

CoStar Industrial Statistics

Year - End 2017

Phoenix Industrial Market



CoStarTM
The knowledge market

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Methodology

The CoStar Industrial Statistics calculates Industrial statistics using CoStar Group's base of existing, under construction and under renovation Industrial buildings in each given metropolitan area. All Industrial building types are included, including warehouse, flex / research & development, distribution, manufacturing, industrial showroom, and service buildings, in both single-tenant and multi-tenant buildings, including owner-occupied buildings. CoStar Group's global database includes approximately 119 billion square feet of coverage in 5.4 million properties. All rental rates reported in the CoStar Industrial Report are calculated using the quoted rental rate for each property.

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CoStar Group, Inc.

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Terms & Definitions

Availability Rate: The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

Available Space: The total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

Build-to-Suit: A term describing a particular property, developed specifically for a certain tenant to occupy, with structural features, systems, or improvement work designed specifically for the needs of that tenant. A build-to-suit can be leased or owned by the tenant. In a leased build-to-suit, a tenant will usually have a long term lease on the space.

Buyer: The individual, group, company, or entity that has purchased a commercial real estate asset.

Cap Rate: Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

CBD: Abbreviation for Central Business District. (See also: Central Business District)

Central Business District: The designations of Central Business District (CBD) and Suburban refer to a particular geographic area within a metropolitan statistical area (MSA) describing the level of real estate development found there. The CBD is characterized by a high density, well organized core within the largest city of a given MSA.

Class A: A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality, and in some buildings, one-of-a-kind floor plans. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.

Class B: A classification used to describe buildings that generally qualify as a more speculative investment, and as such, command lower rents or sale prices compared to Class A properties. Such buildings offer utilitarian space without special attractions, and have ordinary design, if new or fairly new; good to excellent design if an older non-landmark building. These buildings typically have average to good maintenance, management and tenants. They are less appealing to tenants than Class A properties, and may be deficient in a number of respects including floor plans, condition and facilities. They lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Class C: A classification used to describe buildings that generally qualify as no-frills, older buildings that offer basic space and command lower rents or sale prices compared to other buildings in the same market. Such buildings typically have below-average maintenance and management, and could have mixed or low tenant prestige, inferior elevators, and/or mechanical/electrical systems. These buildings lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Construction Starts: Buildings that began construction during a specific period of time. (See also: Deliveries)

Contiguous Blocks of Space: Space within a building that is, or is able to be joined together into a single contiguous space.

Deliveries: Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certi-

cate of occupancy must have been issued for the property.

Delivery Date: The date a building completes construction and receives a certificate of occupancy.

Developer: The company, entity or individual that transforms raw land to improved property by use of labor, capital and entrepreneurial efforts.

Direct Space: Space that is being offered for lease directly from the landlord or owner of a building, as opposed to space being offered in a building by another tenant (or broker of a tenant) trying to sublet a space that has already been leased.

Existing Inventory: The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

Flex Building: A type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. A typical flex building will be one or two stories with at least half of the rentable area being used as office space, have ceiling heights of 16 feet or less, and have some type of drive-in door, even though the door may be glassed in or sealed off.

Full Service Rental Rate: Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

Gross Absorption: The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing activity, which is the sum of all space leased over a certain period of time. Unless otherwise noted Gross Absorption includes direct and sublease space.

Growth in Inventory: The change in size of the existing square footage in a given area over a given period of time, generally due to the construction of new buildings.

Industrial Building: A type of building adapted for such uses as the assemblage, processing, and/or manufacturing of products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities. The primary purpose of the space is for storing, producing, assembling, or distributing product.

Landlord Rep: (Landlord Representative) In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the owner/landlord is referred to as the Landlord Rep.

Leased Space: All the space that has a financial lease obligation. It includes all leased space, regardless of whether the space is currently occupied by a tenant. Leased space also includes space being offered for sublease.

Leasing Activity: The volume of square footage that is committed to and signed under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity in planned, under construction, or under renovation buildings.

Market: Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building-type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets. (See also: Submarkets)

Multi-Tenant: Buildings that house more than one tenant at a given time. Usually, multi-tenant buildings were designed and built to accommodate many different floor plans and designs for different

tenant needs. (See also: Tenancy).

Net Absorption: The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

Net Rental Rate: A rental rate that excludes certain expenses that a tenant could incur in occupying office space. Such expenses are expected to be paid directly by the tenant and may include janitorial costs, electricity, utilities, taxes, insurance and other related costs.

New Space: Sometimes called first generation space, refers to space that has never been occupied and/or leased by a tenant.

Occupied Space: Space that is physically occupied by a tenant. It does not include leased space that is not currently occupied by a tenant.

Office Building: A type of commercial building used exclusively or primarily for office use (business), as opposed to manufacturing, warehousing, or other uses. Office buildings may sometimes have other associated uses within part of the building, i.e., retail sales, financial, or restaurant, usually on the ground floor.

Owner: The company, entity, or individual that holds title on a given building or property.

Planned/Proposed: The status of a building that has been announced for future development but not yet started construction.

Preleased Space: The amount of space in a building that has been leased prior to its construction completion date, or certificate of occupancy date.

Price/SF: Calculated by dividing the price of a building (either sales price or asking sales price) by the Rentable Building Area (RBA).

Property Manager: The company and/or person responsible for the day-to-day operations of a building, such as cleaning, trash removal, etc. The property manager also makes sure that the various systems within the building, such as the elevators, HVAC, and electrical systems, are functioning properly.

Quoted Rental Rate: The asking rate per square foot for a particular building or unit of space by a broker or property owner. Quoted rental rates may differ from the actual rates paid by tenants following the negotiation of all terms and conditions in a specific lease.

RBA: Abbreviation for Rentable Building Area. (See also: Rentable Building Area)

Region: Core areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are further divided into market areas, called Markets. (See also: Markets)

Relet Space: Sometimes called second generation or direct space, refers to existing space that has previously been occupied by another tenant.

Rentable Building Area: (RBA) The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant's rental obligation. Generally RBA includes a percentage of common areas including all hallways, main lobbies, bathrooms, and telephone closets.

Rental Rates: The annual costs of occupancy for a particular space quoted on a per square foot basis.

Sales Price: The total dollar amount paid for a particular property at a particular point in time.

Sales Volume: The sum of sales prices for a given group of buildings in a given time period.

Seller: The individual, group, company, or entity that sells a particular commercial real estate asset.

SF: Abbreviation for Square Feet.

Single-Tenant: Buildings that are occupied, or intended to be occupied by a single tenant. (See also: Build-to-suit and Tenancy)

Sublease Space: Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

Submarkets: Specific geographic boundaries that serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted primary competitive set, or peer group. Submarkets are building type specific (office, industrial, retail, etc.), with distinct boundaries dependent on different factors relevant to each building type. Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within (See also: Market).

Suburban: The Suburban and Central Business District (CBD) designations refer to a particular geographic area within a metropolitan statistical area (MSA). Suburban is defined as including all office inventory not located in the CBD. (See also: CBD)

Tenancy: A term used to indicate whether or not a building is occupied by multiple tenants (See also: Multi-tenant) or a single tenant. (See also: Single-tenant)

Tenant Rep: Tenant Rep stands for Tenant Representative. In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the tenant is referred to as a Tenant Rep.

Time On Market: A measure of how long a currently available space has been marketed for lease, regardless of whether it is vacant or occupied.

Under Construction: Buildings in a state of construction, up until they receive their certificate of occupancy. In order for CoStar to consider a building under construction, the site must have a concrete foundation in place. Abbreviated UC.

Vacancy Rate: A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

Vacant Space: Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done, would also be considered vacant space.

Weighted Average Rental Rate: Rental rates that are calculated by factoring in, or weighting, the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spaces, multiplying the rental rate by that ratio, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces.

Year Built: The year in which a building completed construction and was issued a certificate of occupancy.

YTD: Abbreviation for Year-to-Date. Describes statistics that are cumulative from the beginning of a calendar year through whatever time period is being studied.

Phoenix's Vacancy Decreases to 7.8%

Net Absorption Positive 2,684,912 SF in the Quarter

The Phoenix Industrial market ended the fourth quarter 2017 with a vacancy rate of 7.8%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 2,684,912 square feet in the fourth quarter. Vacant sublease space increased in the quarter, ending the quarter at 1,076,489 square feet. Rental rates ended the fourth quarter at \$7.21, an increase over the previous quarter. A total of 19 buildings delivered to the market in the quarter totaling 1,344,577 square feet, with 6,888,332 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Phoenix Industrial market was positive 2,684,912 square feet in the fourth quarter 2017. That compares to positive 2,592,668 square feet in the third quarter 2017, positive 1,378,126 square feet in the second quarter 2017, and positive 3,123,877 square feet in the first quarter 2017.

Tenants moving into large blocks of space in the fourth quarter include: California Closets moving into 302,640 square feet at Palo Verde Distribution Center; CVS moving into 141,852 square feet at Buckeye Business Center; and Aquafil Carpet Recycling moving into 116,890 square feet at 3555 W Washington st.

The Flex building market recorded net absorption of positive 24,621 square feet in the fourth quarter 2017, compared to positive 9,746 square feet in the third quarter 2017, positive 131,986 in the second quarter 2017, and negative (27,529) in the first quarter 2017.

The Warehouse building market recorded net absorption

of positive 2,660,291 square feet in the fourth quarter 2017 compared to positive 2,582,922 square feet in the third quarter 2017, positive 1,246,140 in the second quarter 2017, and positive 3,151,406 in the first quarter 2017.

Vacancy

The Industrial vacancy rate in the Phoenix market area decreased to 7.8% at the end of the fourth quarter 2017. The vacancy rate was 8.1% at the end of the third quarter 2017, 8.5% at the end of the second quarter 2017, and 8.6% at the end of the first quarter 2017.

Flex projects reported a vacancy rate of 12.1% at the end of the fourth quarter 2017, 12.2% at the end of the third quarter 2017, 12.2% at the end of the second quarter 2017, and 12.5% at the end of the first quarter 2017.

Warehouse projects reported a vacancy rate of 7.3% at the end of the fourth quarter 2017, 7.7% at the end of third quarter 2017, 8.0% at the end of the second quarter 2017, and 8.2% at the end of the first quarter 2017.

Largest Lease Signings

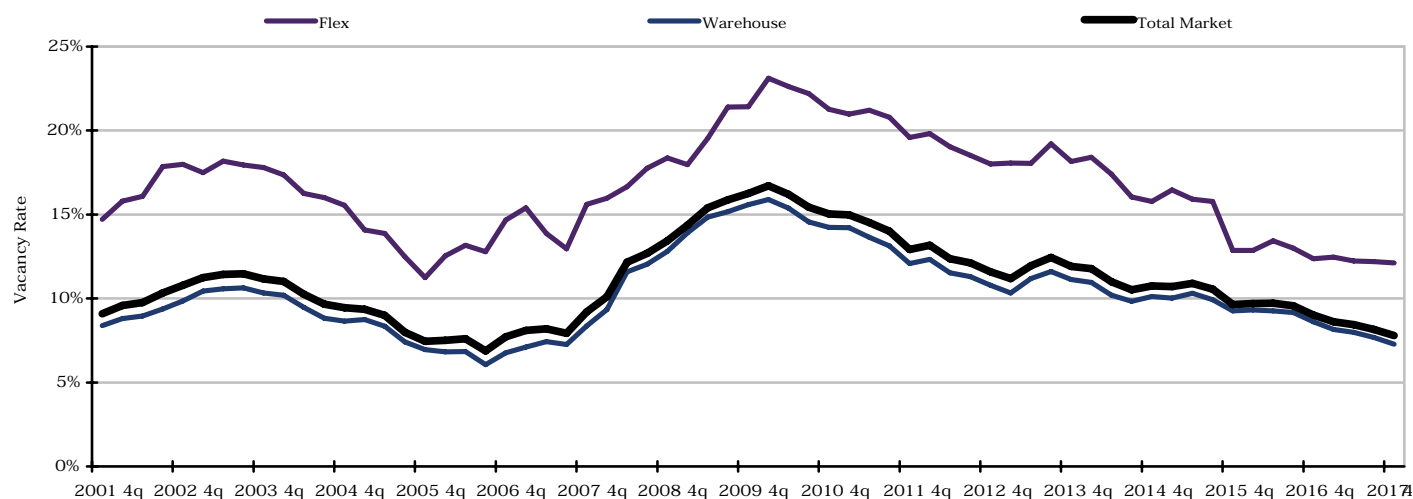
The largest lease signings occurring in 2017 included: the 618,350-square-foot lease signed by UPS at PV/303 Bldg. A in the Northwest market; the 473,209-square-foot deal signed by Amazon at 5333 W Lower Buckeye Rd in the Southwest market; and the 226,436-square-foot lease signed by Updike Distribution Logistics at Papago Distribution Center in the Southwest market.

Sublease Vacancy

The amount of vacant sublease space in the Phoenix

Vacancy Rates by Building Type

1999-2017



Source: CoStar Property®

market increased to 1,076,489 square feet by the end of the fourth quarter 2017, from 855,214 square feet at the end of the third quarter 2017. There was 853,880 square feet vacant at the end of the second quarter 2017 and 1,068,792 square feet at the end of the first quarter 2017.

