

CoStar Office Statistics

Year - End 2017

Phoenix Office Market



CoStarTM
The knowledge market

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Methodology

The CoStar Office Report, unless specifically stated otherwise, calculates office statistics using CoStar Group's entire database of existing and under construction office buildings in each metropolitan area. Included are office, office condominium, office loft, office medical, all classes and all sizes, and both multi-tenant and single-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 Office Report have been converted to a Full Service equivalent rental rate.

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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 certifi-

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 14.7%

Net Absorption Positive 898,494 SF in the Quarter

The Phoenix Office market ended the fourth quarter 2017 with a vacancy rate of 14.7%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 898,494 square feet in the fourth quarter. Vacant sublease space decreased in the quarter, ending the quarter at 1,321,543 square feet. Rental rates ended the fourth quarter at \$24.57, an increase over the previous quarter. A total of six buildings delivered to the market in the quarter totaling 338,421 square feet, with 1,740,329 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Phoenix office market was positive 898,494 square feet in the fourth quarter 2017. That compares to positive 143,646 square feet in the third quarter 2017, positive 601,002 square feet in the second quarter 2017, and positive 358,985 square feet in the first quarter 2017.

Tenants moving into large blocks of space in the fourth quarter include: McKesson Corporation moving into 271,000 square feet at Chaparral Commerce Center; Wells Fargo moving into 81,896 square feet at Continuum Business & Tech Park; and Texacle moving into 76,600 square feet at 3201 E Elwood St.

The Class-A office market recorded net absorption of negative (11,285) square feet in the fourth quarter 2017, compared to positive 216,024 square feet in the third quarter 2017, positive 104,139 in the second quarter 2017, and positive 769,588 in the first quarter 2017.

The Class-B office market recorded net absorption of positive 626,262 square feet in the fourth quarter 2017, compared

to positive 75,641 square feet in the third quarter 2017, positive 454,265 in the second quarter 2017, and negative (254,318) in the first quarter 2017.

The Class-C office market recorded net absorption of positive 283,517 square feet in the fourth quarter 2017 compared to negative (148,019) square feet in the third quarter 2017, positive 42,598 in the second quarter 2017, and negative (156,285) in the first quarter 2017.

Net absorption for Phoenix's central business district was negative (22,165) square feet in the fourth quarter 2017. That compares to negative (10,219) square feet in the third quarter 2017, positive 66,847 in the second quarter 2017, and negative (215,569) in the first quarter 2017.

Net absorption for the suburban markets was positive 920,659 square feet in the fourth quarter 2017. That compares to positive 153,865 square feet in third quarter 2017, positive 534,155 in the second quarter 2017, and positive 574,554 in the first quarter 2017.

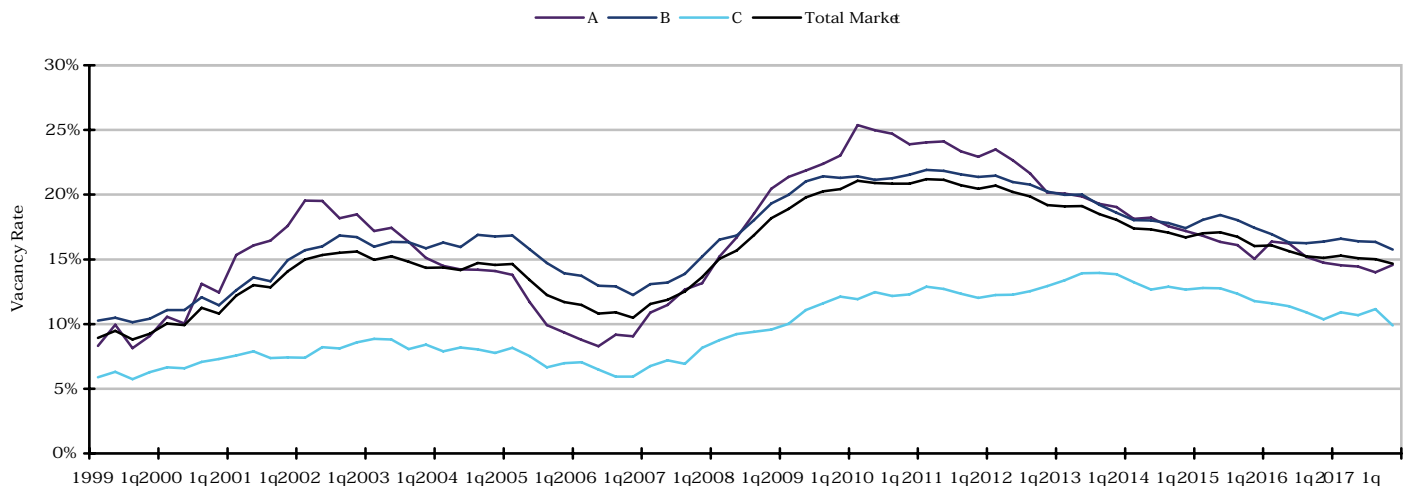
Vacancy

The office vacancy rate in the Phoenix market area decreased to 14.7% at the end of the fourth quarter 2017. The vacancy rate was 15.0% at the end of the third quarter 2017, 15.2% at the end of the second quarter 2017, and 15.3% at the end of the first quarter 2017.

Class-A projects reported a vacancy rate of 14.6% at the end of the fourth quarter 2017, 14.0% at the end of the third quarter 2017, 14.4% at the end of the second quarter 2017, and 14.5% at the end of the first quarter 2017.

Class-B projects reported a vacancy rate of 15.8% at the

Vacancy Rates by Class 1999-2017



Source: CoStar Property®

end of the fourth quarter 2017, 16.4% at the end of the third quarter 2017, 16.4% at the end of the second quarter 2017, and 16.6% at the end of the first quarter 2017.

Class-C projects reported a vacancy rate of 9.9% at the end of the fourth quarter 2017, 11.1% at the end of third quarter 2017, 10.7% at the end of the second quarter 2017, and 10.9% at the end of the first quarter 2017.

The overall vacancy rate in Phoenix's central business district at the end of the fourth quarter 2017 remained unchanged at 17.5% from the end of the third quarter 2017, 17.6% at the end of the second quarter 2017, and 17.9% at the end of the first quarter 2017.

The vacancy rate in the suburban markets decreased to 14.2% in the fourth quarter 2017. The vacancy rate was 14.6% at the end of the third quarter 2017, 14.7% at the end of the second quarter 2017, and 14.9% at the end of the first quarter 2017.

Largest Lease Signings

The largest lease signings occurring in 2017 included: the 173,055-square-foot lease signed by MUFG Union Bank at The Grand at Papago Park Center Phase I in the East Valley market; the 163,607-square-foot deal signed by Consumer Cellular at 17500 N Black Canyon Hwy in the Northwest Phoenix market; and the 150,000-square-foot lease signed by Freedom Financial at RIO 2100 - Bldg 1 in the East Valley market.

Sublease Vacancy

The amount of vacant sublease space in the Phoenix market decreased to 1,321,543 square feet by the end of the fourth quarter 2017, from 1,356,545 square feet at the end of the third quarter 2017. There was 1,373,195 square feet vacant at the end of the second quarter 2017 and 1,249,513 square feet at the end of the first quarter 2017.

Phoenix's Class-A projects reported vacant sublease space of 411,753 square feet at the end of fourth quarter 2017,

up from the 394,170 square feet reported at the end of the third quarter 2017. There were 392,972 square feet of sublease space vacant at the end of the second quarter 2017, and 493,523 square feet at the end of the first quarter 2017.

Class-B projects reported vacant sublease space of 871,662 square feet at the end of the fourth quarter 2017, down from the 927,458 square feet reported at the end of the third quarter 2017. At the end of the second quarter 2017 there were 949,236 square feet, and at the end of the first quarter 2017 there were 735,693 square feet vacant.

Class-C projects reported increased vacant sublease space from the third quarter 2017 to the fourth quarter 2017. Sublease vacancy went from 34,917 square feet to 38,128 square feet during that time. There was 30,987 square feet at the end of the second quarter 2017, and 20,297 square feet at the end of the first quarter 2017.

Sublease vacancy in Phoenix's central business district stood at 155,471 square feet at the end of the fourth quarter 2017. It was 138,475 square feet at the end of the third quarter 2017, 115,295 square feet at the end of the second quarter 2017, and 169,008 square feet at the end of the first quarter 2017.

Sublease vacancy in the suburban markets ended the fourth quarter 2017 at 1,166,072 square feet. At the end of the third quarter 2017 sublease vacancy was 1,218,070 square feet, was 1,257,900 square feet at the end of the second quarter 2017, and was 1,080,505 square feet at the end of the first quarter 2017.

Rental Rates

The average quoted asking rental rate for available office space, all classes, was \$24.57 per square foot per year at the end of the fourth quarter 2017 in the Phoenix market area. This represented a 2.7% increase in quoted rental rates from the end of the third quarter 2017, when rents were reported at \$23.92 per square foot.

The average quoted rate within the Class-A sector was \$29.63 at the end of the fourth quarter 2017, while Class-B rates stood at \$22.71, and Class-C rates at \$17.76. At the end of the third quarter 2017, Class-A rates were \$28.63 per square foot, Class-B rates were \$22.48, and Class-C rates were \$17.24.

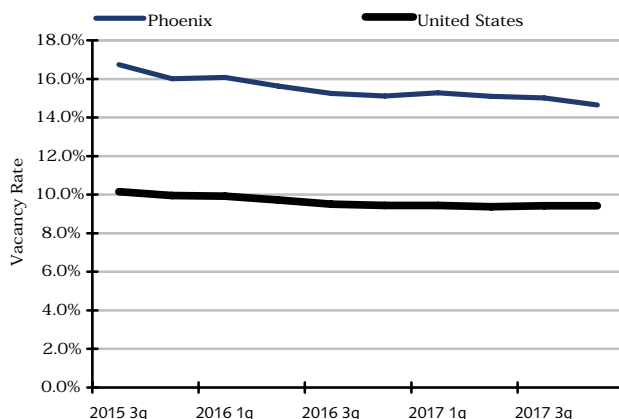
The average quoted asking rental rate in Phoenix's CBD was \$24.93 at the end of the fourth quarter 2017, and \$24.51 in the suburban markets. In the third quarter 2017, quoted rates were \$24.32 in the CBD and \$23.86 in the suburbs.

Deliveries and Construction

During the fourth quarter 2017, six buildings totaling 338,421 square feet were completed in the Phoenix market area. This compares to five buildings totaling 41,808 square feet that were completed in the third quarter 2017, 10 buildings totaling 361,086 square feet completed in the second quarter 2017, and 1,147,568 square feet in nine buildings completed in

U.S. Vacancy Comparison

Past 10 Quarters



Source: CoStar Property®

Phoenix Office Market



Overview

the first quarter 2017.

There were 1,740,329 square feet of office space under construction at the end of the fourth quarter 2017.

Some of the notable 2017 deliveries include: State Farm - Bldg E, a 430,690-square-foot facility that delivered in first quarter 2017 and is now fully occupied, and Allred Broadway Center, a 215,634-square-foot building that delivered in first quarter 2017 and is now 0% occupied.

The largest projects underway at the end of fourth quarter 2017 were The Grand at Papago Park Phase II, a 352,481-square-foot building with 0% of its space pre-leased, and The Offices at Chandler Viridian, a 249,217-square-foot facility that is 22% pre-leased.

Inventory

Total office inventory in the Phoenix market area amounted to 173,740,500 square feet in 8,299 buildings as of the end of the fourth quarter 2017. The Class-A office sector consisted of 49,347,978 square feet in 311 projects. There were 4,613 Class-B buildings totaling 101,726,883 square feet, and the Class-C sector consisted of 22,665,639 square feet in 3,375 buildings. Within the Office market there were 815 owner-occupied buildings accounting for 17,163,308 square feet of office space.

Sales Activity

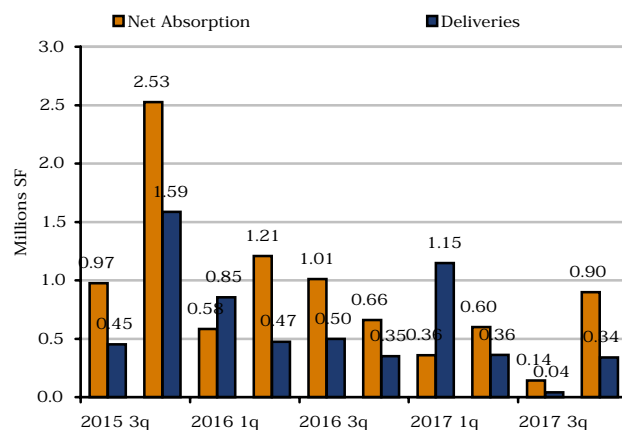
Tallying office building sales of 15,000 square feet or larger, Phoenix office sales figures fell during the third quarter 2017 in terms of dollar volume compared to the second quarter of 2017.

In the third quarter, 21 office transactions closed with a total volume of \$148,434,888. The 21 buildings totaled 1,141,058 square feet and the average price per square foot equated to \$130.09 per square foot. That compares to 27 transactions totaling \$430,280,500 in the second quarter 2017. The total square footage in the second quarter was 2,400,402 square feet for an average price per square foot of \$179.25.

Total office building sales activity in 2017 was up compared

Absorption & Deliveries

Past 10 Quarters



Source: CoStar Property®

to 2016. In the first nine months of 2017, the market saw 82 office sales transactions with a total volume of \$966,461,285. The price per square foot averaged \$158.72. In the same first nine months of 2016, the market posted 93 transactions with a total volume of \$963,912,474. The price per square foot averaged \$159.78.

Cap rates have been higher in 2017, averaging 7.89% compared to the same period in 2016 when they averaged 7.61%.

One of the largest transactions that has occurred within the last four quarters in the Phoenix market is the sale of Galleria Corporate Centre in Scottsdale. This 538,074-square-foot office building sold for \$142,500,000, or \$264.83 per square foot. The property sold on 3/7/2017.

Reports compiled by: Brian Lasky, Research Manager.

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 Area	Airport Area South Tempe/Ahwatukee
Central Corridor	Downtown* Midtown*
East Phoenix	44th Street Corridor Camelback Corridor Midtown*/Central Phoenix
East Valley	Chandler Gateway Airport/Loop 202 Mesa Downtown* Mesa East Superstition Corridor Tempe
North Phoenix	N Phoenix/Cave Creek Paradise Valley Piestewa Peak Corridor
Northwest Phoenix	Arrowhead Deer Valley/Airport North I-17 Northwest Phoenix
Scottsdale	Central Scottsdale N Scottsdale/Carefree Scottsdale Airpark Scottsdale South
West Phoenix	Glendale Loop 303/ Surprise Southwest Phoenix West I-10

* Submarkets comprising the CBD. For statistics reference the CBD vs Suburban Figures at a Glance Page.

