

CoStar Industrial Statistics

Third Quarter 2017

Phoenix Industrial Market



CoStarTM
The knowledge market

Table of Contents

Table of Contents	A
Methodology	B
Terms & Definitions	C
Market Highlights & Overview	1
CoStar Markets & Submarkets	3
Inventory & Development Analysis	4
Inventory & Development Analysis	
Select Top Deliveries	
Select Top Under Construction Properties	
Figures at a Glance	8
Figures at a Glance by Building Type & Market	
Figures at a Glance by Building Type & Submarket	
Historical Figures at a Glance	
Leasing Activity Analysis	12
Select Top Lease Transactions	
Sales Activity Analysis	14
Sales Activity Analysis	
Select Top Sales Transactions	
Analysis of Individual CoStar Submarket Clusters	16
Airport Market	
Northeast Market	
Northwest Market	
Southeast Market	
Southwest Market	

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 95.6 billion square feet of coverage in 4.4 million properties. All rental rates reported in the CoStar Industrial Report are calculated using the quoted rental rate for each property.

For information on subscribing to CoStar's other products and services, please contact us at 1-877-7COSTAR, or visit our web site at www.costar.com

© Copyright 2017 CoStar Group, Inc. All Rights Reserved. Although CoStar makes efforts to ensure the accuracy and reliability of the information contained herein, CoStar makes no guarantee, representation or warranty regarding the quality, accuracy, timeliness or completeness of the information. The publication is provided 'as is' and CoStar expressly disclaims any guarantees, representations or warranties of any kind, including those of MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

CoStar Group, Inc.

1331 L ST NW • Washington, DC 20005 • (800) 204-5960 • www.costar.com • NASDAQ: CSGP

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 Industrial Market



Overview

Phoenix's Vacancy Decreases to 8.9%

Net Absorption Positive 2,414,335 SF in the Quarter

The Phoenix Industrial market ended the third quarter 2017 with a vacancy rate of 8.9%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 2,414,335 square feet in the third quarter. Vacant sublease space increased in the quarter, ending the quarter at 858,139 square feet. Rental rates ended the third quarter at \$7.23, an increase over the previous quarter. A total of seven buildings delivered to the market in the quarter totaling 1,703,716 square feet, with 4,497,501 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Phoenix Industrial market was positive 2,414,335 square feet in the third quarter 2017. That compares to positive 1,315,080 square feet in the second quarter 2017, positive 3,079,357 square feet in the first quarter 2017, and positive 2,595,021 square feet in the fourth quarter 2016.

The Flex building market recorded net absorption of positive 77,334 square feet in the third quarter 2017, compared to positive 127,086 square feet in the second quarter 2017, negative (73,592) in the first quarter 2017, and positive 198,602 in the fourth quarter 2016.

The Warehouse building market recorded net absorption of positive 2,337,001 square feet in the third quarter 2017 compared to positive 1,187,994 square feet in the second quarter 2017, positive 3,152,949 in the first quarter 2017, and positive 2,396,419 in the fourth quarter 2016.

Vacancy

The Industrial vacancy rate in the Phoenix market area

decreased to 8.9% at the end of the third quarter 2017. The vacancy rate was 9.2% at the end of the second quarter 2017, 9.4% at the end of the first quarter 2017, and 9.7% at the end of the fourth quarter 2016.

Flex projects reported a vacancy rate of 12.9% at the end of the third quarter 2017, 13.1% at the end of the second quarter 2017, 13.3% at the end of the first quarter 2017, and 12.5% at the end of the fourth quarter 2016.

Warehouse projects reported a vacancy rate of 8.4% at the end of the third quarter 2017, 8.8% at the end of second quarter 2017, 8.9% at the end of the first quarter 2017, and 9.4% at the end of the fourth quarter 2016.

Largest Lease Signings

The largest lease signings occurring in 2017 included: the 618,350-square-foot lease signed by UPS at 16601 W Sells St - 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 261,880-square-foot lease signed by Essendant, Inc. at 1500 S 71st Ave - Liberty Logistics Center II - Bldg 3 in the Southwest market.

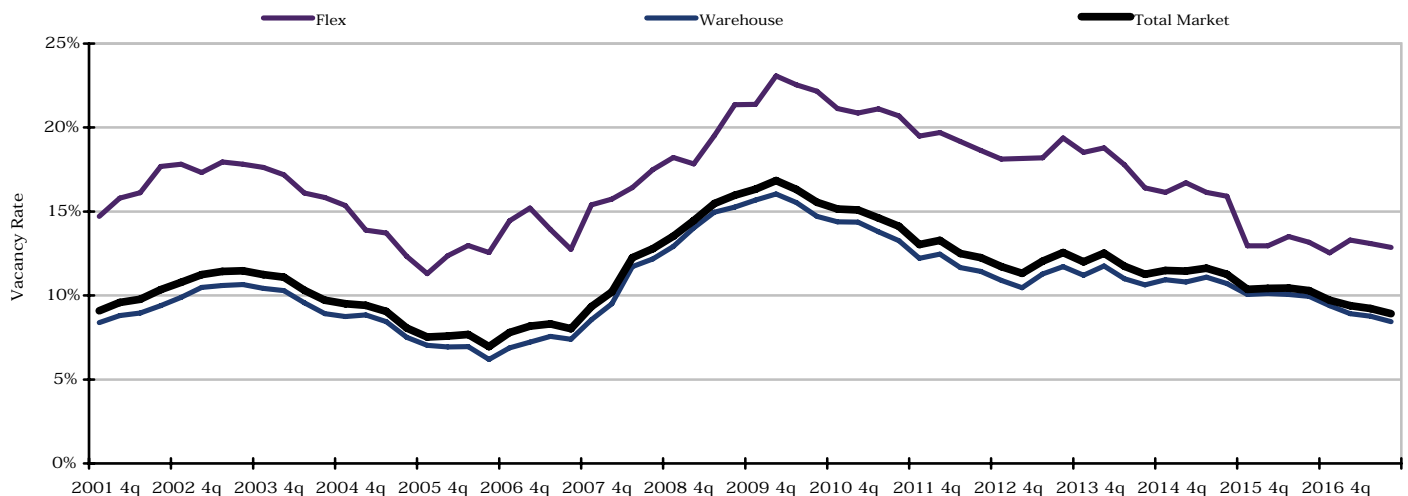
Sublease Vacancy

The amount of vacant sublease space in the Phoenix market increased to 858,139 square feet by the end of the third quarter 2017, from 853,880 square feet at the end of the second quarter 2017. There was 1,068,792 square feet vacant at the end of the first quarter 2017 and 1,447,232 square feet at the end of the fourth quarter 2016.

Phoenix's Flex projects reported vacant sublease space of 106,577 square feet at the end of third quarter 2017, up

Vacancy Rates by Building Type

1999-2017



Source: CoStar Property®

from the 83,288 square feet reported at the end of the second quarter 2017. There were 181,494 square feet of sublease space vacant at the end of the first quarter 2017, and 176,413 square feet at the end of the fourth quarter 2016.

Warehouse projects reported decreased vacant sublease space from the second quarter 2017 to the third quarter 2017. Sublease vacancy went from 770,592 square feet to 751,562 square feet during that time. There was 887,298 square feet at the end of the first quarter 2017, and 1,270,819 square feet at the end of the fourth quarter 2016.

Rental Rates

The average quoted asking rental rate for available Industrial space was \$7.23 per square foot per year at the end of the third quarter 2017 in the Phoenix market area. This represented a 2.7% increase in quoted rental rates from the end of the second quarter 2017, when rents were reported at \$7.04 per square foot.

The average quoted rate within the Flex sector was \$12.70 per square foot at the end of the third quarter 2017, while Warehouse rates stood at \$6.43. At the end of the second quarter 2017, Flex rates were \$13.00 per square foot, and Warehouse rates were \$6.21.

Deliveries and Construction

During the third quarter 2017, seven buildings totaling 1,703,716 square feet were completed in the Phoenix market area. This compares to 12 buildings totaling 912,204 square feet that were completed in the second quarter 2017, 13 buildings totaling 2,241,095 square feet completed in the first quarter 2017, and 1,010,577 square feet in six buildings completed in the fourth quarter 2016.

There were 4,497,501 square feet of Industrial space under construction at the end of the third quarter 2017.

Some of the notable 2017 deliveries include: 7101 N Glen Harbor Blvd - Conair, a 1,000,000-square-foot facility that

delivered in third quarter 2017 and is now 100% occupied, and 16601 W Sells St - 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 third quarter 2017 were PV/303 - Bldg B, a 640,000-square-foot building with 0% of its space pre-leased, and 16811 W Commerce Dr - Opus Goodyear Crossing, a 540,349-square-foot facility that is 0% pre-leased.

Inventory

Total Industrial inventory in the Phoenix market area amounted to 321,499,567 square feet in 10,117 buildings as of the end of the third quarter 2017. The Flex sector consisted of 33,677,716 square feet in 1,159 projects. The Warehouse sector consisted of 287,821,851 square feet in 8,958 buildings. Within the Industrial market there were 2,139 owner-occupied buildings accounting for 93,007,021 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 second quarter 2017 in terms of dollar volume compared to the first quarter of 2017.

In the second quarter, 45 industrial transactions closed with a total volume of \$228,388,515. The 45 buildings totaled 2,719,169 square feet and the average price per square foot equated to \$83.99 per square foot. That compares to 48 transactions totaling \$196,819,915 in the first quarter. The total square footage was 2,561,397 for an average price per square foot of \$76.84.

Total year-to-date industrial building sales activity in 2017 is up compared to the previous year. In the first six months of 2017, the market saw 93 industrial sales transactions with a total volume of \$425,208,430. The price per square foot has averaged \$80.52 this year. In the first six months of 2016, the market posted 93 transactions with a total volume of \$408,580,785. The price per square foot averaged \$64.59.

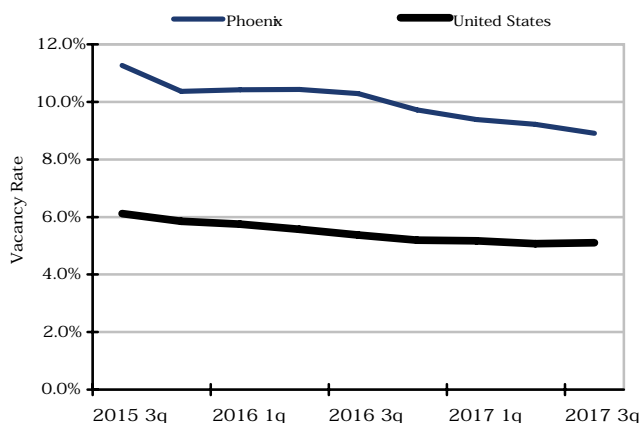
Cap rates have been lower in 2017, averaging 6.85%, compared to the first six months of last year when they averaged 7.57%.

One of the largest transactions that has occurred within the last four quarters in the Phoenix market is the sale of Buckeye Logistics Center - Amazon in Phoenix. This 1,009,351-square-foot industrial building sold for \$74,750,000, or \$74.06 per square foot. The property sold on 7/26/2016.

Reports compiled by: Adam Jarrett, CoStar Senior Research Manager.

