



Happy Valley Biz-Tech Park

SEC 163rd & Happy Valley Road – Surprise, AZ

PERK•PROP
REAL ESTATE

Executive Summary

Address	163 rd Ave & Happy Valley	Development Cost (Total / SF)	\$21,504,217 / \$280
Market Submarket	Phoenix MSA Surprise (303)	Total Sale Value (Total / SF)	\$30,744,591 / \$400
Site Area	7.5 Gross AC / 6.8 Net AC	Development Profit (Total / SF)	\$9,240,376 / \$120
Building SF	76,933 Gross SF	Profit Margin	43.0%
# of Buildings SF	5 Buildings 13k SF – 21k SF	Venture Level IRR EM	55.2% 1.9x

Investment Overview:

Perk Prop is pleased to present the opportunity to invest in the capitalization of Happy Valley Biz-Tech Park in the burgeoning submarket of Surprise. Perk Prop is seeking an equity partner to join in the development of this project by investing in an 90/10 joint venture:

Development Cost	100%	\$21,504,217
Construction Loan	60%	\$12,902,530
Investor Equity	90%	\$7,741,518
Sponsor Equity	10%	\$860,169

Project Overview:

Happy Valley Biz-Tech Park is a 7.5-acre small-bay flex industrial condominium development in Surprise, Arizona, designed to meet the surging demand for individually owned warehouse and light flex industrial spaces.

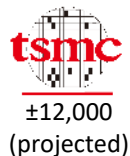
Strategically located near TSMC's \$165 billion semiconductor campus and major transportation corridors, Happy Valley Biz-Tech Park is positioned to capture demand in one of Arizona's fastest-growing industrial markets. The project provides a unique opportunity to develop highly sought after product in a supply-constrained market, catering to contractors, trades, e-commerce operators, and investors seeking stable, appreciating assets.

Market Highlights & Major Employers

The 303 Corridor has emerged as a key driver of billions in investment from major manufacturing and distribution companies—including TSMC, Amazon, UPS, Walmart, Nestlé, and REI—as businesses shift supply chains away from the space-constrained Inland Empire. Its strategic location near Southern California ports and access to over 35 million consumers across the Southwest make it an increasingly attractive logistics and distribution hub, expanding the industrial stock from 15 million to 50 million square feet.

This economic growth is reflected in a **41% increase in jobs** and a **114% rise in the number of businesses** over the past five years along the 36-mile corridor connecting I-10 to I-17—providing further access to approximately 167,000 workers and 6,600 businesses.