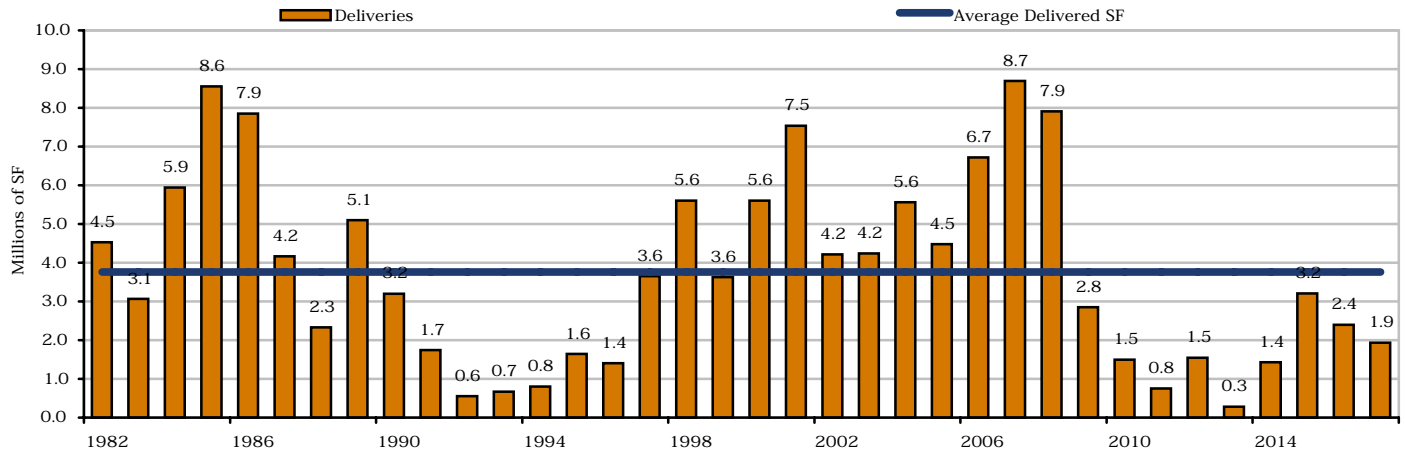
Phoenix Office Market



Inventory & development

Historical Deliveries

1982 - 2017



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

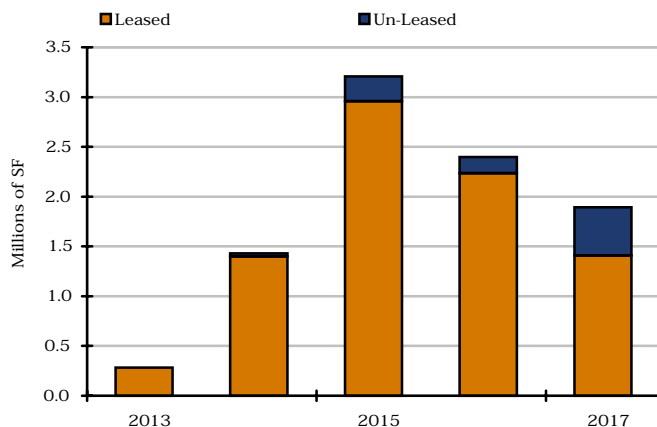
CONSTRUCTION ACTIVITY Markets Ranked by Under Construction Square Footage

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
East Valley	7	912,330	208,428	22.8%	16,423	130,333
Central Corridor	2	266,174	62,174	23.4%	42,154	133,087
Airport Area	1	235,000	235,000	100.0%	35,896	235,000
West Phoenix	2	169,000	97,500	57.7%	16,145	84,500
East Phoenix	1	118,090	0	0.0%	21,116	118,090
Scottsdale	1	36,735	0	0.0%	20,838	36,735
Northwest Phoenix	1	3,000	3,000	100.0%	17,879	3,000
North Phoenix	0	0	0	0.0%	17,220	0
Totals	15	1,740,329	606,102	34.8%	20,935	116,022

Source: CoStar Property®

Recent Deliveries

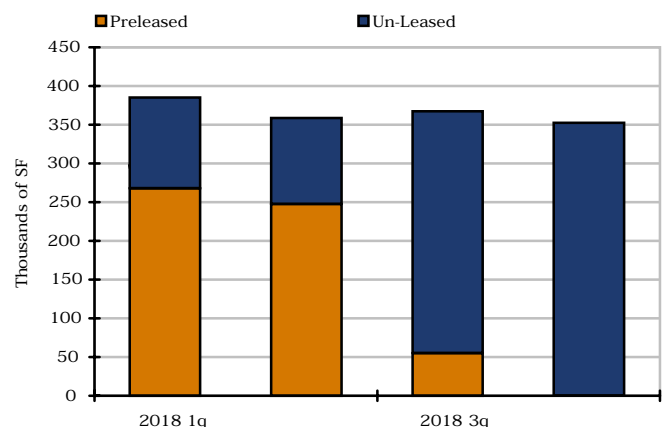
Leased & Un-Leased SF in Deliveries Since 2013



Source: CoStar Property®

Future Deliveries

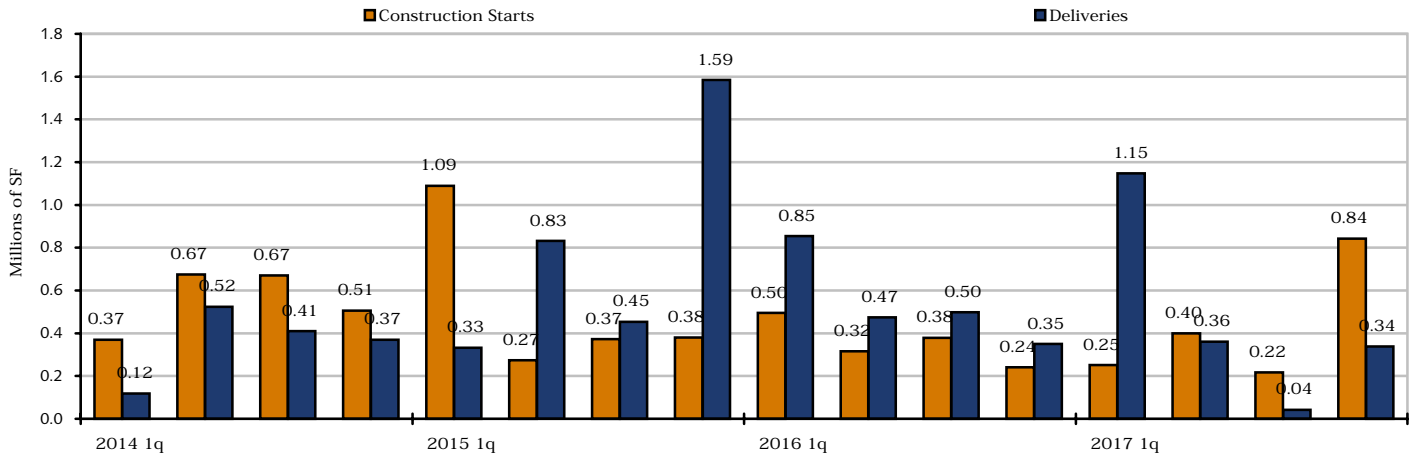
Preleased & Un-Leased SF in Properties Scheduled to Deliver



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	21	210,755	147,214	69.9%	\$26.15	43,279	167,476
50,000 SF - 99,999 SF	2	150,070	60,181	40.1%	\$26.29	60,181	89,889
100,000 SF - 249,999 SF	7	1,102,331	773,008	70.1%	\$28.58	421,000	681,331
250,000 SF - 499,999 SF	1	430,690	426,383	99.0%	\$0.00	430,690	0
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

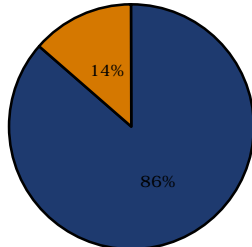
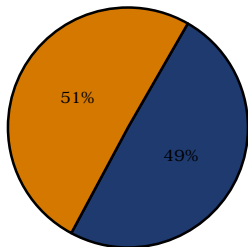
Source: CoStar Property®

Recent Development by Tenancy

Based on RBA Developed for Single & Multi Tenant Use

2017 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

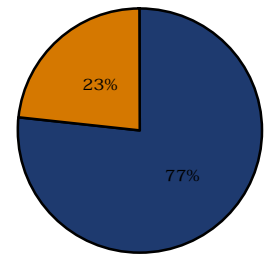
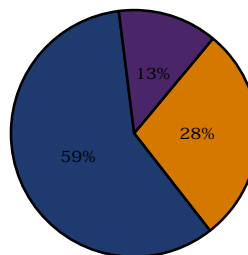
Source: CoStar Property®

Existing Inventory Comparison

Based on Total RBA

By Class

By Space Type



■ Class A ■ Class B ■ Class C

■ Multi ■ Single

Source: CoStar Property®

Phoenix Office Market



Inventory & development

Select Year-to-Date Deliveries

Based on Project Square Footage

<p>1. 600 E Rio Salado Pkwy</p> <p>Submarket: East Valley RBA: 430,690 # Floors: 17 Class: A Occupied: 99% Quoted Rate: Negotiable Grnd Brk Date: First Quarter 2015 Deliv Date: First Quarter 2017 Leasing Co: N/A Developer: Ryan Companies US, Inc. Architect: DAVIS</p>	<p>2. Allred Broadway Center</p> <p>Submarket: Airport Area RBA: 215,634 # Floors: 2 Class: B Occupied: 0% Quoted Rate: \$23.96 Grnd Brk Date: Third Quarter 2016 Deliv Date: First Quarter 2017 Leasing Co: CBRE Developer: Douglas Allred Company Architect: Balmer Architectural Group, Inc.</p>	<p>3. The Grand at Papago Park Center Phase I</p> <p>Submarket: East Valley RBA: 213,055 # Floors: 4 Class: A Occupied: 100% Quoted Rate: \$34.00 Grnd Brk Date: First Quarter 2016 Deliv Date: First Quarter 2017 Leasing Co: CBRE Developer: Lincoln Property Company Architect: HKS, Inc.</p>
<p>4. 1130 N Alma School Rd</p> <p>Submarket: East Valley RBA: 152,540 # Floors: 3 Class: B Occupied: 34% Quoted Rate: \$28.50 Grnd Brk Date: First Quarter 2016 Deliv Date: Second Quarter 2017 Leasing Co: Cushman & Wakefield Developer: Lincoln Property Company Architect: DAVIS</p>	<p>5. 24000 N Farmers Way</p> <p>Submarket: Northwest Phoenix RBA: 150,000 # Floors: 3 Class: A Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Second Quarter 2016 Deliv Date: First Quarter 2017 Leasing Co: CBRE Developer: Ryan Companies US, Inc. Architect: Butler Design Group</p>	<p>6. Chaparral Commerce Center - Bldg A</p> <p>Submarket: Scottsdale RBA: 135,500 # Floors: 3 Class: A Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Fourth Quarter 2016 Deliv Date: Fourth Quarter 2017 Leasing Co: Cushman & Wakefield Developer: Ryan Companies US, Inc. Architect: N/A</p>
<p>7. Chaparral Commerce Center - Bldg B</p> <p>Submarket: Scottsdale RBA: 135,500 # Floors: 3 Class: A Occupied: 100% Quoted Rate: N/A Grnd Brk Date: First Quarter 2017 Deliv Date: Fourth Quarter 2017 Leasing Co: Cushman & Wakefield Developer: Ryan Companies US, Inc. Architect: N/A</p>	<p>8. RIO 2100</p> <p>Submarket: East Valley RBA: 100,102 # Floors: 2 Class: B Occupied: 87% Quoted Rate: \$30.02 Grnd Brk Date: Second Quarter 2016 Deliv Date: First Quarter 2017 Leasing Co: CBRE Developer: The Boyer Company Architect: Butler Design Group</p>	<p>9. Allred 40</p> <p>Submarket: Airport Area RBA: 89,889 # Floors: 2 Class: B Occupied: 0% Quoted Rate: \$26.29 Grnd Brk Date: Third Quarter 2016 Deliv Date: Second Quarter 2017 Leasing Co: Cushman & Wakefield Developer: Douglas Allred Company Architect: Balmer Architectural Group, Inc.</p>
<p>10. 100 S McQueen Rd</p> <p>Submarket: East Valley RBA: 60,181 # Floors: 1 Class: A Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2016 Deliv Date: Second Quarter 2017 Leasing Co: CBRE Developer: SunCap Property Group Architect: Balmer Architectural Group, Inc.</p>	<p>11. 3367 S Mercy Rd</p> <p>Submarket: East Valley RBA: 43,231 # Floors: 2 Class: A Occupied: 63% Quoted Rate: \$30.36 Grnd Brk Date: First Quarter 2017 Deliv Date: Fourth Quarter 2017 Leasing Co: Kidder Mathews Developer: Irgens Partners Architect: Devenney Group Ltd.</p>	<p>12. 2301 S Stearman Dr</p> <p>Submarket: East Valley RBA: 20,214 # Floors: 2 Class: B Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Fourth Quarter 2016 Deliv Date: Second Quarter 2017 Leasing Co: N/A Developer: N/A Architect: N/A</p>
<p>13. Noah Palomino Clinic</p> <p>Submarket: North Phoenix RBA: 16,165 # Floors: 1 Class: B Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Third Quarter 2017 Deliv Date: Fourth Quarter 2017 Leasing Co: STORE Capital Corporation Developer: N/A Architect: N/A</p>	<p>14. Westgate Healthcare Campus - Bldg A</p> <p>Submarket: West Phoenix RBA: 16,000 # Floors: 1 Class: B Occupied: 100% Quoted Rate: \$30.86 Grnd Brk Date: Second Quarter 2016 Deliv Date: First Quarter 2017 Leasing Co: Newmark Knight Frank Developer: 101 W Healthcare LLC Architect: Butler Design Group</p>	<p>15. Marketplace At The City</p> <p>Submarket: West Phoenix RBA: 15,000 # Floors: 1 Class: B Occupied: 100% Quoted Rate: N/A Grnd Brk Date: Fourth Quarter 2016 Deliv Date: Third Quarter 2017 Leasing Co: Ensemble Real Estate Solutions Developer: N/A Architect: N/A</p>