Phoenix's Flex projects reported vacant sublease space of 182,892 square feet at the end of fourth quarter 2017, up from the 106,577 square feet reported at the end of the third quarter 2017. There were 83,288 square feet of sublease space vacant at the end of the second quarter 2017, and 181,494 square feet at the end of the first quarter 2017.

Warehouse projects reported increased vacant sublease space from the third quarter 2017 to the fourth quarter 2017. Sublease vacancy went from 748,637 square feet to 893,597 square feet during that time. There was 770,592 square feet at the end of the second quarter 2017, and 887,298 square feet at the end of the first quarter 2017.

Rental Rates

The average quoted asking rental rate for available Industrial space was \$7.21 per square foot per year at the end of the fourth quarter 2017 in the Phoenix market area. This represented a 0.7% increase in quoted rental rates from the end of the third quarter 2017, when rents were reported at \$7.16 per square foot.

The average quoted rate within the Flex sector was \$12.65 per square foot at the end of the fourth quarter 2017, while Warehouse rates stood at \$6.47. At the end of the third quarter 2017, Flex rates were \$12.49 per square foot, and Warehouse rates were \$6.42.

Deliveries and Construction

During the fourth quarter 2017, 19 buildings totaling 1,344,577 square feet were completed in the Phoenix market area. This compares to seven buildings totaling 1,943,721 square feet that were completed in the third quarter 2017, 13 buildings

totaling 935,212 square feet completed in the second quarter 2017, and 2,025,461 square feet in 12 buildings completed in the first quarter 2017.

There were 6,888,332 square feet of Industrial space under construction at the end of the fourth quarter 2017.

Some of the notable 2017 deliveries include: Conair, an 812,900-square-foot facility that delivered in third quarter 2017 and is now 100% occupied, and PV/303 Bldg. A, a 618,350-square-foot building that delivered in first quarter 2017 and is now 100% occupied.

The largest projects underway at the end of fourth quarter 2017 were FAB 42 - Intel Corp, a 2,145,757-square-foot building with 100% of its space pre-leased, and PV/303 Bldg C, a 960,000-square-foot facility that is 0% pre-leased.

Inventory

Total Industrial inventory in the Phoenix market area amounted to 321,104,905 square feet in 10,144 buildings as of the end of the fourth quarter 2017. The Flex sector consisted of 33,478,291 square feet in 1,160 projects. The Warehouse sector consisted of 287,626,614 square feet in 8,984 buildings. Within the Industrial market there were 2,147 owner-occupied buildings accounting for 90,837,063 square feet of Industrial space.

Sales Activity

Tallying industrial building sales of 15,000 square feet or larger, Phoenix industrial sales figures rose during the third quarter 2017 in terms of dollar volume compared to the second quarter of 2017.

In the third quarter, 50 industrial transactions closed with a total volume of \$284,297,555. The 50 buildings totaled 2,882,777 square feet and the average price per square foot equated to \$98.62 per square foot. That compares to 46 transactions totaling \$267,388,515 in the second quarter. The total square footage was 3,280,381 for an average price per square foot of \$81.51.

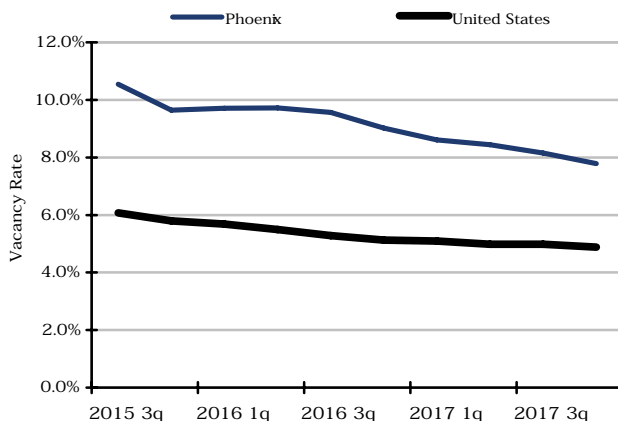
Total year-to-date industrial building sales activity in 2017 is down compared to the previous year. In the first nine months of 2017, the market saw 144 industrial sales transactions with a total volume of \$748,505,985. The price per square foot has averaged \$85.79 this year. In the first nine months of 2016, the market posted 128 transactions with a total volume of \$786,442,124. The price per square foot averaged \$67.20.

Cap rates have been lower in 2017, averaging 6.90%, compared to the first nine months of last year when they averaged 7.47%.

One of the largest transactions that has occurred within the last four quarters in the Phoenix market is the sale of 2500 W Union Hills Dr. in Phoenix. This 550,000-square-foot industrial building sold for \$58,500,000, or \$106.36 per square foot. The property sold on 12/15/2017.

U.S. Vacancy Comparison

Past 10 Quarters



Source: CoStar Property®

Phoenix Industrial Market

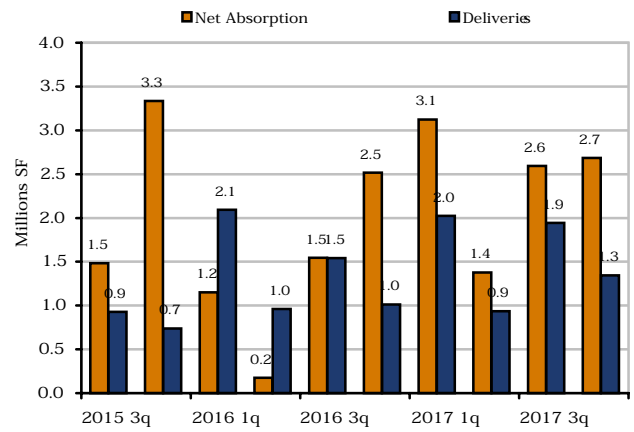


Overview

Reports compiled by: Brian Lasky, Research Manager.

Absorption & Deliveries

Past 10 Quarters



Source: CoStar Property®

CoStar Submarket Clusters & Submarkets

In analyzing metropolitan areas, CoStar has developed geographic designations to help group properties together, called Markets, Submarket Clusters and Submarkets. Markets are the equivalent of metropolitan areas, or areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Markets are then divided into Submarket Clusters, which are core areas within a metropolitan area that are known to be competitive with each other in terms of attracting and keeping tenants. Markets are then further subdivided into smaller units called Submarkets, which serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted competitive set, or peer group.

Submarket Clusters	Submarkets
Airport Ind	North Airport Ind S Airport N of Roeser Ind S Airport S of Roeser Ind SC N of Salt River Ind SC S of Salt River Ind
Northeast Ind	Central Phoenix Ind Scottsdale Airpark Ind Scottsdale/Salt River Ind
Northwest Ind	Deer Vly/Pinnacle Pk Ind Glendale Ind Grand Avenue Ind N Glendale/Sun City Ind North Black Canyon Ind W Phx N of Thomas Rd Ind W Phx S of Thomas Rd Ind
Southeast Ind	Chandler Airport Ind Chandler Ind Chandler N/Gilbert Ind Falcon Fld/Apache Jct Ind Mesa Ind Tempe East Ind Tempe Northwest Ind Tempe Southwest Ind
Southwest Ind	Goodyear Ind SW N of Buckeye Road Ind SW S of Buckeye Road Ind Tolleson Ind

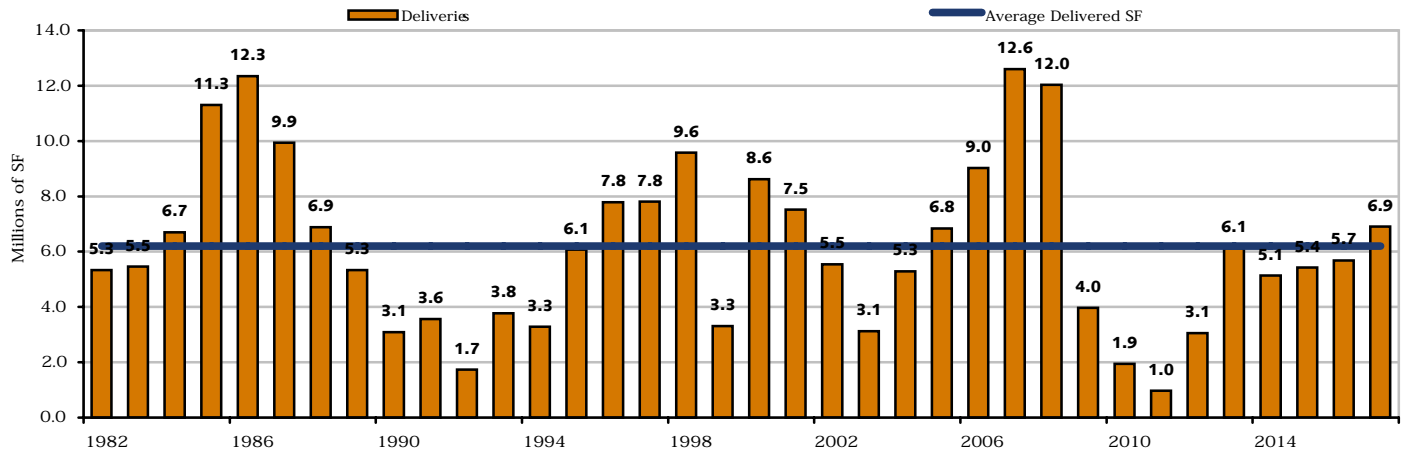
Phoenix Industrial Market



Inventory & development

Historical Deliveries

1982 - 2017



Source: CoStar Property® * Future deliveries based on current under construction buildings.

CONSTRUCTION ACTIVITY Markets Ranked by Under Construction RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Southeast Ind	11	3,143,029	2,769,797	88.1%	28,680	285,730
Northwest Ind	17	2,094,181	25,229	1.2%	24,147	123,187
Southwest Ind	3	1,651,122	749,422	45.4%	70,402	550,374
Northeast Ind	0	0	0	0.0%	19,794	0
Airport Ind	0	0	0	0.0%	24,686	0
Totals	31	6,888,332	3,544,448	51.5%	31,655	222,204

Source: CoStar Property®

Recent Deliveries

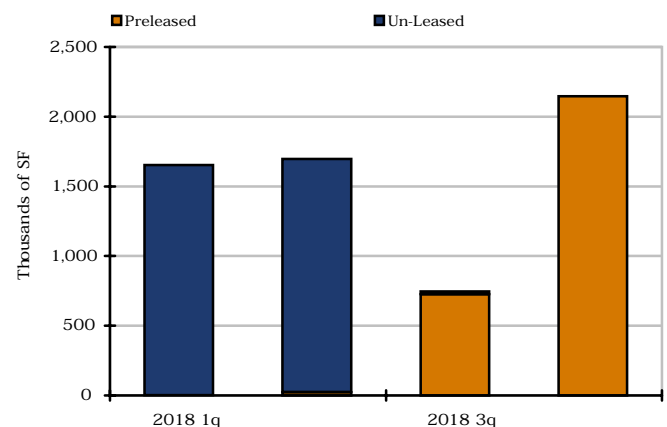
Leased & Un-Leased SF in Deliveries Since 2013



Source: CoStar Property®

Future Deliveries

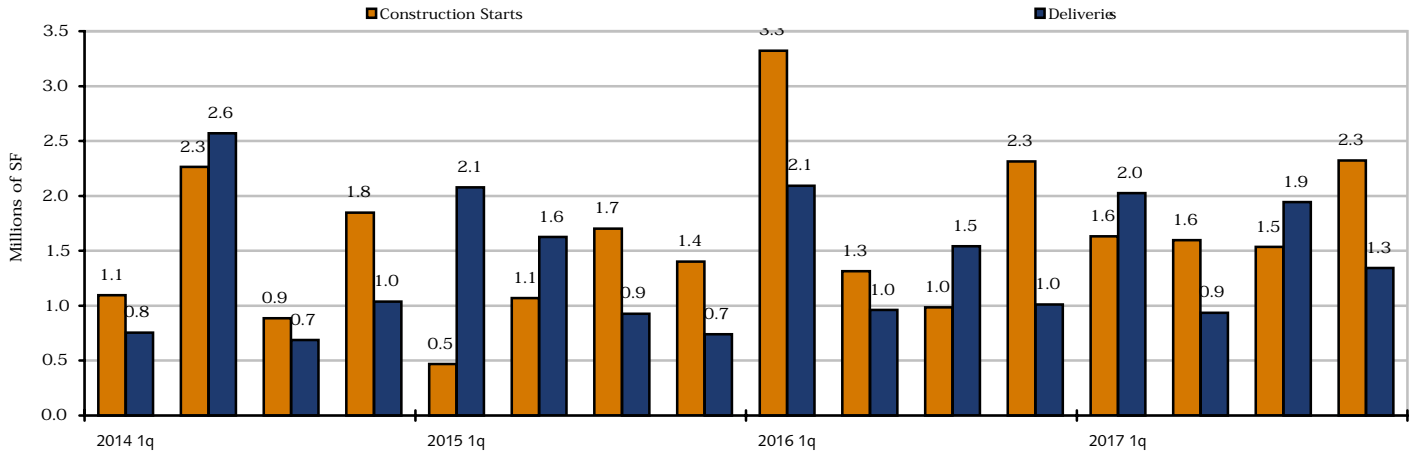
Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

