Metropolitan Phoenix
Real Estate Market Overview

Mark Detmer SIOR, CCIM
Executive Director
602-229-5971
mark.detmer@cushwake.com

Bo Mills SIOR, CCIM
Executive Director
602-229-5970
bo.mills@cushwake.com

Will Strong
Senior Associate
602-229-5909
will.strong@cushwake.com

Jackie Orcutt
Associate
602-229-5960
jackie.orcutt@cushwake.com

February 2012

CUSHMAN & WAKEFIELD.

MEET THE TEAM

NAIOP 2007, 2008 & 2009 Industrial Brokers of the Year

Professionals.

BO MILLS SIOR, CCIM
Executive Director

Bo Mills specializes in representing Developers, Institutional Landlords, and Corporate Tenants desiring to acquire, develop, lease, and dispose of industrial real estate. He is the President Elect of the Society of Industrial and Office Realtors (SIOR) as well as a Certified Commercial Investment Member (CCIM). He is one of only 16 Arizona brokers to hold both designations. Bo is a member of the Phoenix Business Journal's Top 40 Under 40. Bo is very active in the local chapter of the National Association of Industrial & Office Properties (NAIOP). Bo served as Chairman of Night at the Fights, on the Board of Directors. He is also a member of ULI, CSCMP, the C&W Industrial Committee & the C&W Broker Advisory Committee. He is affiliated with the Greater Phoenix Economic Council (GPEC). He is also involved with the Barrows Neurological Leader Circle and has been a member of the Valley Big Brothers since 1999.

MARK DETMER SIOR, CCIM
Executive Director

Mark Detmer specializes in representing Developers, Institutional Landlords, and Corporate Tenants desiring to acquire, develop, lease, and dispose of industrial real estate. His area of expertise is the Sky Harbor, Tempe, and Southeast Valley industrial market with a focus on distribution, manufacturing, and back office needs. He is a member of the Society of Industrial and Office Realtors (SIOR) as well as a Certified Commercial Investment Member (CCIM). He is one of only 16 Arizona brokers to hold both designations. Mark is very active in the local chapter of the National Association of Industrial & Office Properties (NAIOP), and was the 2011 Chairman of Night at the Fights for the 3rd consecutive year. He participates as a member of the Greater Phoenix Economic Council (GPEC) and ULI. Mark currently serves on the board of CSCMP & was the 2010 recipient of the C&W Game Ball Award for promoting teamwork & a winning attitude. He is also involved in the Phoenix Suns Night Hoops charity event, and serves on the Miracle Makers Executive Board for the Phoenix Children's Hospital.

WILL STRONG
Senior Associate

Will Strong helps industrial building owners, developers, and occupiers achieve the highest and best value for their real estate by being proactive through ethics, creativity, and hard work. Before joining Cushman & Wakefield, he graduated from the W.P. Carey School of Business at Arizona State University with honors in finance and accounting. Will is an active member of the National Association of Industrial and Office Properties (NAIOP) and actively serves on its Membership and Developing Leaders Steering Committees. Will Strong is also a founding member of the Cushman & Wakefield National Future Leaders. For year end 2010, Will was awarded the Dee Hoover Memorial Work Ethic award, NAIOP Rookie of the Year, and became a Senior Associate. He is a mentor with Arizona Quest for Kids which prepares students for success in higher education through mentoring, enrichment, and college guidance. Will Strong was born and raised in Phoenix, Arizona.

JACKIE ORCUTT
Associate

Jackie Orcutt joined the Detmer/Mills/Strong team with a primary focus to exceed the expectations of owners, developers & occupier clients through her attention to detail, dependability and personal commitment to excellence. Jackie is a graduate of Arizona State University WP Carey School of Business and the Barrett Honors College. Drawing from her degrees in Economics and Business Psychology, Jackie employs a values based approach to client relations and real estate transactions. Jackie's area of expertise includes the Sky Harbor Airport market, Tempe and the Southeast Valley. Jackie is a committee member for the National Association of Industrial & Office Properties (NAIOP), the Arizona Chapter of Commercial Real Estate Women (AZCREW), and the Partnership forum of Urban Land Institute (ULI). Jackie volunteers as a collegiate mentor for Kappa Alpha Theta women's fraternity and supports the local chapter of the MS Society.

Team Highlights.

- 45 years combined experience
- NAIOP Industrial Brokerage Team of the Year 2007, 2008 & 2009
- AZRE-RED Awards - Broker Team of the Year 2006 & 2009, Deal of The Year 2008
- Top Producing Phoenix Industrial Team 2000-2011
- Cushman & Wakefield Deal of the Year 2007, 2008 & 2010
- Cushman & Wakefield Client Service Excellence Award 2007
- CoStar Top 20 Brokers 2003 – 2010
- Members of SIOR, CCIM, NAIOP, CSCMP, GPEC & ULI
- Completed largest lease transactions in State of Arizona in 2007, 2008, 2009, 2010 & 2011

Team Experience.

Unparalleled track record of success.

900 lease & sales transactions

20,000,000 square feet

2,500 acres of land

$2.2 billion in value

BO MILLS, SIOR CCIM
Executive Director
(602) 229. 5970
bo.mills@cushwake.com

MARK DETMER, SIOR CCIM
Executive Director
(602) 229. 5971
mark.detmer@cushwake.com

WILL STRONG
Senior Associate
(602) 229. 5909
will.strong@cushwake.com

JACKIE ORCUTT
Associate
(602) 229. 5960
jackie.orcutt@cushwake.com

Visit the team at: www.indbrokers.com

CUSHMAN & WAKEFIELD. Global Real Estate Solutions℠

CLIENTS & TRANSACTIONS

Landlord Representation.

ING Clarion: 3,500,000 sf, 100+ Transactions

Duke Realty Corporation: 3,000,000 sf, 7 Transactions

Mountain West Industrial Properties: 1,830,000 sf, 35+ Transactions

RREEF: 1,500,000 sf, 20+ Transactions

Trammell Crow Company: 1,500,000 sf

Lincoln Property Company: 1,500,000 sf, 15+ Transactions

ProLogis: 1,250,000 sf, 20+ Transactions

First Industrial Realty Trust: $70M, 6 Transactions

Buzz Oates Enterprises: 2,000,000 sf

Panattoni Development Company: 670,000 sf

Alliance Commercial Partners: 650,000 sf

BlackRock Realty: 610,000 sf

DEXUS Property Group: 550,000 sf

Trust.

The most sophisticated clients believe in our ability.

Buchanan Street Partners
WCV Commercial Properties
Clarion Partners
First Industrial Realty Trust
LBA Realty
Mountain West Industrial Properties
Panattoni
Duke Realty Corporation
Pacifica Real Estate Group
Fidelity Investments
DEXUS Property Group
BlackRock
ProLogis
RREEF Real Estate Investment Managers
Principal Financial Group
Sun Life Financial
TA Associates Realty
LPC Lincoln Property Company Full-Service Commercial Real Estate Since 1965
Liberty Property Trust
Trammell Crow Company
Wentworth Property Company, LLC

Investment Sales.

We have sold 8.4MSF of industrial buildings totaling $564M in transaction volume.


10 Chandler
553,317 sf • $30.4M


Stellar Business Park
135,535 sf • $17.5M


Durango Commerce Center
669,387 sf • $43.5M


7037 West Van Buren
552,330 sf • $32M


67 Buckeye
304,400 sf • $13M


Freescale Campus
1,000,000 sf • $53.7M


405 N 75th Avenue
407,204 sf • $33.5M


AVNET Building
6700 W Morelos
223,000 sf • $35M


Buckeye 75
458,936 sf • $35M


101 Distribution Center
620,000 sf • $17.4M

Land Sales.

We have sold 2,500 acres of land totaling $150M in transaction volume.

Southern & Dysart: 210 acres

I-10 & Sunshine Boulevard: 180 acres

SWC Litchfield Road & Lower Buckeye Road: 157 acres

NWC Indian School & Cotton Lane: 155 acres

Baseline Road & Buckeye Road: 114 acres

NNWC of 99th Avenue & Glendale Avenue: 110 acres, sold twice

SEC 75th Avenue & Buckeye Road: 31 acres

NWC Germann Road & Lindsay Road: 27 acres

El Puente Industrial Park: 26 acres

7102 West Sherman: 26 acres

Visit the team at:
www.indbrokers.com

BO MILLS, SIOR CCIM
Executive Director
(602) 229. 5970
bo.mills@cushwake.com

MARK DETMER, SIOR CCIM
Executive Director
(602) 229. 5971
mark.detmer@cushwake.com