Select Top Under Construction Properties

Based on Project Square Footage

<p>1. 1127 N Papago Dr</p> <p>Submarket: East Valley RBA: 352,481 # Floors: 9 Class: A Preleased: 0% Quoted Rate: \$42.50 Grnd Brk Date: Fourth Quarter 2017 Deliv Date: First Quarter 2019 Leasing Co: Cushman & Wakefield Developer: Lincoln Property Company Architect: N/A</p>	<p>2. 3133 W Frye Rd</p> <p>Submarket: East Valley RBA: 249,217 # Floors: 6 Class: A Preleased: 22% Quoted Rate: \$35.00 Grnd Brk Date: Fourth Quarter 2017 Deliv Date: Third Quarter 2018 Leasing Co: Cushman & Wakefield Developer: Hines Architect: RSP Architects</p>	<p>3. 101 E Washington St</p> <p>Submarket: Central Corridor RBA: 240,000 # Floors: 9 Class: A Preleased: 15% Quoted Rate: \$38.50 Grnd Brk Date: Fourth Quarter 2017 Deliv Date: Second Quarter 2019 Leasing Co: Cushman & Wakefield Developer: RED Development, LLC Architect: N/A</p>
<p>4. 1870 W Rio Salado Pky</p> <p>Submarket: Airport Area RBA: 235,000 # Floors: 3 Class: A Preleased: 100% Quoted Rate: \$26.99 Grnd Brk Date: Fourth Quarter 2016 Deliv Date: First Quarter 2018 Leasing Co: CBRE Developer: Liberty Property Trust Architect: RSP Architects</p>	<p>5. 2100 E Rio Salado Pky</p> <p>Submarket: East Valley RBA: 150,000 # Floors: 4 Class: A Preleased: 100% Quoted Rate: N/A Grnd Brk Date: Second Quarter 2017 Deliv Date: Second Quarter 2018 Leasing Co: CBRE Developer: The Boyer Company Architect: Butler Design Group</p>	<p>6. 9305 W Thomas Rd</p> <p>Submarket: West Phoenix RBA: 125,000 # Floors: 4 Class: B Preleased: 78% Quoted Rate: \$31.01 Grnd Brk Date: Third Quarter 2017 Deliv Date: Second Quarter 2018 Leasing Co: The Plaza Companies Developer: The Plaza Companies Architect: Butler Design Group</p>
<p>7. 2801 E Camelback Rd</p> <p>Submarket: East Phoenix RBA: 118,090 # Floors: 4 Class: A Preleased: 0% Quoted Rate: \$42.00 Grnd Brk Date: Second Quarter 2017 Deliv Date: Third Quarter 2018 Leasing Co: Cushman & Wakefield Developer: LaPour Partners Architect: N/A</p>	<p>8. 161 E Rivulon Boulevard</p> <p>Submarket: East Valley RBA: 60,769 # Floors: 2 Class: A Preleased: 0% Quoted Rate: \$29.50 Grnd Brk Date: Second Quarter 2017 Deliv Date: First Quarter 2018 Leasing Co: Lee & Associates Developer: Nationwide Realty Investors Limited Architect: N/A</p>	<p>9. 111 E Rivulon Boulevard</p> <p>Submarket: East Valley RBA: 60,000 # Floors: 2 Class: A Preleased: 6% Quoted Rate: \$29.50 Grnd Brk Date: Second Quarter 2017 Deliv Date: First Quarter 2018 Leasing Co: Lee & Associates Developer: N/A Architect: N/A</p>
<p>10. NW 51st Avenue & Baseline Rd</p> <p>Submarket: West Phoenix RBA: 44,000 # Floors: 2 Class: B Preleased: 0% Quoted Rate: \$32.36 Grnd Brk Date: Third Quarter 2017 Deliv Date: Second Quarter 2018 Leasing Co: The Plaza Companies Developer: N/A Architect: N/A</p>	<p>11. SE Corner Scottsdale Rd & Chau</p> <p>Submarket: Scottsdale RBA: 36,735 # Floors: 3 Class: B Preleased: 0% Quoted Rate: Negotiable Grnd Brk Date: Third Quarter 2017 Deliv Date: Fourth Quarter 2017 Leasing Co: Lee & Associates Developer: N/A Architect: N/A</p>	<p>12. 101 N Arizona Ave</p> <p>Submarket: East Valley RBA: 33,310 # Floors: 2 Class: A Preleased: 0% Quoted Rate: \$28.00 Grnd Brk Date: First Quarter 2017 Deliv Date: Second Quarter 2018 Leasing Co: Cushman & Wakefield Developer: LGE Design Build Architect: LGE Design Build</p>
<p>13. 411 S 1st St</p> <p>Submarket: Central Corridor RBA: 26,174 # Floors: 1 Class: B Preleased: 100% Quoted Rate: \$28.36 Grnd Brk Date: First Quarter 2017 Deliv Date: First Quarter 2018 Leasing Co: CBRE Developer: Empire Commercial Development, LLC Architect: N/A</p>	<p>14. 1488 W Elliot Rd</p> <p>Submarket: East Valley RBA: 6,553 # Floors: 1 Class: B Preleased: 0% Quoted Rate: \$23.86 Grnd Brk Date: First Quarter 2016 Deliv Date: Second Quarter 2018 Leasing Co: Colliers International Developer: PFG Construction, Inc. Architect: GLO Architects</p>	<p>15. 13404 N Del Webb Blvd</p> <p>Submarket: Northwest Phoenix RBA: 3,000 # Floors: 1 Class: B Preleased: 100% Quoted Rate: N/A Grnd Brk Date: Second Quarter 2017 Deliv Date: First Quarter 2018 Leasing Co: Burns General & Aesthetic Dentistry Developer: N/A Architect: N/A</p>

Phoenix Office Market



Figures at a Glance

Class A 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 Area	21	2,808,774	416,556	434,353	15.5%	203,627	0	235,000	\$26.51
Central Corridor	27	9,745,699	1,971,918	2,093,737	21.5%	(267,626)	0	240,000	\$28.22
East Phoenix	39	6,506,813	988,484	1,063,940	16.4%	238,974	0	118,090	\$32.90
East Valley	54	9,187,316	760,241	779,614	8.5%	743,663	747,157	905,777	\$32.99
North Phoenix	17	1,819,638	232,767	292,399	16.1%	(12,215)	0	0	\$27.62
Northwest Phoenix	37	5,503,281	529,813	544,538	9.9%	193,946	150,000	0	\$23.95
Scottsdale	103	11,684,568	1,673,542	1,776,493	15.2%	(8,451)	271,000	0	\$29.54
West Phoenix	13	2,091,889	202,017	202,017	9.7%	(13,452)	0	0	\$28.60
Totals	311	49,347,978	6,775,338	7,187,091	14.6%	1,078,466	1,168,157	1,498,867	\$29.63

Source: CoStar Property®

Class B 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 Area	412	14,846,173	2,595,452	3,138,028	21.1%	(137,034)	305,523	0	\$23.05
Central Corridor	190	10,804,954	1,800,993	1,824,782	16.9%	38,768	0	26,174	\$22.37
East Phoenix	290	8,421,958	1,164,004	1,195,734	14.2%	15,381	2,640	0	\$22.96
East Valley	1,395	22,250,112	2,743,746	2,843,070	12.8%	604,594	319,668	6,553	\$22.55
North Phoenix	247	5,009,745	753,315	792,747	15.8%	9,882	29,795	0	\$21.54
Northwest Phoenix	779	17,312,048	3,474,782	3,482,819	20.1%	(21,002)	18,400	3,000	\$20.60
Scottsdale	905	16,375,045	1,771,322	1,871,899	11.4%	349,351	2,500	36,735	\$24.97
West Phoenix	395	6,706,848	859,302	885,499	13.2%	41,910	42,200	169,000	\$24.51
Totals	4,613	101,726,883	15,162,916	16,034,578	15.8%	901,850	720,726	241,462	\$22.74

Source: CoStar Property®

Class C 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 Area	91	1,154,624	226,853	226,853	19.6%	(128,246)	0	0	\$23.20
Central Corridor	339	2,886,988	183,687	193,550	6.7%	47,752	0	0	\$18.11
East Phoenix	530	3,209,604	234,992	245,248	7.6%	(20,707)	0	0	\$16.25
East Valley	759	4,824,705	439,517	448,049	9.3%	96,108	0	0	\$16.59
North Phoenix	214	1,401,783	127,900	127,900	9.1%	(21,031)	0	0	\$18.39
Northwest Phoenix	727	4,771,345	580,956	580,956	12.2%	45,923	0	0	\$16.17
Scottsdale	456	2,446,550	148,275	154,827	6.3%	63,785	0	0	\$22.05
West Phoenix	259	1,970,040	261,804	264,729	13.4%	(61,773)	0	0	\$16.84
Totals	3,375	22,665,639	2,203,984	2,242,112	9.9%	21,811	0	0	\$17.76

Source: CoStar Property®

Total Office 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 Area	524	18,809,571	3,238,861	3,799,234	20.2%	(61,653)	305,523	235,000	\$23.63
Central Corridor	556	23,437,641	3,956,598	4,112,069	17.5%	(181,106)	0	266,174	\$24.93
East Phoenix	859	18,138,375	2,387,480	2,504,922	13.8%	233,648	2,640	118,090	\$27.15
East Valley	2,208	36,262,133	3,943,504	4,070,733	11.2%	1,444,365	1,066,825	912,330	\$25.17
North Phoenix	478	8,231,166	1,113,982	1,213,046	14.7%	(23,364)	29,795	0	\$23.05
Northwest Phoenix	1,543	27,586,674	4,585,551	4,608,313	16.7%	218,867	168,400	3,000	\$20.68
Scottsdale	1,464	30,506,163	3,593,139	3,803,219	12.5%	404,685	273,500	36,735	\$27.02
West Phoenix	667	10,768,777	1,323,123	1,352,245	12.6%	(33,315)	42,200	169,000	\$23.36
Totals	8,299	173,740,500	24,142,238	25,463,781	14.7%	2,002,127	1,888,883	1,740,329	\$24.57

Source: CoStar Property®



Phoenix Office Market

Figures at a Glance

Class A 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 %				
44th Street Corridor	13	1,716,218	320,845	322,945	18.8%	7,983	0	0	\$26.86
Airport Area	15	2,032,740	411,427	429,224	21.1%	188,263	0	235,000	\$26.46
Arrowhead	3	188,877	32,650	32,650	17.3%	(32,650)	0	0	\$27.64
Camelback Corridor	26	4,790,595	667,639	740,995	15.5%	230,991	0	118,090	\$34.74
Central Scottsdale	28	2,677,525	231,452	284,497	10.6%	38,815	0	0	\$27.27
Chandler	21	2,673,925	254,958	266,313	10.0%	170,366	60,181	403,296	\$29.60
Deer Valley/Airport	24	4,021,274	224,886	224,886	5.6%	230,335	150,000	0	\$26.17
Downtown	12	5,090,401	744,908	853,820	16.8%	(92,082)	0	240,000	\$32.48
Gateway Airport/Loop.	2	89,963	15,933	15,933	17.7%	39,692	43,231	0	\$29.66
Glendale	5	521,061	60,347	60,347	11.6%	(22,153)	0	0	\$27.94
Loop 303/Surprise	2	479,971	0	0	0.0%	0	0	0	\$0.00
Mesa Downtown	0	0	0	0	0.0%	0	0	0	\$0.00
Mesa East	0	0	0	0	0.0%	0	0	0	\$0.00
Midtown	15	4,655,298	1,227,010	1,239,917	26.6%	(175,544)	0	0	\$24.90
Midtown/Central Phoe.	0	0	0	0	0.0%	0	0	0	\$0.00
N Phoenix/Cave Creek	0	0	0	0	0.0%	0	0	0	\$0.00
N Scottsdale/Carefre.	0	0	0	0	0.0%	0	0	0	\$0.00
North I-17	0	0	0	0	0.0%	0	0	0	\$0.00
Northwest Phoenix	10	1,293,130	272,277	287,002	22.2%	(3,739)	0	0	\$22.61
Paradise Valley	14	1,410,268	218,991	243,125	17.2%	2,098	0	0	\$27.62
Piestewa Peak Corrid.	3	409,370	13,776	49,274	12.0%	(14,313)	0	0	\$27.56
Scottsdale Airpark	57	6,604,279	1,137,581	1,172,011	17.7%	(311,625)	0	0	\$29.56
Scottsdale South	18	2,402,764	304,509	319,985	13.3%	264,359	271,000	0	\$32.30
South Tempe/Ahwatuke.	6	776,034	5,129	5,129	0.7%	15,364	0	0	\$28.32
Southwest Phoenix	6	1,090,857	141,670	141,670	13.0%	8,701	0	0	\$28.87
Superstition Corrido.	5	669,150	156,723	158,201	23.6%	(11,803)	0	0	\$23.32
Tempe	26	5,754,278	332,627	339,167	5.9%	545,408	643,745	502,481	\$37.25
West I-10	0	0	0	0	0.0%	0	0	0	\$0.00
Totals	311	49,347,978	6,775,338	7,187,091	14.6%	1,078,466	1,168,157	1,498,867	\$29.63

Source: CoStar Property®

Phoenix Office Market



Figures at a Glance

Class B 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 %				
44th Street Corridor	54	1,716,985	253,893	253,893	14.8%	(50,699)	0	0	\$25.09
Airport Area	158	8,749,028	1,667,526	2,185,966	25.0%	(83,752)	305,523	0	\$23.10
Arrowhead	300	3,602,395	440,729	440,729	12.2%	(18,636)	16,000	3,000	\$24.56
Camelback Corridor	105	3,588,614	541,407	565,216	15.8%	44,709	2,640	0	\$24.39
Central Scottsdale	285	5,616,933	606,228	632,145	11.3%	147,604	0	0	\$23.91
Chandler	391	7,247,617	1,196,930	1,226,879	16.9%	147,396	51,864	6,553	\$23.49
Deer Valley/Airport	206	7,536,051	1,528,995	1,536,782	20.4%	(83,011)	0	0	\$21.20
Downtown	68	4,223,929	353,850	353,850	8.4%	101,900	0	26,174	\$28.39
Gateway Airport/Loop.	261	2,475,197	241,369	252,047	10.2%	86,253	15,162	0	\$24.10
Glendale	102	1,988,581	347,494	364,600	18.3%	63,473	16,000	125,000	\$24.74
Loop 303/Surprise	129	1,821,405	293,003	300,437	16.5%	20,544	26,200	0	\$22.87
Mesa Downtown	33	729,632	18,187	18,187	2.5%	6,649	0	0	\$15.38
Mesa East	218	2,210,922	158,082	164,042	7.4%	37,832	0	0	\$18.22
Midtown	122	6,581,025	1,447,143	1,470,932	22.4%	(63,132)	0	0	\$20.46
Midtown/Central Phoe.	131	3,116,359	368,704	376,625	12.1%	21,371	0	0	\$20.23
N Phoenix/Cave Creek	12	104,021	8,436	8,436	8.1%	9,587	4,400	0	\$20.51
N Scottsdale/Carefre.	156	1,636,783	244,207	244,207	14.9%	127,596	2,500	0	\$20.80
North I-17	56	743,982	133,533	133,533	17.9%	1,781	0	0	\$24.31
Northwest Phoenix	217	5,429,620	1,371,525	1,371,775	25.3%	78,864	2,400	0	\$18.19
Paradise Valley	155	2,560,370	305,809	310,389	12.1%	(17,035)	25,395	0	\$21.90
Piestewa Peak Corrid.	80	2,345,354	439,070	473,922	20.2%	17,330	0	0	\$21.38
Scottsdale Airpark	307	6,072,313	486,956	561,616	9.2%	93,435	0	36,735	\$23.75
Scottsdale South	157	3,049,016	433,931	433,931	14.2%	(19,284)	0	0	\$29.01
South Tempe/Ahwatuke	254	6,097,145	927,926	952,062	15.6%	(53,282)	0	0	\$22.95
Southwest Phoenix	55	1,289,852	80,650	80,650	6.3%	(42,625)	0	44,000	\$28.84
Superstition Corrido.	333	4,822,540	456,497	461,660	9.6%	259,486	0	0	\$19.63
Tempe	159	4,764,204	672,681	720,255	15.1%	66,978	252,642	0	\$24.46
West I-10	109	1,607,010	138,155	139,812	8.7%	518	0	0	\$24.82
Totals	4,613	101,726,883	15,162,916	16,034,578	15.8%	901,850	720,726	241,462	\$22.71