RECENT DELIVERIES BY PROJECT SIZE Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	24	477,445	193,123	40.4%	\$9.76	124,290	353,155
50,000 SF - 99,999 SF	12	854,967	345,806	40.4%	\$8.95	214,068	640,899
100,000 SF - 249,999 SF	8	1,187,204	906,358	76.3%	\$5.96	380,098	807,106
250,000 SF - 499,999 SF	5	1,767,756	1,417,317	80.2%	\$4.57	250,043	1,517,713
>= 500,000 SF	3	1,971,599	1,431,250	72.6%	\$4.32	1,431,250	540,349

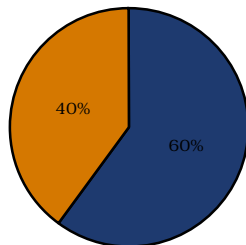
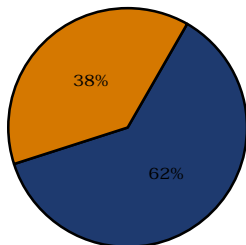
Source: CoStar Property®

Recent Development by Tenancy

Based on RBA Developed for Single & Multi-Tenant Use

2017 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

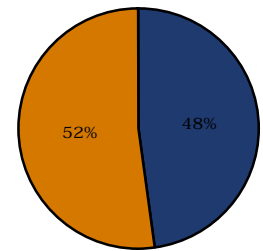
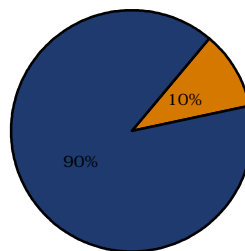
Source: CoStar Property®

Existing Inventory Comparison

Based on Total RBA

By Building Type

By Tenancy Type



■ Flex ■ Warehouse

■ Multi ■ Single

Source: CoStar Property®

Phoenix Industrial Market



Inventory & development

Select Year-to-Date Deliveries

Based on Project Square Footage

<p>1. 7101 N Glen Harbor Blvd</p> <p>Submarket: Northwest Industrial Market RBA: 812,900 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Fourth Quarter 2016 Deliv Date: Third Quarter 2017 Leasing Co: Conair Corporation Developer: Conair Corporation</p>	<p>2. PV/303 Bldg. A</p> <p>Submarket: Northwest Industrial Market RBA: 618,350 Occupied: 100% Quoted Rate: \$4.32 Grnd Brk Date: Fourth Quarter 2016 Deliv Date: Third Quarter 2017 Leasing Co: CBRE Developer: Merit Partners, Inc.</p>	<p>3. 16811 W Commerce Dr</p> <p>Submarket: Southwest Industrial Market RBA: 540,349 Occupied: 0% Quoted Rate: \$4.32 Grnd Brk Date: Second Quarter 2017 Deliv Date: Fourth Quarter 2017 Leasing Co: JLL Developer: Opus West Corporation</p>
<p>4. Liberty Logistics Center II - Building 3</p> <p>Submarket: Southwest Industrial Market RBA: 437,105 Occupied: 60% Quoted Rate: \$4.68 Grnd Brk Date: First Quarter 2017 Deliv Date: Third Quarter 2017 Leasing Co: Colliers International Developer: Liberty Property Trust</p>	<p>5. Coldwater Depot - Phase II</p> <p>Submarket: Southwest Industrial Market RBA: 428,285 Occupied: 36% Quoted Rate: \$4.32 Grnd Brk Date: First Quarter 2017 Deliv Date: Second Quarter 2017 Leasing Co: CBRE Developer: Lake Washington Partners</p>	<p>6. Tolleson Corporate Park - Bldg D</p> <p>Submarket: Southwest Industrial Market RBA: 402,323 Occupied: 100% Quoted Rate: \$4.56 Grnd Brk Date: Third Quarter 2016 Deliv Date: First Quarter 2017 Leasing Co: CBRE Developer: Merit Partners, Inc.</p>
<p>7. Riverside 43</p> <p>Submarket: Southwest Industrial Market RBA: 250,043 Occupied: 100% Quoted Rate: \$4.68 Grnd Brk Date: Fourth Quarter 2016 Deliv Date: Third Quarter 2017 Leasing Co: JLL Developer: Merit Partners, Inc.</p>	<p>8. 6415 S Apache Rd</p> <p>Submarket: Southwest Industrial Market RBA: 250,000 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: First Quarter 2017 Deliv Date: Fourth Quarter 2017 Leasing Co: Cardinal Glass Industries Developer: Cardinal Glass Industries</p>	<p>9. Prologis Riverside Distribution Center</p> <p>Submarket: Southwest Industrial Market RBA: 230,901 Occupied: 100% Quoted Rate: \$4.68 Grnd Brk Date: Fourth Quarter 2016 Deliv Date: Third Quarter 2017 Leasing Co: CBRE Developer: Prologis</p>
<p>10. Liberty Logistics Center II - Bldg 1</p> <p>Submarket: Southwest Industrial Market RBA: 222,910 Occupied: 59% Quoted Rate: \$5.04 Grnd Brk Date: Second Quarter 2016 Deliv Date: First Quarter 2017 Leasing Co: Colliers International Developer: Liberty Property Trust</p>	<p>11. 280 E Germann Rd</p> <p>Submarket: Southeast Industrial Market RBA: 146,832 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Fourth Quarter 2016 Deliv Date: Second Quarter 2017 Leasing Co: JLL Developer: Trammell Crow Company</p>	<p>12. 250 E Germann Rd</p> <p>Submarket: Southeast Industrial Market RBA: 131,796 Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2016 Deliv Date: First Quarter 2017 Leasing Co: JLL Developer: Trammell Crow Company</p>
<p>13. 2675 S 16th St</p> <p>Submarket: Airport Industrial Market RBA: 130,421 Occupied: 34% Quoted Rate: \$7.44 Grnd Brk Date: Second Quarter 2016 Deliv Date: First Quarter 2017 Leasing Co: CBRE Developer: Clarius Partners, LLC</p>	<p>14. 3575 S 28th St</p> <p>Submarket: Airport Industrial Market RBA: 115,294 Occupied: 29% Quoted Rate: \$6.84 Grnd Brk Date: Third Quarter 2016 Deliv Date: First Quarter 2017 Leasing Co: CBRE Developer: Kitchell Development Co.</p>	<p>15. 4100 S 38th St</p> <p>Submarket: Airport Industrial Market RBA: 107,580 Occupied: 80% Quoted Rate: \$8.28 Grnd Brk Date: First Quarter 2017 Deliv Date: Fourth Quarter 2017 Leasing Co: Commercial Properties, Inc. Developer: Reliance Management</p>

Select Top Under Construction Properties

Based on Project Square Footage

<p>1. 4500 S Dobson Rd</p> <p>Submarket: Southeast Industrial Market RBA: 2,145,757 Preleased: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2015 Deliv Date: First Quarter 2020 Leasing Co: Intel Corporation Developer: N/A</p>	<p>2. PV/303 Bldg C</p> <p>Submarket: Northwest Industrial Market RBA: 960,000 Preleased: 0% Quoted Rate: \$4.56 Grnd Brk Date: Fourth Quarter 2017 Deliv Date: First Quarter 2018 Leasing Co: CBRE Developer: N/A</p>	<p>3. Lincoln 40 Logistics</p> <p>Submarket: Southwest Industrial Market RBA: 901,700 Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: Fourth Quarter 2017 Deliv Date: Second Quarter 2018 Leasing Co: CBRE Developer: N/A</p>
<p>4. PV/303 Bldg B</p> <p>Submarket: Northwest Industrial Market RBA: 640,000 Preleased: 0% Quoted Rate: \$4.56 Grnd Brk Date: Fourth Quarter 2017 Deliv Date: Second Quarter 2018 Leasing Co: CBRE Developer: N/A</p>	<p>5. Amazon</p> <p>Submarket: Southwest Industrial Market RBA: 474,082 Preleased: 100% Quoted Rate: \$4.44 Grnd Brk Date: Second Quarter 2017 Deliv Date: Fourth Quarter 2017 Leasing Co: Colliers International Developer: Prologis</p>	<p>6. NE Elliot Rd & Ellsworth Rd</p> <p>Submarket: Southeast Industrial Market RBA: 450,000 Preleased: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2017 Deliv Date: Third Quarter 2018 Leasing Co: Cushman & Wakefield Developer: N/A</p>
<p>7. Liberty Logistics Center II - Building 2</p> <p>Submarket: Southwest Industrial Market RBA: 275,340 Preleased: 100% Quoted Rate: \$4.80 Grnd Brk Date: Third Quarter 2017 Deliv Date: Third Quarter 2018 Leasing Co: Colliers International Developer: Liberty Property Trust</p>	<p>8. Longbow Gateway One</p> <p>Submarket: Southeast Industrial Market RBA: 147,672 Preleased: 0% Quoted Rate: \$7.80 Grnd Brk Date: Third Quarter 2017 Deliv Date: First Quarter 2018 Leasing Co: CBRE Developer: Opus West Corporation</p>	<p>9. Kyrene 202 Business Park - Building V</p> <p>Submarket: Southeast Industrial Market RBA: 102,040 Preleased: 100% Quoted Rate: N/A Grnd Brk Date: Second Quarter 2017 Deliv Date: Fourth Quarter 2017 Leasing Co: Colliers International Developer: Eastgroup Properties, Inc.</p>
<p>10. 3110 N Greenfield Rd</p> <p>Submarket: Southeast Industrial Market RBA: 96,320 Preleased: 0% Quoted Rate: \$8.04 Grnd Brk Date: Fourth Quarter 2017 Deliv Date: Second Quarter 2018 Leasing Co: Lee & Associates Developer: N/A</p>	<p>11. Parc Pinnacle - Bldg 3</p> <p>Submarket: Northwest Industrial Market RBA: 86,400 Preleased: 0% Quoted Rate: \$8.04 Grnd Brk Date: Third Quarter 2017 Deliv Date: First Quarter 2018 Leasing Co: JLL Developer: N/A</p>	<p>12. Loop 202 & Power Rd</p> <p>Submarket: Southeast Industrial Market RBA: 72,000 Preleased: 100% Quoted Rate: N/A Grnd Brk Date: Second Quarter 2017 Deliv Date: Fourth Quarter 2017 Leasing Co: Euro Contempo Cabinetry Developer: Big-B Construction Southwest/Op Bui</p>
<p>13. Parc Pinnacle - Bldg 1</p> <p>Submarket: Northwest Industrial Market RBA: 70,400 Preleased: 0% Quoted Rate: \$8.04 Grnd Brk Date: Third Quarter 2017 Deliv Date: First Quarter 2018 Leasing Co: JLL Developer: N/A</p>	<p>14. Skyway Commons -Phase II Bldg G</p> <p>Submarket: Northwest Industrial Market RBA: 59,258 Preleased: 0% Quoted Rate: \$8.10 Grnd Brk Date: Second Quarter 2017 Deliv Date: First Quarter 2018 Leasing Co: JLL Developer: Silagi Development & Management</p>	<p>15. Skyway Commons-Phase II Bldg F</p> <p>Submarket: Northwest Industrial Market RBA: 50,963 Preleased: 0% Quoted Rate: \$8.10 Grnd Brk Date: Second Quarter 2017 Deliv Date: First Quarter 2018 Leasing Co: JLL Developer: Silagi Development & Management</p>

Phoenix Industrial Market



Figures at a Glance

Flex Market Statistics

Year-End 2017

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport Ind	153	5,423,334	986,093	996,996	18.4%	117,496	0	0	\$12.38
Northeast Ind	243	5,296,651	447,399	452,391	8.5%	(10,883)	0	0	\$13.26
Northwest Ind	252	6,163,779	445,337	445,337	7.2%	40,561	0	0	\$11.36
Southeast Ind	478	15,252,015	1,867,133	2,033,355	13.3%	(92,879)	101,470	0	\$13.02
Southwest Ind	34	1,342,512	130,596	131,371	9.8%	84,529	0	0	\$8.56
Totals	1,160	33,478,291	3,876,558	4,059,450	12.1%	138,824	101,470	0	\$12.65

Source: CoStar Property®

Warehouse Market Statistics

Year-End 2017

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport Ind	1,936	46,146,163	3,844,114	3,998,725	8.7%	1,644,810	541,979	0	\$7.54
Northeast Ind	594	11,270,799	695,724	740,402	6.6%	74,066	262,524	0	\$10.98
Northwest Ind	2,330	56,183,949	3,128,136	3,204,915	5.7%	2,076,653	1,884,106	2,094,181	\$6.50
Southeast Ind	2,776	78,072,098	4,741,126	5,240,706	6.7%	886,000	613,990	3,143,029	\$7.66
Southwest Ind	1,348	95,953,605	7,640,644	7,758,593	8.1%	4,959,230	2,844,902	1,651,122	\$4.93
Totals	8,984	287,626,614	20,049,744	20,943,341	7.3%	9,640,759	6,147,501	6,888,332	\$6.47