U.S. Vacancy Comparison

Past 9 Quarters



Source: CoStar Property®

Phoenix Industrial Market



Markets

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

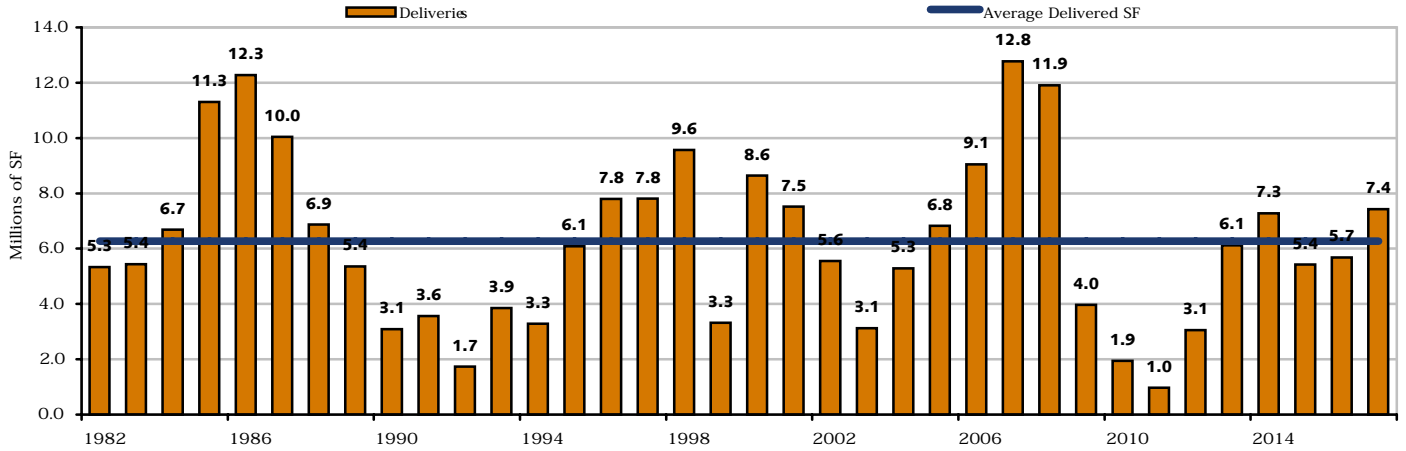


Phoenix Industrial Market

Inventory & development

Historical Deliveries

1982 - 2017



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

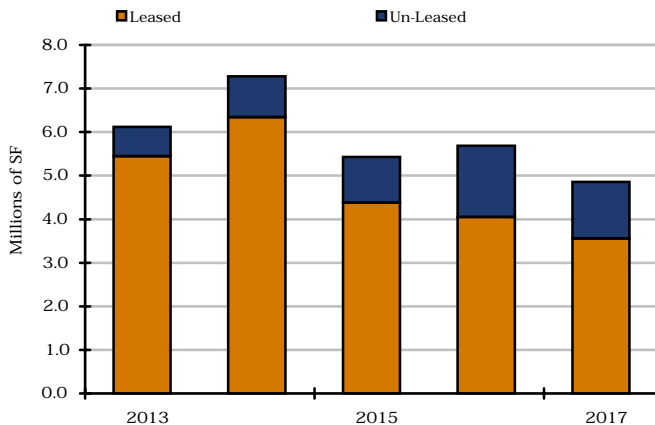
CONSTRUCTION ACTIVITY Markets Ranked by Under Construction RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Southwest Ind	6	2,009,862	1,019,331	50.7%	69,649	334,977
Northwest Ind	26	1,435,475	59,525	4.1%	24,128	55,211
Southeast Ind	10	882,592	624,040	70.7%	29,342	88,259
Airport Ind	1	107,580	75,306	70.0%	24,787	107,580
Northeast Ind	1	61,992	0	0.0%	19,744	61,992
Totals	44	4,497,501	1,778,202	39.5%	31,778	102,216

Source: CoStar Property®

Recent Deliveries

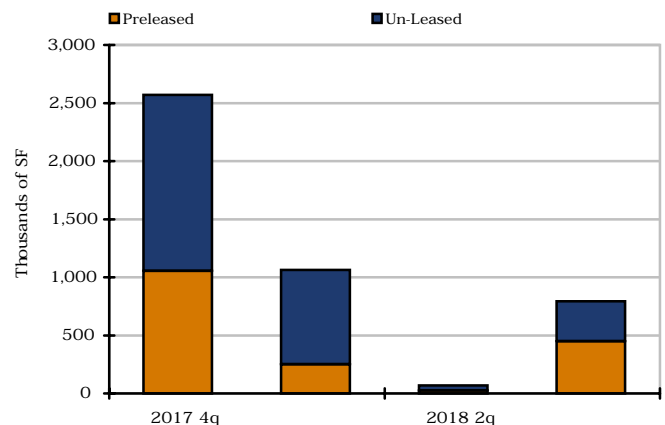
Leased & Un-Leased SF in Deliveries Since 2013



Source: CoStar Property®

Future Deliveries

Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

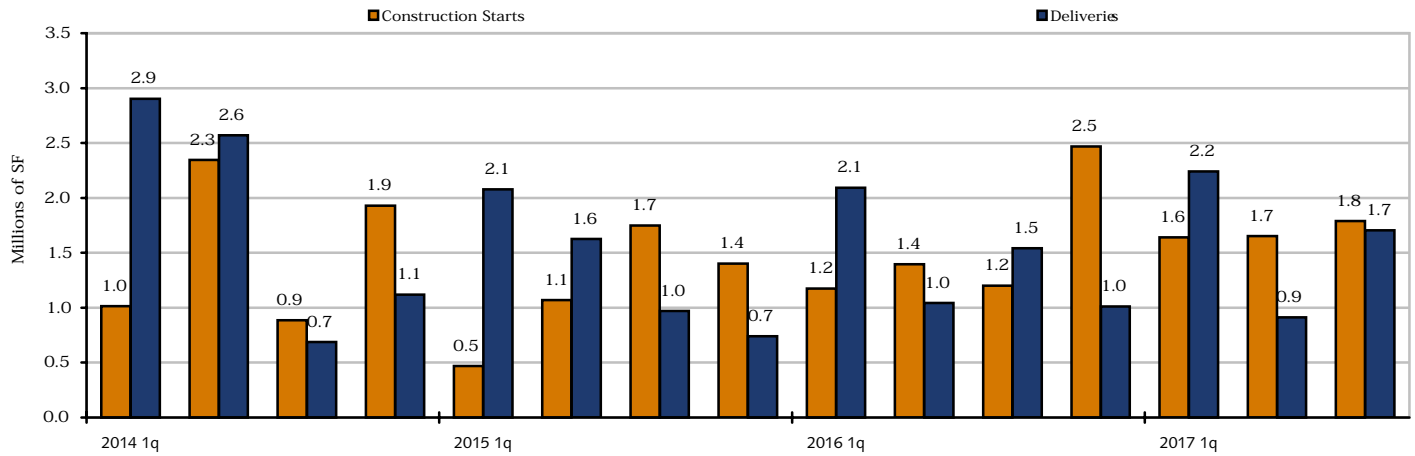
Phoenix Industrial Market



Inventory & development

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	9	155,533	76,344	49.1%	\$9.44	58,008	97,525
50,000 SF - 99,999 SF	10	707,223	313,262	44.3%	\$9.02	214,068	493,155
100,000 SF - 249,999 SF	8	1,295,258	643,916	49.7%	\$9.37	380,098	915,160
250,000 SF - 499,999 SF	3	1,080,651	905,054	83.8%	\$4.54	250,043	830,608
>= 500,000 SF	2	1,618,350	1,618,350	100.0%	\$4.32	1,618,350	0

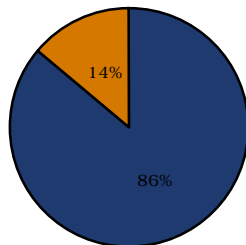
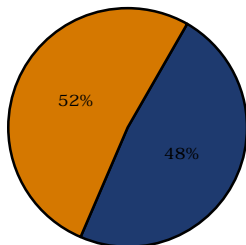
Source: CoStar Property®

Recent Development by Tenancy

Based on RBA Developed for Single & Multi-Tenant Use

2017 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

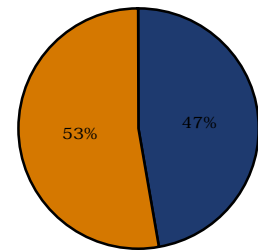
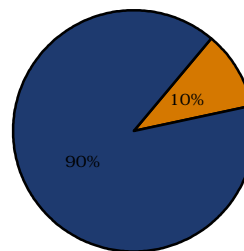
Source: CoStar Property®

Existing Inventory Comparison

Based on Total RBA

By 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 - Conair</p> <p>Submarket: Northwest Industrial Market
 RBA: 1,000,000
 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. 16601 W Sells St - 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: First Quarter 2017
 Leasing Co: CBRE
 Developer: Merit Partners, Inc.</p> | <p>3. 1000 N 127th Ave - Coldwater Depot</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>4. 790 S 75th Ave - Tolleson Corporate Park</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>5. 2200 S 43rd Ave - 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>6. 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>7. 7205 W Buckeye Rd - Liberty Logistics Center</p> <p>Submarket: Southwest Industrial Market
 RBA: 222,910
 Occupied: 39%
 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>8. 4141 E Broadway Rd - Allred Broadway Center</p> <p>Submarket: Airport Industrial Market
 RBA: 215,634
 Occupied: 0%
 Quoted Rate: \$16.95
 Grnd Brk Date: Third Quarter 2016
 Deliv Date: First Quarter 2017
 Leasing Co: CBRE
 Developer: Douglas Allred Company</p> | <p>9. 280 E Germann Rd - Silent-Aire USA</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>10. 250 E Germann Rd - Park Lucero - Phase II</p> <p>Submarket: Southeast Industrial Market
 RBA: 131,796
 Occupied: 0%
 Quoted Rate: Negotiable
 Grnd Brk Date: Third Quarter 2016
 Deliv Date: Third Quarter 2017
 Leasing Co: JLL
 Developer: Trammell Crow Company</p> | <p>11. 2675 S 16th St - Clarius Sky Harbor</p> <p>Submarket: Airport Industrial Market
 RBA: 130,421
 Occupied: 34%
 Quoted Rate: \$7.80
 Grnd Brk Date: Second Quarter 2016
 Deliv Date: First Quarter 2017
 Leasing Co: CBRE
 Developer: Clarius Partners LLC</p> | <p>12. 3545 S 28th St - Freeway Logistics Center</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>13. 2495 S Ellis St - CyrusOne Data Center</p> <p>Submarket: Southeast Industrial Market
 RBA: 101,470
 Occupied: 100%
 Quoted Rate: N/A
 Grnd Brk Date: Fourth Quarter 2016
 Deliv Date: Second Quarter 2017
 Leasing Co: CyrusOne, Inc.
 Developer: DPR Construction, Inc.</p> | <p>14. 3545 S 28th St - Freeway Logistics Center</p> <p>Submarket: Airport Industrial Market
 RBA: 97,456
 Occupied: 0%
 Quoted Rate: \$7.08
 Grnd Brk Date: Third Quarter 2016
 Deliv Date: First Quarter 2017
 Leasing Co: CBRE
 Developer: Kitchell Development Co.</p> | <p>15. 1000 W Vista Bonita Dr - Desert Gateway</p> <p>Submarket: Northwest Industrial Market
 RBA: 92,221
 Occupied: 40%
 Quoted Rate: \$8.40
 Grnd Brk Date: Second Quarter 2016
 Deliv Date: First Quarter 2017
 Leasing Co: DAUM Commercial RE
 Developer: McShane Development Co.</p> |