Source: CoStar Property®



Phoenix Office Market

Figures at a Glance

Class C 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 %				
44th Street Corridor	77	520,947	34,067	34,067	6.5%	(5,077)	0	0	\$13.89
Airport Area	56	658,332	67,169	67,169	10.2%	(6,111)	0	0	\$18.65
Arrowhead	72	534,171	102,127	102,127	19.1%	925	0	0	\$20.19
Camelback Corridor	92	668,870	34,035	34,035	5.1%	(5,695)	0	0	\$19.13
Central Scottsdale	74	414,861	5,473	6,463	1.6%	(2,491)	0	0	\$16.45
Chandler	77	466,311	47,271	47,271	10.1%	(5,401)	0	0	\$20.87
Deer Valley/Airport	51	366,072	24,760	24,760	6.8%	11,816	0	0	\$16.12
Downtown	95	1,208,019	110,788	118,301	9.8%	(30,015)	0	0	\$25.02
Gateway Airport/Loop.	16	72,307	3,834	3,834	5.3%	640	0	0	\$21.20
Glendale	81	616,335	63,974	63,974	10.4%	69	0	0	\$16.64
Loop 303/Surprise	21	160,974	16,551	16,551	10.3%	(11,613)	0	0	\$14.50
Mesa Downtown	175	750,086	64,127	64,127	8.5%	35,969	0	0	\$13.71
Mesa East	205	1,275,124	127,453	127,453	10.0%	26,991	0	0	\$16.41
Midtown	244	1,678,969	72,899	75,249	4.5%	77,767	0	0	\$15.97
Midtown/Central Phoe.	361	2,019,787	166,890	177,146	8.8%	(9,935)	0	0	\$16.21
N Phoenix/Cave Creek	5	20,037	0	0	0.0%	0	0	0	\$0.00
N Scottsdale/Carefre.	37	235,655	27,427	27,427	11.6%	(1,226)	0	0	\$17.05
North I-17	1	2,310	0	0	0.0%	0	0	0	\$0.00
Northwest Phoenix	603	3,868,792	454,069	454,069	11.7%	33,182	0	0	\$15.06
Paradise Valley	92	683,100	80,786	80,786	11.8%	(4,681)	0	0	\$17.36
Piestewa Peak Corrid.	117	698,646	47,114	47,114	6.7%	(16,350)	0	0	\$20.39
Scottsdale Airpark	18	191,873	5,789	5,789	3.0%	11,681	0	0	\$17.97
Scottsdale South	327	1,604,161	109,586	115,148	7.2%	55,821	0	0	\$23.69
South Tempe/Ahwatuke	35	496,292	159,684	159,684	32.2%	(122,135)	0	0	\$24.56
Southwest Phoenix	118	823,690	99,918	99,918	12.1%	(8,253)	0	0	\$17.46
Superstition Corrido.	74	663,791	47,433	51,379	7.7%	31,991	0	0	\$13.13
Tempe	212	1,597,086	149,399	153,985	9.6%	5,918	0	0	\$17.66
West I-10	39	369,041	81,361	84,286	22.8%	(41,976)	0	0	\$16.62
Totals	3,375	22,665,639	2,203,984	2,242,112	9.9%	21,811	0	0	\$17.76

Source: CoStar Property®

Phoenix Office Market



Figures at a Glance

Total Office 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 %				
44th Street Corridor	144	3,954,150	608,805	610,905	15.4%	(47,793)	0	0	\$25.43
Airport Area	229	11,440,100	2,146,122	2,682,359	23.4%	98,400	305,523	235,000	\$23.80
Arrowhead	375	4,325,443	575,506	575,506	13.3%	(50,361)	16,000	3,000	\$23.92
Camelback Corridor	223	9,048,079	1,243,081	1,340,246	14.8%	270,005	2,640	118,090	\$30.81
Central Scottsdale	387	8,709,319	843,153	923,105	10.6%	183,928	0	0	\$25.33
Chandler	489	10,387,853	1,499,159	1,540,463	14.8%	312,361	112,045	409,849	\$25.21
Deer Valley/Airport	281	11,923,397	1,778,641	1,786,428	15.0%	159,140	150,000	0	\$22.09
Downtown	175	10,522,349	1,209,546	1,325,971	12.6%	(20,197)	0	266,174	\$30.82
Gateway Airport/Loop.	279	2,637,467	261,136	271,814	10.3%	126,585	58,393	0	\$24.40
Glendale	188	3,125,977	471,815	488,921	15.6%	41,389	16,000	125,000	\$24.44
Loop 303/Surprise	152	2,462,350	309,554	316,988	12.9%	8,931	26,200	0	\$22.45
Mesa Downtown	208	1,479,718	82,314	82,314	5.6%	42,618	0	0	\$14.32
Mesa East	423	3,486,046	285,535	291,495	8.4%	64,823	0	0	\$17.36
Midtown	381	12,915,292	2,747,052	2,786,098	21.6%	(160,909)	0	0	\$21.99
Midtown/Central Phoe.	492	5,136,146	535,594	553,771	10.8%	11,436	0	0	\$19.20
N Phoenix/Cave Creek	17	124,058	8,436	8,436	6.8%	9,587	4,400	0	\$20.51
N Scottsdale/Carefre.	193	1,872,438	271,634	271,634	14.5%	126,370	2,500	0	\$20.45
North I-17	57	746,292	133,533	133,533	17.9%	1,781	0	0	\$24.31
Northwest Phoenix	830	10,591,542	2,097,871	2,112,846	19.9%	108,307	2,400	0	\$18.63
Paradise Valley	261	4,653,738	605,586	634,300	13.6%	(19,618)	25,395	0	\$24.16
Piestewa Peak Corrid.	200	3,453,370	499,960	570,310	16.5%	(13,333)	0	0	\$21.87
Scottsdale Airpark	382	12,868,465	1,630,326	1,739,416	13.5%	(206,509)	0	36,735	\$27.26
Scottsdale South	502	7,055,941	848,026	869,064	12.3%	300,896	271,000	0	\$29.63
South Tempe/Ahwatuke	295	7,369,471	1,092,739	1,116,875	15.2%	(160,053)	0	0	\$23.22
Southwest Phoenix	179	3,204,399	322,238	322,238	10.1%	(42,177)	0	44,000	\$24.83
Superstition Corrido.	412	6,155,481	660,653	671,240	10.9%	279,674	0	0	\$19.93
Tempe	397	12,115,568	1,154,707	1,213,407	10.0%	618,304	896,387	502,481	\$30.27
West I-10	148	1,976,051	219,516	224,098	11.3%	(41,458)	0	0	\$21.03
Totals	8,299	173,740,500	24,142,238	25,463,781	14.7%	2,002,127	1,888,883	1,740,329	\$24.57

Source: CoStar Property®

Class A 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 %				
CBD	27	9,745,699	1,971,918	2,093,737	21.5%	(267,626)	0	240,000	\$28.22
Suburban	284	39,602,279	4,803,420	5,093,354	12.9%	1,346,092	1,168,157	1,258,867	\$29.98
Totals	311	49,347,978	6,775,338	7,187,091	14.6%	1,078,466	1,168,157	1,498,867	\$29.63

Source: CoStar Property®

Class B 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 %				
CBD	190	10,804,954	1,800,993	1,824,782	16.9%	38,768	0	26,174	\$22.37
Suburban	4,423	90,921,929	13,361,923	14,209,796	15.6%	863,082	720,726	215,288	\$22.75
Totals	4,613	101,726,883	15,162,916	16,034,578	15.8%	901,850	720,726	241,462	\$22.71

Source: CoStar Property®

Class C 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 %				
CBD	339	2,886,988	183,687	193,550	6.7%	47,752	0	0	\$18.11
Suburban	3,036	19,778,651	2,020,297	2,048,562	10.4%	(25,941)	0	0	\$17.72
Totals	3,375	22,665,639	2,203,984	2,242,112	9.9%	21,811	0	0	\$17.76

Source: CoStar Property®

Class A & B 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 %				
CBD	217	20,550,653	3,772,911	3,918,519	19.1%	(228,858)	0	266,174	\$25.28
Suburban	4,707	130,524,208	18,165,343	19,303,150	14.8%	2,209,174	1,888,883	1,474,155	\$25.12
Totals	4,924	151,074,861	21,938,254	23,221,669	15.4%	1,980,316	1,888,883	1,740,329	\$25.15

Source: CoStar Property®

Total Office 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 %				
CBD	556	23,437,641	3,956,598	4,112,069	17.5%	(181,106)	0	266,174	\$24.93
Suburban	7,743	150,302,859	20,185,640	21,351,712	14.2%	2,183,233	1,888,883	1,474,155	\$24.51
Totals	8,299	173,740,500	24,142,238	25,463,781	14.7%	2,002,127	1,888,883	1,740,329	\$24.57

Source: CoStar Property®

Phoenix Office Market



Figures at a Glance

Class A 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	311	49,347,978	6,775,338	7,187,091	14.6%	(11,285)	3	314,231	9	1,498,867	\$29.63
2017 3q	308	49,033,747	6,467,405	6,861,575	14.0%	216,024	0	0	9	971,400	\$28.63
2017 2q	308	49,033,747	6,684,627	7,077,599	14.4%	104,139	1	60,181	9	971,400	\$28.38
2017 1q	307	48,973,566	6,628,034	7,121,557	14.5%	769,588	3	793,745	6	642,722	\$28.22
2016 4q	304	48,179,821	6,661,102	7,097,400	14.7%	461,050	2	280,663	6	1,224,426	\$27.96
2016 3q	302	47,899,158	6,777,040	7,277,787	15.2%	808,924	1	370,873	6	1,134,589	\$28.03
2016 2q	301	47,528,285	7,217,510	7,715,838	16.2%	440,388	2	408,025	6	1,445,281	\$27.62
2016 1q	298	47,080,510	7,269,909	7,708,451	16.4%	37,029	3	788,795	8	1,743,056	\$27.09
2015	295	46,291,715	6,616,518	6,956,685	15.0%	2,664,638	12	2,010,691	10	2,318,796	\$26.57
2014	283	44,281,024	7,231,289	7,610,632	17.2%	1,554,665	6	901,986	11	2,861,757	\$24.84
2013	277	43,379,038	7,844,313	8,263,311	19.0%	641,964	2	208,270	10	2,488,735	\$23.63
2012	275	43,170,768	8,256,956	8,697,005	20.1%	1,266,867	1	92,102	3	268,270	\$23.13
2011	274	43,078,666	9,151,061	9,871,770	22.9%	899,529	3	626,991	1	60,000	\$23.31
2010	271	42,451,675	9,386,856	10,144,308	23.9%	629,781	5	1,293,223	4	686,991	\$24.23
2009	266	41,158,452	8,914,020	9,480,866	23.0%	149,735	13	1,526,847	6	1,703,271	\$26.66
2008	253	39,631,605	7,406,190	8,103,754	20.4%	(187,695)	27	2,403,943	16	2,652,838	\$29.62

Source: CoStar Property®

Class B 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	4,613	101,726,883	15,162,916	16,034,578	15.8%	626,262	3	24,190	6	241,462	\$22.71
2017 3q	4,610	101,702,693	15,707,377	16,634,835	16.4%	75,641	5	41,808	9	265,652	\$22.48
2017 2q	4,604	101,655,922	15,714,469	16,663,705	16.4%	454,265	9	300,905	11	90,523	\$22.29
2017 1q	4,596	101,373,017	16,099,372	16,835,065	16.6%	(254,318)	6	353,823	17	380,403	\$22.02
2016 4q	4,597	101,378,690	15,778,238	16,586,420	16.4%	83,382	6	69,780	20	694,944	\$21.89
2016 3q	4,590	101,139,059	15,871,809	16,430,171	16.2%	151,724	7	127,426	24	894,338	\$21.63
2016 2q	4,584	101,023,944	15,946,969	16,466,780	16.3%	714,595	9	65,612	26	703,977	\$21.32
2016 1q	4,575	100,958,332	16,624,638	17,115,763	17.0%	509,697	2	65,165	23	564,136	\$20.97
2015	4,574	100,928,204	17,141,103	17,595,332	17.4%	919,466	23	1,192,199	15	346,781	\$20.61
2014	4,554	99,789,971	16,968,713	17,376,565	17.4%	1,194,939	11	519,716	15	889,791	\$19.83
2013	4,552	99,778,803	18,195,240	18,560,336	18.6%	1,474,636	4	37,197	8	464,975	\$18.98
2012	4,557	99,975,990	19,668,999	20,232,159	20.2%	2,183,888	14	1,345,736	3	144,322	\$18.76
2011	4,543	98,628,519	20,685,974	21,068,576	21.4%	253,117	6	87,128	11	1,182,119	\$19.27
2010	4,537	98,546,571	20,833,680	21,239,745	21.6%	(101,486)	8	125,519	6	964,734	\$20.15
2009	4,525	98,350,466	20,277,238	20,942,154	21.3%	(1,053,514)	39	935,002	9	802,836	\$21.16
2008	4,483	97,248,233	17,898,738	18,786,407	19.3%	(43,876)	206	4,039,612	35	925,810	\$23.45

Source: CoStar Property®

Total Office Market Statistics

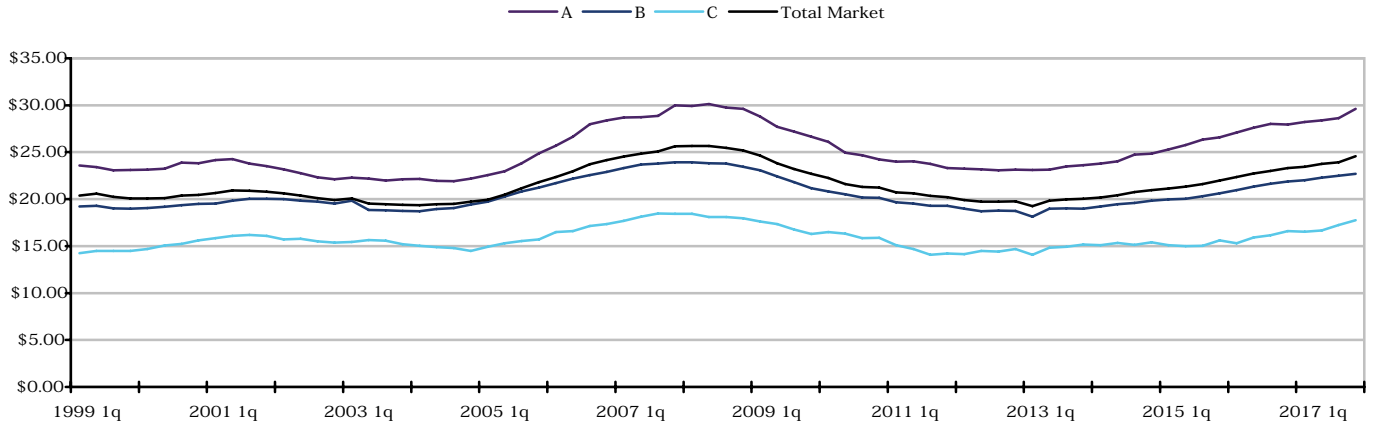
Year-End 2017

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	8,299	173,740,500	24,142,238	25,463,781	14.7%	898,494	6	338,421	15	1,740,329	\$24.57
2017 3q	8,293	173,402,079	24,665,494	26,022,039	15.0%	143,646	5	41,808	18	1,237,052	\$23.92
2017 2q	8,289	173,402,382	24,792,793	26,165,988	15.1%	601,002	10	361,086	20	1,061,923	\$23.75
2017 1q	8,281	173,067,558	25,182,653	26,432,166	15.3%	358,985	9	1,147,568	23	1,023,125	\$23.46
2016 4q	8,280	172,319,486	24,781,711	26,043,079	15.1%	660,692	8	350,443	26	1,919,370	\$23.30
2016 3q	8,273	171,804,692	25,110,950	26,188,977	15.2%	1,011,098	8	498,299	30	2,028,927	\$23.00
2016 2q	8,269	171,385,421	25,745,005	26,780,804	15.6%	1,207,322	11	473,637	32	2,149,258	\$22.73
2016 1q	8,257	170,872,034	26,526,400	27,474,739	16.1%	582,314	5	853,960	31	2,307,192	\$22.35
2015	8,253	170,053,111	26,435,359	27,238,130	16.0%	3,699,730	35	3,202,890	25	2,665,577	\$21.98
2014	8,234	167,003,830	27,090,007	27,888,579	16.7%	2,867,591	17	1,421,705	26	3,751,548	\$20.97
2013	8,235	166,271,821	29,212,518	30,024,161	18.1%	1,827,021	6	245,467	18	2,953,710	\$20.05
2012	8,245	166,352,681	30,902,482	31,932,042	19.2%	3,147,931	15	1,437,838	6	412,592	\$19.75
2011	8,243	165,017,788	32,626,593	33,745,080	20.4%	1,204,078	9	714,119	12	1,242,119	\$20.22
2010	8,236	164,321,444	33,068,428	34,252,814	20.8%	480,651	14	1,422,542	10	1,651,725	\$21.22
2009	8,219	162,836,372	31,958,477	33,248,393	20.4%	(1,478,485)	52	2,461,849	16	2,509,907	\$22.69
2008	8,166	160,187,054	27,492,960	29,120,590	18.2%	(642,793)	234	6,459,619	54	3,621,734	\$25.20