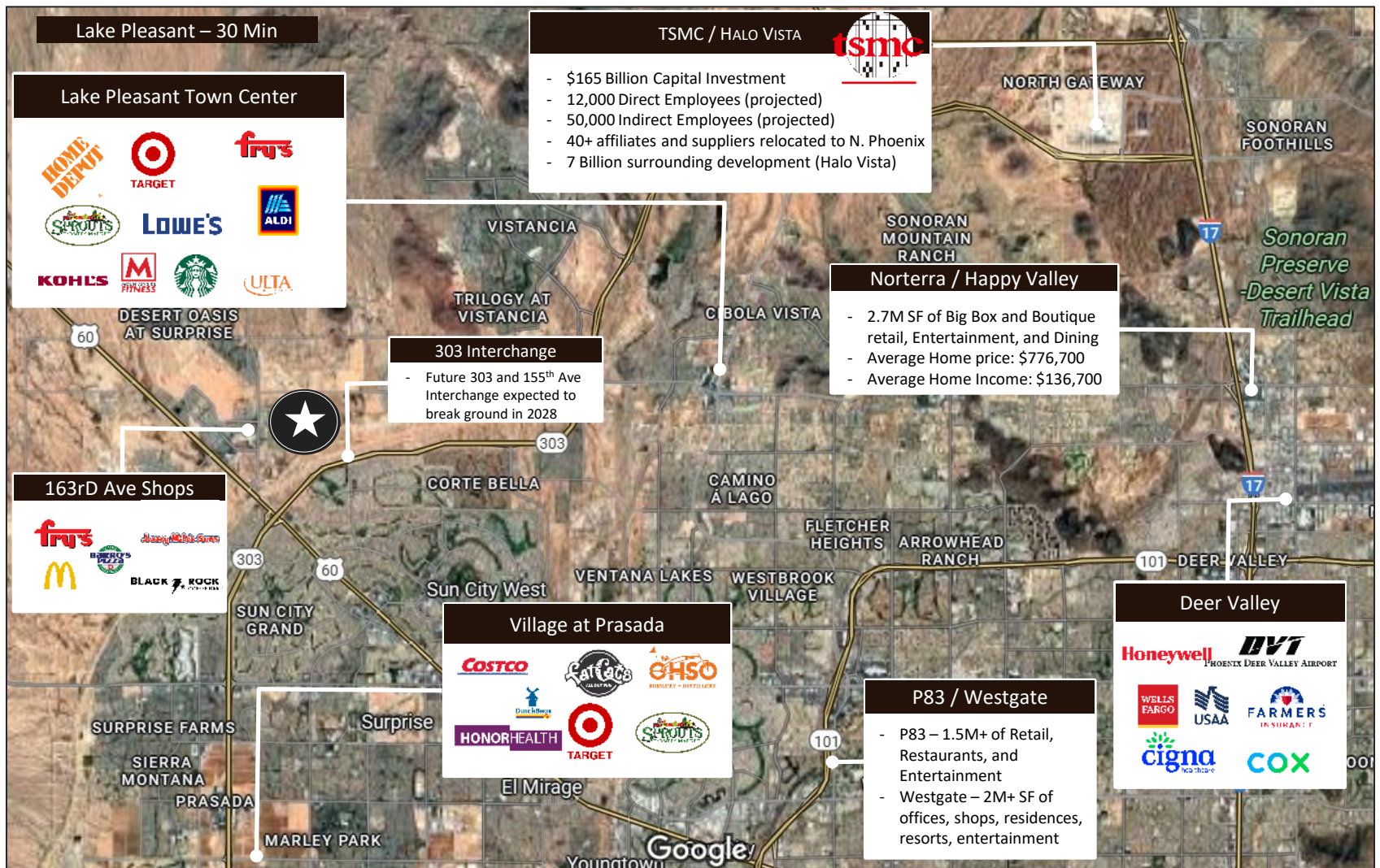
303 Corridor Major Employers



I-17 Corridor Major Employers



Location Overview



Development Plan

Perk Prop Real Estate closed on the land in April 2023. Current zoning is low-density residential. The development team is pursuing a rezone and entitlement process estimated to be completed Q1 2026 with permits and construction slated for Q2 2026. Construction is estimated to take 12 months with each condo being sold 1-6 months after delivery, starting in Q3 2027. The last sale is projected to be in Q1 2028.



Small-Bay Flex Industrial

Perk Prop Real Estate has determined that significant unmet demand exists for small-bay and flex industrial condos in the northern Phoenix Valley. Supporting research has revealed:

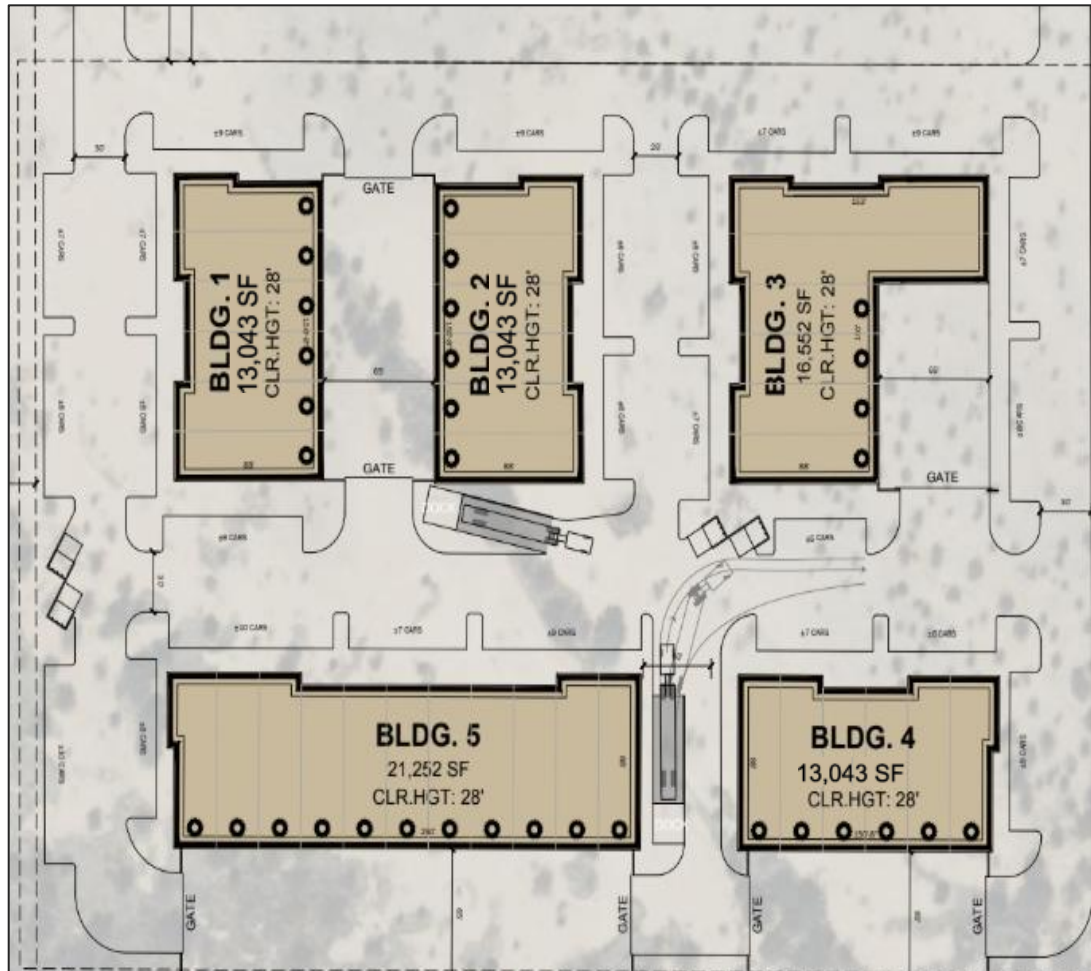
- In 2024, leases for 50,000 SF or smaller accounted for 29% of industrial activity in Phoenix.¹
- Urgency in the Small-Bay Industrial (SBI) space is apparent as contractors and service businesses are leasing space 3.0x faster than big box industrial tenants.²
- Current supply of SBI is limited in Surprise
- TSMC's semiconductor campus and affiliates will drive suppliers and service providers to the immediate area.³
- 2,300-acre Halo Vista project will attract new employment, residents, and industrial traffic.⁴
- 303 Corridor has seen 114% increase in number of businesses over the past five years.⁵
- SoftBank is exploring major industrial investments in Arizona to support AI and semiconductor supply chains.⁶
- Surprise's population has grown to exceed 167,500 (a 16% rise since 2020), providing and expanding customer base.⁷

Together, these factors highlight the land's optimal use as flex industrial condominiums—offering a distinctive owner-user opportunity that aligns with market demand and capitalizes on strong regional growth.



Sources: 1. Avison Young 2. Costar 3. Phoenix Business Journal 4. Maricopa Association of Governments 5. Maricopa Association of Governments 6. Reuters 7. World Population Review

Site & Proposed Use Details



Site Area

7.5 Acres (Gross)

6.8 Acres (Net)

Product Type

Flex Industrial - 76,933 SF

Number of Condos

1-3 per Building

3,000 SF to 15,000 SF

Target User

Contractors, Trades, E-commerce

Zoning

Rural Residential (R)

Proposed: Commercial (C-1)