Phoenix Industrial Market



Inventory & development

Select Top Under Construction Properties

Based on Project Square Footage

- | | | |
|---|--|---|
| <p>1. PV/303 - Bldg B</p> <p>Submarket: Northwest Industrial Market
 RBA: 640,000
 Preleased: 0%
 Quoted Rate: Negotiable
 Grnd Brk Date: Third Quarter 2017
 Deliv Date: First Quarter 2018
 Leasing Co: CBRE
 Developer: N/A</p> | <p>2. 16811 W Commerce Dr - Opus Goodyear</p> <p>Submarket: Southwest Industrial Market
 RBA: 540,349
 Preleased: 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>3. 5333 W Lower Buckeye Rd - 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>4. NE Elliot Rd & Ellsworth Rd - Niagara</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>5. 1500 S 71st Ave - Liberty Logistics Center II</p> <p>Submarket: Southwest Industrial Market
 RBA: 437,105
 Preleased: 60%
 Quoted Rate: \$4.68
 Grnd Brk Date: First Quarter 2017
 Deliv Date: Fourth Quarter 2017
 Leasing Co: Colliers International
 Developer: Liberty Property Trust</p> | <p>6. 7101 W Buckeye Rd - Liberty Logistics Center</p> <p>Submarket: Southwest Industrial Market
 RBA: 275,340
 Preleased: 0%
 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>7. Apache Blvd & Southern Ave - Cardinal Glass</p> <p>Submarket: Southwest Industrial Market
 RBA: 250,000
 Preleased: 100%
 Quoted Rate: N/A
 Grnd Brk Date: First Quarter 2017
 Deliv Date: First Quarter 2018
 Leasing Co: Cardinal Glass Industries
 Developer: Cardinal Glass Industries</p> | <p>8. 140 W Pinnacle Peak Rd - Parc Pinnacle</p> <p>Submarket: Northwest Industrial Market
 RBA: 155,040
 Preleased: 0%
 Quoted Rate: \$7.20
 Grnd Brk Date: Third Quarter 2017
 Deliv Date: Fourth Quarter 2017
 Leasing Co: JLL
 Developer: N/A</p> | <p>9. 4100 S 38th St - Reliance Broadway</p> <p>Submarket: Airport Industrial Market
 RBA: 107,580
 Preleased: 70%
 Quoted Rate: \$8.28
 Grnd Brk Date: First Quarter 2017
 Deliv Date: Fourth Quarter 2017
 Leasing Co: Commercial Properties, Inc.
 Developer: Reliance Management</p> |
| <p>10. 170 S Kyrene Rd - Kyrene 202 Business Park</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>11. 100 W Pinnacle Peak Rd - Parc Pinnacle</p> <p>Submarket: Northwest Industrial Market
 RBA: 86,400
 Preleased: 0%
 Quoted Rate: \$7.80
 Grnd Brk Date: Third Quarter 2017
 Deliv Date: Fourth Quarter 2017
 Leasing Co: JLL
 Developer: N/A</p> | <p>12. 6116 S Ash Ave - Majestic Tempe</p> <p>Submarket: Southeast Industrial Market
 RBA: 85,752
 Preleased: 0%
 Quoted Rate: Negotiable
 Grnd Brk Date: First Quarter 2017
 Deliv Date: Fourth Quarter 2017
 Leasing Co: Majestic Realty Co.
 Developer: N/A</p> |
| <p>13. Loop 202 & Power Rd - EuroContempo</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: N/A</p> | <p>14. 180 W Pinnacle Peak Rd - Parc Pinnacle</p> <p>Submarket: Northwest Industrial Market
 RBA: 70,400
 Preleased: 0%
 Quoted Rate: \$8.04
 Grnd Brk Date: Third Quarter 2017
 Deliv Date: Fourth Quarter 2017
 Leasing Co: JLL
 Developer: N/A</p> | <p>15. 2550 E Mohawk Ln</p> <p>Submarket: Northeast Industrial Market
 RBA: 61,992
 Preleased: 0%
 Quoted Rate: \$8.48
 Grnd Brk Date: Second Quarter 2017
 Deliv Date: Fourth Quarter 2017
 Leasing Co: DAUM Commercial RE
 Developer: N/A</p> |



Phoenix Industrial Market

Figures at a Glance

Flex Market Statistics

Third Quarter 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	152	5,517,172	1,236,529	1,242,812	22.5%	69,915	215,634	0	\$13.09
Northeast Ind	241	5,292,161	420,925	424,237	8.0%	17,134	0	0	\$13.73
Northwest Ind	254	6,237,551	535,235	544,810	8.7%	13,160	0	48,000	\$10.53
Southeast Ind	478	15,288,320	1,903,655	1,991,062	13.0%	(54,685)	101,470	0	\$12.76
Southwest Ind	34	1,342,512	130,596	130,596	9.7%	85,304	0	0	\$8.77
Totals	1,159	33,677,716	4,226,940	4,333,517	12.9%	130,828	317,104	48,000	\$12.70

Source: CoStar Property®

Warehouse Market Statistics

Third Quarter 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	1,933	46,163,845	4,234,388	4,399,297	9.5%	1,128,649	411,391	107,580	\$7.08
Northeast Ind	593	11,174,458	707,689	739,853	6.6%	12,260	200,532	61,992	\$10.97
Northwest Ind	2,315	55,748,369	3,511,418	3,549,385	6.4%	1,372,001	1,909,365	1,387,475	\$6.98
Southeast Ind	2,773	80,101,550	7,191,158	7,614,665	9.5%	673,259	424,161	882,592	\$7.47
Southwest Ind	1,344	94,633,629	7,919,781	8,012,796	8.5%	3,491,775	1,594,462	2,009,862	\$4.92
Totals	8,958	287,821,851	23,564,434	24,315,996	8.4%	6,677,944	4,539,911	4,449,501	\$6.43

Source: CoStar Property®

Total Industrial Market Statistics

Third Quarter 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	2,085	51,681,017	5,470,917	5,642,109	10.9%	1,198,564	627,025	107,580	\$8.12
Northeast Ind	834	16,466,619	1,128,614	1,164,090	7.1%	29,394	200,532	61,992	\$12.14
Northwest Ind	2,569	61,985,920	4,046,653	4,094,195	6.6%	1,385,161	1,909,365	1,435,475	\$7.28
Southeast Ind	3,251	95,389,870	9,094,813	9,605,727	10.1%	618,574	525,631	882,592	\$8.65
Southwest Ind	1,378	95,976,141	8,050,377	8,143,392	8.5%	3,577,079	1,594,462	2,009,862	\$4.95
Totals	10,117	321,499,567	27,791,374	28,649,513	8.9%	6,808,772	4,857,015	4,497,501	\$7.23

Source: CoStar Property®

Phoenix Industrial Market



Figures at a Glance

Flex Submarket Statistics

Third Quarter 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	56	1,028,567	49,534	49,534	4.8%	37,073	0	0	\$11.61
Chandler Airport Ind	13	547,161	224,236	224,236	41.0%	(38,475)	0	0	\$15.32
Chandler Ind	70	3,857,718	555,258	555,258	14.4%	160,708	101,470	0	\$13.27
Chandler N/Gilbert Ind	100	2,342,544	271,253	281,229	12.0%	(34,365)	0	0	\$11.28
Deer Vly/Pinnacle Pk Ind	83	3,148,900	96,238	99,613	3.2%	23,468	0	0	\$11.59
Falcon Fld/Apache Jct Ind	29	384,265	54,634	54,634	14.2%	(21,175)	0	0	\$9.94
Glendale Ind	12	322,439	43,294	43,294	13.4%	22,741	0	0	\$18.35
Goodyear Ind	13	258,053	46,580	46,580	18.1%	(46,580)	0	0	\$8.17
Grand Avenue Ind	24	169,393	35,852	35,852	21.2%	(23,302)	0	0	\$11.94
Mesa Ind	40	430,262	12,659	12,659	2.9%	563	0	0	\$14.11
N Glendale/Sun City Ind	25	481,199	32,837	39,037	8.1%	(8,368)	0	48,000	\$8.18
North Airport Ind	41	1,689,089	396,647	396,647	23.5%	(22,400)	0	0	\$11.10
North Black Canyon Ind	64	1,277,290	293,154	293,154	23.0%	17,392	0	0	\$9.67
S Airport N of Roeser Ind	63	2,922,807	713,502	719,785	24.6%	99,062	215,634	0	\$13.85
S Airport S of Roeser Ind	10	121,258	36,673	36,673	30.2%	(23,483)	0	0	\$10.85
SC N of Salt River Ind	34	755,942	89,707	89,707	11.9%	16,736	0	0	\$15.55
SC S of Salt River Ind	4	28,076	0	0	0.0%	0	0	0	\$0.00
Scottsdale Airpark Ind	117	2,449,601	302,371	305,683	12.5%	(23,845)	0	0	\$14.64
Scottsdale/Salt River Ind	68	1,813,993	69,020	69,020	3.8%	3,906	0	0	\$13.03
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	120,909	120,909	9.5%	35,981	0	0	\$11.66
Tempe Northwest Ind	82	2,518,764	169,029	169,029	6.7%	(39,732)	0	0	\$11.08
Tempe Southwest Ind	98	3,939,256	495,677	573,108	14.5%	(118,190)	0	0	\$13.11
Tolleson Ind	8	503,544	17,060	17,060	3.4%	(10,799)	0	0	\$11.76
W Phx N of Thomas Rd Ind	39	738,681	20,660	20,660	2.8%	(6,756)	0	0	\$6.73
W Phx S of Thomas Rd Ind	7	99,649	13,200	13,200	13.2%	(12,015)	0	0	\$6.15
Totals	1,159	33,677,716	4,226,940	4,333,517	12.9%	130,828	317,104	48,000	\$12.70

Source: CoStar Property®

Warehouse Submarket Statistics

Third Quarter 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	3,129,868	136,401	137,878	4.4%	7,403	54,372	61,992	\$9.58
Chandler Airport Ind	79	2,917,674	577,424	577,424	19.8%	297,503	375,585	0	\$7.93
Chandler Ind	289	16,827,024	2,894,581	2,914,581	17.3%	125,490	0	166,280	\$7.41
Chandler N/Gilbert Ind	675	16,969,601	1,177,228	1,269,719	7.5%	286,155	15,429	522,000	\$7.52
Deer Vly/Pinnacle Pk Ind	588	13,218,454	993,556	1,031,523	7.8%	86,614	224,403	637,254	\$8.90
Falcon Fld/Apache Jct Ind	214	4,424,132	129,549	129,549	2.9%	63,630	33,147	0	\$8.81
Glendale Ind	112	8,722,410	1,171,578	1,171,578	13.4%	1,206,327	1,684,962	750,221	\$5.72
Goodyear Ind	154	10,522,981	827,598	830,523	7.9%	891,316	428,285	790,349	\$4.57
Grand Avenue Ind	576	13,070,686	572,669	572,669	4.4%	167,645	0	0	\$5.72
Mesa Ind	422	7,114,067	310,172	310,172	4.4%	70,164	0	0	\$7.44
N Glendale/Sun City Ind	123	3,081,813	150,542	150,542	4.9%	(2,527)	0	0	\$7.17
North Airport Ind	577	11,669,539	934,879	958,153	8.2%	411,365	0	0	\$7.63
North Black Canyon Ind	187	3,302,475	184,006	184,006	5.6%	(48,574)	0	0	\$8.19
S Airport N of Roeser Ind	452	12,806,526	1,647,323	1,652,323	12.9%	575,954	411,391	107,580	\$7.13
S Airport S of Roeser Ind	154	4,401,378	161,313	271,514	6.2%	(95,980)	0	0	\$7.13
SC N of Salt River Ind	633	14,925,823	1,087,730	1,114,164	7.5%	228,371	0	0	\$6.56
SC S of Salt River Ind	117	2,360,579	403,143	403,143	17.1%	8,939	0	0	\$6.98
Scottsdale Airpark Ind	252	4,406,597	374,777	405,464	9.2%	(51,659)	0	0	\$11.53
Scottsdale/Salt River Ind	97	3,637,993	196,511	196,511	5.4%	56,516	146,160	0	\$10.78
SW N of Buckeye Road Ind	667	32,459,275	2,314,954	2,321,223	7.2%	221,292	0	32,986	\$4.79
SW S of Buckeye Road Ind	296	17,035,858	1,725,667	1,733,467	10.2%	542,001	540,944	474,082	\$6.10
Tempe East Ind	317	5,354,607	231,776	514,578	9.6%	(596)	0	0	\$7.62
Tempe Northwest Ind	265	8,575,409	531,204	541,311	6.3%	125,516	0	0	\$8.74
Tempe Southwest Ind	512	17,919,036	1,339,224	1,357,331	7.6%	(294,603)	0	194,312	\$6.45
Tolleson Ind	227	34,615,515	3,051,562	3,127,583	9.0%	1,837,166	625,233	712,445	\$4.58
W Phx N of Thomas Rd Ind	424	7,492,012	224,890	224,890	3.0%	7,864	0	0	\$5.83
W Phx S of Thomas Rd Ind	305	6,860,519	214,177	214,177	3.1%	(45,348)	0	0	\$5.03
Totals	8,958	287,821,851	23,564,434	24,315,996	8.4%	6,677,944	4,539,911	4,449,501	\$6.43

