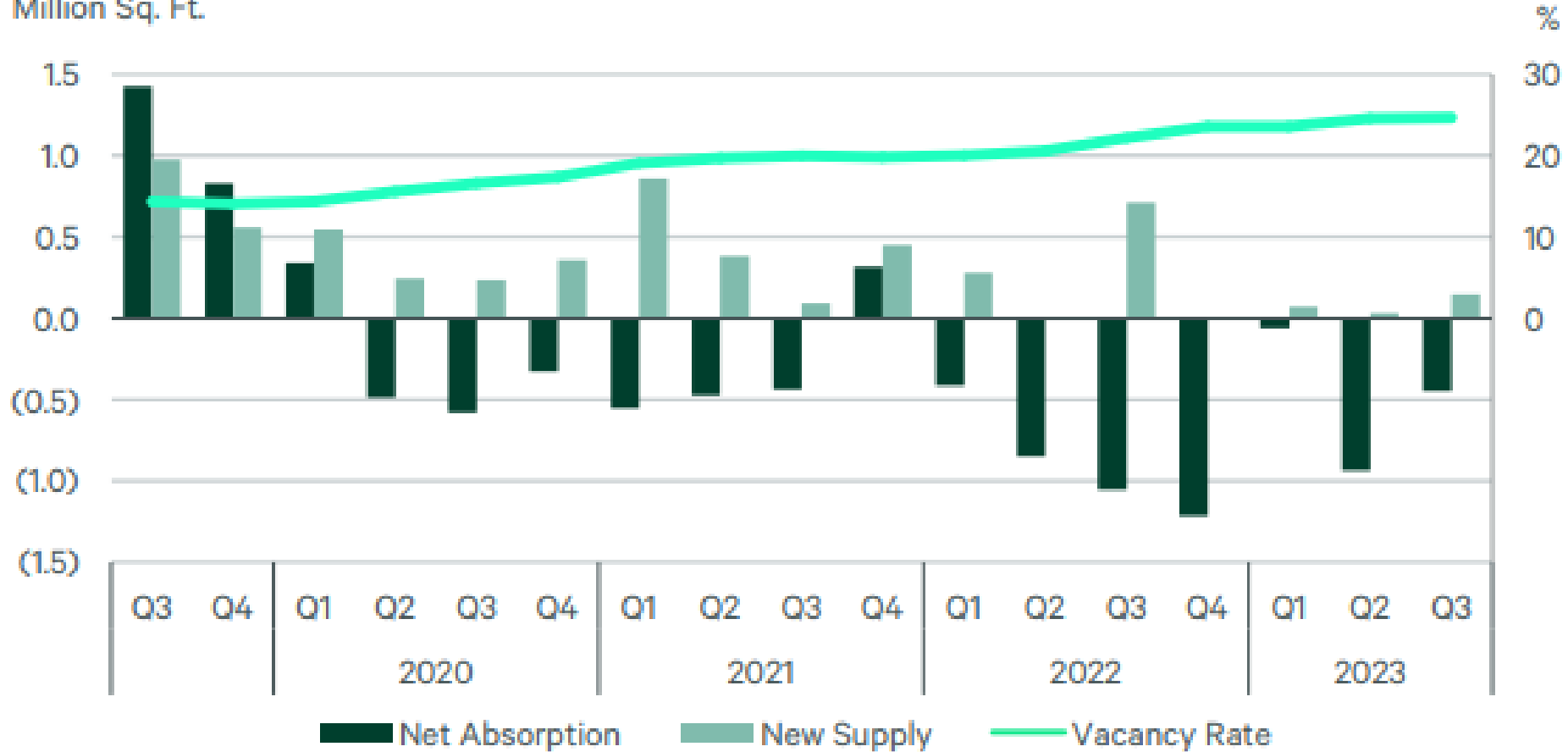


*Source: CoStar

PHOENIX OFFICE MARKET

FIGURE 1: Supply and Demand

Million Sq. Ft.