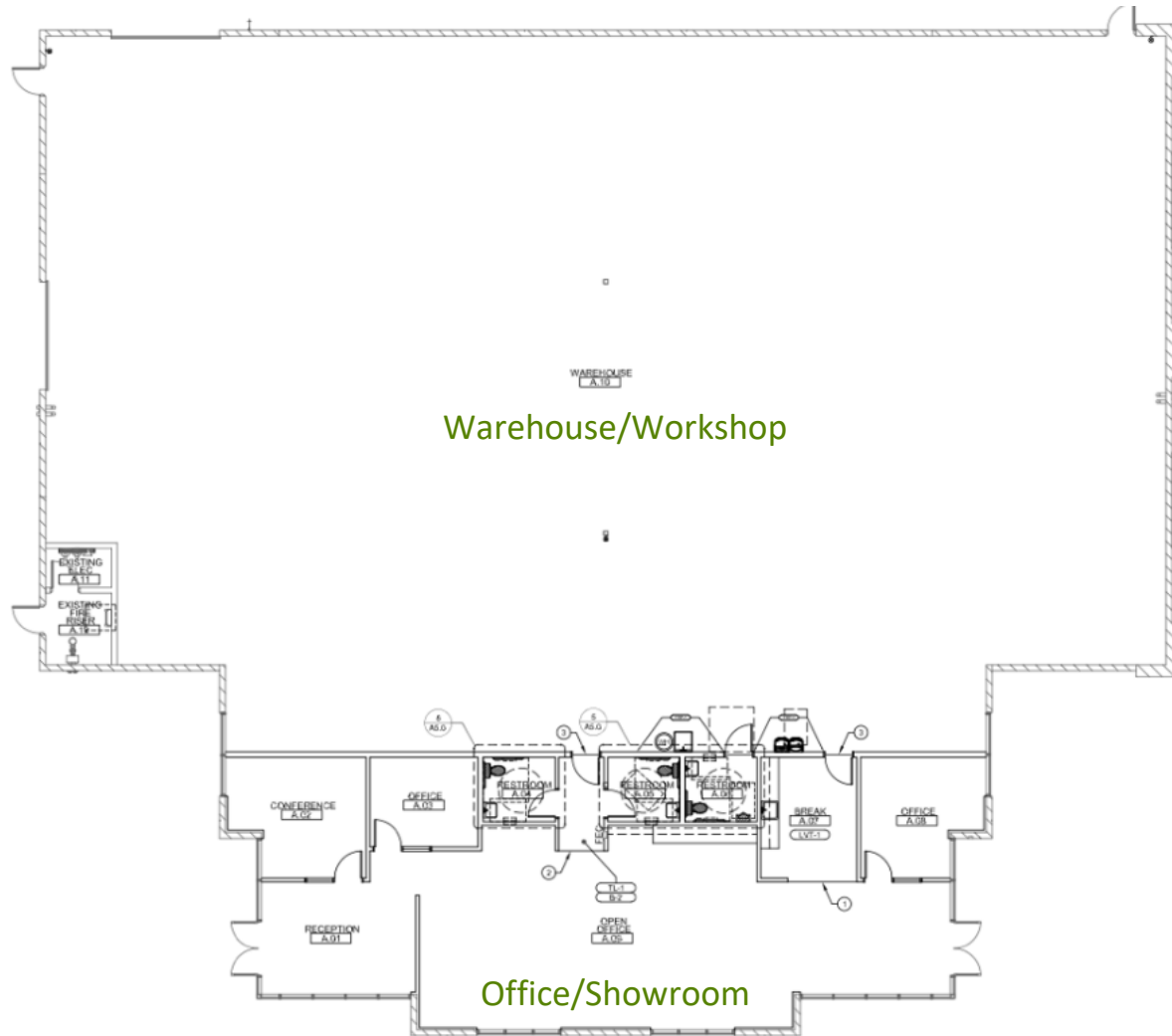
Access Points

Loop 303 & US-60

Clear Heights

28 Feet

Typical Floor Plan



Sources & Uses

Detailed Sources			
	<u>Sources</u>	<u>Project</u>	<u>\$ PBSF</u>
Debt	60.0%	\$12,902,530	\$167.7
Equity	40.0%	\$8,601,687	\$111.8
<i>Investor</i>	<i>90.0%</i>	<i>\$7,741,518</i>	<i>\$100.6</i>
<i>Sponsor</i>	<i>10.0%</i>	<i>\$860,169</i>	<i>\$11.2</i>
Total Sources		\$21,504,217	\$279.5

Detailed Uses			
	<u>Uses</u>	<u>Project</u>	<u>\$ PBSF</u>
Land & Acquisition		\$3,500,000	\$45.5
Offsite Costs		\$900,000	\$11.7
Shell Construction		\$14,057,487	\$182.7
Monument Signs		\$35,000	\$0.5
Hard Cost Contingency		\$449,775	\$5.8
Soft Costs ¹		\$1,148,716	\$14.9
Developer Fee		\$663,639	\$8.6
Soft Cost Contingency		\$90,618	\$1.2
Financing ²		\$658,982	\$8.6
Total Uses		\$21,504,217	\$279.5

1) Includes CM Fee and Equity Fee

2) Assumes SOFR + 350bps at 60% LTC

Underwriting & Assumptions

Returns

- Levered Contributions: \$8,601,687
- Levered Distributions: \$16,612,279
- Net Levered Cash Flows: \$8,010,593
- Levered IRR | EM: 55.2% | 1.9x
- Net Profit Margin: 43.0%

Cost Assumptions

- Land Cost PSF: +/- \$46
- Hard Cost PSF: +/- \$201
- Soft Cost PSF: +/- \$24
- Financing Cost PSF: +/- \$9
- Total Cost PSF: +/- \$280