Source: CoStar Property®

Total Industrial Market Statistics

Year-End 2017

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport Ind	2,089	51,569,497	4,830,207	4,995,721	9.7%	1,762,306	541,979	0	\$8.38
Northeast Ind	837	16,567,450	1,143,123	1,192,793	7.2%	63,183	262,524	0	\$11.95
Northwest Ind	2,582	62,347,728	3,573,473	3,650,252	5.9%	2,117,214	1,884,106	2,094,181	\$6.77
Southeast Ind	3,254	93,324,113	6,608,259	7,274,061	7.8%	793,121	715,460	3,143,029	\$8.83
Southwest Ind	1,382	97,296,117	7,771,240	7,889,964	8.1%	5,043,759	2,844,902	1,651,122	\$4.96
Totals	10,144	321,104,905	23,926,302	25,002,791	7.8%	9,779,583	6,248,971	6,888,332	\$7.21

Source: CoStar Property®



Phoenix Industrial Market

Figures at a Glance

Flex Submarket Statistics

Year-End 2017

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Central Phoenix Ind	58	1,040,767	42,918	42,918	4.1%	43,689	0	0	\$11.91
Chandler Airport Ind	13	505,052	192,604	192,604	38.1%	(6,346)	0	0	\$15.57
Chandler Ind	71	3,869,584	461,013	536,304	13.9%	181,862	101,470	0	\$13.54
Chandler N/Gilbert Ind	99	2,323,040	241,242	254,742	11.0%	(8,578)	0	0	\$11.46
Deer Vly/Pinnacle Pk Ind	83	3,148,900	102,190	102,190	3.2%	20,891	0	0	\$12.08
Falcon Fld/Apache Jct Ind	30	392,639	82,434	82,434	21.0%	(44,975)	0	0	\$10.27
Glendale Ind	12	322,939	43,294	43,294	13.4%	22,741	0	0	\$19.19
Goodyear Ind	13	258,053	46,580	46,580	18.1%	(46,580)	0	0	\$7.81
Grand Avenue Ind	24	169,393	32,954	32,954	19.5%	(20,404)	0	0	\$12.26
Mesa Ind	40	430,262	1,105	1,105	0.3%	12,117	0	0	\$14.11
N Glendale/Sun City Ind	25	481,199	36,068	36,068	7.5%	(5,399)	0	0	\$7.17
North Airport Ind	42	1,789,089	369,121	369,121	20.6%	5,126	0	0	\$11.12
North Black Canyon Ind	63	1,205,218	199,679	199,679	16.6%	38,795	0	0	\$10.01
S Airport N of Roeser Ind	63	2,737,159	498,782	505,065	18.5%	128,237	0	0	\$12.89
S Airport S of Roeser Ind	9	108,068	23,483	23,483	21.7%	(23,483)	0	0	\$7.80
SC N of Salt River Ind	35	760,942	94,707	99,327	13.1%	7,616	0	0	\$14.70
SC S of Salt River Ind	4	28,076	0	0	0.0%	0	0	0	\$0.00
Scottsdale Airpark Ind	116	2,439,787	274,692	279,684	11.5%	2,291	0	0	\$13.78
Scottsdale/Salt River Ind	69	1,816,097	129,789	129,789	7.1%	(56,863)	0	0	\$12.75
SW N of Buckeye Road Ind	7	239,471	6,956	6,956	2.9%	(6,956)	0	0	\$0.00
SW S of Buckeye Road Ind	6	341,444	60,000	60,000	17.6%	149,639	0	0	\$0.00
Tempe East Ind	46	1,268,350	126,843	126,843	10.0%	30,047	0	0	\$9.00
Tempe Northwest Ind	82	2,535,944	284,946	284,946	11.2%	(145,435)	0	0	\$12.84
Tempe Southwest Ind	97	3,927,144	476,946	554,377	14.1%	(111,571)	0	0	\$13.03
Tolleson Ind	8	503,544	17,060	17,835	3.5%	(11,574)	0	0	\$11.85
W Phx N of Thomas Rd Ind	38	736,481	19,137	19,137	2.6%	(5,233)	0	0	\$6.70
W Phx S of Thomas Rd Ind	7	99,649	12,015	12,015	12.1%	(10,830)	0	0	\$13.32
Totals	1,160	33,478,291	3,876,558	4,059,450	12.1%	138,824	101,470	0	\$12.65

Source: CoStar Property®

Warehouse Submarket Statistics

Year-End 2017

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Central Phoenix Ind	244	3,232,191	202,345	202,345	6.3%	4,928	116,364	0	\$9.61
Chandler Airport Ind	79	2,918,160	578,782	583,525	20.0%	291,402	375,585	44,000	\$7.87
Chandler Ind	288	14,697,712	558,752	584,256	4.0%	310,058	0	2,312,037	\$7.47
Chandler N/Gilbert Ind	676	16,962,414	909,182	1,003,374	5.9%	376,396	31,946	522,000	\$7.52
Deer Vly/Pinnacle Pk Ind	599	13,700,970	1,309,765	1,351,388	9.9%	229,177	374,762	338,260	\$9.11
Falcon Fld/Apache Jct Ind	213	4,405,132	116,051	153,663	3.5%	32,761	33,147	243,992	\$8.49
Glendale Ind	113	8,546,792	654,582	655,582	7.7%	1,546,705	1,509,344	1,755,921	\$5.09
Goodyear Ind	155	11,325,646	1,399,070	1,399,070	12.4%	1,113,118	1,218,634	901,700	\$4.53
Grand Avenue Ind	577	13,088,420	507,627	532,627	4.1%	208,487	0	0	\$5.59
Mesa Ind	423	7,140,352	383,275	383,275	5.4%	(39)	0	0	\$7.92
N Glendale/Sun City Ind	123	3,081,813	164,758	164,758	5.3%	(16,743)	0	0	\$7.70
North Airport Ind	580	11,608,178	808,090	829,420	7.1%	541,998	0	0	\$7.74
North Black Canyon Ind	188	3,399,974	207,647	212,303	6.2%	(4,799)	0	0	\$7.96
S Airport N of Roeser Ind	451	12,863,034	1,562,006	1,579,486	12.3%	726,282	518,971	0	\$6.93
S Airport S of Roeser Ind	156	4,437,576	140,537	254,338	5.7%	(42,606)	23,008	0	\$7.22
SC N of Salt River Ind	631	14,873,346	931,107	933,107	6.3%	409,428	0	0	\$8.84
SC S of Salt River Ind	118	2,364,029	402,374	402,374	17.0%	9,708	0	0	\$6.82
Scottsdale Airpark Ind	252	4,398,208	320,013	362,782	8.2%	(9,114)	0	0	\$11.52
Scottsdale/Salt River Ind	98	3,640,400	173,366	175,275	4.8%	78,252	146,160	0	\$11.08
SW N of Buckeye Road Ind	668	32,498,065	1,843,448	1,858,820	5.7%	646,793	32,986	0	\$4.75
SW S of Buckeye Road Ind	297	17,077,164	1,620,539	1,620,539	9.5%	677,629	530,944	474,082	\$6.09
Tempe East Ind	317	5,356,733	209,046	497,968	9.3%	16,014	0	0	\$7.64
Tempe Northwest Ind	265	8,496,862	415,647	425,147	5.0%	232,866	0	0	\$8.77
Tempe Southwest Ind	515	18,094,733	1,570,391	1,609,498	8.9%	(373,458)	173,312	21,000	\$6.91
Tolleson Ind	228	35,052,730	2,777,587	2,880,164	8.2%	2,521,690	1,062,338	275,340	\$4.63
W Phx N of Thomas Rd Ind	424	7,492,012	126,962	131,462	1.8%	101,292	0	0	\$5.98
W Phx S of Thomas Rd Ind	306	6,873,968	156,795	156,795	2.3%	12,534	0	0	\$5.10
Totals	8,984	287,626,614	20,049,744	20,943,341	7.3%	9,640,759	6,147,501	6,888,332	\$6.47

Source: CoStar Property®

Phoenix Industrial Market



Figures at a Glance

Total Industrial Submarket Statistics

Year-End 2017

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Central Phoenix Ind	302	4,272,958	245,263	245,263	5.7%	48,617	116,364	0	\$10.38
Chandler Airport Ind	92	3,423,212	771,386	776,129	22.7%	285,056	375,585	44,000	\$9.61
Chandler Ind	359	18,567,296	1,019,765	1,120,560	6.0%	491,920	101,470	2,312,037	\$10.09
Chandler N/Gilbert Ind	775	19,285,454	1,150,424	1,258,116	6.5%	367,818	31,946	522,000	\$8.21
Deer Vly/Pinnacle Pk Ind	682	16,849,870	1,411,955	1,453,578	8.6%	250,068	374,762	338,260	\$9.31
Falcon Fld/Apache Jct Ind	243	4,797,771	198,485	236,097	4.9%	(12,214)	33,147	243,992	\$8.68
Glendale Ind	125	8,869,731	697,876	698,876	7.9%	1,569,446	1,509,344	1,755,921	\$5.24
Goodyear Ind	168	11,583,699	1,445,650	1,445,650	12.5%	1,066,538	1,218,634	901,700	\$4.65
Grand Avenue Ind	601	13,257,813	540,581	565,581	4.3%	188,083	0	0	\$5.95
Mesa Ind	463	7,570,614	384,380	384,380	5.1%	12,078	0	0	\$7.97
N Glendale/Sun City Ind	148	3,563,012	200,826	200,826	5.6%	(22,142)	0	0	\$7.64
North Airport Ind	622	13,397,267	1,177,211	1,198,541	8.9%	547,124	0	0	\$8.61
North Black Canyon Ind	251	4,605,192	407,326	411,982	8.9%	33,996	0	0	\$8.68
S Airport N of Roeser Ind	514	15,600,193	2,060,788	2,084,551	13.4%	854,519	518,971	0	\$8.37
S Airport S of Roeser Ind	165	4,545,644	164,020	277,821	6.1%	(66,089)	23,008	0	\$7.23
SC N of Salt River Ind	666	15,634,288	1,025,814	1,032,434	6.6%	417,044	0	0	\$9.11
SC S of Salt River Ind	122	2,392,105	402,374	402,374	16.8%	9,708	0	0	\$6.82
Scottsdale Airpark Ind	368	6,837,995	594,705	642,466	9.4%	(6,823)	0	0	\$12.57
Scottsdale/Salt River Ind	167	5,456,497	303,155	305,064	5.6%	21,389	146,160	0	\$11.75
SW N of Buckeye Road Ind	675	32,737,536	1,850,404	1,865,776	5.7%	639,837	32,986	0	\$4.75
SW S of Buckeye Road Ind	303	17,418,608	1,680,539	1,680,539	9.6%	827,268	530,944	474,082	\$6.09
Tempe East Ind	363	6,625,083	335,889	624,811	9.4%	46,061	0	0	\$7.71
Tempe Northwest Ind	347	11,032,806	700,593	710,093	6.4%	87,431	0	0	\$9.59
Tempe Southwest Ind	612	22,021,877	2,047,337	2,163,875	9.8%	(485,029)	173,312	21,000	\$8.36
Tolleson Ind	236	35,556,274	2,794,647	2,897,999	8.2%	2,510,116	1,062,338	275,340	\$4.66
W Phx N of Thomas Rd Ind	462	8,228,493	146,099	150,599	1.8%	96,059	0	0	\$6.01
W Phx S of Thomas Rd Ind	313	6,973,617	168,810	168,810	2.4%	1,704	0	0	\$5.38
Totals	10,144	321,104,905	23,926,302	25,002,791	7.8%	9,779,583	6,248,971	6,888,332	\$7.21

Source: CoStar Property®



Phoenix Industrial Market

Figures at a Glance

Flex Market Statistics

Year-End 2017

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2017 4q	1,160	33,478,291	3,876,558	4,059,450	12.1%	24,621	0	0	0	0	\$12.65
2017 3q	1,160	33,478,291	3,977,494	4,084,071	12.2%	9,746	0	0	0	0	\$12.49
2017 2q	1,160	33,478,291	4,010,529	4,093,817	12.2%	131,986	1	101,470	0	0	\$12.80
2017 1q	1,160	33,414,038	3,980,056	4,161,550	12.5%	(27,529)	0	0	1	101,470	\$12.65
2016 4q	1,160	33,414,038	3,957,608	4,134,021	12.4%	196,052	1	32,034	1	101,470	\$12.39
2016 3q	1,160	33,430,504	4,121,400	4,346,539	13.0%	44,350	2	177,000	1	32,034	\$12.27
2016 2q	1,159	33,544,289	4,263,268	4,504,674	13.4%	(42,723)	1	85,797	2	177,000	\$12.32
2016 1q	1,157	33,376,780	3,979,003	4,294,442	12.9%	66,257	3	80,975	4	344,509	\$11.91
2015	1,154	33,295,805	4,071,686	4,279,724	12.9%	980,528	2	260,394	7	425,484	\$11.98
2014	1,158	33,291,084	5,029,316	5,255,531	15.8%	863,196	2	238,461	2	342,000	\$11.63
2013	1,156	33,205,301	5,776,523	6,032,944	18.2%	152,735	3	271,700	1	188,461	\$11.02
2012	1,153	32,956,814	5,683,335	5,937,192	18.0%	554,317	2	104,750	3	271,700	\$9.99
2011	1,152	32,914,244	6,094,811	6,448,939	19.6%	268,949	2	125,600	3	116,450	\$9.95
2010	1,150	33,273,394	6,801,099	7,077,038	21.3%	131,645	0	0	2	125,600	\$10.41
2009	1,149	33,169,151	6,466,566	7,104,440	21.4%	(596,624)	15	516,910	1	14,843	\$12.15
2008	1,135	32,662,379	5,710,294	6,001,044	18.4%	(225,370)	20	603,157	13	499,615	\$12.82