Source: CoStar Property®



Phoenix Industrial Market

Figures at a Glance

Total Industrial Submarket Statistics

Third Quarter 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	300	4,158,435	185,935	187,412	4.5%	44,476	54,372	61,992	\$10.38
Chandler Airport Ind	92	3,464,835	801,660	801,660	23.1%	259,028	375,585	0	\$10.03
Chandler Ind	359	20,684,742	3,449,839	3,469,839	16.8%	286,198	101,470	166,280	\$9.74
Chandler N/Gilbert Ind	775	19,312,145	1,448,481	1,550,948	8.0%	251,790	15,429	522,000	\$8.17
Deer Vly/Pinnacle Pk Ind	671	16,367,354	1,089,794	1,131,136	6.9%	110,082	224,403	637,254	\$9.08
Falcon Fld/Apache Jct Ind	243	4,808,397	184,183	184,183	3.8%	42,455	33,147	0	\$9.03
Glendale Ind	124	9,044,849	1,214,872	1,214,872	13.4%	1,229,068	1,684,962	750,221	\$5.98
Goodyear Ind	167	10,781,034	874,178	877,103	8.1%	844,736	428,285	790,349	\$4.71
Grand Avenue Ind	600	13,240,079	608,521	608,521	4.6%	144,343	0	0	\$6.02
Mesa Ind	462	7,544,329	322,831	322,831	4.3%	70,727	0	0	\$7.49
N Glendale/Sun City Ind	148	3,563,012	183,379	189,579	5.3%	(10,895)	0	48,000	\$7.28
North Airport Ind	618	13,358,628	1,331,526	1,354,800	10.1%	388,965	0	0	\$8.43
North Black Canyon Ind	251	4,579,765	477,160	477,160	10.4%	(31,182)	0	0	\$8.89
S Airport N of Roeser Ind	515	15,729,333	2,360,825	2,372,108	15.1%	675,016	627,025	107,580	\$8.83
S Airport S of Roeser Ind	164	4,522,636	197,986	308,187	6.8%	(119,463)	0	0	\$7.26
SC N of Salt River Ind	667	15,681,765	1,177,437	1,203,871	7.7%	245,107	0	0	\$6.87
SC S of Salt River Ind	121	2,388,655	403,143	403,143	16.9%	8,939	0	0	\$6.98
Scottsdale Airpark Ind	369	6,856,198	677,148	711,147	10.4%	(75,504)	0	0	\$12.88
Scottsdale/Salt River Ind	165	5,451,986	265,531	265,531	4.9%	60,422	146,160	0	\$11.74
SW N of Buckeye Road Ind	674	32,698,746	2,321,910	2,328,179	7.1%	214,336	0	32,986	\$4.79
SW S of Buckeye Road Ind	302	17,377,302	1,785,667	1,793,467	10.3%	691,640	540,944	474,082	\$6.10
Tempe East Ind	363	6,622,957	352,685	635,487	9.6%	35,385	0	0	\$8.66
Tempe Northwest Ind	347	11,094,173	700,233	710,340	6.4%	85,784	0	0	\$9.09
Tempe Southwest Ind	610	21,858,292	1,834,901	1,930,439	8.8%	(412,793)	0	194,312	\$7.99
Tolleson Ind	235	35,119,059	3,068,622	3,144,643	9.0%	1,826,367	625,233	712,445	\$4.60
W Phx N of Thomas Rd Ind	463	8,230,693	245,550	245,550	3.0%	1,108	0	0	\$5.85
W Phx S of Thomas Rd Ind	312	6,960,168	227,377	227,377	3.3%	(57,363)	0	0	\$5.10
Totals	10,117	321,499,567	27,791,374	28,649,513	8.9%	6,808,772	4,857,015	4,497,501	\$7.23

Source: CoStar Property®

Phoenix Industrial Market



Figures at a Glance

Flex Market Statistics

Third Quarter 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 3q	1,159	33,677,716	4,226,940	4,333,517	12.9%	77,334	0	0	1	48,000	\$12.70
2017 2q	1,159	33,677,716	4,327,563	4,410,851	13.1%	127,086	1	101,470	0	0	\$13.00
2017 1q	1,159	33,613,463	4,292,190	4,473,684	13.3%	(73,592)	1	215,634	1	101,470	\$12.82
2016 4q	1,158	33,397,829	4,008,045	4,184,458	12.5%	198,602	1	32,034	2	317,104	\$12.61
2016 3q	1,158	33,414,295	4,174,387	4,399,526	13.2%	18,693	2	177,000	2	247,668	\$12.49
2016 2q	1,157	33,528,080	4,290,598	4,532,004	13.5%	(40,278)	2	167,509	2	177,000	\$12.35
2016 1q	1,155	33,360,571	4,008,778	4,324,217	13.0%	67,677	3	80,977	4	344,509	\$12.01
2015	1,152	33,279,594	4,102,879	4,310,917	13.0%	1,065,773	2	260,394	7	425,486	\$12.07
2014	1,156	33,274,873	5,145,754	5,371,969	16.1%	858,817	3	320,229	2	342,000	\$11.74
2013	1,154	33,189,090	5,888,582	6,145,003	18.5%	74,029	4	286,725	1	188,461	\$11.24
2012	1,151	32,940,603	5,716,688	5,970,545	18.1%	485,543	2	104,750	3	271,700	\$10.22
2011	1,150	32,898,033	6,059,390	6,413,518	19.5%	258,028	2	125,600	3	116,450	\$10.08
2010	1,148	33,257,183	6,754,757	7,030,696	21.1%	158,993	0	0	2	125,600	\$10.52
2009	1,147	33,152,940	6,447,572	7,085,446	21.4%	(628,955)	15	516,910	1	14,843	\$12.24
2008	1,133	32,646,168	5,658,969	5,949,719	18.2%	(214,929)	24	783,783	13	499,615	\$12.90
2007	1,105	31,805,419	4,628,822	4,894,041	15.4%	66,273	20	997,445	16	679,366	\$13.56

Source: CoStar Property®

Warehouse Market Statistics

Third Quarter 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 3q	8,958	287,821,851	23,564,434	24,315,996	8.4%	2,337,001	7	1,703,716	43	4,449,501	\$6.43
2017 2q	8,952	286,246,930	24,329,684	25,100,276	8.8%	1,187,994	11	810,734	42	4,411,797	\$6.21
2017 1q	8,940	285,431,840	24,590,238	25,477,536	8.9%	3,152,949	12	2,025,461	26	3,569,880	\$6.16
2016 4q	8,928	283,406,379	25,334,205	26,605,024	9.4%	2,396,419	5	978,543	26	3,955,466	\$6.05
2016 3q	8,926	282,520,969	26,832,733	28,116,033	10.0%	1,514,075	7	1,364,332	24	2,566,899	\$6.03
2016 2q	8,921	281,208,689	27,318,434	28,317,828	10.1%	202,348	7	874,525	17	2,977,188	\$6.01
2016 1q	8,923	281,142,489	27,335,226	28,453,976	10.1%	1,083,828	15	2,011,826	16	2,456,657	\$5.92
2015	8,910	279,734,119	26,996,658	28,129,434	10.1%	6,299,875	42	5,154,802	25	3,292,763	\$5.88
2014	8,877	275,403,836	28,715,957	30,099,026	10.9%	6,751,065	38	6,957,335	30	4,104,067	\$5.56
2013	8,845	268,655,494	28,482,793	30,101,749	11.2%	3,977,434	18	5,826,490	19	5,359,507	\$5.48
2012	8,835	263,299,092	27,171,171	28,722,781	10.9%	5,781,181	10	2,869,548	15	5,754,656	\$5.41
2011	8,831	260,627,404	30,857,426	31,832,274	12.2%	6,328,775	9	616,281	11	4,145,952	\$5.31
2010	8,819	259,839,702	36,123,906	37,373,347	14.4%	4,728,932	12	1,812,052	6	414,637	\$5.43
2009	8,813	258,223,200	39,068,976	40,485,777	15.7%	(4,369,615)	21	2,675,957	9	1,416,307	\$5.86
2008	8,793	255,081,161	31,901,137	32,974,123	12.9%	(1,094,065)	178	10,426,941	25	3,301,965	\$6.84
2007	8,592	244,089,408	20,382,772	20,888,305	8.6%	6,580,357	183	10,544,388	134	8,616,677	\$7.13

Source: CoStar Property®

Total Industrial Market Statistics

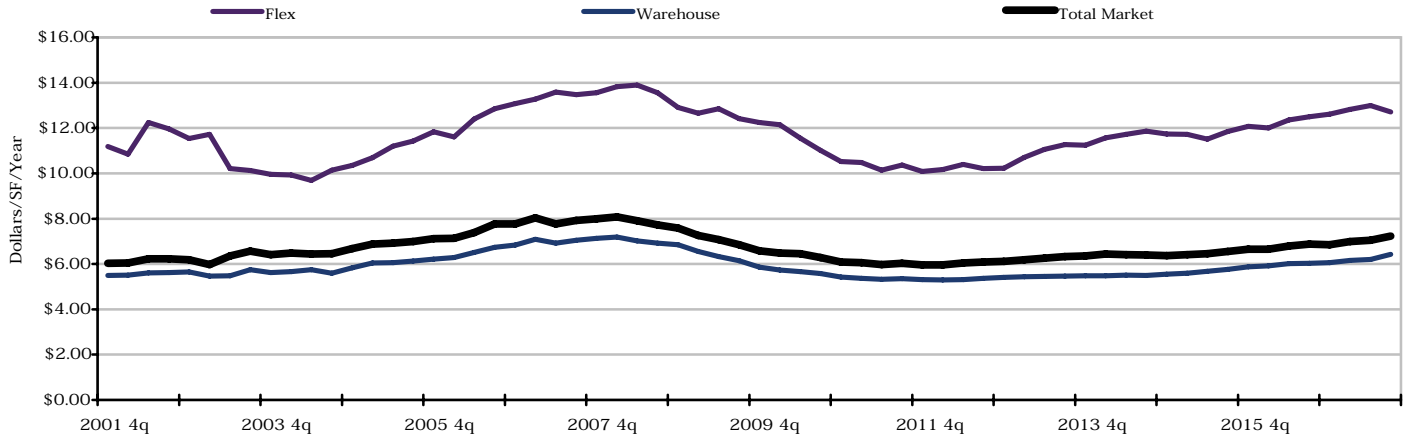
Third Quarter 2017

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 3q	10,117	321,499,567	27,791,374	28,649,513	8.9%	2,414,335	7	1,703,716	44	4,497,501	\$7.23
2017 2q	10,111	319,924,646	28,657,247	29,511,127	9.2%	1,315,080	12	912,204	42	4,411,797	\$7.04
2017 1q	10,099	319,045,303	28,882,428	29,951,220	9.4%	3,079,357	13	2,241,095	27	3,671,350	\$7.00
2016 4q	10,086	316,804,208	29,342,250	30,789,482	9.7%	2,595,021	6	1,010,577	28	4,272,570	\$6.85
2016 3q	10,084	315,935,264	31,007,120	32,515,559	10.3%	1,532,768	9	1,541,332	26	2,814,567	\$6.87
2016 2q	10,078	314,736,769	31,609,032	32,849,832	10.4%	162,070	9	1,042,034	19	3,154,188	\$6.79
2016 1q	10,078	314,503,060	31,344,004	32,778,193	10.4%	1,151,505	18	2,092,803	20	2,801,166	\$6.66
2015	10,062	313,013,713	31,099,537	32,440,351	10.4%	7,365,648	44	5,415,196	32	3,718,249	\$6.65
2014	10,033	308,678,709	33,861,711	35,470,995	11.5%	7,609,882	41	7,277,564	32	4,446,067	\$6.37
2013	9,999	301,844,584	34,371,375	36,246,752	12.0%	4,051,463	22	6,113,215	20	5,547,968	\$6.36
2012	9,986	296,239,695	32,887,859	34,693,326	11.7%	6,266,724	12	2,974,298	18	6,026,356	\$6.12
2011	9,981	293,525,437	36,916,816	38,245,792	13.0%	6,586,803	11	741,881	14	4,262,402	\$5.95
2010	9,967	293,096,885	42,878,663	44,404,043	15.1%	4,887,925	12	1,812,052	8	540,237	\$6.09
2009	9,960	291,376,140	45,516,548	47,571,223	16.3%	(4,998,570)	36	3,192,867	10	1,431,150	\$6.58
2008	9,926	287,727,329	37,560,106	38,923,842	13.5%	(1,308,994)	202	11,210,724	38	3,801,580	\$7.58
2007	9,697	275,894,827	25,011,594	25,782,346	9.3%	6,646,630	203	11,541,833	150	9,296,043	\$7.99