Source: CoStar Property®

Historical Rental Rates

Based on Full-Service Equivalent Rental Rates



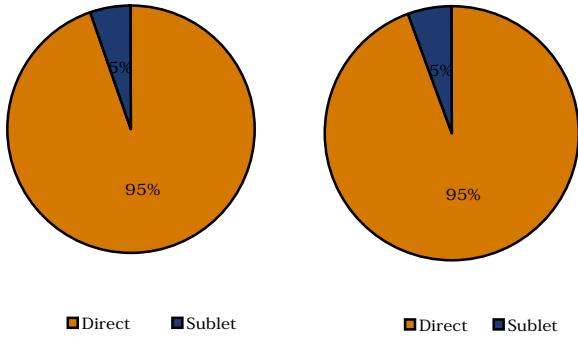
Source: CoStar Property®

Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Phoenix

United States



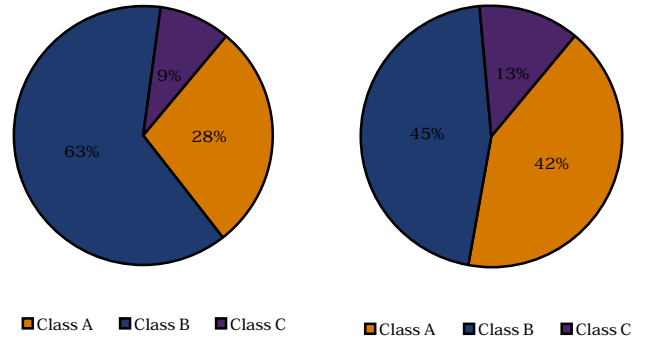
Source: CoStar Property®

Vacancy by Class

Percent of All Vacant Space by Class

Phoenix

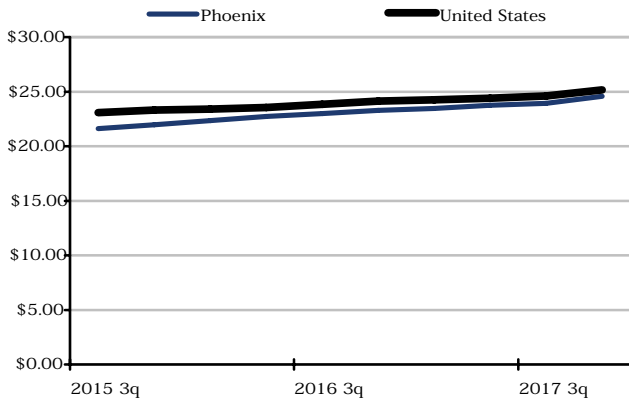
United States



Source: CoStar Property®

U.S. Rental Rate Comparison

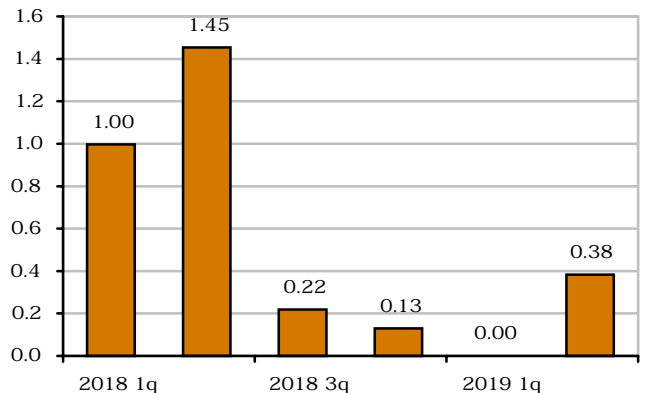
Based on Full-Service Equivalent Rental Rates



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



* Includes Under Construction Spaces

Source: CoStar Property®

Phoenix Office Market



Leasing Activity

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

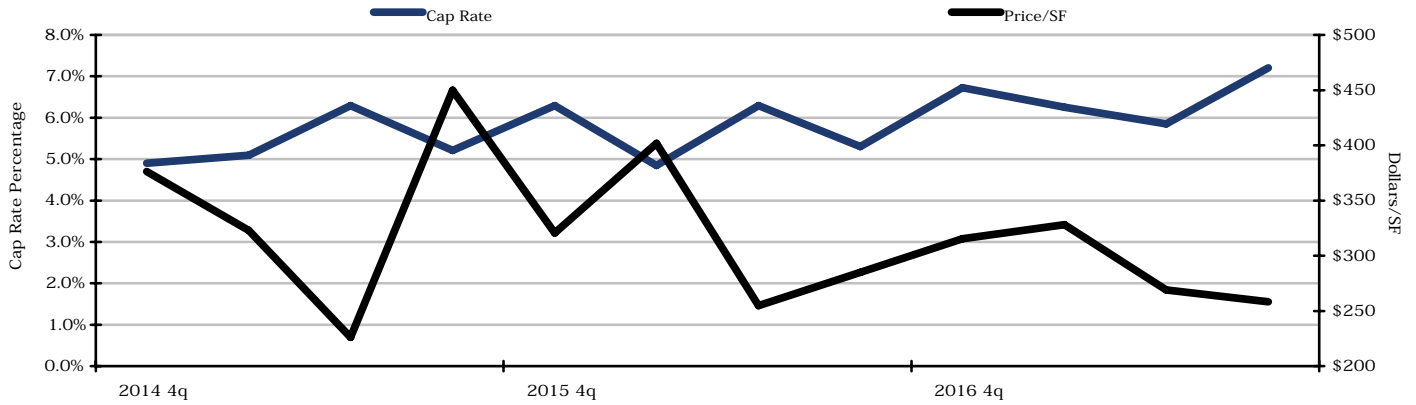
Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1 The Grand at Papago Park Center Phase I	Tempe	173,055	3rd	MUFG Union Bank	CBRE	CBRE
2 17500 N Black Canyon Hwy	Deer Valley/Airport	163,607	3rd	Consumer Cellular	Lee & Associates	CBRE
3 RIO 2100 - Bldg 1	Tempe	150,000	2nd	Freedom Financial	JLL	CBRE
4 RIO 2100 - Bldg 2	Tempe	150,000	2nd	Freedom Financial	JLL	CBRE
5 One North Central	Downtown	149,273	2nd	Quicken Loans Inc.	Newmark Knight Frank	CBRE
6 Norterra West - Phase I	Deer Valley/Airport	149,208	2nd	USAAIT Division	N/A	CBRE
7 4000 Tower*	Midtown	147,983	2nd	Department of Economic Security	Direct Deal	JLL
8 Continuum Business & Technology Park	Chandler	115,394	1st	N/A	N/A	Cushman & Wakefield
9 Mach One - Bldg B	Chandler	102,121	3rd	N/A	N/A	CBRE
10 Continuum Business & Technology Park	Chandler	81,896	3rd	Wells Fargo	CBRE	Cushman & Wakefield
11 3201 E Elwood St	Airport Area	76,600	4th	Texacle	Newmark Knight Frank	JLL
12 The Alameda	Airport Area	75,211	3rd	Centene	N/A	Cushman & Wakefield
13 Papago Buttes Corporate Plaza - Phase I	Tempe	71,618	1st	Endurance International Group	JLL	Cushman & Wakefield
14 2225 S Price Rd	Chandler	66,756	1st	Walgreens Call Center	JLL	JLL
15 Orbital	Chandler	60,181	1st	Orbital ATK	N/A	CBRE
16 Missouri Falls	Midtown	58,103	4th	N/A	N/A	CBRE
17 The Offices at Chandler Viridian	Chandler	55,000	3rd	Stantec	JLL	CBRE
18 Galleria Corporate Center	Scottsdale South	52,641	2nd	Indeed	N/A	CBRE
19 North Loop 101 Bus. Ctr. - Bldg D	Deer Valley/Airport	52,097	1st	NPL	N/A	CBRE
20 Desert Canyon 300	Northwest Phoenix	51,411	2nd	CSAA Insurance	N/A	Transwestern
21 2299 W Obispo Ave	Chandler	51,401	1st	GoDaddy.com, Inc.	N/A	Cushman & Wakefield
22 WayPoint 4	Tempe	50,693	4th	N/A	N/A	Cushman & Wakefield
23 RIO 2100	Tempe	49,505	3rd	Varsity Tutors	JLL	CBRE
24 Union Hills Office Plaza	Deer Valley/Airport	47,568	4th	Waste Management	N/A	JLL
25 Allred Park Place Central - Bldg 10	Chandler	46,225	4th	Orbital ATK	N/A	CBRE
26 The Circuit	Tempe	44,767	3rd	On Q Financial	N/A	CBRE
27 Collier Center I	Downtown	42,866	3rd	Uber Technologies Inc.	N/A	CBRE
28 One Renaissance Square	Downtown	39,000	2nd	Upgrade Inc	JLL	Lee & Associates
29 SkySong 4	Scottsdale South	36,503	2nd	Web.com	N/A	Lee & Associates
30 Physicians Medical Plaza of North Mountain	Piestewa Peak Corridor	35,498	4th	N/A	N/A	Avison Young
31 Papago Spectrum Office Building*	Tempe	35,369	2nd	Nationwide Credit	N/A	Cushman & Wakefield
32 625 S 5th St*	Downtown	34,582	1st	WebPT	Direct Deal	Direct Deal
33 Corporate Parkway North	Deer Valley/Airport	34,536	1st	Paychex Inc	The Acclaim Group, LLC	JLL
34 Galleria Corporate Center	Scottsdale South	31,824	3rd	N/A	N/A	CBRE
35 Two Scottsdale Landing	Scottsdale Airpark	28,952	2nd	SiteLock	N/A	Cushman & Wakefield
36 Security Title Plaza*	Midtown	28,500	3rd	U.S. Army Corps of Engineers	Tucson Realty & Trust; Carpenter/Ro	Cushman & Wakefield
37 Mach One - Bldg A	Chandler	28,367	3rd	N/A	N/A	CBRE

Source: CoStar Property®

* Renewal

The Optimist Sales Index

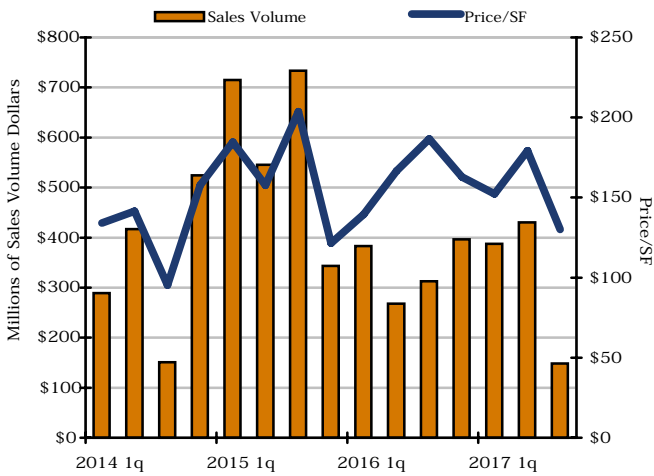
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



Source: CoStar COMPS®

Sales Volume & Price

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



Source: CoStar COMPS®

Sales Analysis by Building Size

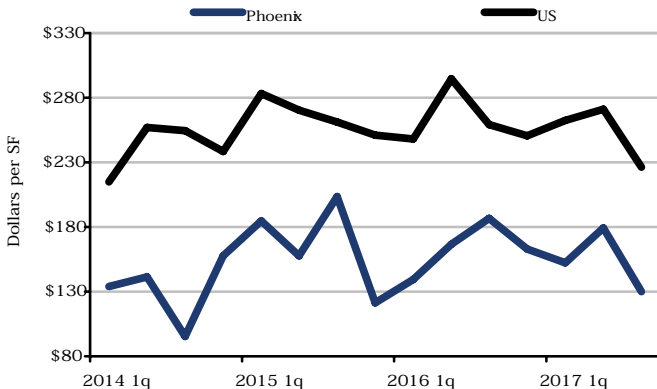
Based on Office Building Sales From Oct. 2016 - Sept. 2017

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 50,000 SF	228	2,813,544	\$442,011,956	\$ 157.10	7.45%
50K-249K SF	42	4,022,565	\$648,634,396	\$ 161.25	7.76%
250K-499K SF	7	2,210,732	\$334,470,000	\$ 151.29	6.14%
>500K SF	1	538,074	\$142,500,000	\$ 264.83	-

Source: CoStar COMPS®

U.S. Price/SF Comparison

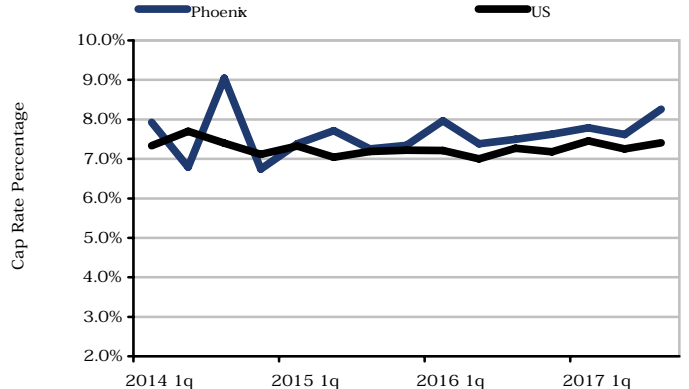
Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

U.S. Cap Rate Comparison

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



Source: CoStar COMPS®

Phoenix Office Market



Sales Activity

Select Top Sales

Based on Sales from October 2016 Through December 2017

1. Galleria Corporate Centre recap



Scottsdale

Price: **\$142,500,000**
 Price/SF: **\$264.83**
 Cap Rate: **N/A**
 RBA: **538,074**
 Date: **3/7/2017**
 Year Built: **1991**
 Buyer: **Jasper Ridge Partners**
 Seller: **Oaktree Capital Management LP**

2. 3131 & 3133 Camelback



Phoenix

Price: **\$81,750,000**
 Price/SF: **\$276.74**
 Cap Rate: **5.5%**
 RBA: **295,401**
 Date: **6/15/2017**
 Year Built: **1999**
 Buyer: **Goldman Sachs & Co. - Real Estate Management**
 Seller: **Illinois Teachers' Retirement System**

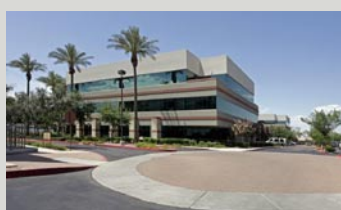
3. 4742 N 24th St



Phoenix

Price: **\$66,400,000**
 Price/SF: **\$205.95**
 Cap Rate: **N/A**
 RBA: **322,406**
 Date: **6/26/2017**
 Year Built: **1986**
 Buyer: **Regent Properties, Inc.**
 Seller: **McCarthy Cook & Co.**