WILL STRONG
Senior Associate
(602) 229. 5909
will.strong@cushwake.com

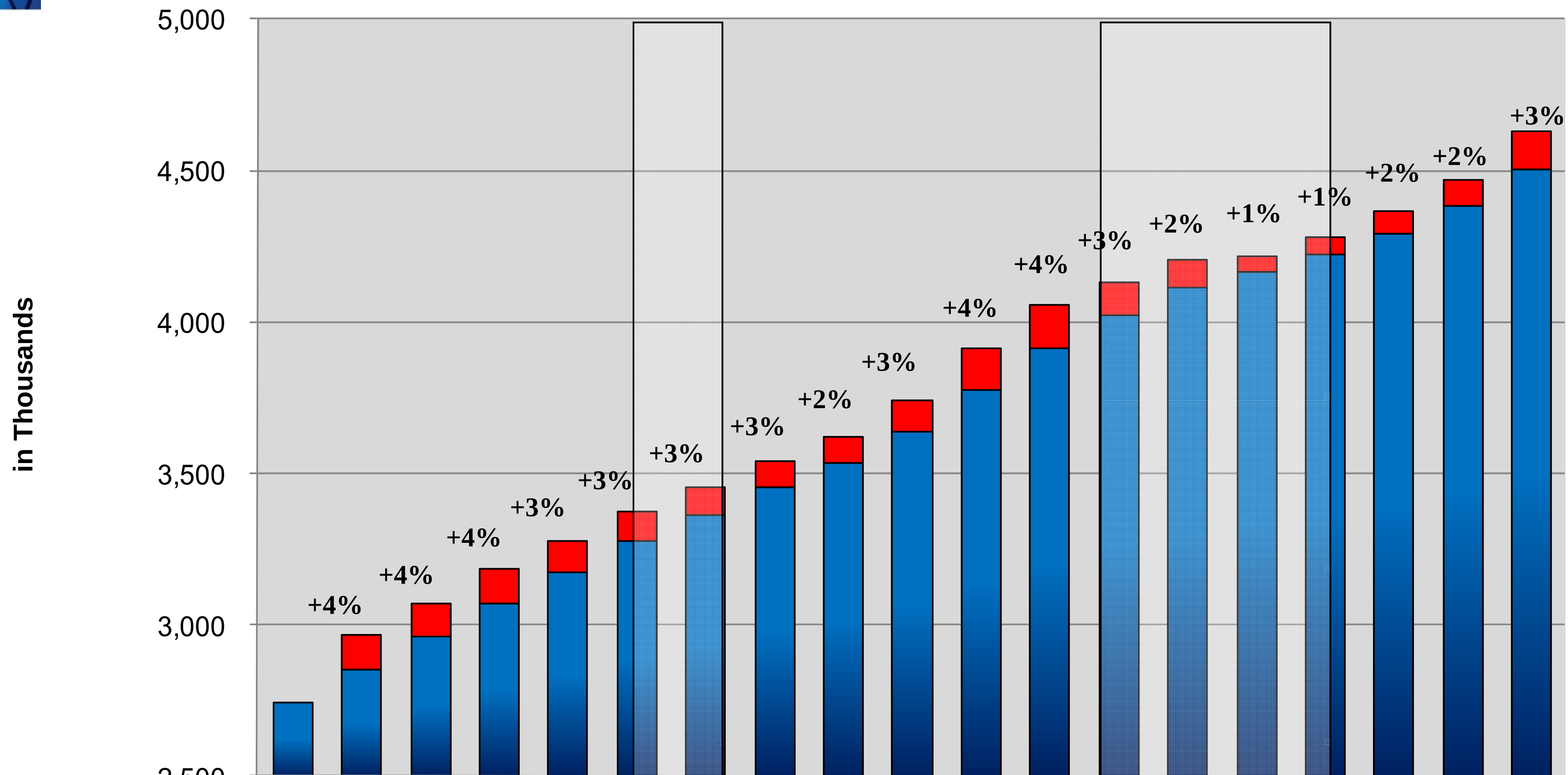
JACKIE ORCUTT
Associate
(602) 229. 5960
jackie.orcutt@cushwake.com

CUSHMAN & WAKEFIELD®
Global Real Estate Solutions℠

CUSHMAN & WAKEFIELD®

Metropolitan Phoenix

Population Growth 1995 – 2013 Forecast

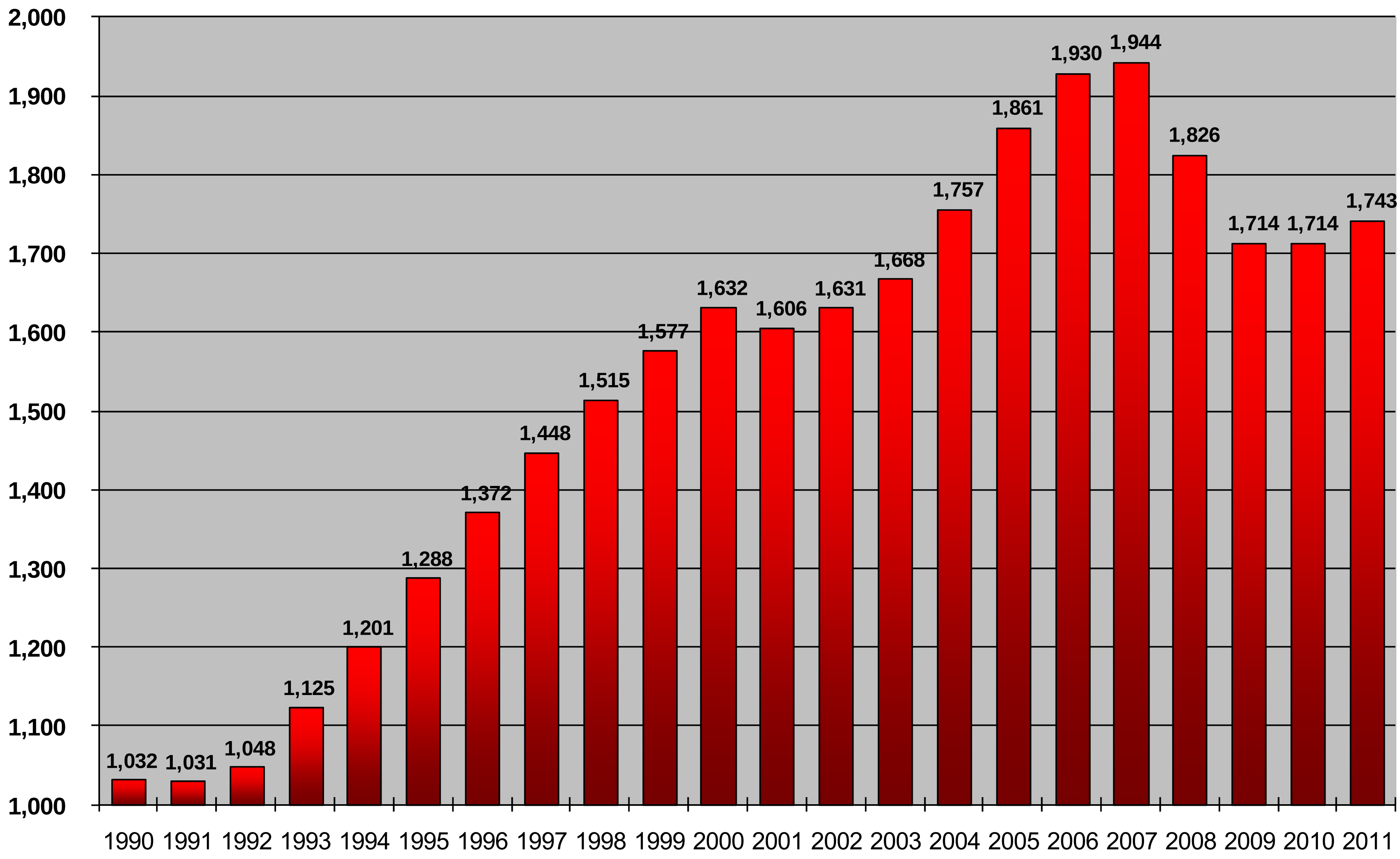


	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011F	2012F	2013F
Annual Growth	-	111.6	108.0	110.8	103.8	100.3	88.77	88.06	83.77	101.1	139.0	139.3	107.1	92.14	52.13	56.31	70.80	87.01	123.8
Population	2,744	2,855	2,963	3,074	3,178	3,278	3,367	3,455	3,539	3,640	3,779	3,918	4,025	4,118	4,170	4,226	4,297	4,384	4,508