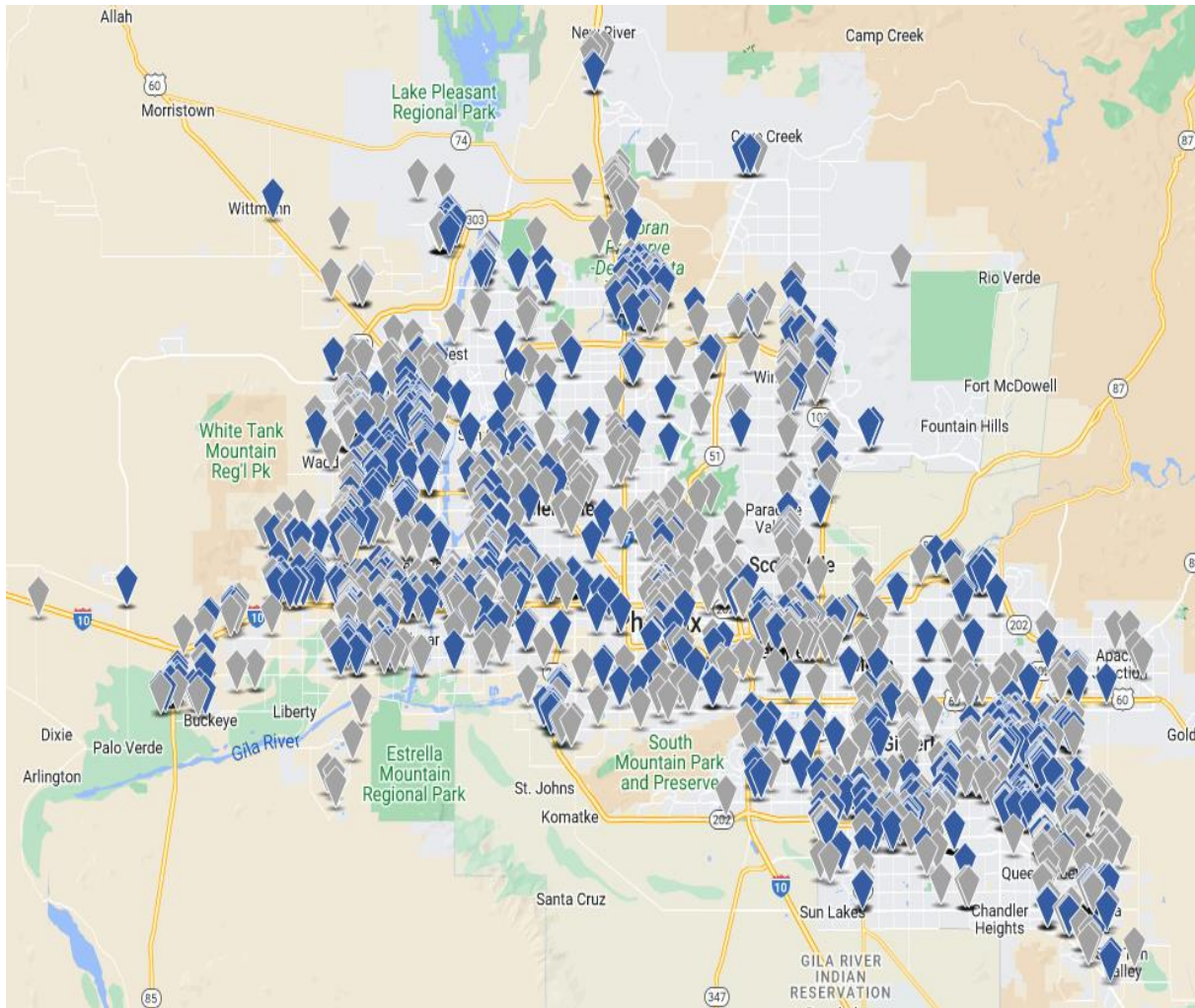


Source: CBRE Research, Q3 2023.