Source: CoStar Property®

Historical Rental Rates

Based on Quoted Rental Rates



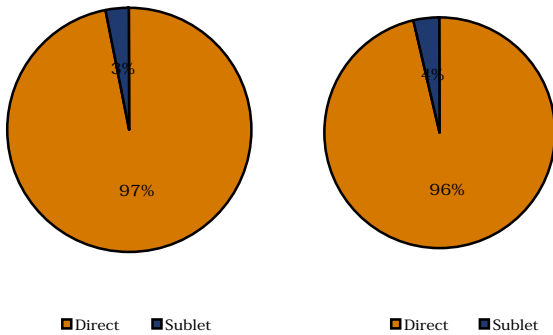
Source: CoStar Property®

Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Phoenix

United States



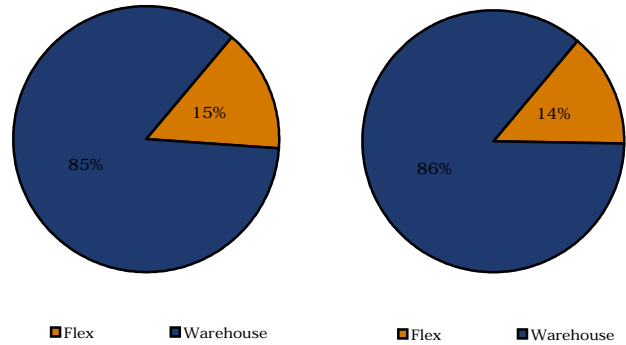
Source: CoStar Property®

Vacancy by Building Type

Percent of All Vacant Space by Building Type

Phoenix

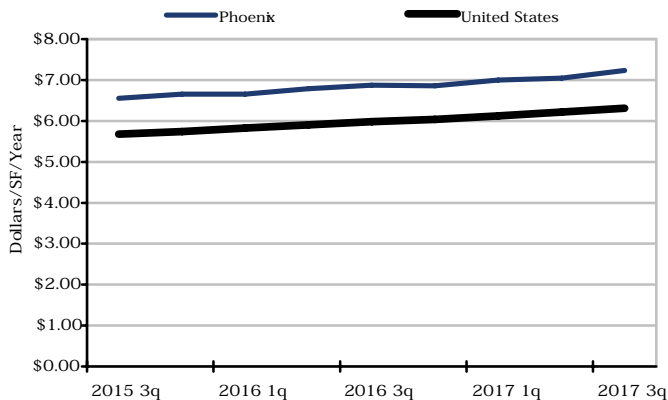
United States



Source: CoStar Property®

U.S. Rental Rate Comparison

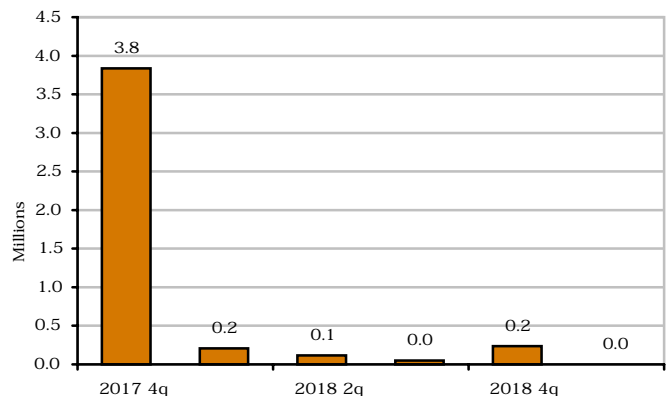
Based on Average Quoted Rental Rates



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



Source: CoStar Property®

* Includes Under Construction Space

Phoenix Industrial Market



Leasing Activity

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

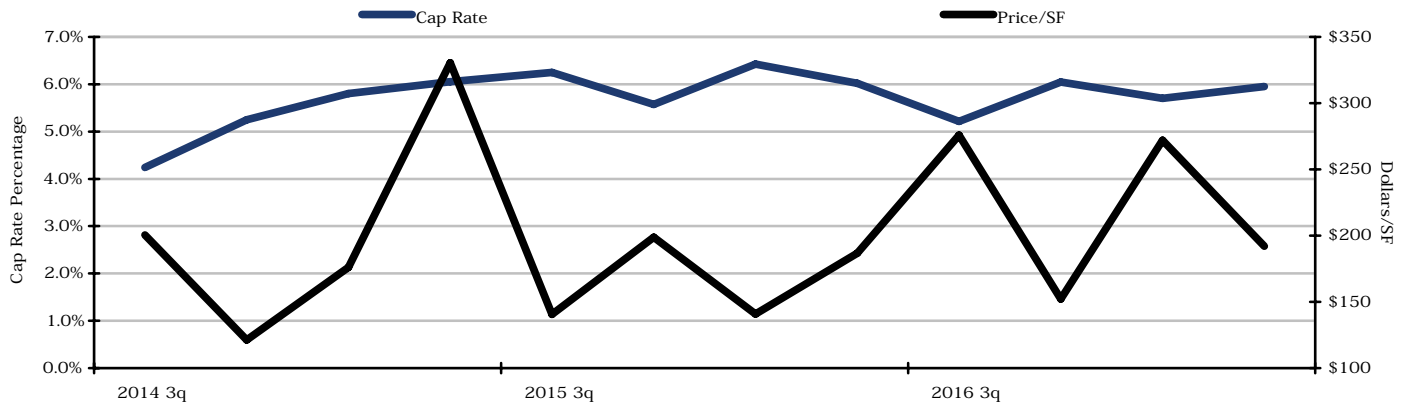
Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company	
1	16601 W Sells St	Glendale Ind	618,350	1st	UPS	Cushman & Wakefield	CBRE
2	5333 W Lower Buckeye Rd	SWS of Buckeye Road Ind	473,209	3rd	Amazon	Cushman & Wakefield	Colliers International
3	1500 S 71st Ave	Tolleson Ind	261,880	1st	Essendant, Inc.	JLL	Colliers International
4	1010 N 47th Ave	SWN of Buckeye Road Ind	226,436	2nd	Updike Distribution Logistics	N/A	JLL
5	10397 W Van Buren St	Tolleson Ind	155,520	1st	Danby Products	NAI/Merin Hunter Codman, Inc.	Cushman & Wakefield
6	8787 W Buckeye Rd	Tolleson Ind	150,000	2nd	Staples	N/A	Medline Industries, Inc.
7	2225 S 43rd Ave	SWS of Buckeye Road Ind	117,780	1st	Enclos	NAI Horizon	JLL
8	3555 W Washington St	SWN of Buckeye Road Ind	116,890	3rd	Aquafil Carpet Recycling	Commercial Properties, Inc.	JLL
9	2925 S Roosevelt St*	Tempe Southwest Ind	101,601	3rd	Modern Industries Areospace	Direct Deal	JLL
10	1402 S 40th Ave	SWS of Buckeye Road Ind	100,843	2nd	PureCare	Southwest Commercial Brokerage	DAUM Commercial Real Estate
11	1402 S 40th Ave*	SWS of Buckeye Road Ind	100,843	2nd	PureCare	Southwest Commercial Brokerage	JLL
12	550 E Elliot Rd	Chandler N/Gilbert Ind	91,204	1st	Amazon	N/A	Cushman & Wakefield
13	2150 E Riverview Dr	S Airport N of Roeser Ind	90,777	1st	Amazon	Cushman & Wakefield	JLL
14	7400 W Buckeye Rd	Tolleson Ind	89,600	1st	Propak Logistics, Inc.	N/A	CBRE
15	440-444 W Fairmont Dr*	Tempe Southwest Ind	83,280	2nd	MXD Group	DAUM Commercial Real Estate	N/A
16	860 S 83rd Ave	Tolleson Ind	81,000	2nd	Ewing Irrigation	CBRE	CBRE
17	8787 W Buckeye Rd	Tolleson Ind	80,000	2nd	Dicks Move-In Company	N/A	Medline Industries, Inc.
18	1130 W Warner Rd*	Tempe Southwest Ind	75,489	1st	Circle K Stores, Inc.	Cushman & Wakefield	Lee & Associates
19	4703 W Brill St	SWN of Buckeye Road Ind	72,158	3rd	Prime Time Commerce LLC	West USA Commercial	JLL
20	3825 S 36th St	North Airport Ind	64,014	2nd	Trademark Visual	N/A	Lee & Associates
21	625 S 27th Ave	SWN of Buckeye Road Ind	62,248	1st	Hajoca	CBRE	CBRE
22	955 N Fiesta Blvd	Chandler N/Gilbert Ind	60,563	2nd	United Comb & Novelty Corp.	Cushman & Wakefield	JLL
23	2240 W Peoria Ave*	North Black Canyon Ind	60,192	3rd	Bay Foam Products, Inc.	CBRE	JLL
24	4417 W Buckeye Rd	SWS of Buckeye Road Ind	60,000	3rd	Veracity	N/A	Cashen Realty Advisors
25	4427 W Buckeye Rd	SWS of Buckeye Road Ind	59,640	1st	Kellogg's	N/A	Cashen Realty Advisors
26	170 S Kyrene Rd	Chandler Ind	59,256	2nd	A & S	Lee & Associates	Colliers International
27	190 S Kyrene Rd	Chandler Ind	57,348	2nd	Gravity Extreme Zone	CBRE	Colliers International
28	2166 W Broadway Rd	Mesa Ind	54,373	2nd	Walmart	N/A	CBRE
29	614 E Auto Center Dr	Chandler N/Gilbert Ind	53,739	1st	Streetside Classics	JLL	Lee & Associates
30	1800 S 7th Ave	SC N of Salt River Ind	52,845	3rd	Petersen Aluminum Corp.	Cresa	Lee & Associates
31	844 N 47th Ave	SWN of Buckeye Road Ind	52,632	2nd	Tom Auto	Corridor Commercial	JLL
32	2950 E Broadway Rd*	S Airport N of Roeser Ind	50,572	1st	Cereus Graphics	N/A	Lee & Associates
33	221 N 48th Ave	SWN of Buckeye Road Ind	50,250	1st	Starks Logistics	American Realty Brokers	Harrison Properties
34	125 N 67th Ave	SWN of Buckeye Road Ind	48,346	1st	Stampede Presentation Products	Cresa	JLL
35	3103 E Broadway Rd	S Airport N of Roeser Ind	47,418	2nd	HALCO Lighting	JLL	JLL
36	330 E Germann Rd	Chandler Airport Ind	46,853	1st	SunStream Technology, Inc.	JLL	JLL
37	8313 W Pierce St	Tolleson Ind	44,785	3rd	Schneider Resources, Inc.	Rein & Grosseohme	JLL
38	7205 W Buckeye Rd	Tolleson Ind	44,722	1st	Basic Components, Inc.	Colliers International	Colliers International
39	2675 S 16th St	S Airport N of Roeser Ind	43,733	2nd	American Furniture Rental	N/A	CBRE
40	4100 W Galveston St	Chandler Ind	42,790	1st	Enterprise Rent-A-Car	JLL; Presidio Real Estate	Colliers International