Source: Moody's Analytics

Total Employment – Non-Farm Jobs Count from 1990 – 2011

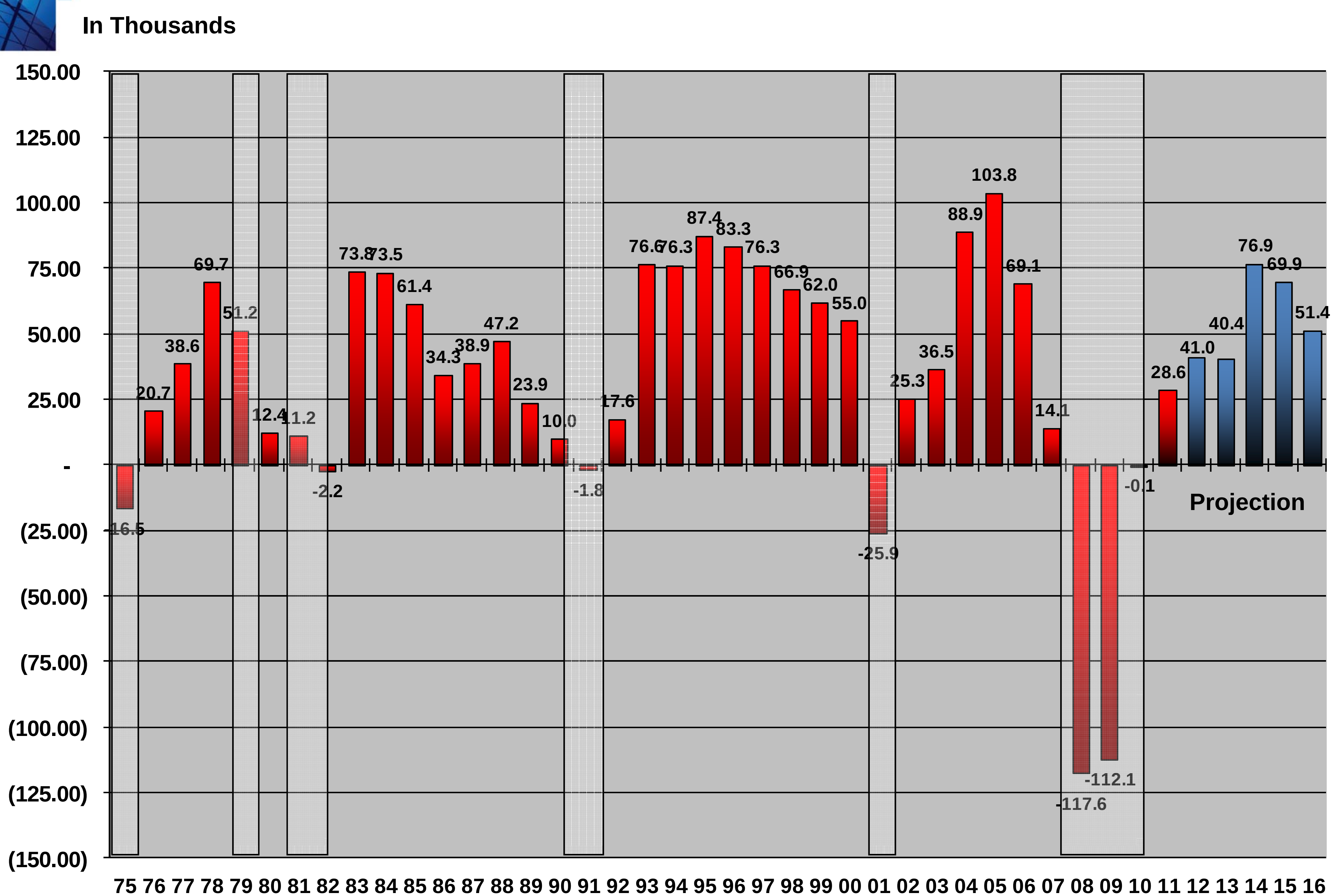
In Thousands



Source: Arizona Department of Commerce, US Dept of Labor

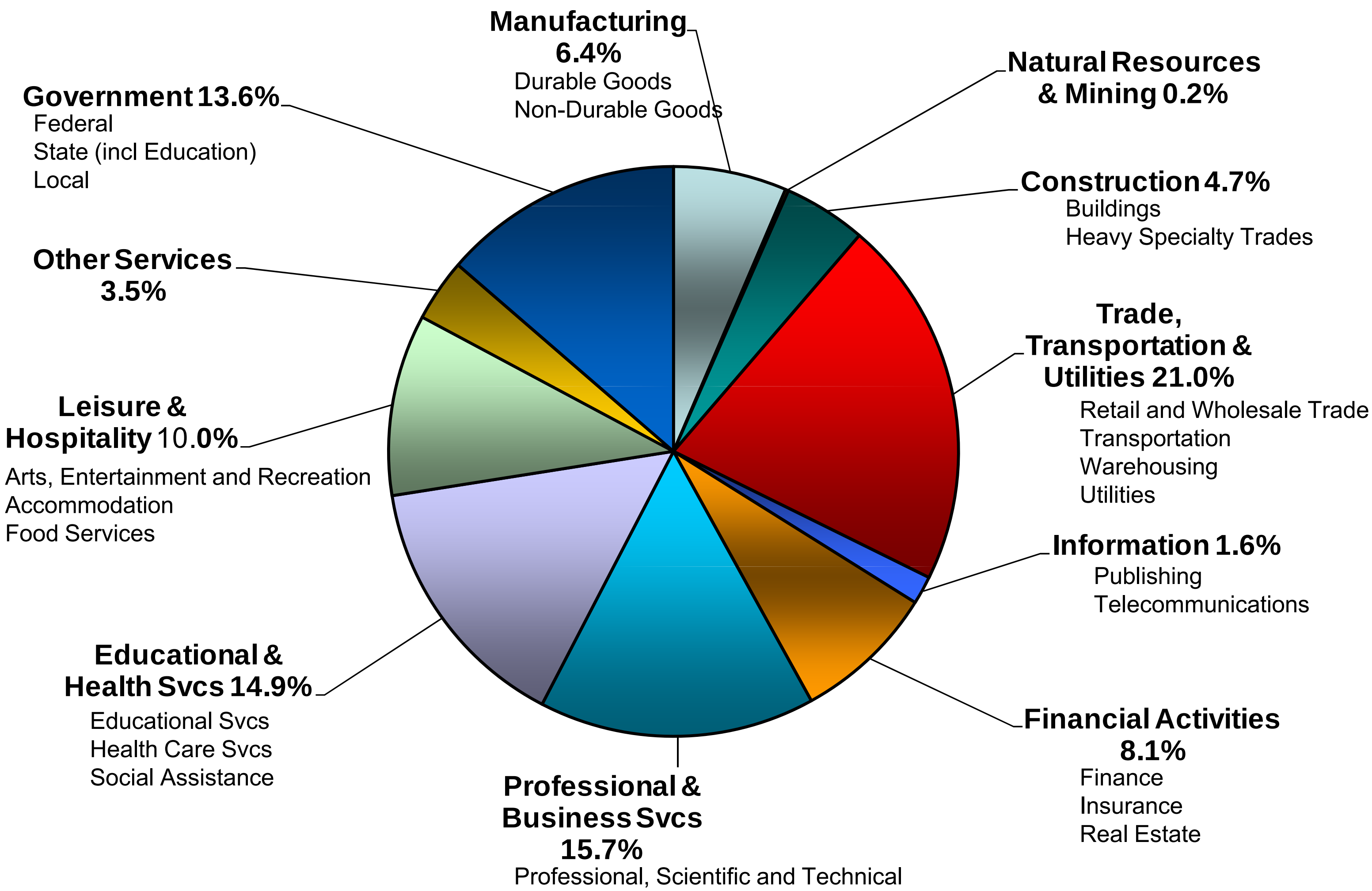
Metropolitan Phoenix

Annual Change 1975 –2016 Projection with National Recessions



Source: Arizona Department of Commerce. 2012-2016 figures are projections based on data from Moody's Analytics as of January 2012

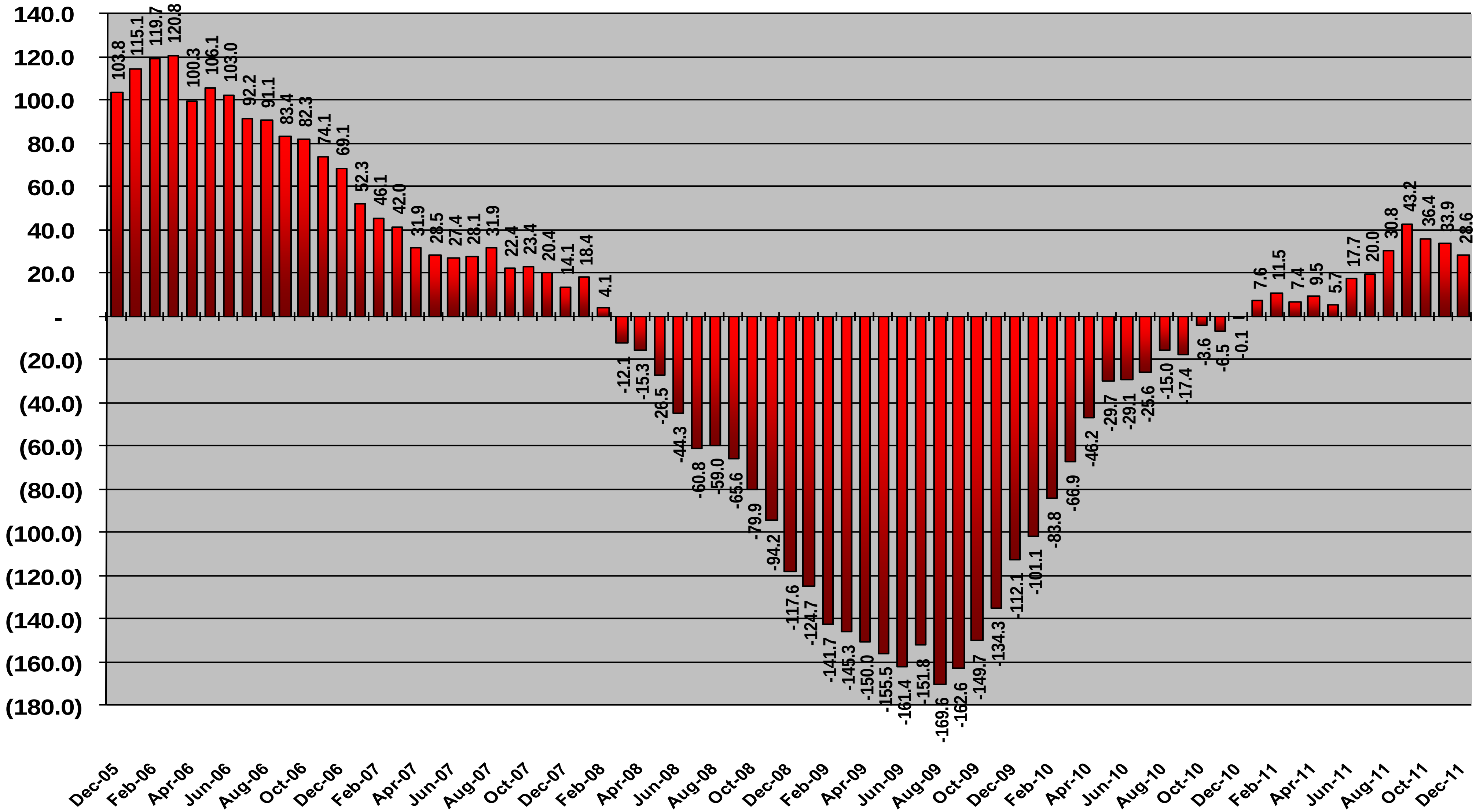
Area Employment – Total Non-Farm Jobs: 1,741,000 (December 2011)