*Source: CBRE



PHOENIX INDUSTRIAL MARKET: Development



- The surge in construction starts that took place in 2022 is beginning to hit the market with industrial developers delivering a record 13.7 million SF in 23Q3. With many of the projects delivering vacant, the upswing in speculative completions negatively impacted the metro-wide vacancy rate as the market navigates a period of transition.
- The West Valley has been a major construction hotspot as developers look to capitalize on the area's emergence as a distribution and logistics hub. Nearly 50% of the metro's construction pipeline is taking place in the Glendale, Goodyear, and Surprise submarkets.
- Moving forward, the Valley boasts several long-term tailwinds that support underlying industrial demand including strong momentum in terms of advanced manufacturing, a growing role in national supply chains, and a rapidly expanding consumer base. While these factors sustain tenant interest in Phoenix industrial properties, the record delivery schedule is outpacing steady demand, causing property fundamentals to normalize.

*Source: CoStar

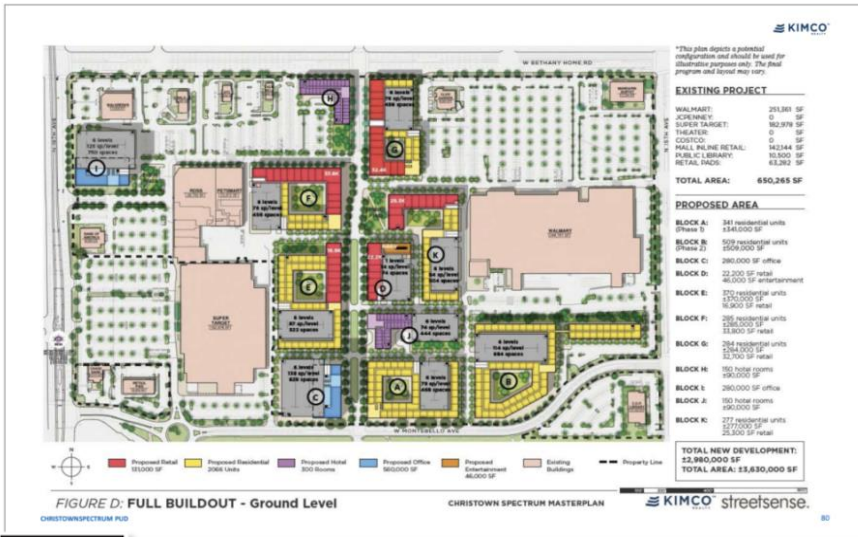
REGIONAL MALLS – Adaptive Re-use

	Tenant
Scottsdale Fashion Square	Office, residential, retail
Christown Mall	Residential, commercial, retail, and entertainment
Paradise Valley Mall	Residential, office, retail and entertainment
Park Central	Office, residential, retail
Metrocenter Mall	???
Foothills Mall	Residential, office, retail and entertainment
Tucson Mall	CATALYST Arts & Maker Space



