



Market Highlights:

The Phoenix industrial market finished the 3rd quarter with a net absorption year-to-date of 3.9 million square feet. This quarter, the Phoenix industrial market vacancy dropped 40-basis points to 11.8%—the lowest percentage since Q1 2008. Net absorption valley wide for the quarter posted at 1,860,934 SF. Properties under construction totaled 3,501,024 SF this quarter, nearly double last quarter's totals. New buildings delivered to market inventory this quarter were 972,151 SF, with an impressive year-to-date total of 6,630,366 SF. The 4th Quarter is historically the largest Quarter for absorption, we predict 2015 will break the 6,000,000 SF net absorption mark.



*We won't just tell you
we'll get the job done...
We'll show you.*

Over the past twenty-five years, **Stein Koss** and **Tom Louer** have been involved in over 1,200 transactions, having leased or sold over 84 million square feet with a combined consideration of over \$1 billion dollars. Their clients benefit from their energy, focus, market knowledge and the ability to create value.

Your real estate solution providers

- Landlord | Tenant Representation
- Seller | Buyer Representation
- Build-to-Suit Consulting
- Supply Chain Solutions

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Phoenix Industrial News

AIRPORT | SOUTHEAST VALLEY UPDATES

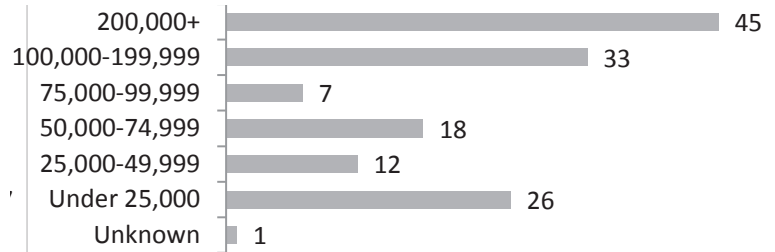
Economic Indicators

as of Q3 2015

Unemployment	
U.S.	Down to 5.1%
Arizona	Up to 6.3%
Phoenix Metro	Down to 5.7%
U.S. Consumer Price Index	
	Down 0.1%
Gross Domestic Product (GDP)	
	Up to 3.7%

Source: Bureau of Labor Statistics, Arizona Dept. of Economic Security, Eller College of Management, University of Arizona

Prospect Industrial Needs SF 2015



Red Bull leased approximately 24,784 SF at the Kyrene 202 Business Park, 150 S. Kyrene Rd. The five (5) year lease included three (3) months of free rent. The 75,331 SF building was developed by EastGroup, a publicly traded REIT Headquarters in Jackson, Mississippi.



Conor Commercial and Globe Corporation closed on 16.02 acres in July for \$5.27/SF South of Baseline Road and East of Arizona Avenue. Plans are to build two (2) distribution buildings 93,184 SF at 140,014 SF.



GLOBE CORPORATION



The Koss | Louer Team represented AF Distributors and the Wilcox Family Trust in leasing the property at 3333 East Atlanta Avenue in Phoenix, Arizona. The building is 26,744 SF on 1.7 acres. AF Distributors is a whole sale supplier of fire places and outdoor living products.



Interplast Group, the largest plastics manufacturer in North America, purchased a 351,935 SF manufacturing facility at 5125 E. Madison. The seller (SunChase) purchased the note in 2011 and foreclosed on the borrower. The property sits on 15.75 acres, Interplast expects to be producing product Q1, 2016.



Door Works Inc. leased a free-standing metal building at 2605 West 1st Street in Tempe. The 43,690 SF facility will be their new home for the next ten (10) years with an option to purchase. Door Works Inc. will be relocating from 10,000 SF in Scottsdale.

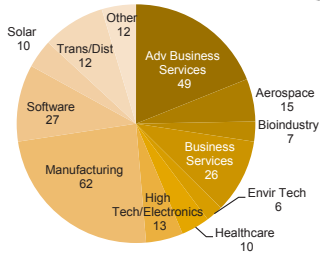


Green Tree Financial leased a 170,000 SF back-office facility at Discovery Business Park at the NWC of Elliot and Loop 101 in Tempe. The 87 month term will commence summer of 2016. The developer, Wentworth Company, is making significant upgrades to the existing facility formally occupied by Freescale.