Source: CoStar Property®

Warehouse Market Statistics

Year-End 2017

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2017 4q	8,984	287,626,614	20,049,744	20,943,341	7.3%	2,660,291	19	1,344,577	31	6,888,332	\$6.47
2017 3q	8,964	285,969,968	21,198,349	21,946,986	7.7%	2,582,922	7	1,943,721	45	5,909,194	\$6.42
2017 2q	8,957	284,145,042	21,934,390	22,704,982	8.0%	1,246,140	12	833,742	42	6,317,928	\$6.20
2017 1q	8,944	283,306,944	22,230,082	23,117,380	8.2%	3,151,406	12	2,025,461	28	5,553,812	\$6.16
2016 4q	8,932	281,281,483	22,972,506	24,243,325	8.6%	2,322,212	5	978,543	29	5,947,131	\$6.06
2016 3q	8,930	280,396,073	24,396,827	25,680,127	9.2%	1,500,177	7	1,364,332	25	4,712,656	\$6.04
2016 2q	8,925	279,083,793	24,868,630	25,868,024	9.3%	218,108	7	874,525	18	5,122,945	\$6.02
2016 1q	8,927	279,017,593	24,901,182	26,019,932	9.3%	1,085,172	15	2,011,826	17	4,602,414	\$5.93
2015	8,914	277,609,223	24,563,958	25,696,734	9.3%	6,305,057	41	5,110,699	25	3,292,763	\$5.89
2014	8,881	273,278,454	26,287,953	27,671,022	10.1%	6,821,806	37	4,811,578	30	4,104,553	\$5.56
2013	8,850	268,675,869	28,271,287	29,890,243	11.1%	3,866,420	18	5,826,490	18	3,213,750	\$5.49
2012	8,840	263,319,467	26,848,651	28,400,261	10.8%	5,780,167	10	2,869,548	14	3,608,899	\$5.41
2011	8,835	260,601,779	30,487,892	31,462,740	12.1%	6,288,404	9	616,281	10	2,000,195	\$5.32
2010	8,824	259,833,077	35,733,001	36,982,442	14.2%	4,870,494	11	1,797,947	6	414,637	\$5.43
2009	8,818	258,216,575	38,819,633	40,236,434	15.6%	(4,422,796)	21	2,675,957	9	1,416,307	\$5.86
2008	8,798	255,074,536	31,598,613	32,671,599	12.8%	(1,109,329)	176	10,362,838	25	3,301,965	\$6.85

Source: CoStar Property®

Total Industrial Market Statistics

Year-End 2017

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2017 4q	10,144	321,104,905	23,926,302	25,002,791	7.8%	2,684,912	19	1,344,577	31	6,888,332	\$7.21
2017 3q	10,124	319,448,259	25,175,843	26,031,057	8.1%	2,592,668	7	1,943,721	45	5,909,194	\$7.16
2017 2q	10,117	317,623,333	25,944,919	26,798,799	8.4%	1,378,126	13	935,212	42	6,317,928	\$6.97
2017 1q	10,104	316,720,982	26,210,138	27,278,930	8.6%	3,123,877	12	2,025,461	29	5,655,282	\$6.93
2016 4q	10,092	314,695,521	26,930,114	28,377,346	9.0%	2,518,264	6	1,010,577	30	6,048,601	\$6.79
2016 3q	10,090	313,826,577	28,518,227	30,026,666	9.6%	1,544,527	9	1,541,332	26	4,744,690	\$6.81
2016 2q	10,084	312,628,082	29,131,898	30,372,698	9.7%	175,385	8	960,322	20	5,299,945	\$6.78
2016 1q	10,084	312,394,373	28,880,185	30,314,374	9.7%	1,151,429	18	2,092,801	21	4,946,923	\$6.64
2015	10,068	310,905,028	28,635,644	29,976,458	9.6%	7,285,585	43	5,371,093	32	3,718,247	\$6.63
2014	10,039	306,569,538	31,317,269	32,926,553	10.7%	7,685,002	39	5,050,039	32	4,446,553	\$6.35
2013	10,006	301,881,170	34,047,810	35,923,187	11.9%	4,019,155	21	6,098,190	19	3,402,211	\$6.32
2012	9,993	296,276,281	32,531,986	34,337,453	11.6%	6,334,484	12	2,974,298	17	3,880,599	\$6.08
2011	9,987	293,516,023	36,582,703	37,911,679	12.9%	6,557,353	11	741,881	13	2,116,645	\$5.94
2010	9,974	293,106,471	42,534,100	44,059,480	15.0%	5,002,139	11	1,797,947	8	540,237	\$6.08
2009	9,967	291,385,726	45,286,199	47,340,874	16.2%	(5,019,420)	36	3,192,867	10	1,431,150	\$6.57
2008	9,933	287,736,915	37,308,907	38,672,643	13.4%	(1,334,699)	196	10,965,995	38	3,801,580	\$7.56

Source: CoStar Property®

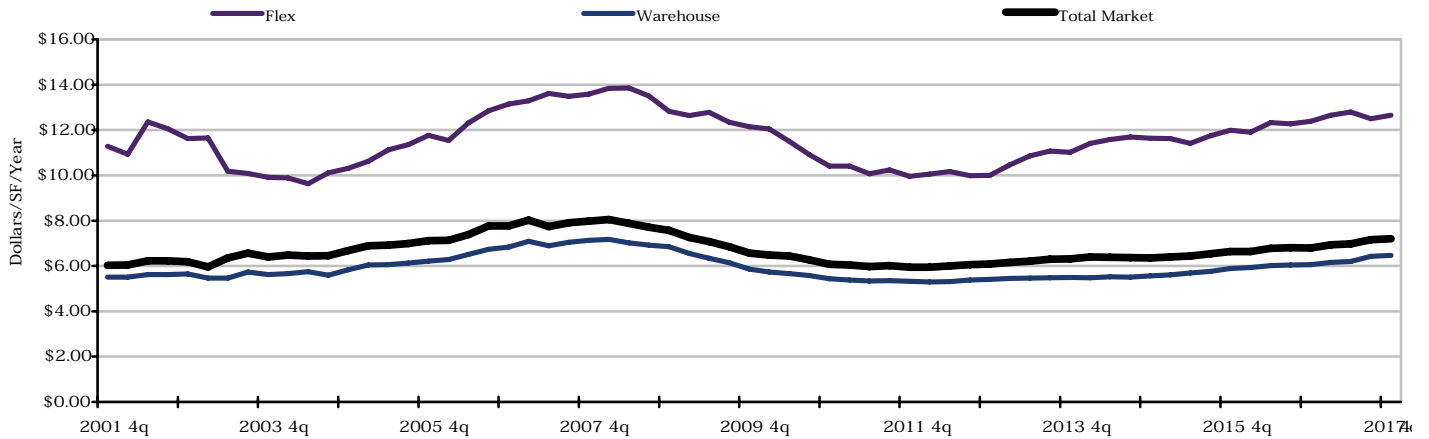
Phoenix Industrial Market



Leasing Activity

Historical Rental Rates

Based on Quoted Rental Rates



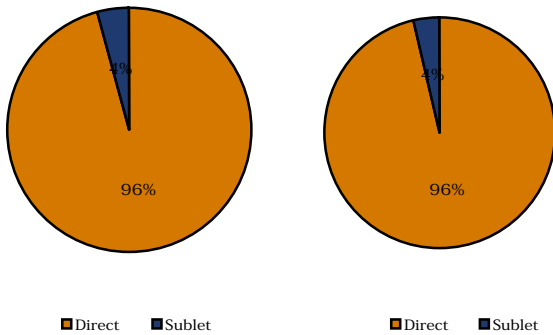
Source: CoStar Property®

Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Phoenix

United States



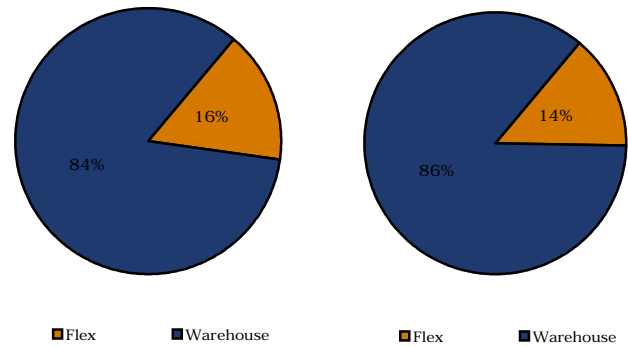
Source: CoStar Property®

Vacancy by Building Type

Percent of All Vacant Space by Building Type

Phoenix

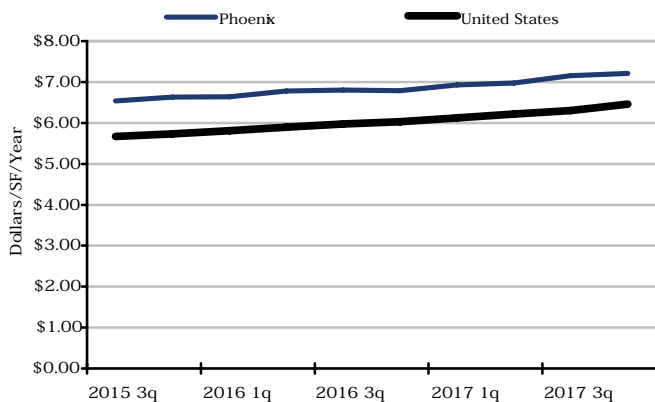
United States



Source: CoStar Property®

U.S. Rental Rate Comparison

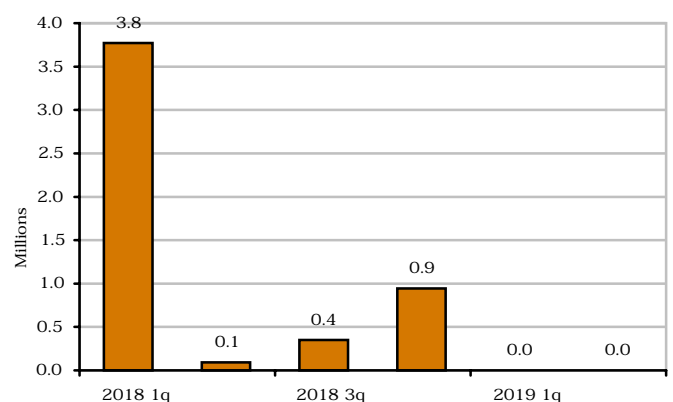
Based on Average Quoted Rental Rates



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



Source: CoStar Property®

* Includes Under Construction Space

Select Top Industrial Leases Based on Leased Square Footage For Deals Signed in 2017

Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company	
1	PV/303 Bldg. A	Glendale Ind	618,350	1st	UPS	Cushman & Wakefield	CBRE
2	Amazon	SWS of Buckeye Road Ind	473,209	3rd	Amazon	Cushman & Wakefield	Colliers International
3	Riverside 43	SWS of Buckeye Road Ind	250,043	2nd	N/A	JLL	JLL
4	Papago Distribution Center	SWN of Buckeye Road Ind	226,436	2nd	Updike Distribution Logistics	Colliers International	JLL
5	1402 S 40th Ave	SWS of Buckeye Road Ind	201,600	2nd	PureCare	Southwest Commercial Brokerage	DAUM Commercial Real Estate Service
6	10397 W Van Buren St	Tolleson Ind	155,520	1st	Danby Products	NAI/Merin Hunter Codman, Inc.	Cushman & Wakefield
7	Medline Distribution Center	Tolleson Ind	150,000	2nd	Staples	N/A	Medline Industries, Inc.
8	Buckeye Business Center	Tolleson Ind	141,852	3rd	CVS	Cushman & Wakefield	CBRE
9	Park Lucero Phase II - Building F	Chandler Airport Ind	131,796	4th	Footprint Manufacturing	N/A	JLL
10	AZ 202 Commerce Park - Building A	Chandler Airport Ind	122,000	3rd	PODS	N/A	Cushman & Wakefield
11	2225 S 43rd Ave	SWS of Buckeye Road Ind	117,780	1st	Enclos	NAI Horizon	JLL
12	3555 W Washington St	SWN of Buckeye Road Ind	116,890	3rd	Aquafil Carpet Recycling	Commercial Properties, Inc.	JLL
13	Prologis Riverside Distribution Center	SWS of Buckeye Road Ind	116,769	2nd	PDP	Cushman & Wakefield	CBRE
14	Prologis Riverside Distribution Center	SWS of Buckeye Road Ind	114,132	1st	N/A	JLL	CBRE
15	2925 S Roosevelt St*	Tempe Southwest Ind	101,601	3rd	Modern Industries Areospace	Direct Deal	JLL
16	Airport - I-10 Business Park - Phase I - Bldg	S Airport N of Roeser Ind	90,777	1st	Amazon	Cushman & Wakefield	JLL
17	7400 W Buckeye Rd	Tolleson Ind	89,600	1st	Propak Logistics Inc	N/A	CBRE
18	Broadway101 Commerce Park II - Bldg 10	Mesa Ind	85,344	2nd	Walmart	N/A	CBRE
19	440 W Fairmont Dr*	Tempe Southwest Ind	83,280	2nd	MXD Group	DAUM Commercial Real Estate Service	N/A
20	Valley West Distribution Center	Tolleson Ind	82,832	4th	aspenhome LLC	N/A	JLL
21	Transpacific Distribution Center	Tolleson Ind	81,000	2nd	Ewing Irrigation	CBRE	CBRE
22	Medline Distribution Center	Tolleson Ind	80,000	2nd	Dicks Move-In Company	N/A	Medline Industries, Inc.
23	Avondale Commerce Center - Phase I	Goodyear Ind	78,790	4th	Amware Fulfillment	N/A	Cushman & Wakefield
24	Warner Crossing*	Tempe Southwest Ind	75,489	1st	Circle K Stores Inc.	Cushman & Wakefield	Lee & Associates
25	9310 W Buckeye Rd	Tolleson Ind	73,954	3rd	N/A	N/A	Colliers International
26	West 10 Business Center	SWN of Buckeye Road Ind	72,158	3rd	Prime Time Commerce LLC	West USA Commercial	JLL
27	125 N 67th Ave	SWN of Buckeye Road Ind	71,760	3rd	Hardwood Speciality Products	CBRE	JLL
28	Avondale Commerce Center - Phase I	Goodyear Ind	68,847	1st	Amware Fulfillment	N/A	Cushman & Wakefield
29	Broadway101 Commerce Park II - Bldg	Mesa Ind	67,949	4th	N/A	N/A	Cushman & Wakefield
30	951 W Watkins St	SC N of Salt River Ind	66,940	1st	N/A	N/A	Clayton Companies
31	4501 E McDowell Rd	North Airport Ind	64,449	4th	Pacific Office Automation	N/A	Colliers International
32	3825 S 36th St	North Airport Ind	64,014	2nd	Trademark Visual	CBRE	Lee & Associates
33	Reywest Industrial Park	SWN of Buckeye Road Ind	62,972	4th	Elliott Electric	N/A	Colliers International
34	Chandler Technology Center	Chandler Ind	62,755	3rd	N/A	N/A	CBRE
35	7001 W Erie St	Chandler Ind	62,423	3rd	State Seal Company	N/A	CBRE
36	Cowley Industrial Park	SWN of Buckeye Road Ind	62,248	1st	Hajoca	CBRE	CBRE
37	Continental Tech Center - Bldg B	Chandler N/Gilbert Ind	60,563	2nd	United Comb & Novelty Corporation	Cushman & Wakefield	JLL
38	2240 W Peoria Ave*	North Black Canyon Ind	60,192	3rd	Bay Foam Products Inc	CBRE	JLL
39	Metro South Corporate Pk - Bldg C	SWS of Buckeye Road Ind	60,000	3rd	Veracity	N/A	Cashen Realty Advisors

Source: CoStar Property®

* Renewal

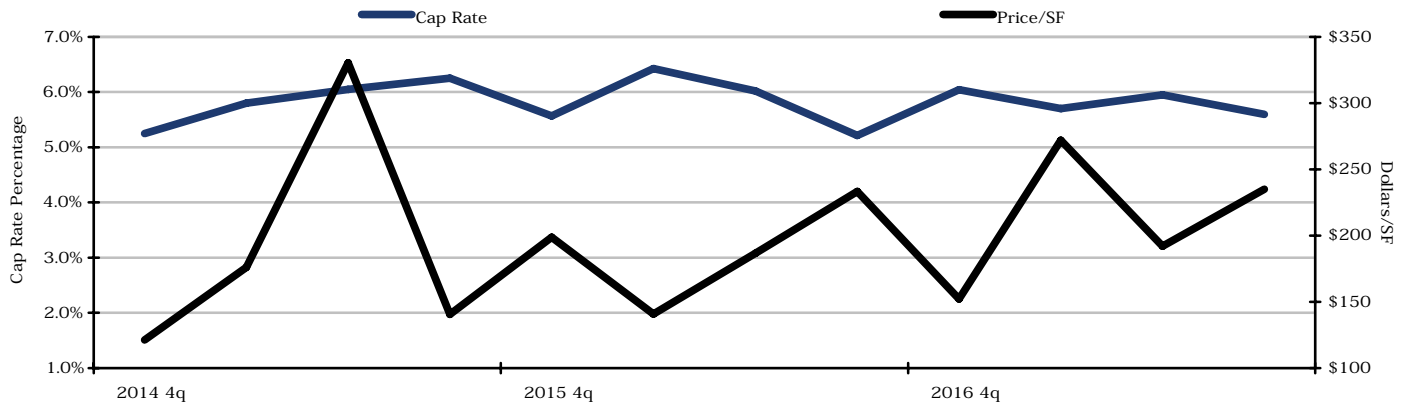
Phoenix Industrial Market



Sales Activity

The Optimist Sales Index

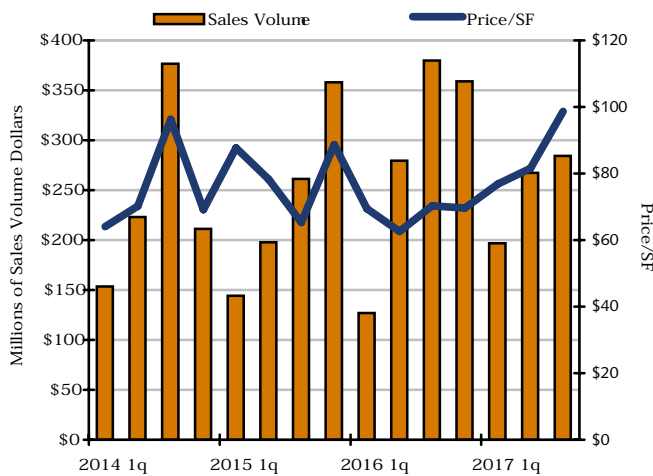
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



Source: CoStar COMPS®

Sales Volume & Price

Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

Sales Analysis by Building Size

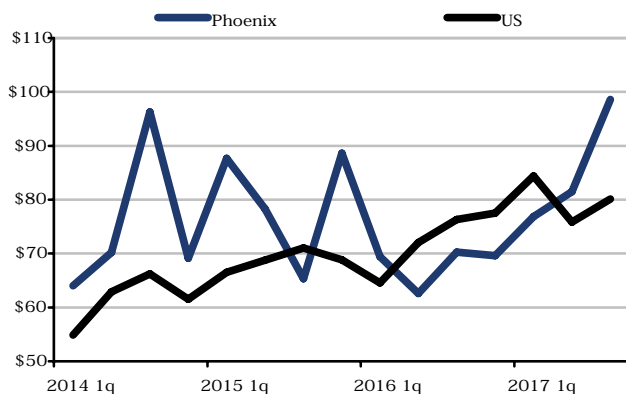
Based on Industrial Bldg Sales From Oct. 2016 - Sept. 2017

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 25,000 SF	164	2,120,314	\$230,882,647	\$108.89	7.48%
25K-99K SF	100	4,868,553	\$405,926,394	\$ 83.38	6.94%
100K-249K SF	22	3,458,013	\$290,508,714	\$ 84.01	6.58%
>250K SF	9	4,446,938	\$299,462,325	\$ 67.34	-

Source: CoStar COMPS®

U.S. Price/SF Comparison

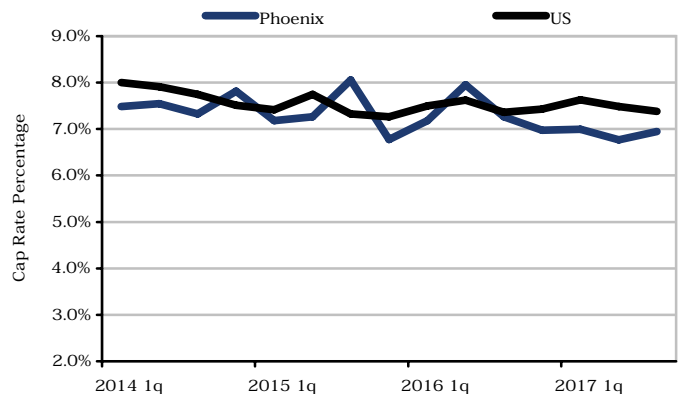
Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

U.S. Cap Rate Comparison

Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

Select Top Sales

Based on Sales from October 2016 Through December 2017

1. 2500 W Union Hills Dr



Phoenix

Price: **\$58,500,000**
 Price/SF: **\$106.36**
 Cap Rate: **N/A**
 RBA: **550,000**
 Date: **12/15/2017**
 Year Built: **1976**
 Buyer: **Alligned Data Centers (Phoenix)**
 Seller: **Propco LLC**
LBA Realty

2. 7414 S Harl Ave



Tempe

Price: **\$43,532,325**
 Price/SF: **\$119.58**
 Cap Rate: **N/A**
 RBA: **364,042**
 Date: **8/28/2017**
 Year Built: **1985**
 Buyer: **Swire Pacific Holdings Inc**
 Seller: **BCI Coca Cola Bottling Co. of L.A.**

3. Cotton Lane Commerce Park



Goodyear

Price: **\$42,850,000**
 Price/SF: **\$56.92**
 Cap Rate: **N/A**
 RBA: **752,825**
 Date: **11/17/2016**
 Year Built: **1986**
 Buyer: **Huhtamaki NA**
 Seller: **Cohen Asset Management, Inc.**

4. 1115 W Alameda Dr - Safeway



Tempe

Price: **\$40,000,000**
 Price/SF: **\$51.26**
 Cap Rate: **N/A**
 RBA: **780,320**
 Date: **12/16/2016**
 Year Built: **1972**
 Buyer: **Harrison Properties**
 Seller: **Safeway**

5. 101 N 104th Ave



Tolleson

Price: **\$39,000,000**
 Price/SF: **\$69.83**
 Cap Rate: **N/A**
 RBA: **558,465**
 Date: **6/22/2017**
 Year Built: **1995**
 Buyer: **Colony Northstar, Inc.**
 Seller: **DCT Industrial Trust Inc.**

6. 3333 S 7th St



Phoenix

Price: **\$32,650,000**
 Price/SF: **\$83.02**
 Cap Rate: **N/A**
 RBA: **393,292**
 Date: **11/7/2016**
 Year Built: **2016**
 Buyer: **Principal Global Investors**
 Seller: **The Opus Group**

7. 7200 W Buckeye Rd



Phoenix

Price: **\$31,200,000**
 Price/SF: **\$78.00**
 Cap Rate: **5%**
 RBA: **400,000**
 Date: **12/5/2017**
 Year Built: **2009**
 Buyer: **Cohen Asset Management, Inc.**
 Seller: **UBS Realty Investors LLC**

8. 1115 N 47th Ave



Phoenix

Price: **\$26,780,000**
 Price/SF: **\$59.21**
 Cap Rate: **N/A**
 RBA: **452,271**
 Date: **11/15/2016**
 Year Built: **1998**
 Buyer: **Breakthru Beverage Group**
 Seller: **Annaly Commercial Real Estate Group**