Metropolitan Phoenix

TTM Employment Data: December 2005 – December 2011

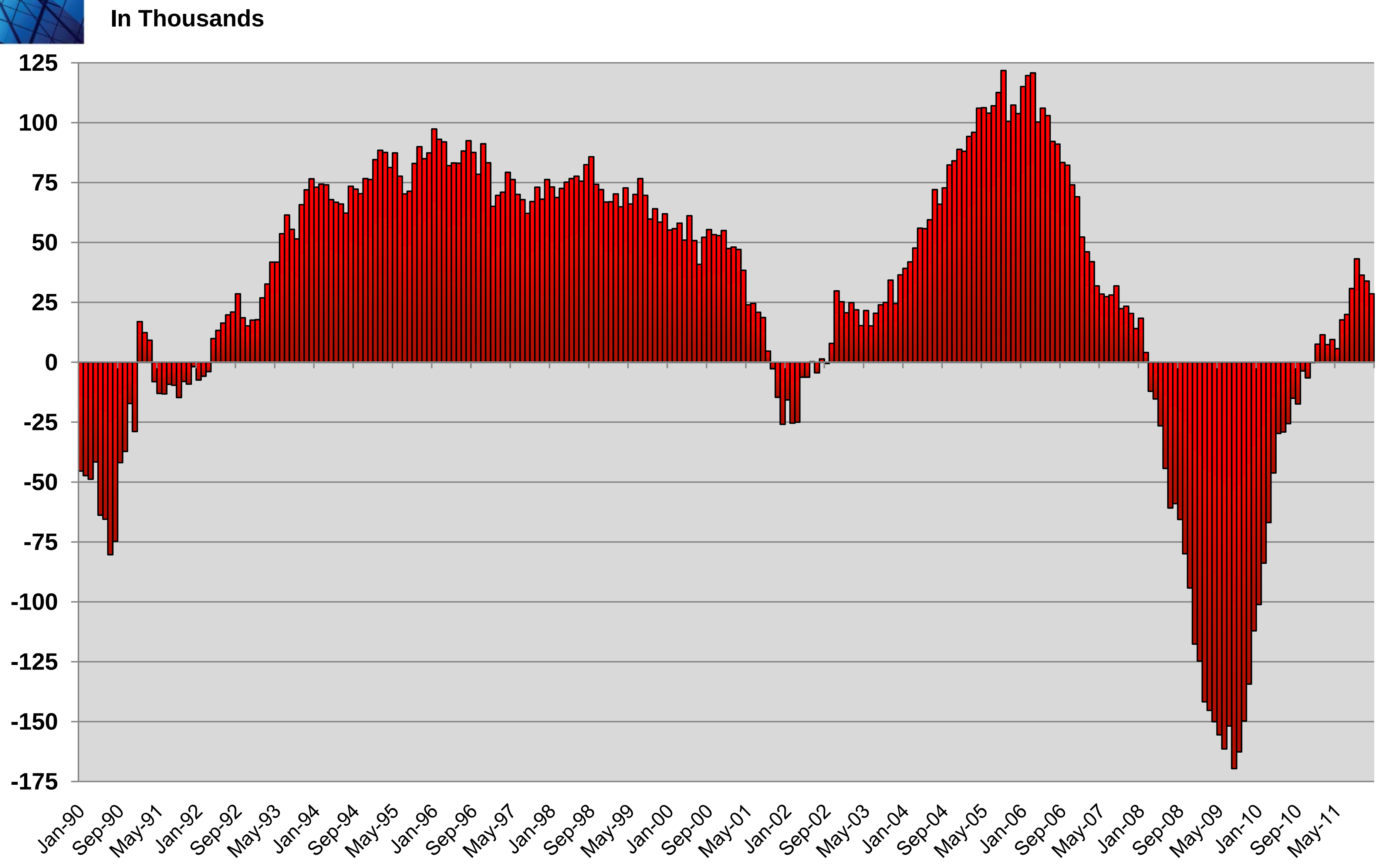
In Thousands



Source: Arizona Department of Commerce

CUSHMAN & WAKEFIELD

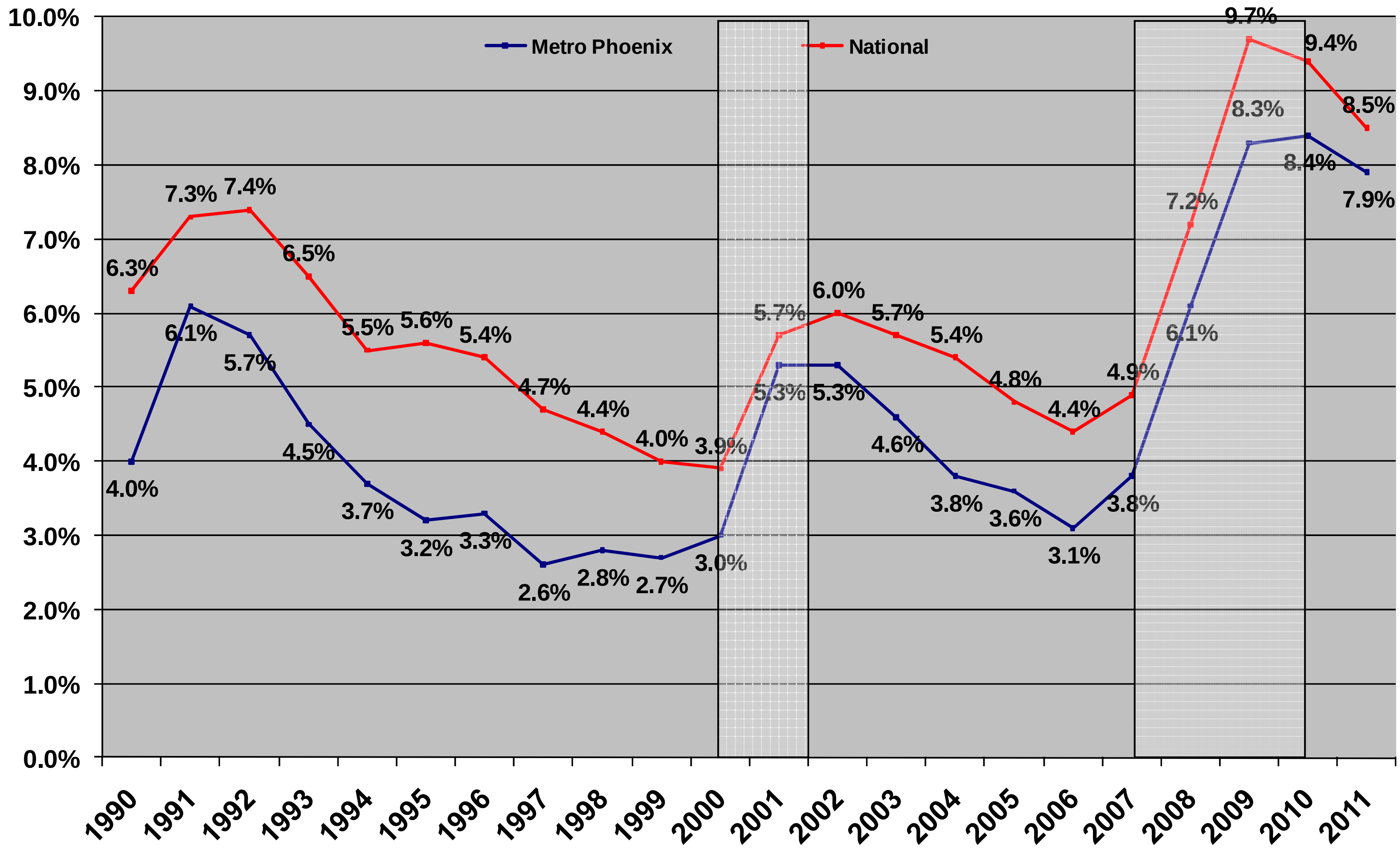
TTM Employment Data: Month-over-Month January 1990 – December 2011