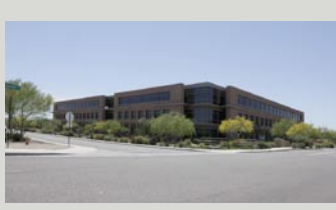
4. SanTan Corporate Center



Chandler

Price: **\$58,500,000**
 Price/SF: **\$219.49**
 Cap Rate: **6.77%**
 RBA: **266,531**
 Date: **12/15/2016**
 Year Built: **2000**
 Buyer: **City Office REIT, Inc.**
 Seller: **Columbia Property Trust**

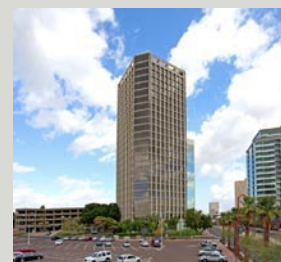
5. 16552 N 90th St



Scottsdale

Price: **\$53,150,000**
 Price/SF: **\$208.24**
 Cap Rate: **N/A**
 RBA: **255,237**
 Date: **10/18/2017**
 Year Built: **2007**
 Buyer: **Equus Capital Partners, Ltd**
 Seller: **RAIT Financial Trust**

6. 3200 N Central



Phoenix

Price: **\$49,000,000**
 Price/SF: **\$100.42**
 Cap Rate: **N/A**
 RBA: **487,927**
 Date: **11/3/2016**
 Year Built: **1984**
 Buyer: **Bridge Investment Group Partners, LLC**
 Seller: **EverWest Real Estate Partners**

7. 5090 Building



Phoenix

Price: **\$42,600,000**
 Price/SF: **\$242.27**
 Cap Rate: **7.1%**
 RBA: **175,835**
 Date: **11/30/2016**
 Year Built: **1988**
 Buyer: **City Office REIT, Inc.**
 Seller: **Low Enterprises Investment Management, LLC**

8. Discount Tire Headquarters



Scottsdale

Price: **\$40,180,000**
 Price/SF: **\$255.00**
 Cap Rate: **N/A**
 RBA: **157,566**
 Date: **5/18/2017**
 Year Built: **2002**
 Buyer: **Discount Tire**
 Seller: **Holualoa Companies**

9. Scottsdale Executive Office Center



Scottsdale

Price: **\$37,500,000**
 Price/SF: **\$206.91**
 Cap Rate: **6.88%**
 RBA: **181,238**
 Date: **4/19/2017**
 Year Built: **1997**
 Buyer: **Kramer-Wilson Company Inc**
 Seller: **William K. Perry Farms**



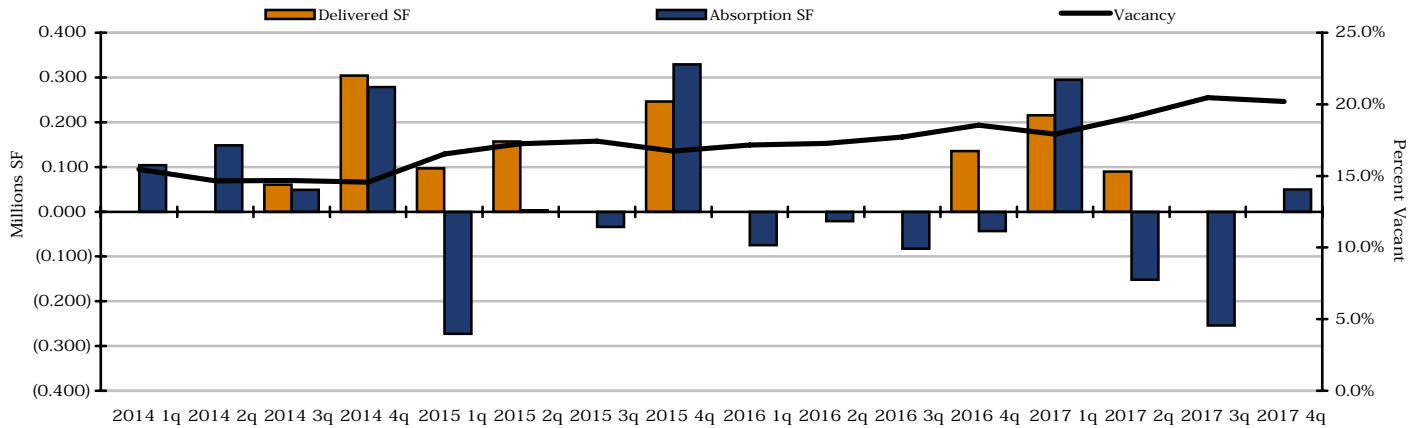
Phoenix Office Market

Airport Area Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

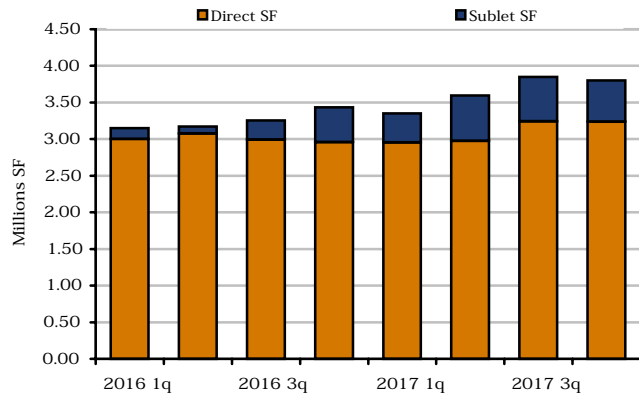
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

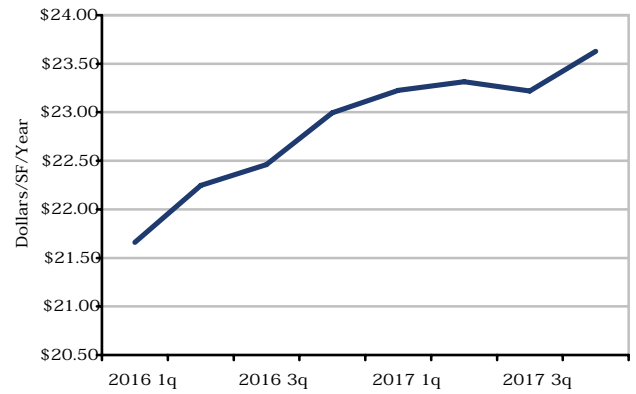
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



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	524	18,809,571	3,799,234	20.2%	49,509	0	0	1	235,000	\$23.63
2017 3q	524	18,809,571	3,848,743	20.5%	(253,951)	0	0	1	235,000	\$23.22
2017 2q	524	18,809,571	3,594,792	19.1%	(151,802)	1	89,889	1	235,000	\$23.32
2017 1q	523	18,719,682	3,353,101	17.9%	294,591	1	215,634	2	324,889	\$23.23
2016 4q	522	18,504,048	3,432,058	18.5%	(43,151)	1	135,663	3	540,523	\$22.99
2016 3q	521	18,368,385	3,253,244	17.7%	(82,533)	0	0	3	441,186	\$22.46
2016 2q	521	18,368,385	3,170,711	17.3%	(20,734)	0	0	1	135,663	\$22.25
2016 1q	521	18,368,385	3,149,977	17.1%	(74,711)	0	0	1	135,663	\$21.66
2015 4q	521	18,368,385	3,075,266	16.7%	329,509	2	246,000	1	135,663	\$20.84
2015 3q	519	18,122,385	3,158,775	17.4%	(33,884)	0	0	2	246,000	\$20.28
2015 2q	519	18,122,385	3,124,891	17.2%	3,495	1	156,583	2	246,000	\$19.85
2015 1q	518	17,965,802	2,971,803	16.5%	(272,701)	1	96,649	2	252,583	\$19.92
2014 4q	517	17,869,153	2,602,453	14.6%	278,491	2	304,082	2	253,232	\$19.36
2014 3q	515	17,565,071	2,576,862	14.7%	48,798	1	60,116	4	557,314	\$18.87
2014 2q	514	17,504,955	2,565,544	14.7%	148,438	0	0	4	460,847	\$18.94
2014 1q	513	17,497,345	2,706,372	15.5%	103,765	0	0	4	371,808	\$18.02

Source: CoStar Property®

Phoenix Office Market

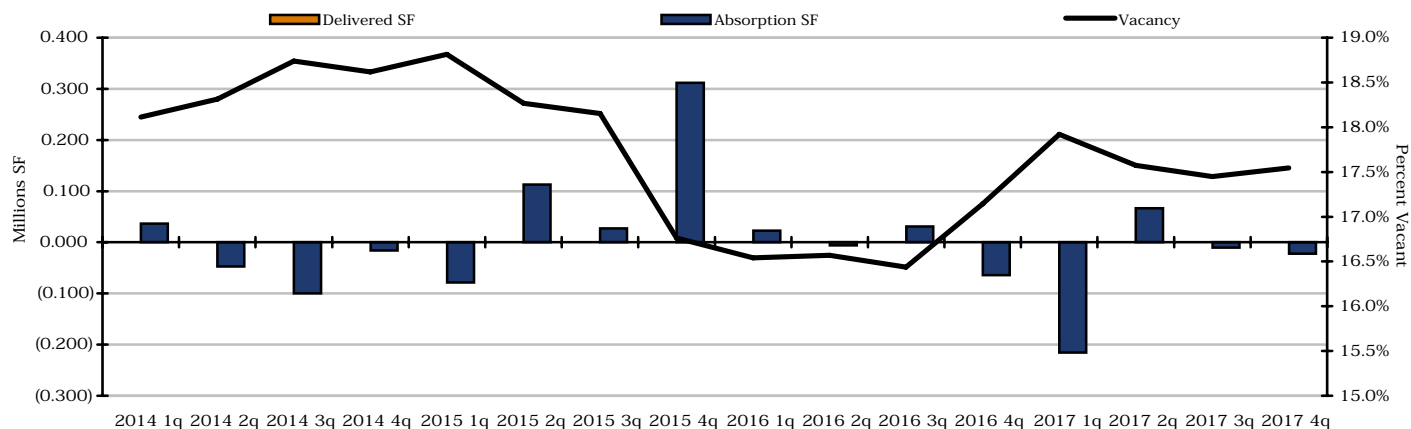


Central Corridor Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

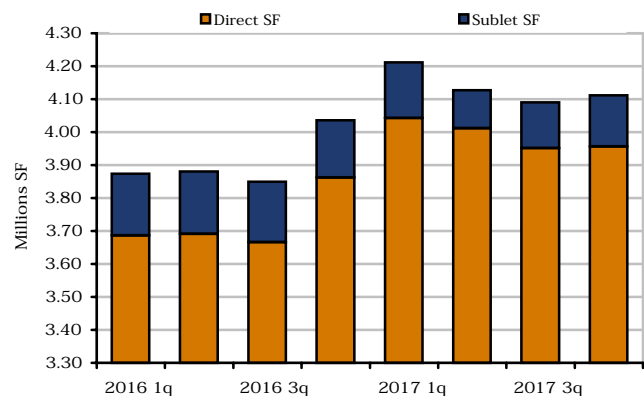
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

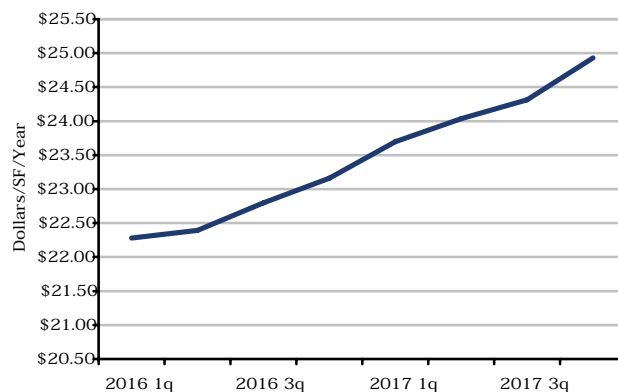
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



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	556	23,437,641	4,112,069	17.5%	(22,165)	0	0	2	266,174	\$24.93
2017 3q	556	23,437,641	4,089,904	17.5%	(10,219)	0	0	1	26,174	\$24.32
2017 2q	558	23,484,715	4,126,759	17.6%	66,847	0	0	1	26,174	\$24.04
2017 1q	559	23,502,715	4,211,606	17.9%	(215,569)	0	0	1	26,174	\$23.70
2016 4q	560	23,542,715	4,036,037	17.1%	(64,297)	0	0	0	0	\$23.16
2016 3q	559	23,420,495	3,849,520	16.4%	30,682	0	0	1	122,220	\$22.80
2016 2q	559	23,420,495	3,880,202	16.6%	(6,176)	0	0	1	122,220	\$22.39
2016 1q	559	23,420,495	3,874,026	16.5%	22,535	0	0	1	122,220	\$22.28
2015 4q	560	23,455,532	3,931,598	16.8%	311,538	0	0	1	122,220	\$22.21
2015 3q	567	23,473,436	4,261,040	18.2%	27,244	0	0	1	122,220	\$21.78
2015 2q	567	23,473,436	4,288,284	18.3%	112,762	0	0	0	0	\$21.70
2015 1q	568	23,492,750	4,420,360	18.8%	(78,524)	0	0	0	0	\$21.11
2014 4q	569	23,532,118	4,381,204	18.6%	(16,002)	0	0	0	0	\$21.03
2014 3q	570	23,586,479	4,419,563	18.7%	(99,701)	0	0	0	0	\$21.09
2014 2q	570	23,586,479	4,319,862	18.3%	(47,173)	0	0	0	0	\$20.93
2014 1q	570	23,586,479	4,272,689	18.1%	36,749	0	0	0	0	\$20.79

Source: CoStar Property®



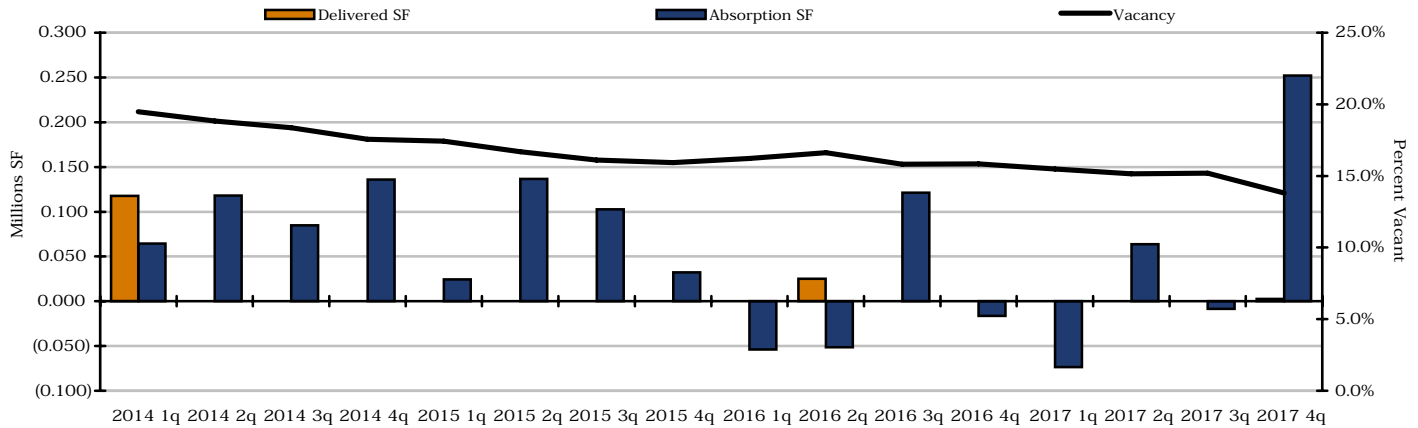
Phoenix Office Market

East Phoenix Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

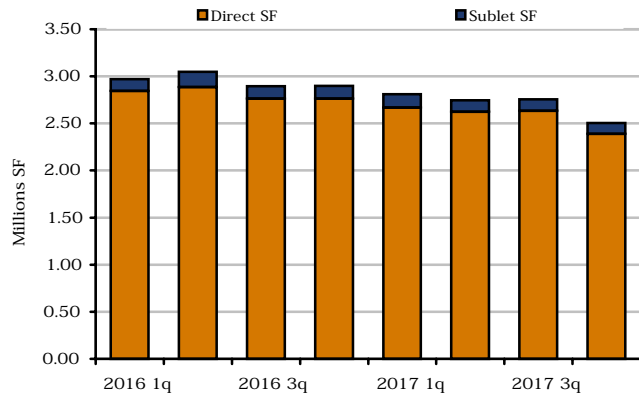
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