Phoenix Industrial Market

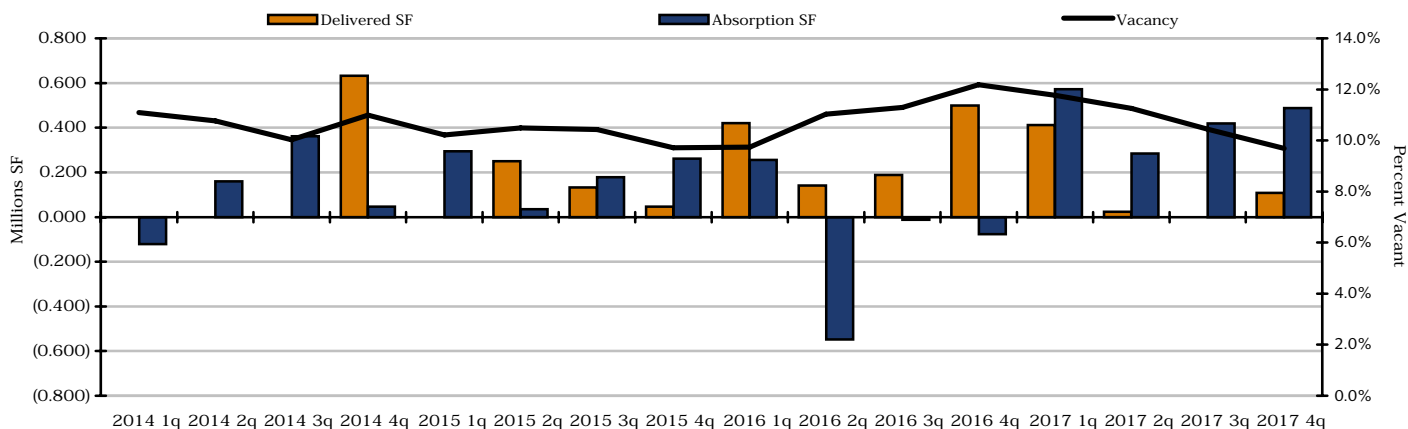


Airport Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

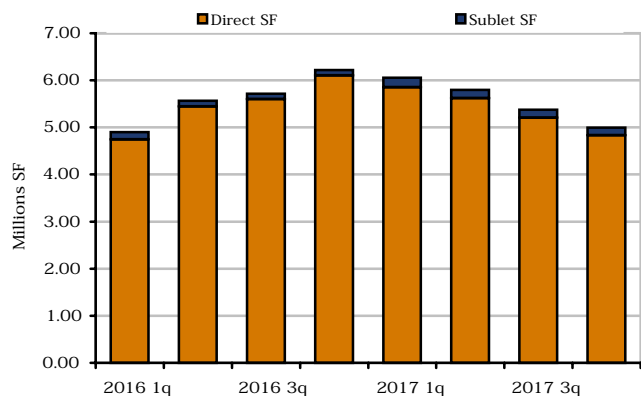
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

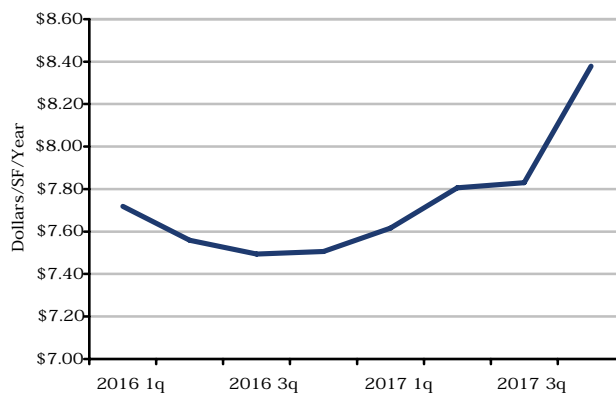
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



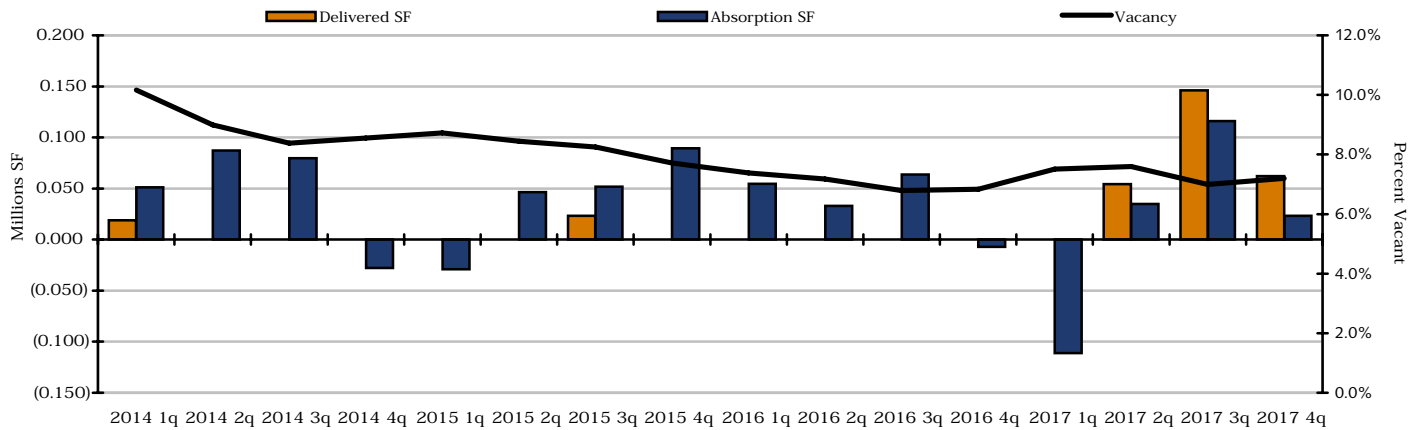
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2017 4q	2,089	51,569,497	4,995,721	9.7%	487,622	1	107,580	0	0	\$8.38
2017 3q	2,088	51,461,917	5,375,763	10.4%	418,850	0	0	1	107,580	\$7.83
2017 2q	2,088	51,461,917	5,794,613	11.3%	283,825	1	23,008	1	107,580	\$7.81
2017 1q	2,087	51,438,909	6,055,430	11.8%	572,009	4	411,391	2	130,588	\$7.62
2016 4q	2,083	51,027,518	6,216,048	12.2%	(76,307)	2	499,772	5	434,399	\$7.51
2016 3q	2,083	50,600,646	5,712,869	11.3%	(11,923)	3	188,732	6	911,163	\$7.49
2016 2q	2,082	50,463,966	5,564,266	11.0%	(548,216)	2	141,039	7	887,145	\$7.56
2016 1q	2,081	50,350,269	4,902,353	9.7%	255,639	3	420,955	7	829,543	\$7.72
2015 4q	2,079	50,051,534	4,859,257	9.7%	261,813	2	46,750	7	668,406	\$7.41
2015 3q	2,079	50,161,209	5,230,745	10.4%	177,958	2	133,181	7	557,023	\$7.12
2015 2q	2,077	49,998,960	5,246,454	10.5%	34,670	3	249,482	8	415,723	\$7.03
2015 1q	2,077	49,805,280	5,087,444	10.2%	293,905	0	0	7	459,752	\$6.92
2014 4q	2,079	49,908,460	5,484,529	11.0%	46,304	4	632,671	4	281,982	\$6.77
2014 3q	2,077	49,325,604	4,947,977	10.0%	361,025	0	0	5	695,551	\$6.83
2014 2q	2,077	49,325,604	5,309,002	10.8%	160,226	0	0	4	667,538	\$6.86
2014 1q	2,077	49,325,604	5,469,228	11.1%	(120,838)	0	0	0	0	\$6.82

Source: CoStar Property®

Deliveries, Absorption & Vacancy

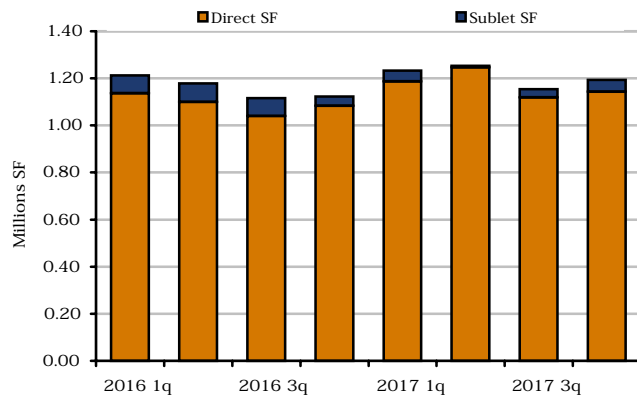
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

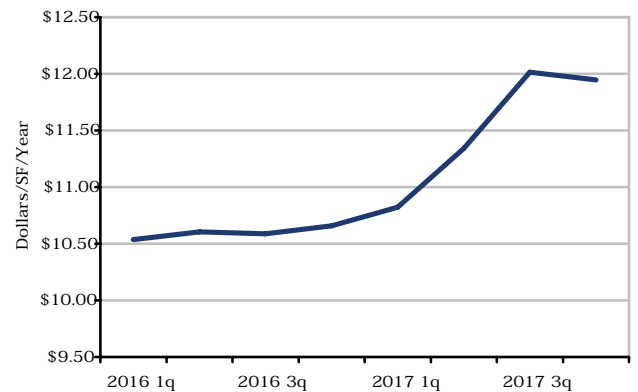
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2017 4q	837	16,567,450	1,192,793	7.2%	23,289	1	61,992	0	0	\$11.95
2017 3q	836	16,505,458	1,154,090	7.0%	116,172	2	146,160	1	61,992	\$12.01
2017 2q	835	16,488,093	1,252,897	7.6%	34,724	1	54,372	2	146,160	\$11.34
2017 1q	834	16,433,721	1,233,249	7.5%	(111,002)	0	0	3	200,532	\$10.82
2016 4q	834	16,433,721	1,122,247	6.8%	(6,969)	0	0	1	54,372	\$10.66
2016 3q	834	16,433,721	1,115,278	6.8%	63,730	0	0	0	0	\$10.59
2016 2q	834	16,433,721	1,179,008	7.2%	33,089	0	0	0	0	\$10.61
2016 1q	834	16,433,721	1,212,097	7.4%	54,756	0	0	0	0	\$10.54
2015 4q	834	16,433,721	1,266,853	7.7%	89,403	0	0	0	0	\$10.61
2015 3q	834	16,433,721	1,356,256	8.3%	51,801	1	23,394	0	0	\$10.78
2015 2q	834	16,411,447	1,385,783	8.4%	46,462	0	0	1	23,394	\$10.89
2015 1q	834	16,411,447	1,432,245	8.7%	(29,201)	0	0	1	23,394	\$10.76
2014 4q	834	16,411,447	1,403,044	8.5%	(27,899)	0	0	0	0	\$10.77
2014 3q	834	16,411,447	1,375,145	8.4%	79,661	0	0	0	0	\$10.54
2014 2q	835	16,434,000	1,477,359	9.0%	87,277	0	0	0	0	\$10.54
2014 1q	836	16,551,869	1,682,505	10.2%	51,122	1	18,942	0	0	\$10.15

Source: CoStar Property®

Phoenix Industrial Market

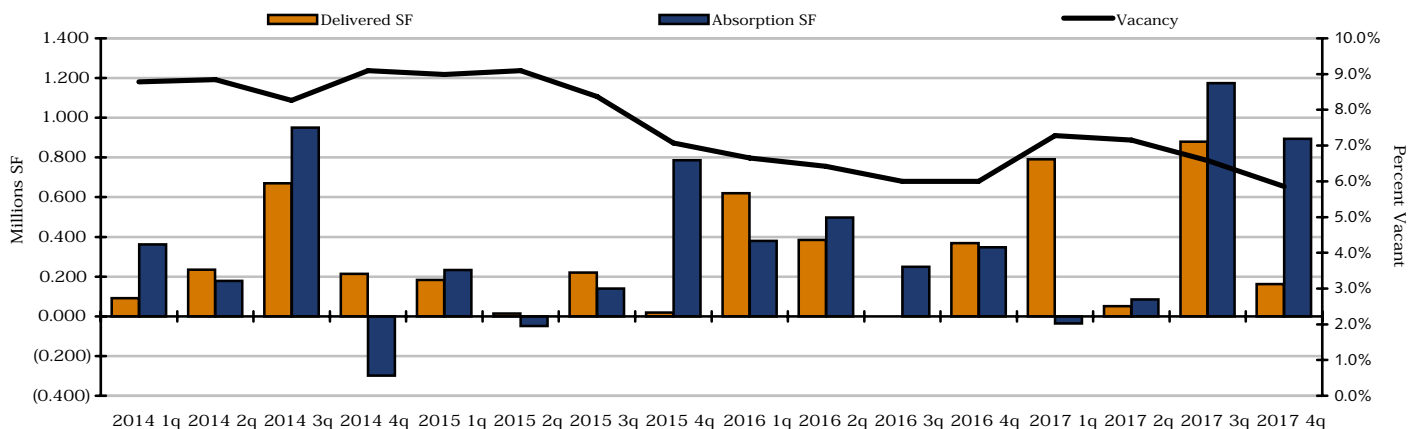


Northwest Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

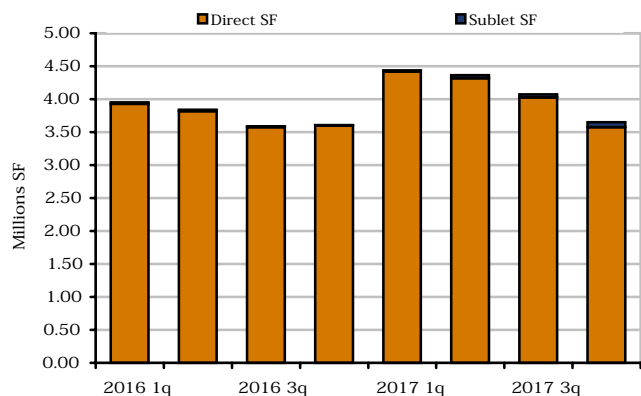
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2017 4q	2,582	62,347,728	3,650,252	5.9%	894,714	10	161,841	17	2,094,181	\$6.77
2017 3q	2,571	61,873,818	4,071,056	6.6%	1,173,622	2	879,512	24	930,327	\$7.28
2017 2q	2,569	60,994,306	4,365,166	7.2%	84,769	1	51,141	21	1,264,096	\$7.18
2017 1q	2,568	60,976,026	4,436,011	7.3%	(35,891)	3	791,612	4	976,353	\$7.23
2016 4q	2,565	60,184,414	3,608,508	6.0%	348,148	1	368,028	6	1,722,265	\$6.93
2016 3q	2,564	59,816,386	3,588,628	6.0%	249,873	0	0	4	592,431	\$6.98
2016 2q	2,564	59,816,386	3,838,501	6.4%	498,029	1	384,377	3	541,290	\$6.90
2016 1q	2,563	59,432,009	3,952,153	6.6%	379,179	5	620,279	2	752,405	\$6.87
2015 4q	2,559	59,292,966	4,192,289	7.1%	785,873	2	19,016	6	1,004,656	\$7.47
2015 3q	2,557	59,273,950	4,959,146	8.4%	140,466	3	220,463	7	639,295	\$7.51
2015 2q	2,556	59,593,487	5,419,149	9.1%	(48,631)	1	14,940	5	239,479	\$7.43
2015 1q	2,555	59,578,547	5,355,578	9.0%	233,444	3	184,071	4	235,403	\$7.29
2014 4q	2,552	59,394,476	5,404,951	9.1%	(298,522)	7	214,313	7	419,474	\$7.21
2014 3q	2,545	59,180,163	4,892,116	8.3%	950,860	6	670,185	11	413,324	\$7.13
2014 2q	2,539	58,509,978	5,172,791	8.8%	179,117	6	234,697	13	884,498	\$7.13
2014 1q	2,533	58,275,281	5,117,211	8.8%	361,499	1	92,016	15	389,887	\$7.15