Source: Arizona Department of Commerce

Metropolitan Phoenix

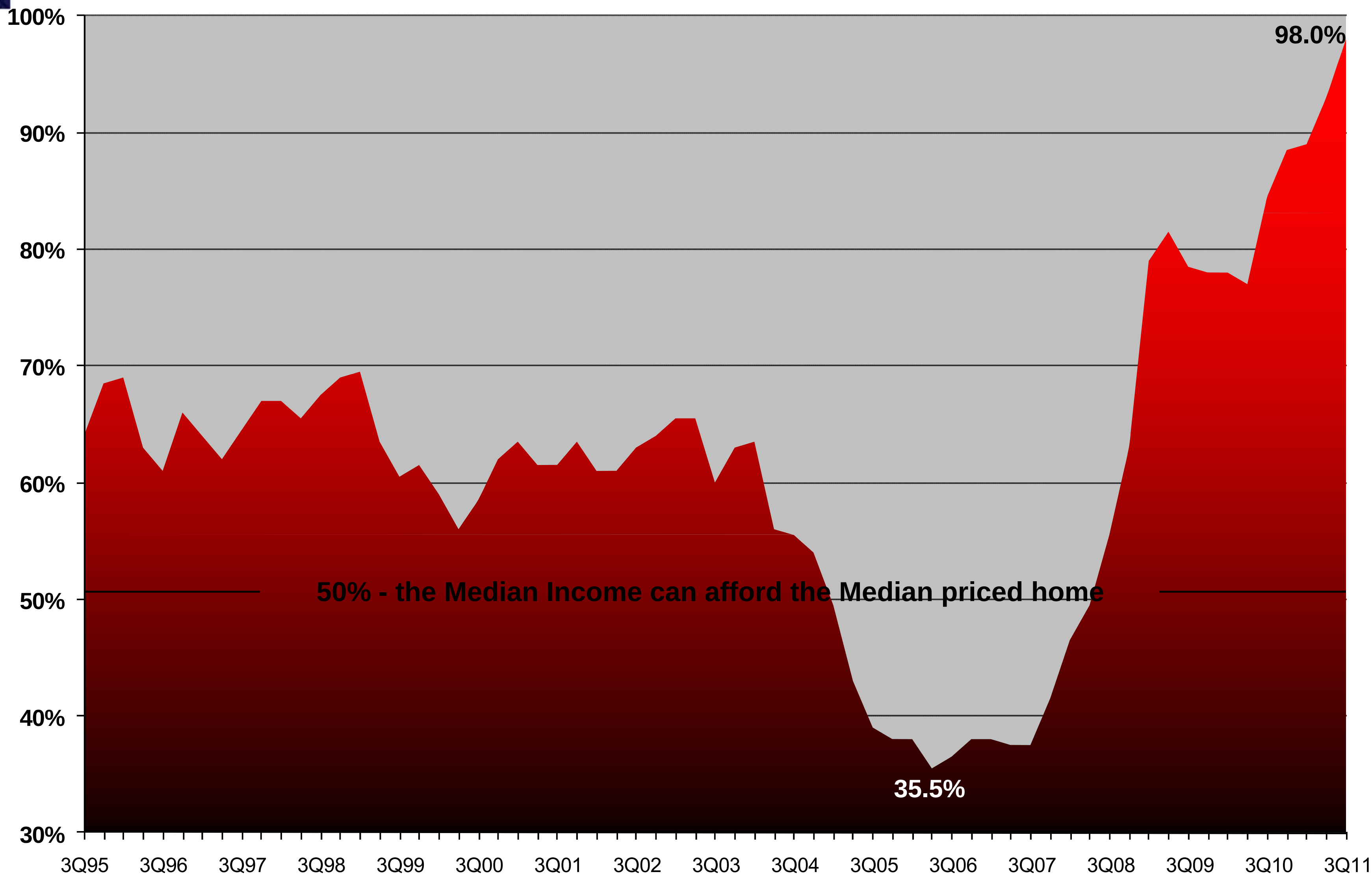
Unemployment Rate 1996 – December 2011



Source: Bureau of Labor Statistics

Metropolitan Phoenix • Housing Affordability

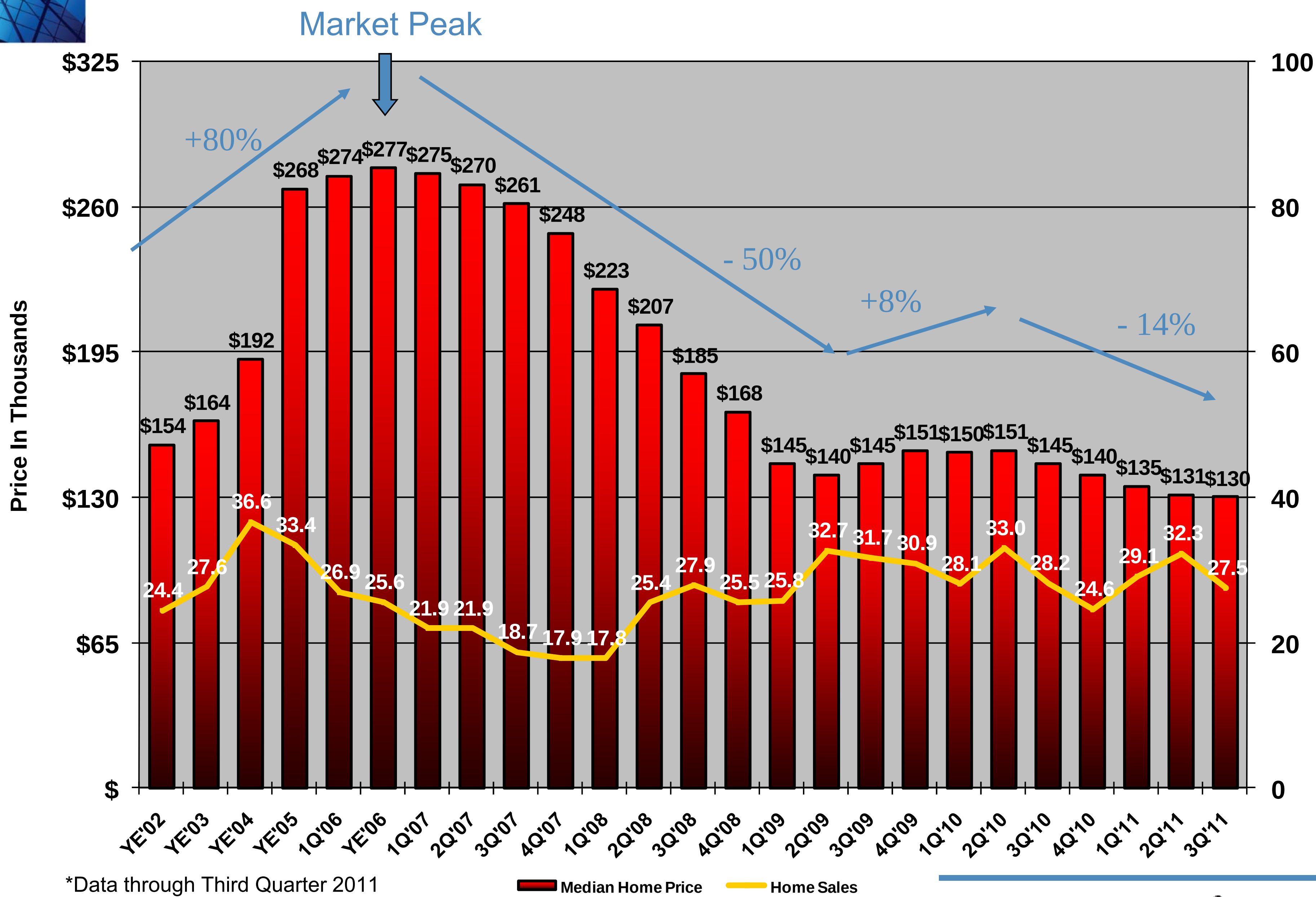
Pct. Of Families That Can Afford the Median Priced Resale Home