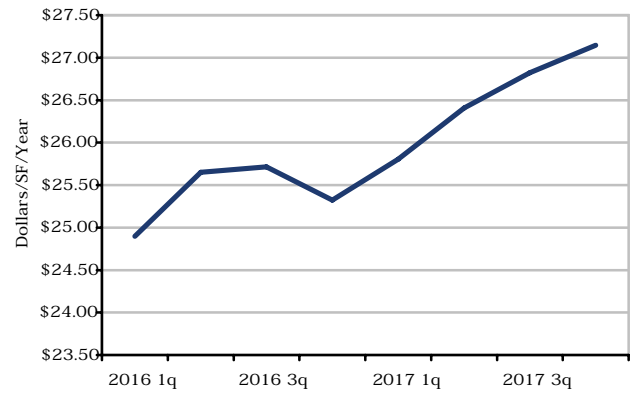
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



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	859	18,138,375	2,504,922	13.8%	252,076	1	2,640	1	118,090	\$27.15
2017 3q	858	18,135,735	2,754,358	15.2%	(8,598)	0	0	2	120,730	\$26.82
2017 2q	858	18,135,735	2,745,760	15.1%	63,655	0	0	2	120,730	\$26.41
2017 1q	858	18,135,735	2,809,415	15.5%	(73,485)	0	0	0	0	\$25.81
2016 4q	863	18,299,259	2,899,454	15.8%	(16,445)	0	0	0	0	\$25.32
2016 3q	864	18,311,523	2,895,273	15.8%	121,250	0	0	0	0	\$25.71
2016 2q	866	18,342,124	3,047,124	16.6%	(51,512)	1	25,200	0	0	\$25.65
2016 1q	865	18,316,924	2,970,412	16.2%	(53,734)	0	0	1	25,200	\$24.90
2015 4q	865	18,316,924	2,916,678	15.9%	32,331	0	0	1	25,200	\$24.43
2015 3q	865	18,316,924	2,949,009	16.1%	102,766	0	0	1	25,200	\$23.88
2015 2q	866	18,323,184	3,058,035	16.7%	136,552	0	0	0	0	\$22.97
2015 1q	866	18,323,184	3,194,587	17.4%	24,316	0	0	0	0	\$22.50
2014 4q	866	18,323,184	3,218,903	17.6%	136,041	0	0	0	0	\$22.18
2014 3q	868	18,335,902	3,367,662	18.4%	84,854	0	0	0	0	\$21.79
2014 2q	868	18,335,902	3,452,516	18.8%	118,173	0	0	0	0	\$21.65
2014 1q	869	18,338,485	3,573,272	19.5%	64,596	1	117,710	0	0	\$21.52

Source: CoStar Property®

Phoenix Office Market

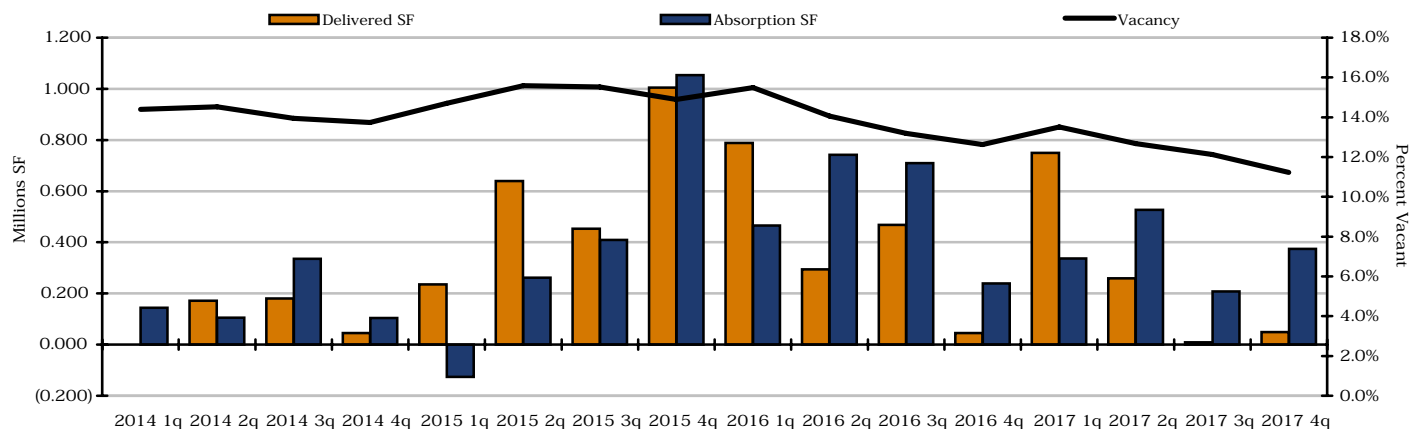


East Valley Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

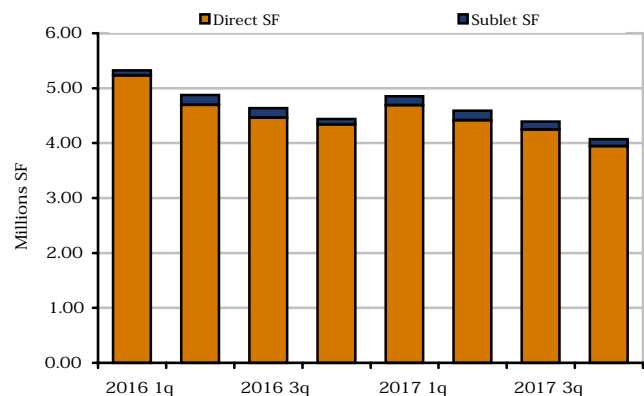
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

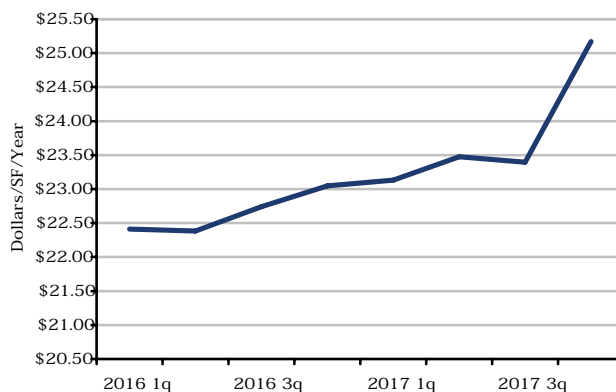
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



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	2,208	36,262,133	4,070,733	11.2%	373,852	2	48,616	7	912,330	\$25.17
2017 3q	2,206	36,213,517	4,394,154	12.1%	207,644	1	8,708	7	359,248	\$23.39
2017 2q	2,204	36,199,846	4,588,127	12.7%	526,379	7	259,567	9	372,919	\$23.48
2017 1q	2,197	35,940,279	4,854,939	13.5%	336,490	4	749,934	12	356,332	\$23.13
2016 4q	2,193	35,190,345	4,441,495	12.6%	239,417	5	44,780	13	1,021,017	\$23.04
2016 3q	2,188	35,145,565	4,636,132	13.2%	709,011	5	467,765	16	1,039,496	\$22.74
2016 2q	2,183	34,677,800	4,877,378	14.1%	742,140	8	293,893	18	1,437,216	\$22.38
2016 1q	2,175	34,383,907	5,325,625	15.5%	466,054	3	788,795	21	1,598,320	\$22.41
2015 4q	2,172	33,595,112	5,002,884	14.9%	1,053,354	7	1,004,493	13	1,891,540	\$21.57
2015 3q	2,166	32,596,273	5,057,399	15.5%	408,954	9	453,097	16	2,870,446	\$21.45
2015 2q	2,156	32,138,126	5,008,206	15.6%	261,729	4	640,117	25	3,320,509	\$21.78
2015 1q	2,152	31,498,009	4,629,818	14.7%	(125,858)	4	235,628	25	3,934,866	\$21.67
2014 4q	2,149	31,293,481	4,299,432	13.7%	103,496	2	45,500	22	3,307,127	\$21.29
2014 3q	2,147	31,247,981	4,357,428	13.9%	335,450	3	180,280	14	2,847,309	\$20.88
2014 2q	2,144	31,067,701	4,512,598	14.5%	105,283	2	171,881	14	2,705,664	\$20.06
2014 1q	2,142	30,895,820	4,446,000	14.4%	143,511	0	0	12	2,316,910	\$19.64

Source: CoStar Property®



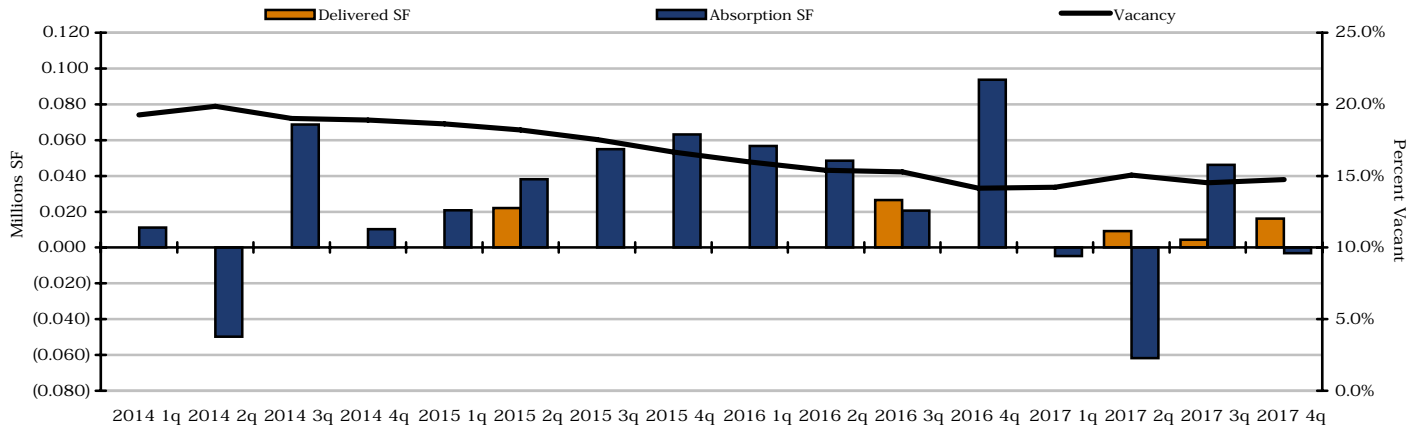
Phoenix Office Market

North Phoenix Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

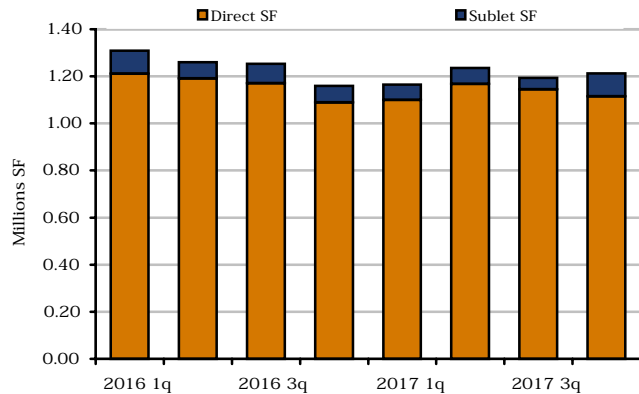
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

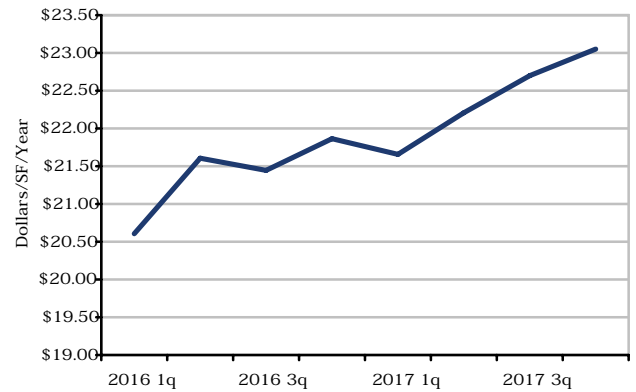
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



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	478	8,231,166	1,213,046	14.7%	(3,104)	1	16,165	0	0	\$23.05
2017 3q	477	8,215,001	1,193,777	14.5%	46,156	1	4,400	1	16,165	\$22.70
2017 2q	476	8,210,601	1,235,533	15.0%	(61,692)	1	9,230	1	4,400	\$22.21
2017 1q	475	8,201,371	1,164,611	14.2%	(4,724)	0	0	2	13,630	\$21.66
2016 4q	475	8,201,371	1,159,887	14.1%	93,690	0	0	1	9,230	\$21.87
2016 3q	475	8,201,371	1,253,577	15.3%	20,608	2	26,600	1	9,230	\$21.44
2016 2q	474	8,187,082	1,259,896	15.4%	48,586	0	0	3	35,830	\$21.60
2016 1q	474	8,187,082	1,308,482	16.0%	56,809	0	0	2	26,600	\$20.61
2015 4q	474	8,187,082	1,365,291	16.7%	63,156	0	0	2	26,600	\$20.45
2015 3q	475	8,196,720	1,438,085	17.5%	54,912	0	0	1	13,000	\$20.38
2015 2q	475	8,196,720	1,492,997	18.2%	38,080	1	22,000	0	0	\$20.33
2015 1q	475	8,192,768	1,527,125	18.6%	20,878	0	0	1	22,000	\$20.48
2014 4q	475	8,192,768	1,548,003	18.9%	10,207	0	0	1	22,000	\$20.80
2014 3q	475	8,192,768	1,558,210	19.0%	68,695	0	0	1	22,000	\$20.49
2014 2q	475	8,192,768	1,626,905	19.9%	(49,862)	0	0	0	0	\$20.18
2014 1q	475	8,192,768	1,577,043	19.2%	11,225	0	0	0	0	\$19.67