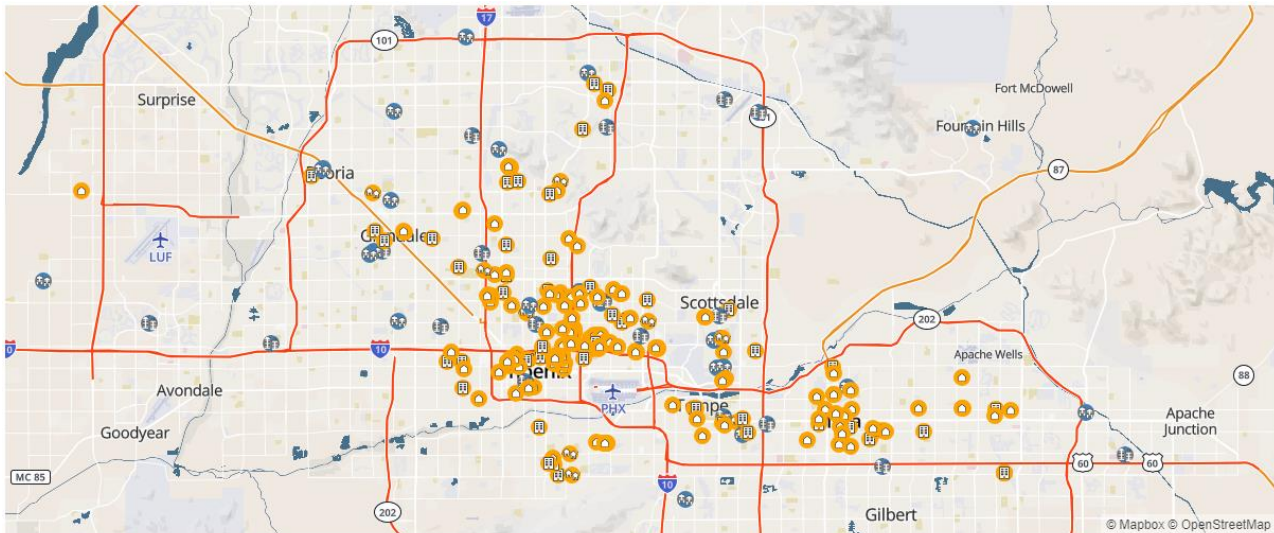
City of Phoenix/concept renderings

- Office and multifamily use can help mall owners create foot traffic through the addition of office workers.
- Office workers benefit from easy-access mall amenities such as dining and shopping.
- Potential last-mile delivery and distribution centers.



City of Phoenix/concept renderings

PHOENIX MULTIFAMILY MARKET: Development



Interactive Map Key (Click Individual Map Icons for More Details):

🏠 < 10 Units
🏢 10-49 Units
🏠 50-99 Units
🏢 100-199 Units
🏢 200+ Units



100+ Units (Last 12 Months)

Number of Transactions:	54
Total Sales Volume:	\$3.55 B
Average Sales Price Per Unit:	\$282,422 / Unit
Average Price / SF:	\$322.04 / SF
Average Year Built:	1998



10-99 Units (Last 12 Months)

Number of Transactions:	71
Total Sales Volume:	\$535.69 M
Average Sales Price Per Unit:	\$267,359 / Unit
Average Price / SF:	\$305.04 / SF
Average Year Built:	1983

- Supply-side challenges plague the Phoenix multifamily market as a wave of deliveries overshadows rebounding rental demand. Over the past 12 months, apartment builders delivered a staggering 18,000 units, outpacing the pre-COVID five-year average of about 7,100 units per year.
- The effect of the construction pipeline will be felt through 2024. About 33,000 units are under construction, representing 8.7% of existing inventory. That figure ranks Phoenix as one of the most aggressively built markets in the country.
- Downtown Phoenix and Tempe have been the primary recipients of new construction, comprising about 30% of the current pipeline. These areas both offer some of the only live-work-play style neighborhoods in the Valley, making them a favorite among young professionals and renters by choice.

*Source: ABI Multifamily, CoStar

Bringing Order to Jointly-Owned Property Disputes



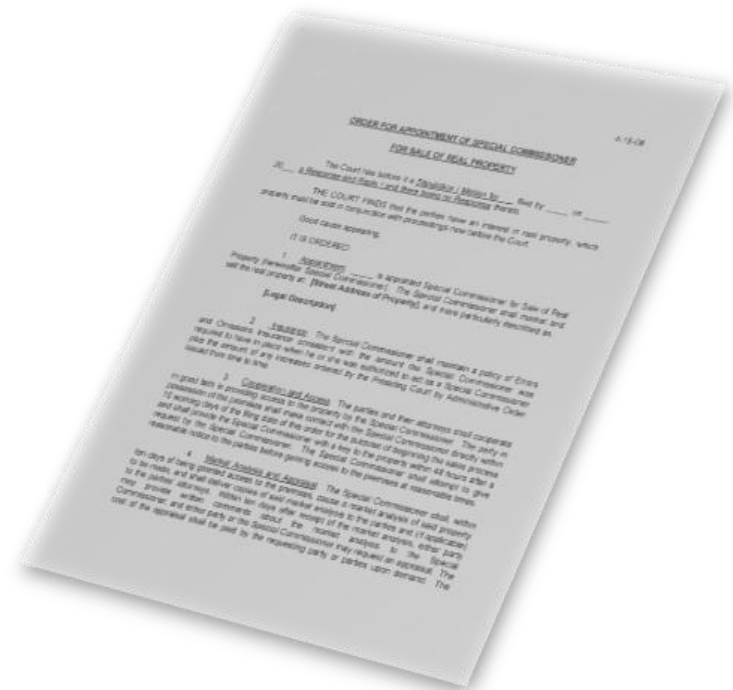
Neutrality / Impartiality in Contested Matters