Source: CoStar Property®



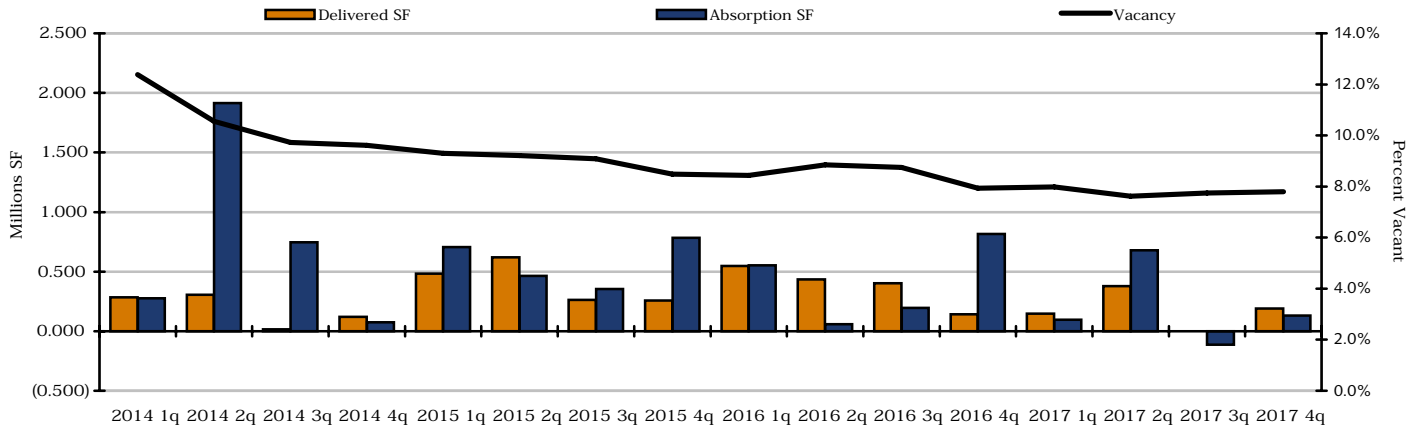
Phoenix Industrial Market

Southeast Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

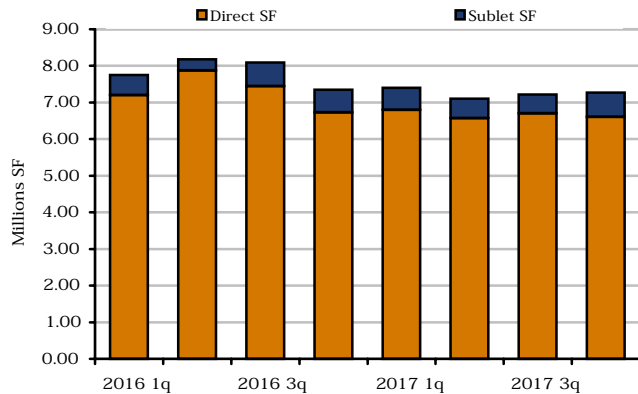
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

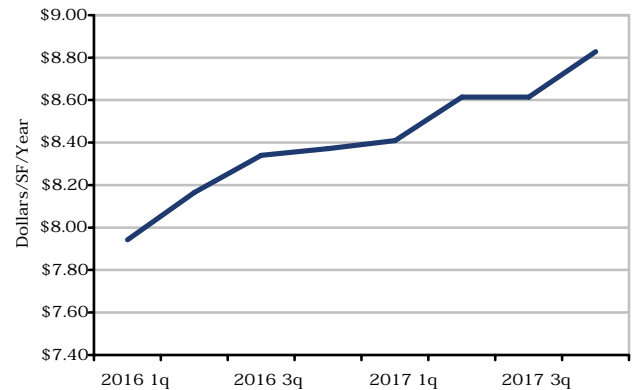
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2017 4q	3,254	93,324,113	7,274,061	7.8%	130,095	4	189,829	11	3,143,029	\$8.83
2017 3q	3,250	93,134,284	7,214,327	7.7%	(113,838)	0	0	14	3,236,538	\$8.61
2017 2q	3,250	93,134,284	7,100,489	7.6%	680,059	9	378,406	10	2,574,626	\$8.61
2017 1q	3,241	92,755,878	7,402,142	8.0%	96,805	2	147,225	14	2,741,475	\$8.41
2016 4q	3,239	92,608,653	7,351,722	7.9%	816,403	3	142,777	12	2,671,388	\$8.37
2016 3q	3,238	92,534,609	8,094,081	8.7%	195,442	4	402,600	13	2,565,863	\$8.34
2016 2q	3,235	92,422,794	8,177,708	8.8%	57,354	5	434,906	6	2,648,600	\$8.17
2016 1q	3,230	91,940,176	7,752,444	8.4%	551,535	7	546,901	11	3,064,975	\$7.94
2015 4q	3,223	91,393,275	7,757,078	8.5%	784,535	3	256,984	15	1,240,519	\$7.66
2015 3q	3,220	91,136,291	8,284,629	9.1%	353,915	3	263,350	12	937,468	\$7.59
2015 2q	3,217	90,872,941	8,375,194	9.2%	464,314	7	621,187	11	778,309	\$7.47
2015 1q	3,211	90,444,754	8,411,321	9.3%	705,796	4	484,005	12	1,033,537	\$7.51
2014 4q	3,210	89,975,893	8,648,256	9.6%	76,026	2	119,933	14	1,349,927	\$7.55
2014 3q	3,208	90,008,638	8,757,027	9.7%	745,191	2	16,978	11	966,068	\$7.69
2014 2q	3,207	90,005,016	9,498,596	10.6%	1,914,660	3	304,451	12	970,184	\$7.58
2014 1q	3,204	89,700,565	11,108,805	12.4%	275,597	1	285,000	7	407,197	\$7.49

Source: CoStar Property®

Phoenix Industrial Market

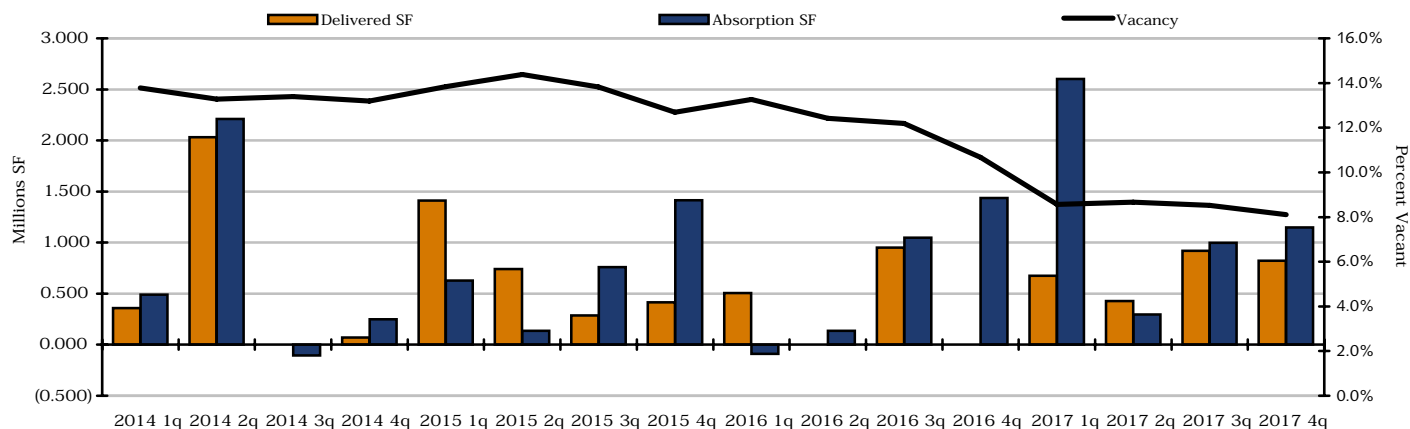


Southwest Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

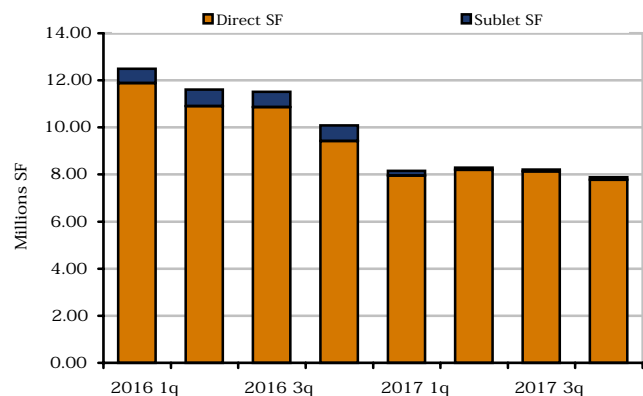
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

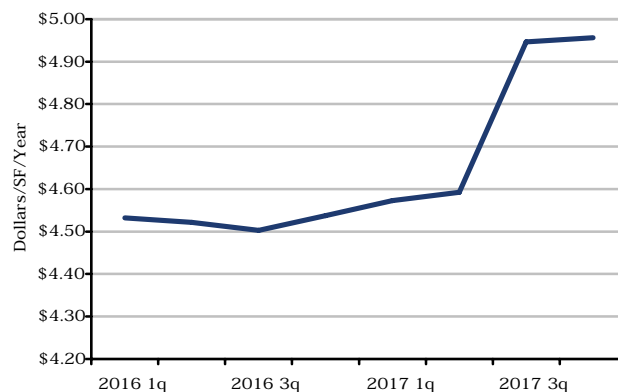
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2017 4q	1,382	97,296,117	7,889,964	8.1%	1,149,192	3	823,335	3	1,651,122	\$4.96
2017 3q	1,379	96,472,782	8,215,821	8.5%	997,862	3	918,049	5	1,572,757	\$4.95
2017 2q	1,375	95,544,733	8,285,634	8.7%	294,749	1	428,285	8	2,225,466	\$4.59
2017 1q	1,374	95,116,448	8,152,098	8.6%	2,601,956	3	675,233	6	1,606,334	\$4.57
2016 4q	1,371	94,441,215	10,078,821	10.7%	1,436,989	0	0	6	1,166,177	\$4.54
2016 3q	1,371	94,441,215	11,515,810	12.2%	1,047,405	2	950,000	3	675,233	\$4.50
2016 2q	1,369	93,491,215	11,613,215	12.4%	135,129	0	0	4	1,222,910	\$4.52
2016 1q	1,376	94,238,198	12,495,327	13.3%	(89,680)	3	504,666	1	300,000	\$4.53
2015 4q	1,373	93,733,532	11,900,981	12.7%	1,414,246	2	416,100	4	804,666	\$4.54
2015 3q	1,371	93,317,432	12,899,127	13.8%	760,790	2	286,643	5	920,766	\$4.49
2015 2q	1,369	93,030,789	13,373,274	14.4%	137,516	2	741,199	6	821,309	\$4.45
2015 1q	1,367	92,289,590	12,769,591	13.8%	626,510	3	1,410,328	5	1,084,842	\$4.44
2014 4q	1,364	90,879,262	11,985,773	13.2%	249,434	1	70,536	7	2,395,170	\$4.46
2014 3q	1,363	90,808,726	12,164,671	13.4%	(105,904)	0	0	5	1,562,445	\$4.39
2014 2q	1,363	90,808,726	12,058,767	13.3%	2,210,451	4	2,030,317	3	914,956	\$4.45
2014 1q	1,359	88,778,409	12,238,901	13.8%	489,715	1	360,000	7	2,945,273	\$4.38

Source: CoStar Property®