Source: CoStar Property®

Phoenix Office Market

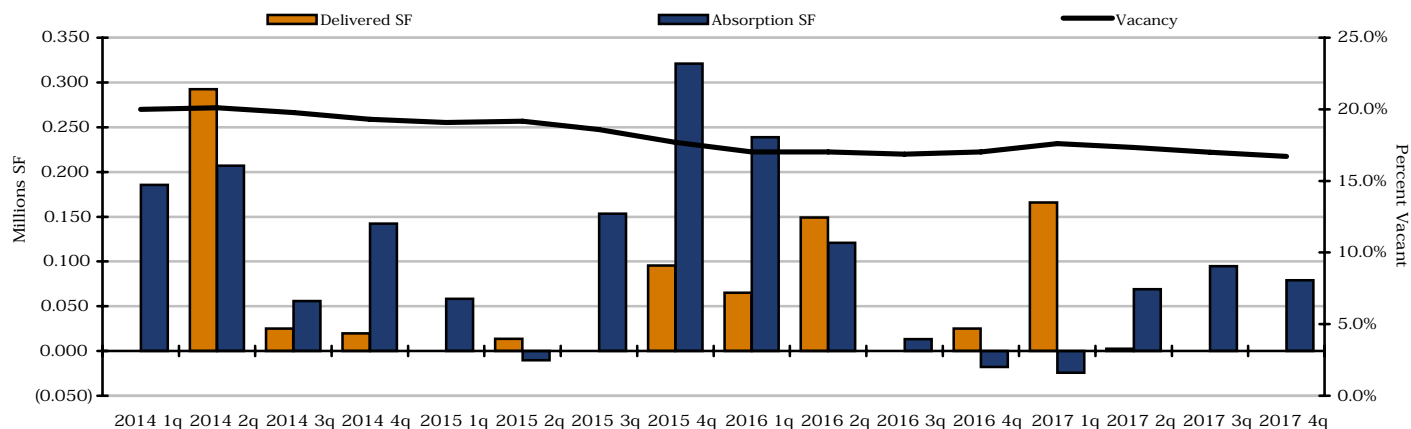


Northwest Phoenix Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

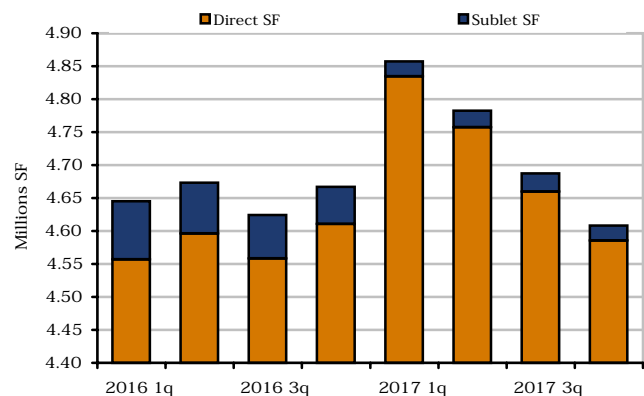
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

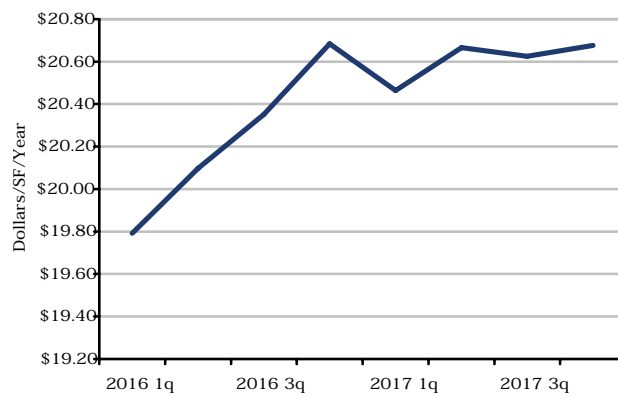
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



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	1,543	27,586,674	4,608,313	16.7%	79,177	0	0	1	3,000	\$20.68
2017 3q	1,543	27,586,674	4,687,490	17.0%	94,818	0	0	1	3,000	\$20.62
2017 2q	1,543	27,586,674	4,782,308	17.3%	69,172	1	2,400	1	3,000	\$20.67
2017 1q	1,543	27,592,536	4,857,342	17.6%	(24,300)	3	166,000	1	2,400	\$20.46
2016 4q	1,540	27,426,536	4,667,042	17.0%	(17,972)	1	25,000	4	168,400	\$20.68
2016 3q	1,539	27,401,536	4,624,070	16.9%	13,130	0	0	5	193,400	\$20.35
2016 2q	1,540	27,437,652	4,673,316	17.0%	121,005	1	149,208	4	191,000	\$20.10
2016 1q	1,539	27,288,444	4,645,113	17.0%	238,655	2	65,165	1	149,208	\$19.79
2015 4q	1,537	27,223,279	4,818,603	17.7%	321,067	3	95,499	3	214,373	\$19.64
2015 3q	1,534	27,127,780	5,044,171	18.6%	153,368	0	0	6	309,872	\$19.39
2015 2q	1,534	27,127,780	5,197,539	19.2%	(10,185)	1	13,635	4	140,164	\$18.99
2015 1q	1,533	27,114,145	5,173,719	19.1%	58,319	0	0	2	60,577	\$18.59
2014 4q	1,534	27,116,962	5,234,855	19.3%	142,447	2	19,854	0	0	\$18.63
2014 3q	1,532	27,097,108	5,357,448	19.8%	55,721	1	25,000	2	19,854	\$18.46
2014 2q	1,532	27,139,342	5,455,403	20.1%	206,937	1	292,282	3	44,854	\$18.21
2014 1q	1,531	26,847,060	5,370,058	20.0%	185,446	0	0	3	312,136	\$18.40

Source: CoStar Property®



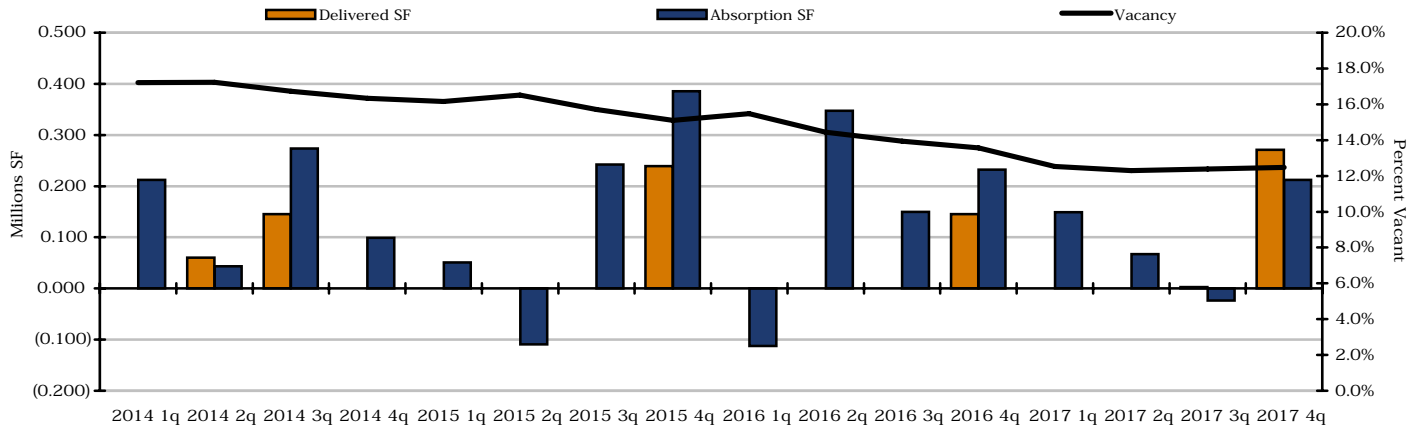
Phoenix Office Market

Scottsdale Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

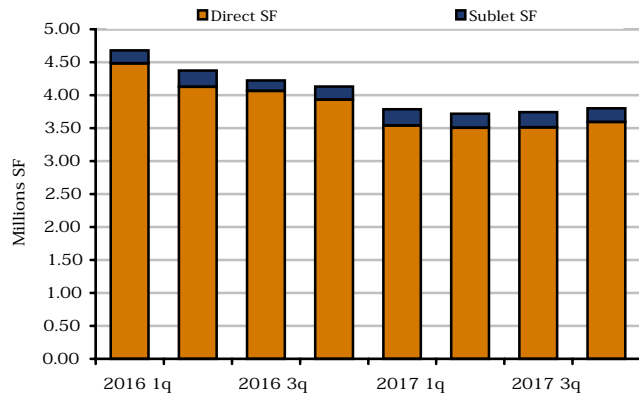
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

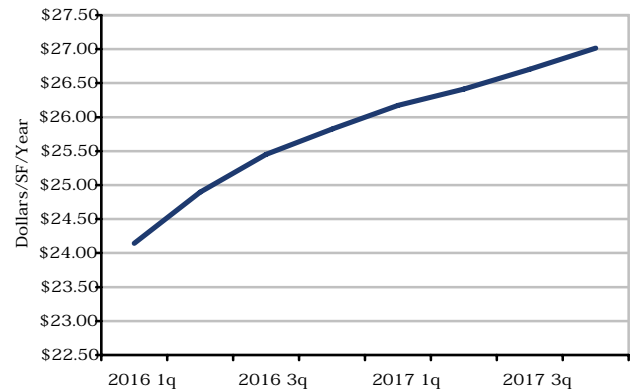
Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



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	1,464	30,506,163	3,803,219	12.5%	212,371	2	271,000	1	36,735	\$27.02
2017 3q	1,462	30,235,163	3,744,590	12.4%	(23,789)	1	2,500	3	307,735	\$26.70
2017 2q	1,461	30,232,663	3,718,301	12.3%	67,322	0	0	3	273,500	\$26.41
2017 1q	1,461	30,232,663	3,785,623	12.5%	148,781	0	0	3	273,500	\$26.17
2016 4q	1,463	30,428,635	4,130,376	13.6%	232,467	1	145,000	2	138,000	\$25.82
2016 3q	1,464	30,289,135	4,223,343	13.9%	149,664	0	0	2	147,500	\$25.45
2016 2q	1,464	30,289,135	4,373,007	14.4%	347,291	0	0	2	147,500	\$24.90
2016 1q	1,463	30,249,385	4,680,548	15.5%	(112,529)	0	0	2	184,750	\$24.14
2015 4q	1,463	30,249,385	4,568,019	15.1%	385,348	2	239,189	2	184,750	\$24.04
2015 3q	1,461	30,010,196	4,714,178	15.7%	242,269	0	0	3	278,939	\$23.74
2015 2q	1,461	30,010,196	4,956,447	16.5%	(109,197)	0	0	2	239,189	\$23.20
2015 1q	1,461	30,010,196	4,847,250	16.2%	50,707	0	0	2	239,189	\$23.09
2014 4q	1,463	30,018,752	4,906,513	16.3%	98,853	0	0	1	169,189	\$22.98
2014 3q	1,465	30,037,935	5,024,549	16.7%	273,539	1	145,000	1	169,189	\$22.89
2014 2q	1,464	29,892,935	5,153,088	17.2%	43,337	1	60,000	1	145,000	\$22.36
2014 1q	1,463	29,832,935	5,136,425	17.2%	212,208	0	0	2	205,000	\$22.10

Source: CoStar Property®

Phoenix Office Market

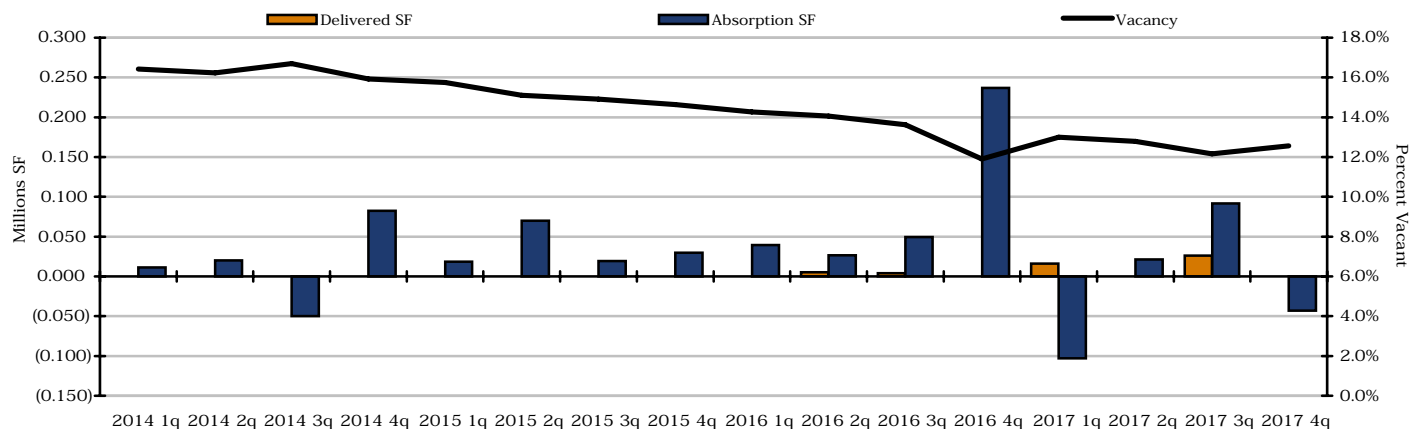


West Phoenix Market

Market Highlights - Class "A, B & C"

Deliveries, Absorption & Vacancy

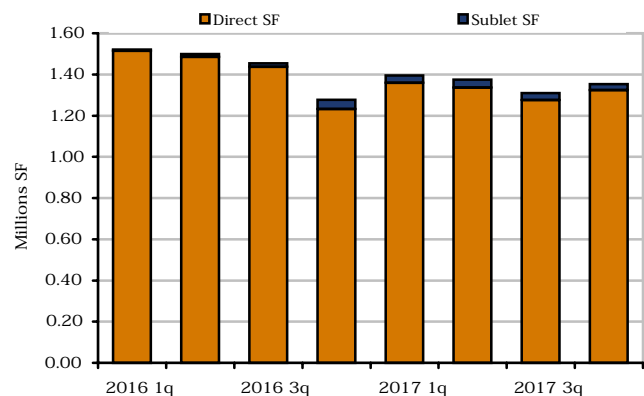
Historical Analysis, All Classes



Source: CoStar Property®

Vacant Space

Historical Analysis, All Classes



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, All Classes



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	667	10,768,777	1,352,245	12.6%	(43,222)	0	0	2	169,000	\$23.36
2017 3q	667	10,768,777	1,309,023	12.2%	91,585	2	26,200	2	169,000	\$22.70
2017 2q	665	10,742,577	1,374,408	12.8%	21,121	0	0	2	26,200	\$21.90
2017 1q	665	10,742,577	1,395,529	13.0%	(102,799)	1	16,000	2	26,200	\$22.22
2016 4q	664	10,726,577	1,276,730	11.9%	236,983	0	0	3	42,200	\$22.07
2016 3q	663	10,666,682	1,453,818	13.6%	49,286	1	3,934	2	75,895	\$21.75
2016 2q	662	10,662,748	1,499,170	14.1%	26,722	1	5,336	3	79,829	\$21.96
2016 1q	661	10,657,412	1,520,556	14.3%	39,235	0	0	2	65,231	\$21.99
2015 4q	661	10,657,412	1,559,791	14.6%	29,931	0	0	2	65,231	\$22.04
2015 3q	661	10,657,412	1,589,722	14.9%	19,186	0	0	1	5,336	\$21.93
2015 2q	661	10,657,412	1,608,908	15.1%	69,796	0	0	1	5,336	\$21.71
2015 1q	661	10,657,412	1,678,704	15.8%	18,512	0	0	0	0	\$21.98
2014 4q	661	10,657,412	1,697,216	15.9%	82,582	0	0	0	0	\$21.98
2014 3q	661	10,657,412	1,779,798	16.7%	(49,859)	0	0	0	0	\$22.07
2014 2q	661	10,657,412	1,729,939	16.2%	19,959	0	0	0	0	\$21.79
2014 1q	661	10,657,412	1,749,898	16.4%	11,387	0	0	0	0	\$21.77

Source: CoStar Property®