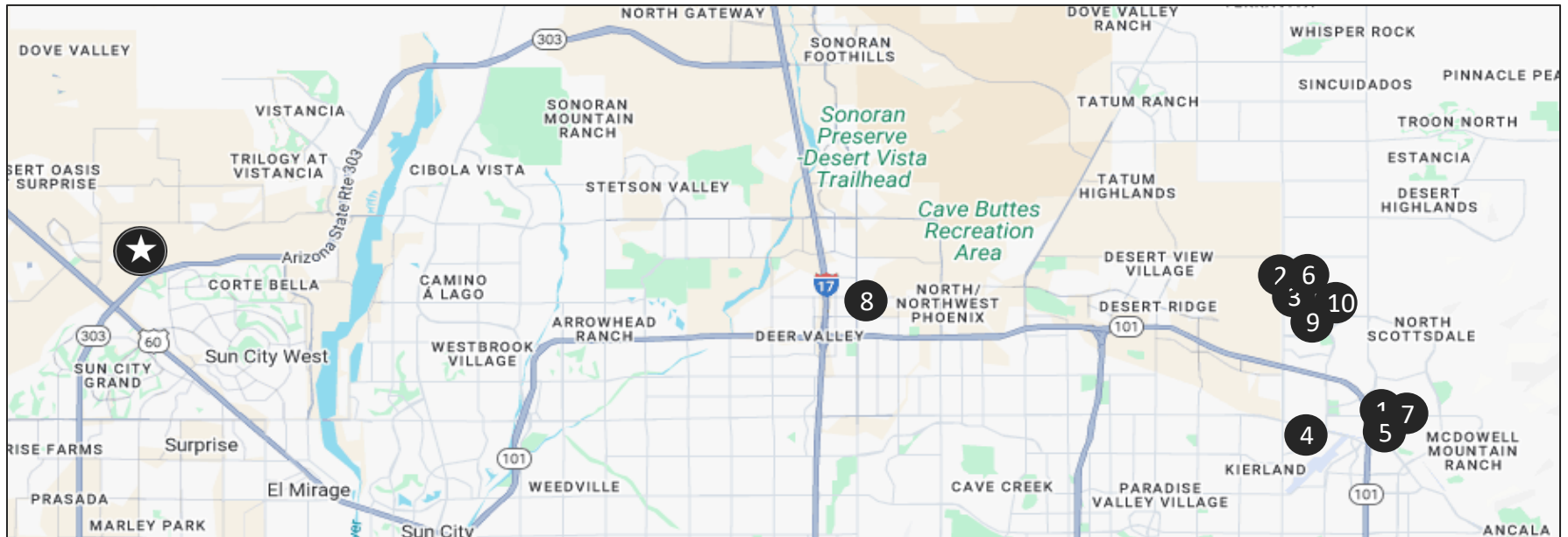
Sale Assumptions

- Sale Price : \$1.7M - \$2.1M
- Price PSF: +/- \$400
- Sale Costs: 1.0%
- Sale Commissions: 3.0%
- Sale Timing: 1-6 Months

Development Cash Flows	Quarter Date	0 1/31/26	1 4/30/26	2 7/31/26	3 10/31/26	4 1/31/27	5 4/30/27	6 7/31/27	7 10/31/27	8 1/31/28	Total
<u>Development Costs</u>											
Land Costs		(3,500,000)	-	-	-	-	-	-	-	-	(3,500,000)
Hard Costs		-	-	(2,573,710)	(3,860,565)	(3,860,565)	(3,860,565)	(1,286,855)	-	-	(15,442,262)
Soft Costs		(22,450)	(67,349)	(311,332)	(433,324)	(416,855)	(383,917)	(257,904)	(9,842)	-	(1,902,973)
Total Development Costs		(3,522,450)	(67,349)	(2,885,043)	(4,293,890)	(4,277,421)	(4,244,483)	(1,544,759)	(9,842)	-	(20,845,235)
<u>Sale Proceeds</u>											
Gross Condo Sales		-	-	-	-	-	-	5,184,179	17,028,631	8,531,783	30,744,592
Sales Costs		-	-	-	-	-	-	(207,367)	(681,145)	(341,271)	(1,229,784)
Net Condo Sales		-	-	-	-	-	-	4,976,811	16,347,486	8,190,512	29,514,809
Unlevered Cash Flows		(3,522,450)	(67,349)	(2,885,043)	(4,293,890)	(4,277,421)	(4,244,483)	3,432,053	16,337,644	8,190,512	8,669,574
<u>Financing Costs</u>											
Loan Funding		-	-	-	2,365,786	4,342,494	4,380,305	1,749,597	64,348	-	12,902,530
Interest		-	-	-	(5,205)	(65,073)	(135,822)	(204,838)	(54,506)	-	(465,444)
Fees		(129,025)	-	-	-	-	-	-	-	-	(129,025)
Closing Costs		(64,513)	-	-	-	-	-	-	-	-	(64,513)
Loan Payoff		-	-	-	-	-	-	(4,976,811)	(7,925,719)	-	(12,902,530)
Total Financing Costs		(193,538)	-	-	2,360,582	4,277,421	4,244,483	(3,432,053)	(7,915,877)	-	(658,982)
Levered Cash Flows		(3,715,988)	(67,349)	(2,885,043)	(1,933,308)	-	-	-	8,421,767	8,190,512	8,010,593