- Accelerates the timeline
- Reduces legal fees
- Facilitates discussions as neutral third party mediator
- Verifies facts & upholds accountability
- Upholds accountability
- Maximizes value
- Delivers market expertise
- Secures, preserves, and enhances real property assets



Drafting Orders & Customized Order Provisions

- The “Order”
- Standard Order
 - Appointment Order mailed to parties
 - Party in possession to contact Special Commissioner within ten days
 - Special Commissioner to perform Marketing/Valuation Analysis – BPO/BOV
 - Parties enter into Listing Agreement
 - Special Commissioner to report “periodically”
 - Special Commissioner to present all offers



- Special Order Provisions to Consider

- Access
- Showing Times
- Pets
- Condition of Property
- Reductions
- Insurance
- Documentation Regarding Property
- Seller Property Disclosure Statement
- Reporting intervals and contents
- Special Circumstances – Short Sale/Foreclosure
- Review Execution Process

Ensuring Maximum Value in the Sale of Real Property

Customized Marketing Strategy and Plan for each asset to achieve **MAXIMUM VALUE**

Who are the likely Buyers? How are they reached?

- Customized to the property type
- Understanding the metrics of each property
- Directed at reaching high probability purchasers
 - Using expansive databases, tools



Residential Assets

- Move-in ready vs. rehab opportunity
- Age
- Master-planned community
- Condition
- Finish level
- Schools
- Amenities
- Lot size

Commercial Assets

- Owner occupant vs. Investor
- Income Stream
- Appropriate Cap Rate
- Per Sq. Ft., Per Acre, Per Door, Per Unit

Special Commissioner Testimony in Court-Ordered Sale

- Preparation for presentation and inquiry of judge – be ready with all relevant information and history regarding the valuation, marketing, management and contract process
- Testify as to:
 - Value
 - Marketing approach & strategy
 - Contract negotiation & offers received
 - Sequence of events



Contract Negotiations

- Achieve highest and best terms
 - From the parties' perspectives, it is not always about the price
- Proactively addressing issues, and closing gaps– loan qualification, due diligence, proof of funds
- Developing and implementing solutions to potential issues:
 - Financing alternatives and issues today – buyer must be able to get a loan (or pay cash!)
 - Vetting buyer/association (is owner-occupant financing available)/property, for underwriting strength and determination of financial ability
 - Earnest Money –
 - Negotiability – earnest money deposit may be non-refundable from initiation
 - Earnest money deposit is generally non-refundable after inspection period and appraisals have been completed, but depends on contract



Leveling the Playing Field: Receivership for Jointly Owned Properties



Receivership Responsibilities

A Receiver is a “person placed in the custodial responsibility for the property of others, including tangible and intangible assets and rights.”



Role of a Receiver

- The Receiver is an officer of the court, and does not directly represent the interests of the parties.
- The Receiver is a custodian of the corporation's assets.
- The Receivership order establishes the timing and nature of court reporting.
- Receivers have specific powers by statute and case law, so they can properly control, preserve and settle the property and assets of a company.
 - Controls the assets and property of the business
 - Maximizes returns through sale or liquidation
 - Reporting to the Court
 - Management of commercial real estate and other property/assets of the Receivership Estate

Statutory Authority for Receiverships

- Title 12, Chapter 8, Article 8 – Receivership
- ARS Section 12-1241. Power of Superior Court to appoint Receiver: The Superior Court or a judge thereof may appoint a Receiver to protect and preserve property or the rights of parties therein, even if the action includes no other claim for relief.