Source: CoStar Property®

* Renewal

The Optimist Sales Index

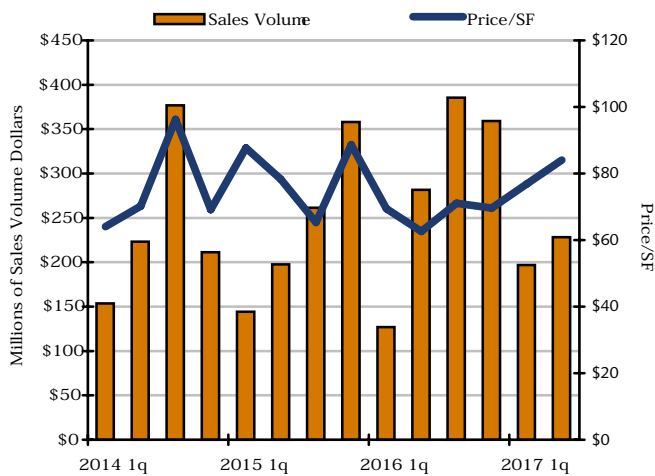
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



Source: CoStar COMPS®

Sales Volume & Price

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



Source: CoStar COMPS®

Sales Analysis by Building Size

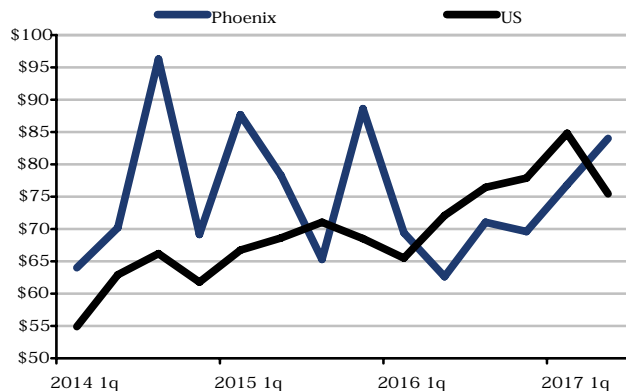
Based on Industrial Bldg Sales From July 2016 - June 2017

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 25,000 SF	182	2,300,371	\$233,633,768	\$ 101.56	7.35%
25K-99K SF	80	3,952,717	\$294,833,565	\$ 74.59	7.03%
100K-249K SF	21	3,399,663	\$272,776,708	\$ 80.24	6.44%
>250K SF	13	7,342,844	\$486,438,800	\$ 66.25	6.88%

Source: CoStar COMPS®

U.S. Price/SF Comparison

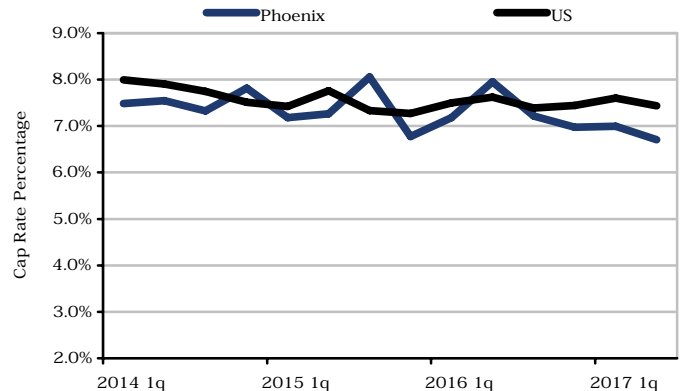
Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

U.S. Cap Rate Comparison

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



Source: CoStar COMPS®

Phoenix Industrial Market



Sales Activity

Select Top Sales

Based on Sales from July 2016 Through September 2017

1. Buckeye Logistics Center – Amazon



Phoenix

Price: **\$74,750,000**
 Price/SF: **\$74.06**
 Cap Rate: **N/A**
 RBA: **1,009,351**
 Date: **7/26/2016**
 Year Built: **2007**
 Buyer: **The Koll Co./Seera Inv. Bank**
 Seller: **Duke Realty/Gramercy Property Tr.**

2. Goodyear Crossing II



Goodyear

Price: **\$56,200,000**
 Price/SF: **\$68.50**
 Cap Rate: **8.5%**
 RBA: **820,384**
 Date: **8/18/2016**
 Year Built: **2009**
 Buyer: **Hines Global REIT II**
 Seller: **Gramercy Property Tr.**

3. Home Depot Distribution



Tolleson

Price: **\$48,000,000**
 Price/SF: **\$102.91**
 Cap Rate: **5.25%**
 RBA: **466,418**
 Date: **8/11/2016**
 Year Built: **2010**
 Buyer: **Cohen Asset Management**
 Seller: **VEREIT, Inc.**

4. 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, Inc.**
 Seller: **Cohen Asset Management**

5. 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**

6. DCT Industrial



Tolleson

Price: **\$39,000,000**
 Price/SF: **\$69.85**
 Cap Rate: **N/A**
 RBA: **558,355**
 Date: **7/7/2017**
 Year Built: **1995**
 Buyer: **Colony Northstar, Inc.**
 Seller: **DCT Industrial Trust, Inc.**

7. 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**

8. Capitol Commerce Center



Phoenix

Price: **\$30,378,000**
 Price/SF: **\$55.00**
 Cap Rate: **N/A**
 RBA: **552,330**
 Date: **7/5/2016**
 Year Built: **2004**
 Buyer: **XPO Global Logistics**
 Seller: **Lincoln Property Company**

9. 670 S 91st Ave



Tolleson

Price: **\$27,352,800**
 Price/SF: **\$65.50**
 Cap Rate: **N/A**
 RBA: **417,600**
 Date: **7/1/2016**
 Year Built: **2009**
 Buyer: **CT Realty Investors**
 Seller: **States Logistics Services, Inc.**



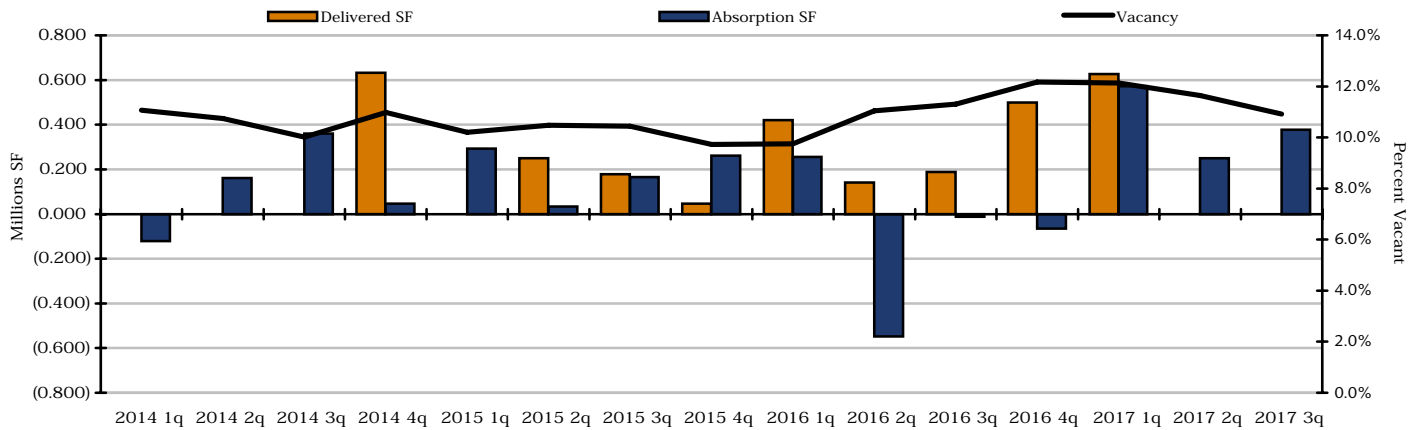
Phoenix Industrial Market

Airport Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

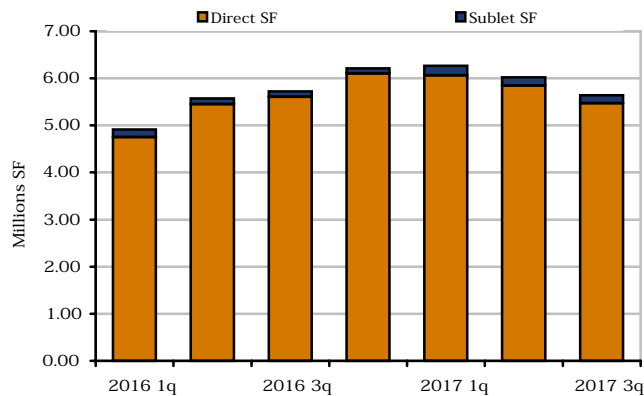
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

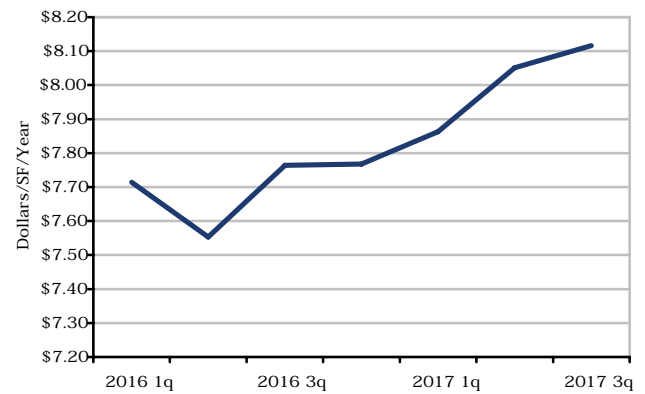
Historical Analysis, Flex and Warehouse



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 3q	2,085	51,681,017	5,642,109	10.9%	376,792	0	0	1	107,580	\$8.12
2017 2q	2,085	51,681,017	6,018,901	11.6%	249,563	0	0	1	107,580	\$8.05
2017 1q	2,085	51,681,017	6,268,464	12.1%	572,209	5	627,025	1	107,580	\$7.86
2016 4q	2,080	51,053,992	6,213,648	12.2%	(64,607)	2	499,772	5	627,025	\$7.77
2016 3q	2,080	50,627,120	5,722,169	11.3%	(11,923)	3	188,732	7	1,126,797	\$7.76
2016 2q	2,079	50,490,440	5,573,566	11.0%	(548,216)	2	141,039	7	887,145	\$7.55
2016 1q	2,078	50,376,743	4,911,653	9.7%	255,239	3	420,955	7	829,543	\$7.71
2015 4q	2,076	50,078,008	4,868,157	9.7%	261,413	2	46,750	7	668,406	\$7.41
2015 3q	2,076	50,187,683	5,239,245	10.4%	165,458	3	177,770	7	557,023	\$7.12
2015 2q	2,074	50,025,434	5,242,454	10.5%	34,370	3	249,482	8	415,723	\$7.03
2015 1q	2,074	49,831,754	5,083,144	10.2%	293,305	0	0	7	459,752	\$6.92
2014 4q	2,076	49,934,934	5,479,629	11.0%	46,104	4	632,671	4	281,982	\$6.77
2014 3q	2,074	49,352,078	4,942,877	10.0%	360,525	0	0	5	695,551	\$6.83
2014 2q	2,074	49,352,078	5,303,402	10.7%	160,526	0	0	4	667,538	\$6.86
2014 1q	2,074	49,352,078	5,463,928	11.1%	(120,838)	0	0	0	0	\$6.82
2013 4q	2,074	49,352,078	5,343,090	10.8%	254,901	1	29,819	0	0	\$6.11