Source: Arizona Real Estate Center

Metropolitan Phoenix

Median Home Price vs. Single Family Sales

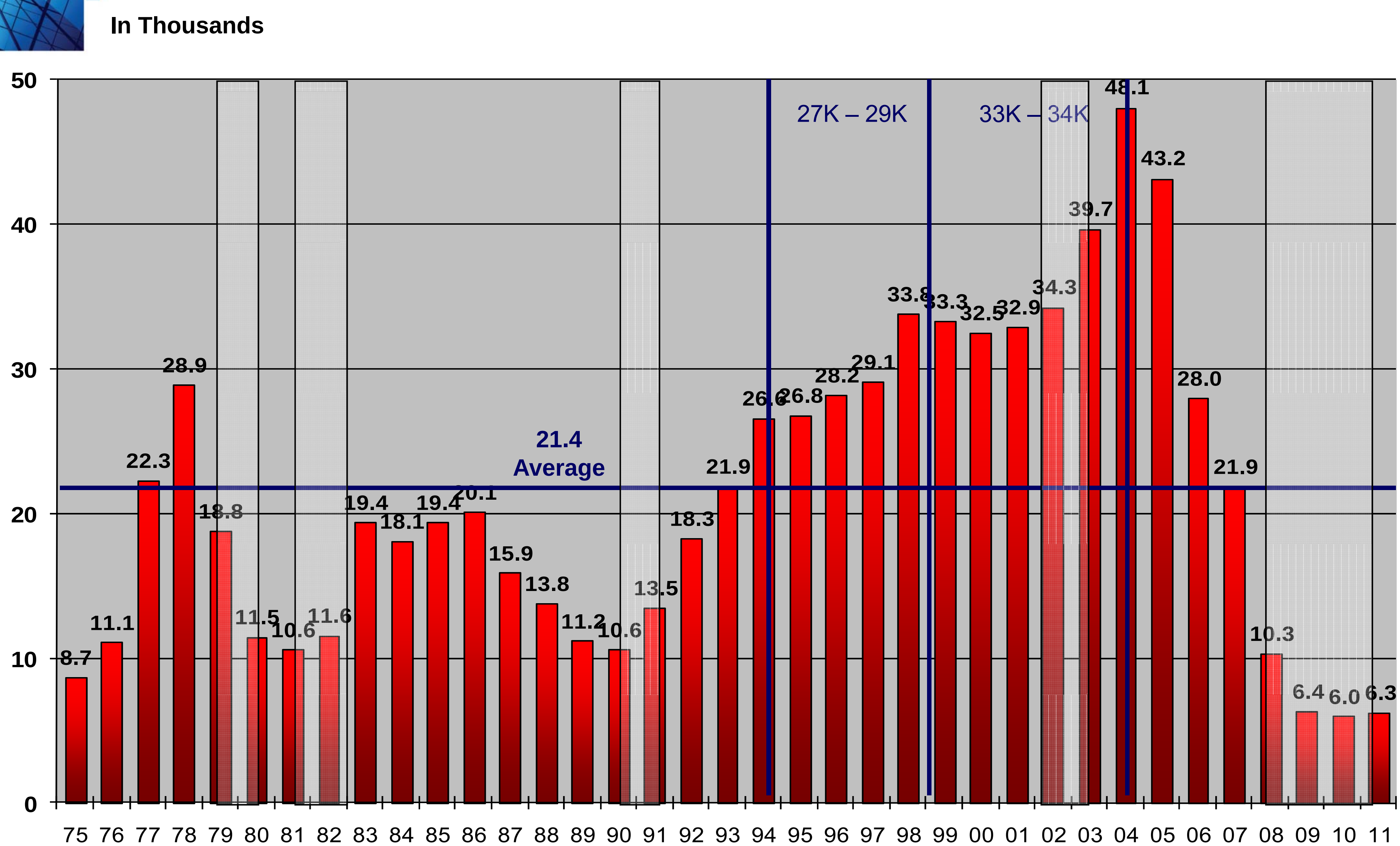


*Data through Third Quarter 2011

Source: Arizona State University Realty Studies

Metropolitan Phoenix

Single Family Permits Issued 1975 – 2011



Source: Phoenix Metropolitan Housing Study Committee, Arizona Real Estate Center

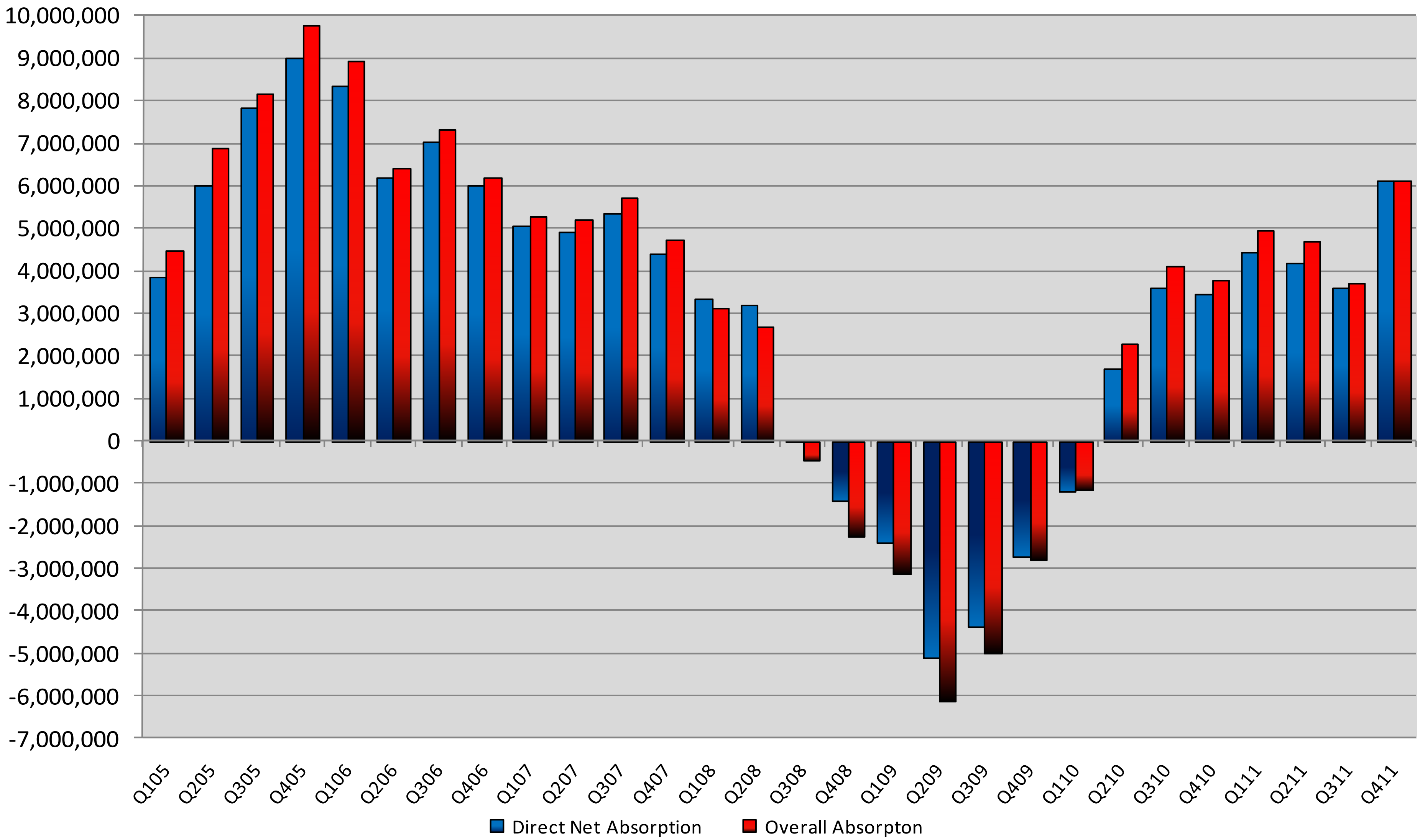
Metropolitan Phoenix • 4Q11 Phoenix Industrial Statistics

Market	Inventory	Direct Vacancy	Direct Vacancy Rate	Overall Vacancy Rate	Direct Wtd. Avg. Net Rent	DIRECT NET ABSORPTION 4Q	DIRECT NET ABSORPTION YTD	DIRECT NET ABSORPTION Trailing 4 Quarters	OVERALL NET ABSORPTION 4Q	OVERALL NET ABSORPTION YTD	OVERALL NET ABSORPTION Trailing 4 Quarters	YTD Construction Completions	Under Const.
Black Canyon/NW Phoen	**28,528,058**	**4,415,064**	**15.5%**	**15.7%**	**$0.72**	**171,110**	**710,855**	**710,855**	**171,110**	**709,308**	**709,308**	**226,800**	**194,262**
1 Deer Valley	13,373,895	2,596,699	19.4%	19.7%	$0.80	80,258	346,277	346,277	80,258	343,530	343,530	226,800	194,262
2 Black Canyon	8,925,811	751,569	8.4%	8.6%	$0.55	58,280	281,046	281,046	58,280	282,246	282,246	0	0
13 Northwest Phoenix	6,228,352	1,066,796	17.1%	17.1%	$0.66	32,572	83,532	83,532	32,572	83,532	83,532	0	0
Scottsdale/NE Phoenix	**12,543,435**	**1,648,627**	**13.1%**	**14.4%**	**$0.85**	**(8,837)**	**213,550**	**213,550**	**(8,837)**	**103,056**	**103,056**	**0**	**0**
11 Scottsdale Airpark	8,162,060	1,413,854	17.3%	19.1%	$0.87	2,988	54,209	54,209	2,988	(56,285)	(56,285)	0	0
12 Northeast Phoenix	4,381,375	234,773	5.4%	5.6%	$0.75	(11,825)	159,341	159,341	(11,825)	159,341	159,341	0	0
Sky Harbor/Cent. Phoeni	**33,377,846**	**4,250,879**	**12.7%**	**13.5%**	**$0.59**	**(28,630)**	**86,276**	**86,276**	**(32,103)**	**120,507**	**120,507**	**0**	**0**
6 Sky Harbor Airport	14,018,940	1,743,142	12.4%	14.0%	$0.57	21,282	(67,176)	(67,176)	21,282	(176,051)	(176,051)	0	0
15 South Mountain	19,358,906	2,507,737	13.0%	13.1%	$0.61	(49,912)	153,452	153,452	(53,385)	296,558	296,558	0	0
Southeast Valley	**36,972,852**	**5,279,165**	**14.3%**	**14.8%**	**$0.70**	**206,332**	**550,103**	**550,103**	**206,332**	**451,677**	**451,677**	**0**	**0**
8 Chandler	19,500,503	2,552,207	13.1%	13.1%	$0.79	102,566	166,108	166,108	102,566	146,023	146,023	0	0
9 Gilbert	5,107,434	930,071	18.2%	21.5%	$0.69	12,633	122,178	122,178	12,633	38,578	38,578	0	0
10 Mesa	12,364,915	1,796,887	14.5%	14.8%	$0.57	91,133	261,817	261,817	91,133	267,076	267,076	0	0
Southwest Valley	**112,642,501**	**12,902,985**	**11.5%**	**11.8%**	**$0.37**	**2,787,589**	**4,604,345**	**4,604,345**	**2,787,589**	**4,666,800**	**4,666,800**	**404,673**	**0**
4 Far Southwest Phoenix	8,552,631	896,521	10.5%	10.5%	$0.39	(1,520)	522,077	522,077	(1,520)	522,077	522,077	0	0
14 Southwest Phoenix	59,212,650	7,788,876	13.2%	13.5%	$0.35	2,672,030	3,465,220	3,465,220	2,672,030	3,527,675	3,527,675	404,673	0
5 South Central Phoenix	20,932,157	2,222,032	10.6%	11.5%	$0.44	(33,365)	172,404	172,404	(33,365)	172,404	172,404	0	0
3 West Phoenix	23,945,063	1,995,556	8.3%	8.3%	$0.35	150,444	444,644	444,644	150,444	444,644	444,644	0	0
Tempe	**39,975,515**	**4,035,778**	**10.1%**	**11.0%**	**$0.62**	**58,980**	**(28,554)**	**(28,554)**	**(66,871)**	**83,035**	**83,035**	**0**	**0**
7 North Tempe	27,504,500	2,383,012	8.7%	9.5%	$0.60	140,784	217,578	217,578	14,933	163,362	163,362	0	0
16 South Tempe	12,471,015	1,652,766	13.3%	14.2%	$0.66	(81,804)	(246,132)	(246,132)	(81,804)	(80,327)	(80,327)	0	0
TOTAL	**264,040,207**	**32,532,498**	**12.3%**	**12.9%**	**$0.57**	**3,186,544**	**6,136,575**	**6,136,575**	**3,057,220**	**6,134,383**	**6,134,383**	**631,473**	**194,262**

CUSHMAN & WAKEFIELD.

Metropolitan Phoenix

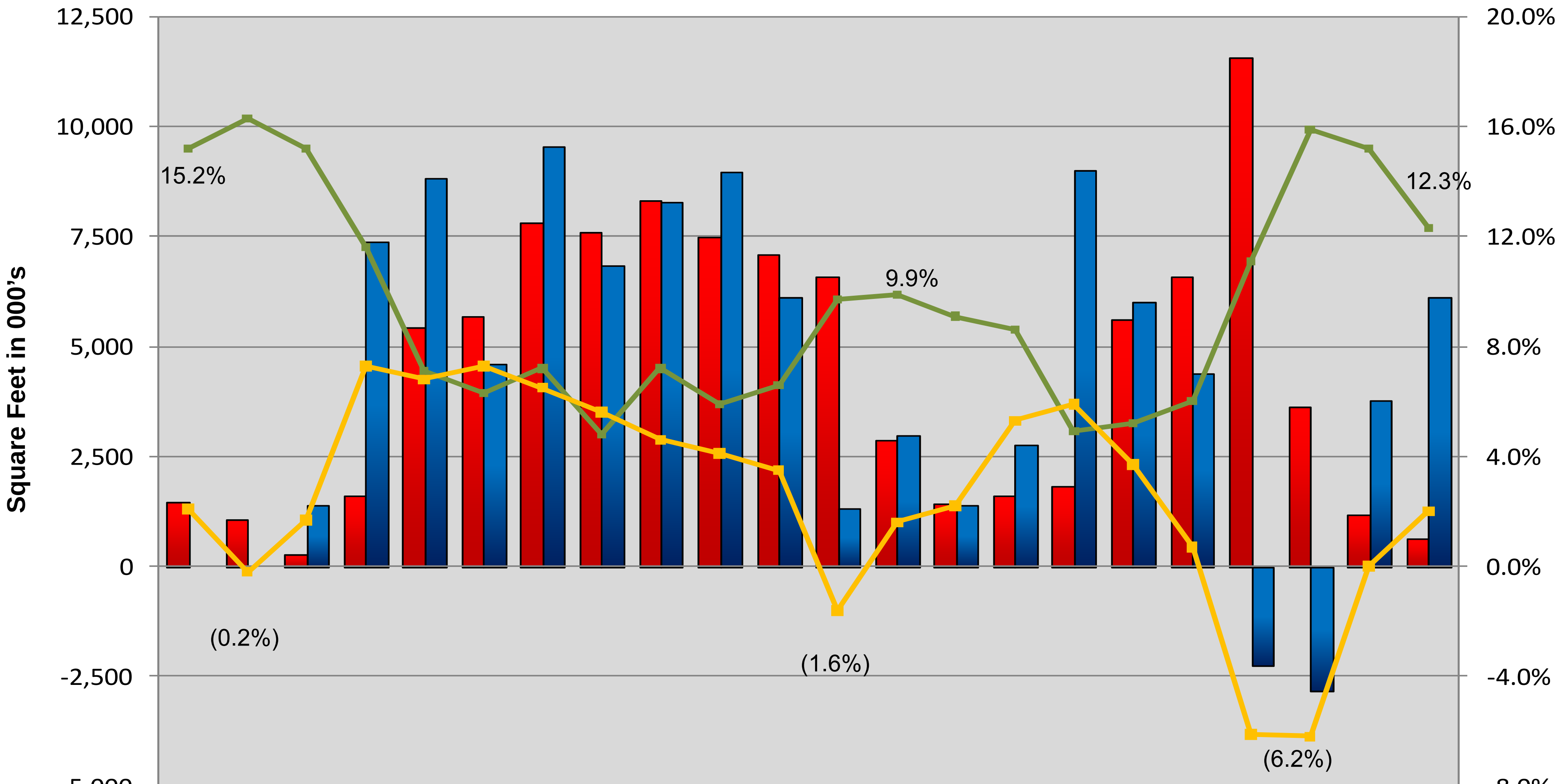
Trailing Four-Quarter Industrial Absorption – 1Q'05 to 4Q'11