Comparable Sales

#	Address	Submkt	Mi to S	Built	SF	Price (\$)	PSF (\$)	Date
S	163rd Ave & Happy Valley	Surprise	N/A	2027	4,808	\$1,814,373	\$400	July-27
1	16622 N 91 st St	Scottsdale	30 mi	2005	2,028	\$775,000	\$382	Apr-25
2	7291 E Adobe Dr Phase I	Scottsdale	25 mi	2006	3,213	\$1,450,000	\$451	Apr-25
3	7291 E Adobe Dr Phase I	Scottsdale	25 mi	2006	2,514	\$1,250,000	\$497	Apr-25
4	7689 E Paradise Ln	Scottsdale	32 mi	2000	2,168	\$830,000	\$383	Jan-25
5	16412 N 92 nd St	Scottsdale	30 mi	2008	3,748	\$1,425,000	\$380	Oct-24
6	7343 E Adobe Dr	Scottsdale	25 mi	2008	3,670	\$1,743,250	\$475	Jul-24
7	9170 E Bahia Dr	Scottsdale	30 mi	2003	5,075	\$2,030,000	\$400	Jul-24
8	1745 W Deer Valley Rd	N. Phoenix	20 mi	2005/22	2,844	\$1,300,000	\$457	Jun-24
9	7363 E Adobe Dr	Scottsdale	25 mi	2008	3,727	\$1,850,000	\$496	Jan-24
10	7343 E Adobe Dr	Scottsdale	25 mi	2008	6,816	\$2,872,944	\$422	Jan-24
Average				2006	4,110	\$1,770,452	\$434	



Development Team



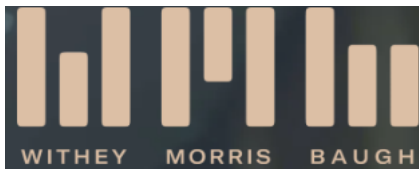
Owner/Developer

Perk Prop Real Estate brings six generations of real estate expertise to the Phoenix Valley. Perk Prop's approach emphasizes functionality, scalability, and long-term value—strengthening local enterprises and contributing to regional growth.



Partner/Developer

Silverado Companies is a premier national real estate group with a network of specialized firms focused on land acquisitions, entitlements, development, and construction management activities for commercial development projects across the Western United States.



Land Use Counsel

Withey Morris Baugh is one of Arizona's most prominent land use law firms, with an exceptional staff of attorneys and planners that have successfully handled intensely complex legal scenarios for some of the state's largest and most sophisticated clients.



Structured Finance

BWE stands as a national, full-service commercial and multifamily mortgage banking company committed to elevating real estate financing. Putting clients' goals first, our experienced and trusted advisors offer comprehensive capital solutions by combining enduring debt and equity relationships with unparalleled local market insights across our 40+ offices and national servicing platform.

Development Team



Planning/
Architectural &
Engineering

Ware Malcomb is a top-tier, dynamic, and forward-thinking commercial real estate design firm with a strong national presence, committed to delivering cutting-edge, innovative solutions for clients. Diverse, multidisciplinary approach combines visionary design, proactive community and industry engagement—setting the standard for excellence across the country.



Design Build
Services

Big-D Construction is a large, national commercial and industrial construction company with a long history, founded in 1967 by Dee Livingood. They are known for their work on complex projects, including those in the food and beverage industry, warehouse and distribution centers, and commercial buildings. Big-D Construction emphasizes a people-focused culture, with a commitment to employee and customer relationships, and building with integrity.



Broker
Sales/Leasing

CPI is a full-service commercial real estate brokerage and property management firm for all product types in Arizona. Currently CPI's listings include over 22 million square feet for sale/lease with more than 224 properties and associations under management, totaling over 14 million square feet.

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