Source: CoStar Property®

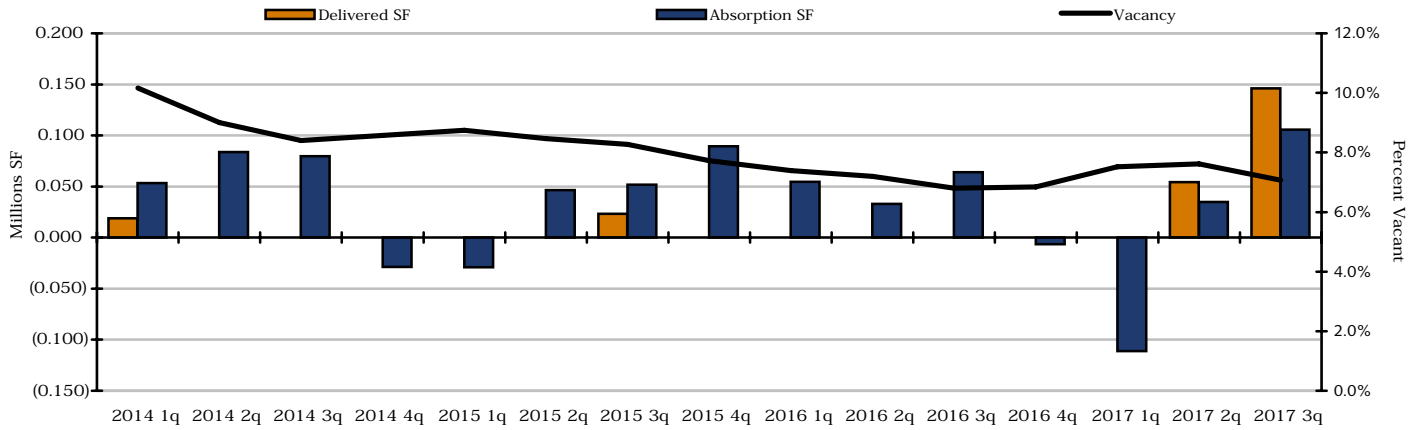
Phoenix Industrial Market



Northeast Market MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

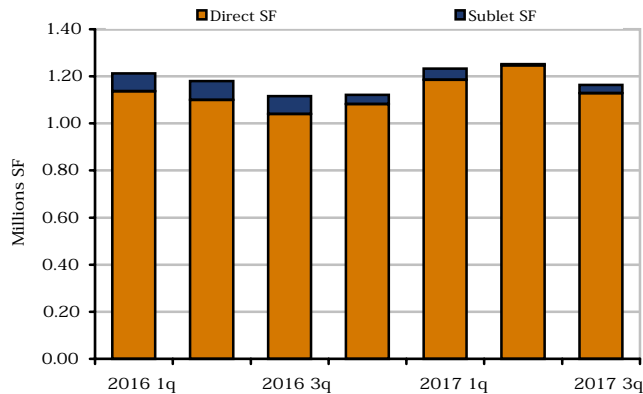
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

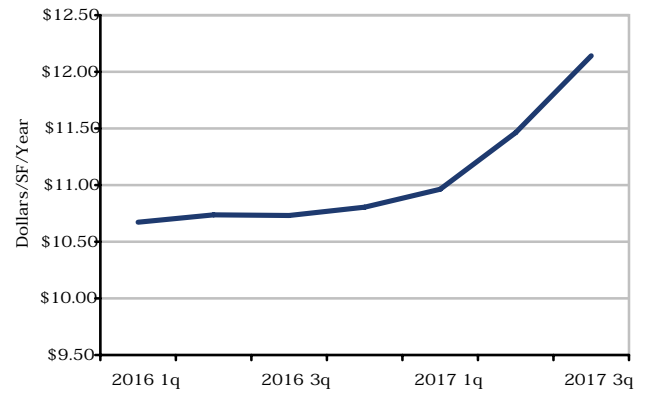
Historical Analysis, Flex and Warehouse



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 3q	834	16,466,619	1,164,090	7.1%	105,672	2	146,160	1	61,992	\$12.14
2017 2q	833	16,449,254	1,252,397	7.6%	34,724	1	54,372	3	208,152	\$11.46
2017 1q	832	16,394,882	1,232,749	7.5%	(111,002)	0	0	3	200,532	\$10.96
2016 4q	832	16,394,882	1,121,747	6.8%	(6,469)	0	0	1	54,372	\$10.81
2016 3q	832	16,394,882	1,115,278	6.8%	64,083	0	0	0	0	\$10.73
2016 2q	832	16,394,882	1,179,361	7.2%	33,089	0	0	0	0	\$10.74
2016 1q	832	16,394,882	1,212,450	7.4%	54,756	0	0	0	0	\$10.67
2015 4q	832	16,394,882	1,267,206	7.7%	89,403	0	0	0	0	\$10.74
2015 3q	832	16,394,882	1,356,609	8.3%	51,801	1	23,394	0	0	\$10.90
2015 2q	832	16,372,608	1,386,136	8.5%	46,462	0	0	1	23,394	\$11.01
2015 1q	832	16,372,608	1,432,598	8.7%	(29,201)	0	0	1	23,394	\$10.88
2014 4q	832	16,372,608	1,403,397	8.6%	(28,752)	0	0	0	0	\$10.89
2014 3q	832	16,372,608	1,374,645	8.4%	79,661	0	0	0	0	\$10.67
2014 2q	833	16,395,161	1,476,859	9.0%	83,747	0	0	0	0	\$10.65
2014 1q	834	16,513,030	1,678,475	10.2%	53,512	1	18,942	0	0	\$10.24
2013 4q	833	16,494,088	1,713,045	10.4%	(23,732)	0	0	1	18,942	\$9.91

Source: CoStar Property®



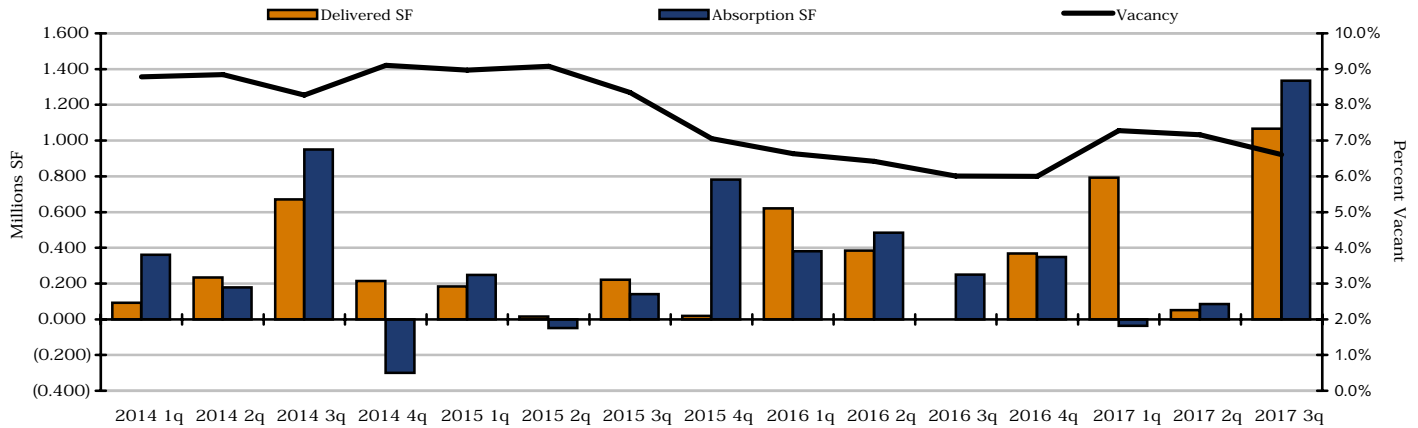
Phoenix Industrial Market

Northwest Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

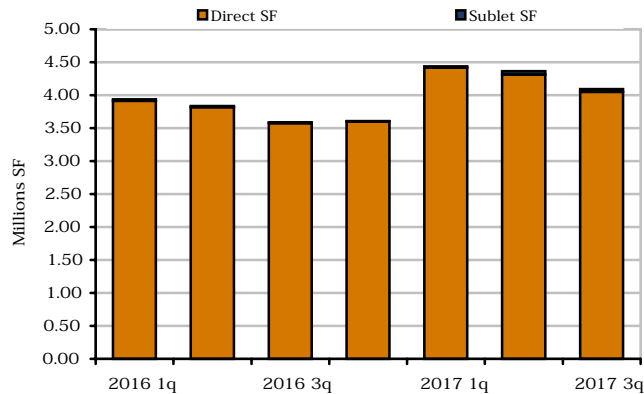
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

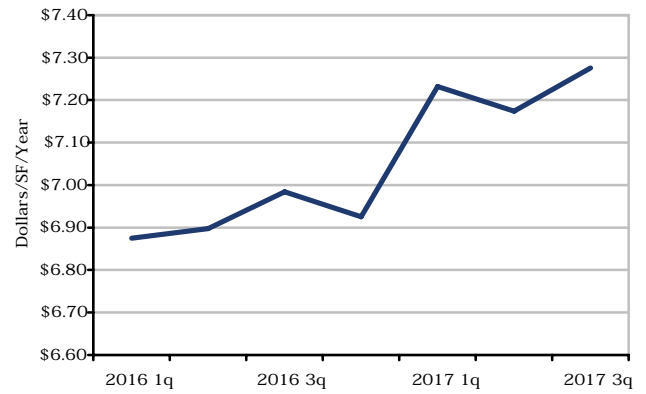
Historical Analysis, Flex and Warehouse



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 3q	2,569	61,985,920	4,094,195	6.6%	1,335,883	2	1,066,612	26	1,435,475	\$7.28
2017 2q	2,567	60,919,308	4,363,466	7.2%	85,669	1	51,141	23	1,502,247	\$7.17
2017 1q	2,566	60,901,028	4,435,211	7.3%	(36,391)	3	791,612	6	1,215,186	\$7.23
2016 4q	2,563	60,109,416	3,607,208	6.0%	348,048	1	368,028	6	1,909,365	\$6.93
2016 3q	2,562	59,741,388	3,587,228	6.0%	249,773	0	0	4	592,431	\$6.98
2016 2q	2,562	59,741,388	3,837,001	6.4%	485,314	1	384,377	3	541,290	\$6.90
2016 1q	2,561	59,357,011	3,937,938	6.6%	379,956	5	620,279	2	752,405	\$6.87
2015 4q	2,557	59,217,968	4,178,851	7.1%	781,722	2	19,016	6	1,004,656	\$7.47
2015 3q	2,555	59,198,952	4,941,557	8.3%	140,266	3	220,463	7	639,295	\$7.51
2015 2q	2,554	59,518,489	5,401,360	9.1%	(48,431)	1	14,940	5	239,479	\$7.43
2015 1q	2,553	59,503,549	5,337,989	9.0%	248,333	3	184,071	4	235,403	\$7.29
2014 4q	2,550	59,319,478	5,402,251	9.1%	(299,122)	7	214,313	7	419,474	\$7.21
2014 3q	2,543	59,105,165	4,888,816	8.3%	950,760	6	670,185	11	413,324	\$7.13
2014 2q	2,537	58,434,980	5,169,391	8.8%	178,917	6	234,697	13	884,498	\$7.13
2014 1q	2,531	58,200,283	5,113,611	8.8%	361,499	1	92,016	15	389,887	\$7.15
2013 4q	2,530	58,108,267	5,383,094	9.3%	423,254	1	418,651	8	342,513	\$7.15