Source: Cushman & Wakefield Research

CUSHMAN & WAKEFIELD

Completions and Net Absorption vs. Market Vacancy and Annual Job Growth

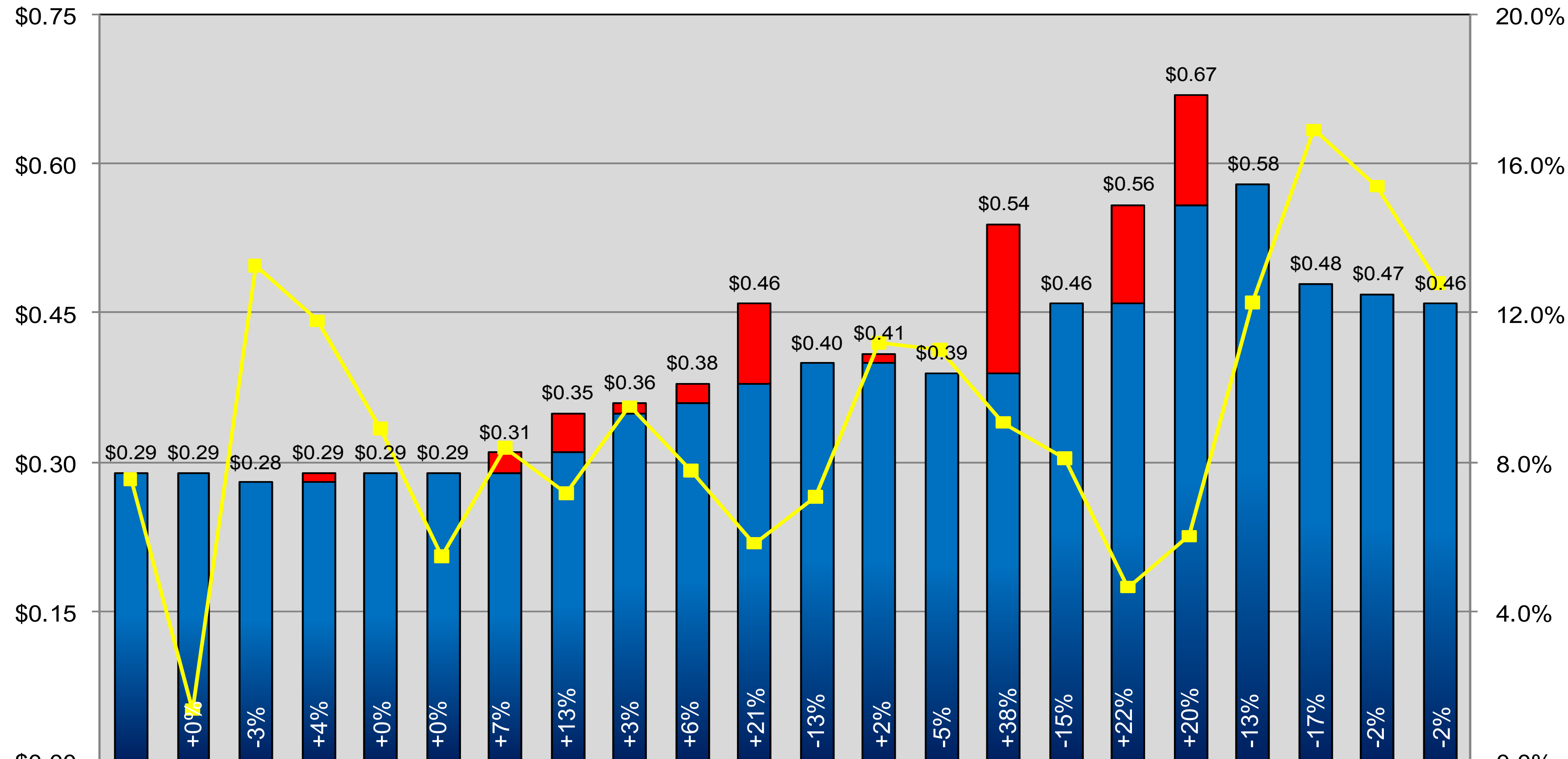


	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Construction	1,483	1,076	283	1,628	5,455	5,695	7,835	7,621	8,333	7,510	7,093	6,588	2,863	1,447	1,598	1,813	5,608	6,611	11,56	3,637	1,189	631
Absorption	-	-	1,390	7,394	8,843	4,590	9,537	6,862	8,281	8,969	6,113	1,320	2,969	1,409	2,770	9,002	6,010	4,406	(2,25	(2,81	3,782	6,134
Vacancy	15.2%	16.3%	15.2%	11.6%	7.1%	6.3%	7.2%	4.8%	7.2%	5.9%	6.6%	9.7%	9.9%	9.1%	8.6%	4.9%	5.2%	6.0%	11.1%	15.9%	15.2%	12.3%
Job Growth	2.1%	-0.2%	1.7%	7.3%	6.8%	7.3%	6.5%	5.6%	4.6%	4.1%	3.5%	-1.6%	1.6%	2.2%	5.3%	5.9%	3.7%	0.7%	-6.1%	-6.2%	0.0%	2.0%

* Differences in base inventory levels reflect buildings taken out of inventory and/or converted to user buildings.

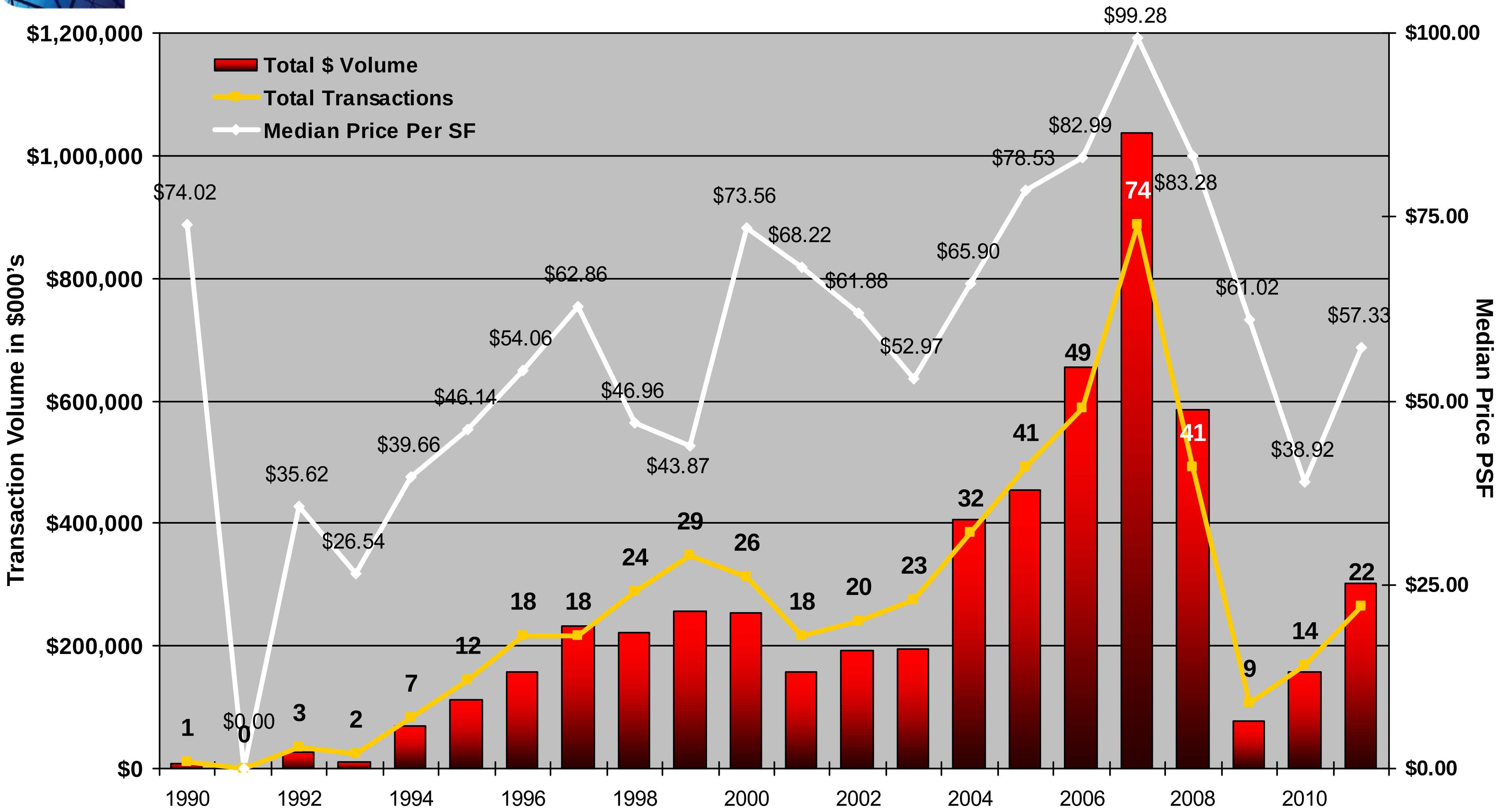
Source: Cushman & Wakefield Research

Historical Industrial Asking Rents vs. Direct Vacancy – Warehouse/Distribution



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Direct Asking Rates	$0.29	$0.29	$0.28	$0.29	$0.29	$0.29	$0.31	$0.35	$0.36	$0.38	$0.46	$0.40	$0.41	$0.39	$0.54	$0.46	$0.56	$0.67	$0.58	$0.48	$0.47	$0.46
Incr. Growth		$0.00	-$0.01	$0.01	$0.00	$0.00	$0.02	$0.04	$0.01	$0.02	$0.08	-$0.06	$0.01	-$0.02	$0.15	-$0.08	$0.10	$0.11	-$0.09	-$0.10	-$0.01	-$0.01
Beg. Period	$0.29	$0.29	$0.28	$0.28	$0.29	$0.29	$0.29	$0.31	$0.35	$0.36	$0.38	$0.40	$0.40	$0.39	$0.39	$0.46	$0.46	$0.56	$0.58	$0.48	$0.47	$0.46
Direct Vacancy	7.5%	1.3%	13.3%	11.8%	8.9%	5.5%	8.4%	7.2%	9.5%	7.8%	5.8%	7.1%	11.2%	11.0%	9.1%	8.1%	4.6%	6.0%	12.3%	16.9%	15.4%	12.8%