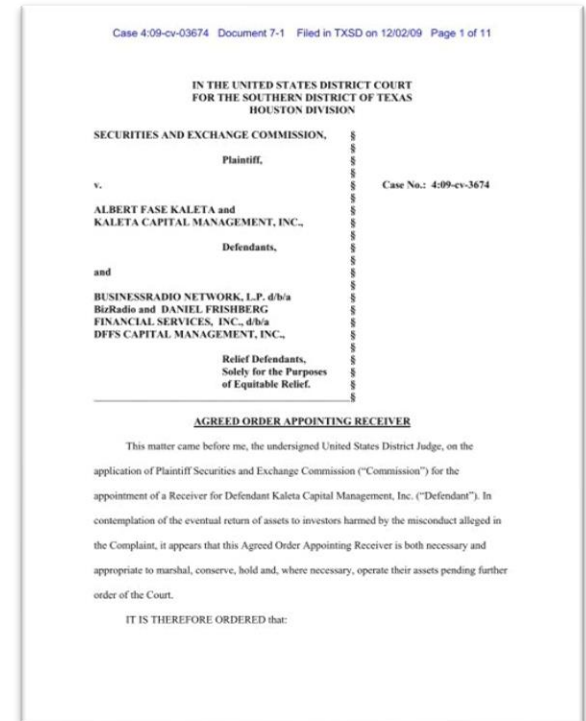
Statutory Authority for Real Estate Receiverships

- **The Uniform Commercial Real Estate Receivership Act (UCRERA) was adopted in Arizona on August 27, 2019**, and applies to Arizona receiverships involving commercial real estate. It provides a standard set of rules and procedures for Courts and Receivers to apply in the context of receiverships over commercial real estate.
 - **Commercial Only** (does not apply to a receivership for an interest in real property improved by one to four dwelling units). Possibly triggered in operating business / equity receiverships, where “interest in real property” is a commercial lease.
 - **Certainty** - Lenders have more certainty/definition when seeking appointment under UCRERA. Through a receiver, lenders can:
 - Evaluate and take control of the real property collateral
 - Due Diligence- physical, financial, environmental, valuation
 - Maximize the value of the property, by operating the property and producing financial statements, avoiding lender liability risks.
 - Sell the property free and clear of liens
 - Eliminate the need for REO; Essentially, foreclose through Receivership



Order for Receivership Appointment

- The Order of appointing Receiver provides for specific powers, rights and duties of the Receiver. This Order is a critical document in the Receivership process.
- A judge considers the application and may order the appointment of a Receiver after proper notice to all parties.



Components of Real Estate Receiverships

Physical Forensics

- Take possession of property
- Inventory personal property
- Address health and safety issues
- Secure and stabilize the asset
- Interface with tenants
- Assist with resolution of outstanding property/lease issues, including deferred maintenance
- Property management

Financial Forensics

- Seize control of “Receivership” bank accounts
- Analyze current financials
- Build actual Rent Roll, P&L, Balance Sheets
- Secure insurance, to protect property and all parties



ABOUT THE SPEAKER

Beth Jo Zeitzer is the CEO and Designated Broker of R.O.I. Properties, a full-service real estate brokerage firm which works with business owners, investors, property owners, lenders, corporate trustees, and other fiduciaries regarding the management, marketing and sale of Commercial, Residential and Land assets.

Beth Jo is an attorney by training, and member of the State Bars of Arizona and California. She is former Corporate Counsel and Director of Commercial Properties for Del Webb Corporation. Beth Jo was named one of the 50 Most Influential Women in Arizona Business, by AZ Business Magazine. She is the Past President of AZCREW (Arizona Commercial Real Estate Women), Past President of TMA (Turnaround Management Association), Executive Council Member for Real Property and Alternative Dispute Resolution (ADR) Sections of the State Bar of Arizona, Board Member for the Maricopa County Bar Association, Director for APLA (Arizona Private Lenders Association), member of Risk Management Association (RMA), Arizona Trustee Association, Valley Partnership, Urban Land Institute, California Receivers Forum, and other Real Estate and Banking trade organizations.

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