Source: CoStar Property®

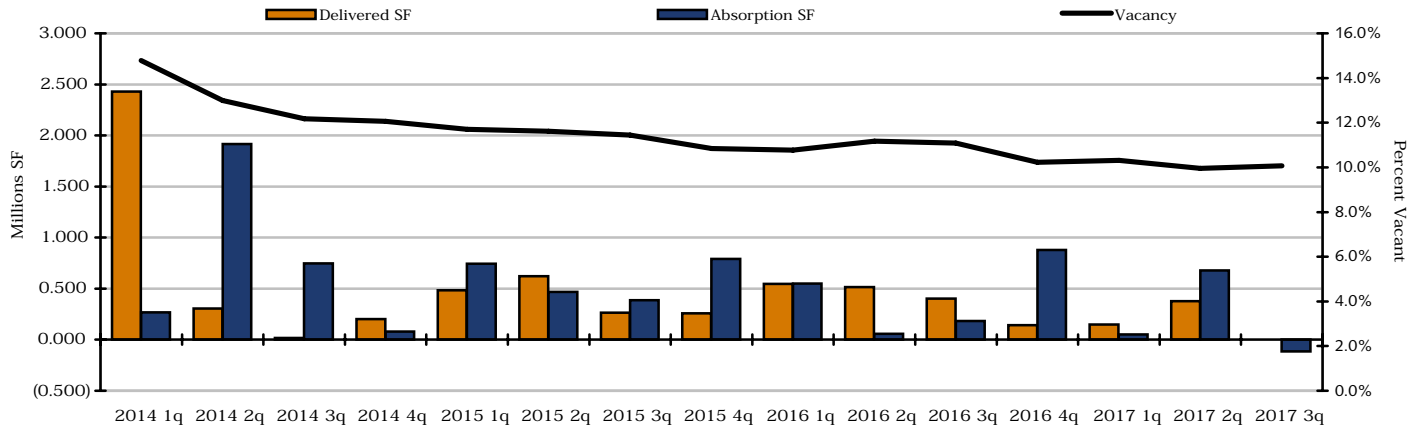
Phoenix Industrial Market



Southeast Market MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

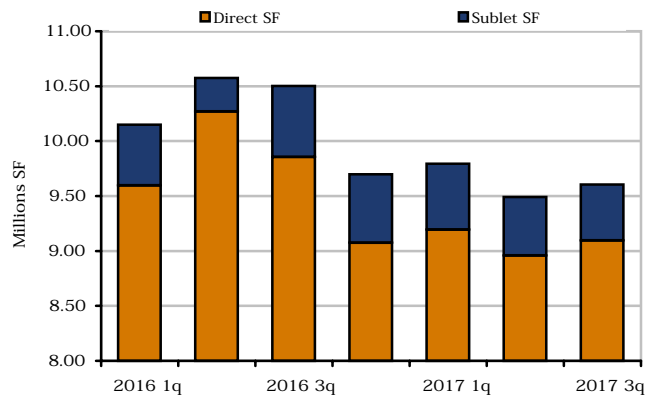
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

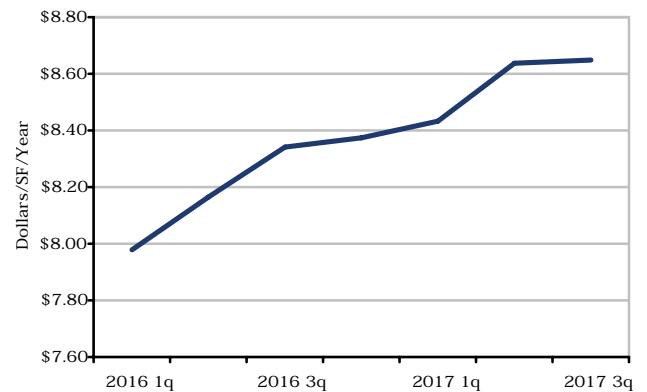
Historical Analysis, Flex and Warehouse



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 3q	3,251	95,389,870	9,605,727	10.1%	(113,570)	0	0	10	882,592	\$8.65
2017 2q	3,251	95,389,870	9,492,157	10.0%	679,559	9	378,406	7	368,352	\$8.64
2017 1q	3,242	95,011,464	9,793,310	10.3%	52,585	2	147,225	12	551,718	\$8.43
2016 4q	3,240	94,864,239	9,698,670	10.2%	878,560	3	142,777	11	525,631	\$8.37
2016 3q	3,239	94,790,195	10,503,186	11.1%	183,430	4	402,600	12	420,106	\$8.34
2016 2q	3,236	94,678,380	10,574,801	11.2%	57,054	6	516,618	5	502,843	\$8.16
2016 1q	3,231	94,195,762	10,149,237	10.8%	551,234	7	546,903	10	919,218	\$7.98
2015 4q	3,224	93,648,859	10,153,568	10.8%	792,096	3	256,984	15	1,240,521	\$7.70
2015 3q	3,221	93,391,875	10,688,680	11.4%	387,926	3	263,350	12	937,470	\$7.63
2015 2q	3,218	93,128,525	10,813,256	11.6%	467,428	7	620,701	11	778,311	\$7.51
2015 1q	3,212	92,700,824	10,852,983	11.7%	744,435	4	484,005	12	1,033,051	\$7.56
2014 4q	3,211	92,231,963	11,128,557	12.1%	78,303	3	201,701	14	1,349,441	\$7.60
2014 3q	3,209	92,264,708	11,239,605	12.2%	746,991	2	16,978	11	966,068	\$7.79
2014 2q	3,208	92,261,086	11,982,974	13.0%	1,915,760	3	304,451	12	970,184	\$7.67
2014 1q	3,205	91,956,635	13,594,283	14.8%	267,681	2	2,430,757	6	325,429	\$7.58
2013 4q	3,203	89,525,878	11,431,207	12.8%	199,269	1	126,251	5	2,636,196	\$7.42

Source: CoStar Property®



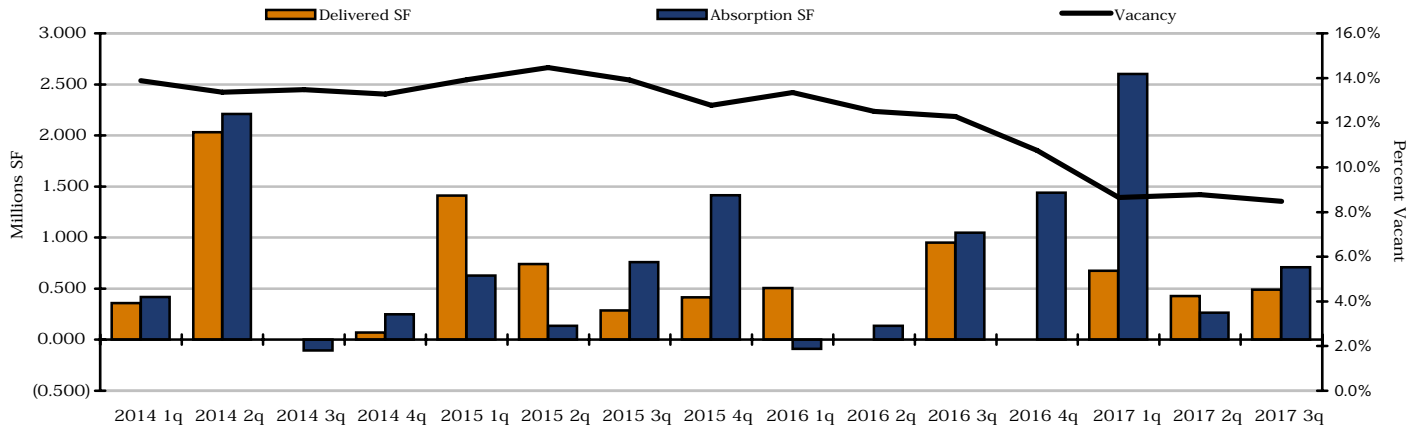
Phoenix Industrial Market

Southwest Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

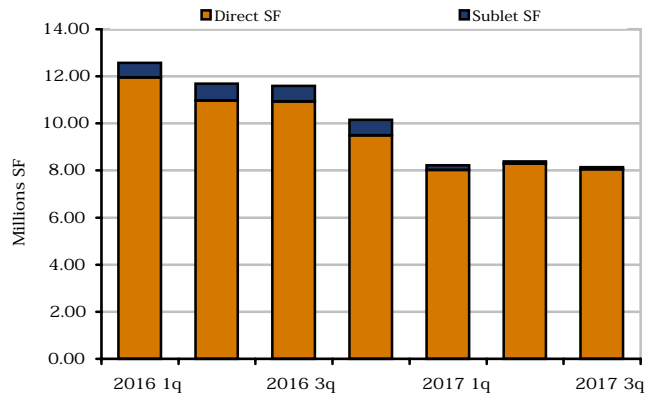
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

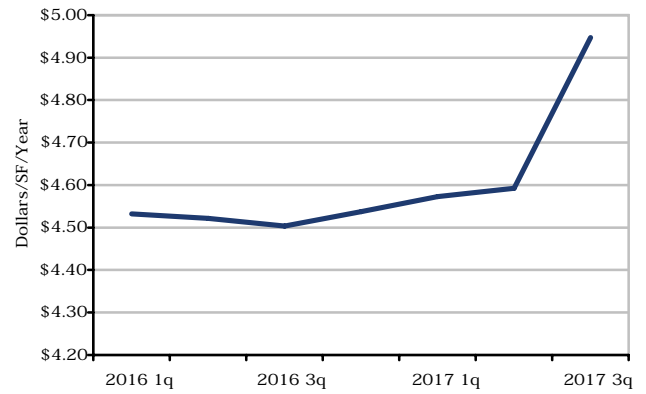
Historical Analysis, Flex and Warehouse



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 3q	1,378	95,976,141	8,143,392	8.5%	709,558	3	490,944	6	2,009,862	\$4.95
2017 2q	1,375	95,485,197	8,384,206	8.8%	265,565	1	428,285	8	2,225,466	\$4.59
2017 1q	1,374	95,056,912	8,221,486	8.6%	2,601,956	3	675,233	5	1,596,334	\$4.57
2016 4q	1,371	94,381,679	10,148,209	10.8%	1,439,489	0	0	5	1,156,177	\$4.54
2016 3q	1,371	94,381,679	11,587,698	12.3%	1,047,405	2	950,000	3	675,233	\$4.50
2016 2q	1,369	93,431,679	11,685,103	12.5%	134,829	0	0	4	1,222,910	\$4.52
2016 1q	1,376	94,178,662	12,566,915	13.3%	(89,680)	3	504,666	1	300,000	\$4.53
2015 4q	1,373	93,673,996	11,972,569	12.8%	1,414,346	2	416,100	4	804,666	\$4.54
2015 3q	1,371	93,257,896	12,970,815	13.9%	760,490	2	286,643	5	920,766	\$4.49
2015 2q	1,369	92,971,253	13,444,662	14.5%	137,516	2	741,199	6	821,309	\$4.45
2015 1q	1,367	92,230,054	12,840,979	13.9%	626,510	3	1,410,328	5	1,084,842	\$4.44
2014 4q	1,364	90,819,726	12,057,161	13.3%	249,534	1	70,536	7	2,395,170	\$4.46
2014 3q	1,363	90,749,190	12,236,159	13.5%	(105,604)	0	0	5	1,562,445	\$4.39
2014 2q	1,363	90,749,190	12,130,555	13.4%	2,211,051	4	2,030,317	3	914,956	\$4.45
2014 1q	1,359	88,718,873	12,311,289	13.9%	419,627	1	360,000	7	2,945,273	\$4.38
2013 4q	1,359	88,364,273	12,376,316	14.0%	1,906,170	2	720,575	6	2,550,317	\$4.41

Source: CoStar Property®