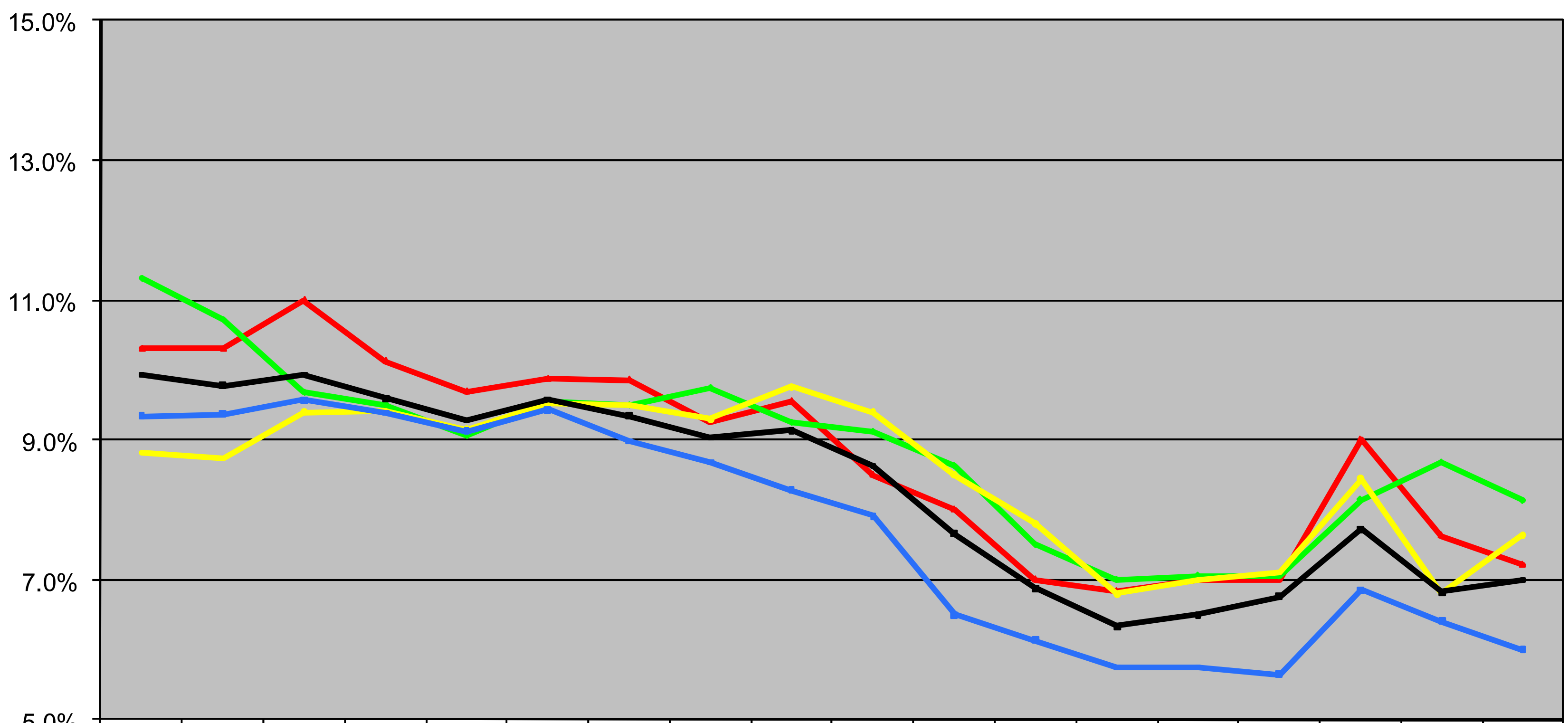
Industrial Sales Transactions 1990 – YTD'11 ($5MM+)



Source: CoStar

*Includes industrial (no flex-office) transactions $5.0MM+.

Median Cap Rates – Retail, Industrial, Office & Multi-Family

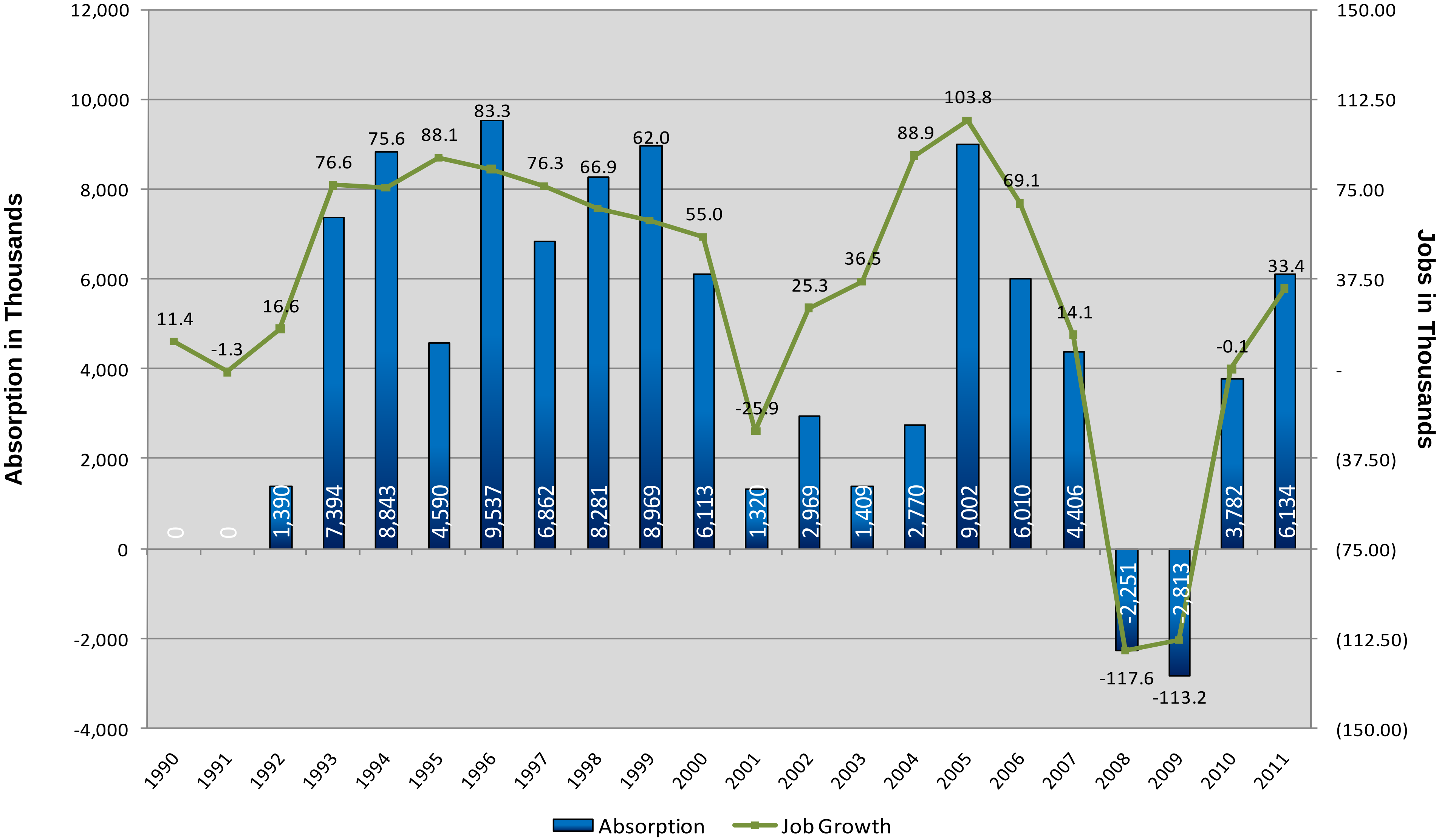


	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Retail	10.3%	10.3%	11.0%	10.1%	9.7%	9.9%	9.9%	9.3%	9.6%	8.5%	8.0%	7.0%	6.8%	7.0%	7.0%	9.0%	7.6%	7.2%
Industrial	11.3%	10.7%	9.7%	9.5%	9.1%	9.5%	9.5%	9.8%	9.3%	9.1%	8.6%	7.5%	7.0%	7.1%	7.1%	8.2%	8.7%	8.1%
Office	8.8%	8.7%	9.4%	9.4%	9.2%	9.5%	9.5%	9.3%	9.8%	9.4%	8.5%	7.8%	6.8%	7.0%	7.1%	8.5%	6.8%	7.6%
Multi-Family	9.3%	9.4%	9.6%	9.4%	9.1%	9.4%	9.0%	8.7%	8.3%	7.9%	6.5%	6.1%	5.8%	5.8%	5.7%	6.9%	6.4%	6.0%
Average	9.9%	9.8%	9.9%	9.6%	9.3%	9.6%	9.3%	9.0%	9.1%	8.6%	7.7%	6.9%	6.3%	6.5%	6.8%	7.7%	6.8%	7.0%

Source: CoStar

*Includes transactions $5.0MM+.

Industrial Net Absorption vs. Annual Employment Growth



Source: Cushman & Wakefield Research

CUSHMAN & WAKEFIELD