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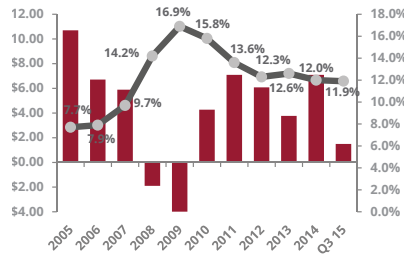
CENTRAL | SOUTHWEST VALLEY UPDATES

Prospect By Industry



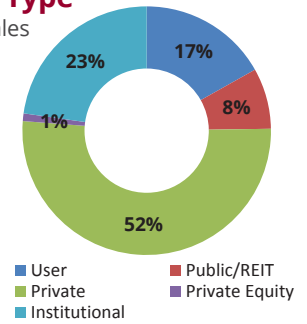
Absorption/Vacancy

in SF, 2005-2015



Buyer Type

Q3 15 Sales



STITCH FIX



Stitch Fix leased a +365,000 SF distribution building at 5555 West Lower Buckeye Road. The eight (8) year term included five (5) months of free rent. This lease transaction is only the third tenant over the last two years to sign a 250,000-plus-SF lease that wasn't a build-to-suit. We understand, they've already exercised their right to lease the balance of the building. The building owner, Exeter Property Group purchased the building from Prologis less than a year ago.

OPUS.

Opus Development purchased approximately 23-acres North of the NEC of 7th Street & Elwood. They closed on September 24th for \$7.80 psf. Opus Airport Industrial will be a 390,520 SF cross dock distribution facility. Construction is scheduled to commence Q1 2016.



The Koss | Louer Team recently worked with Menlo Logistics who leased a 552,330 SF distribution facility at 7037 W. Van Buren Street where it will employ roughly 200 new employees.



The Koss | Louer Team represented Blue Cloud Books in their 58,482 SF lease renewal with EJM Development. Their new distribution facility is located at 1511 South 47th Avenue, a 30' clear, dock high building developed in 2001 by Buzz Oats. Blue Cloud is an online seller of quality used books.



SHERWOOD BEDDING GROUP

Sherwood West a mattress manufacturing company recently leased 142,000 SF in a building under construction at 9310 West Buckeye Road. Strategically located adjacent to the Mattress Firm, an existing client, has proven to save distribution costs in other (Texas and Florida) markets. Merit Partners is the developer of the new state-of-the-art facility.



Stein Koss & Tom Louer recently completed the lease renewal for Spicers Paper. In 2012, Spicers became a member of Central National Gottesman Inc., one of the worlds largest privately held paper companies. Their Phoenix facility is approximately 80,615 SF.



SKY HARBOR DIST CENTER
1720 E. GRANT ST.
PHOENIX, AZ

FOR LEASE
175,366 SF

PARC 17
1800 - 1880 S. 7TH ST.
PHOENIX, AZ

FOR LEASE
177,770 SF

SANTAN 10 DISTRIBUTION CENTER
6888 W. FRYE RD.
CHANDLER, AZ

FOR LEASE
64,787 SF



DEER VALLEY BUSINESS CENTER
24416 NORTH 19TH AVENUE
PHOENIX, AZ

FOR LEASE
48,082 SF

2120 W. GUADALUPE RD.
GILBERT, AZ

FOR LEASE
45,000 SF

SOUTH PARK INDUSTRIAL
280 N. ROOSEVELT AVE.
CHANDLER, AZ

FOR LEASE
69,886 SF



TEN SKY HARBOR
3801 S. 36TH ST.
PHOENIX, AZ

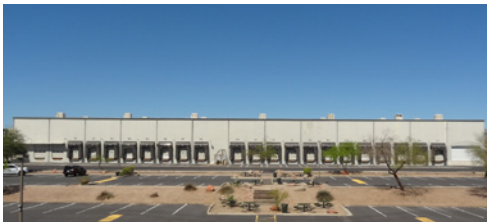
FOR LEASE
64,014 SF

MADISON | 51
225 S. 51ST ST.
PHOENIX, AZ

FOR LEASE
110,710 SF

FIESTA TECH CENTER
1388 N. TECH BLVD.
GILBERT, AZ

FOR LEASE
43,619 SF



DID YOU KNOW?

"AIR FORCE ONE" - The first aircraft made especially for the president. *"Air Force One"* was a Boeing 707 that entered service on October 10, 1962. That plane was also known as SAM 260000 (Special Air Mission, tail No 260000). SAM 260000 served eight presidents.

Today, two nearly identical, custom-built Boeing 747-200B jets (tail number 28000 and 29000) regularly carry the president. Both are based at Andrews Air Force Base in Maryland, ten miles from the White House. As soon as the president steps aboard one of these planes, it becomes *"Air Force One"*.

The presidential jet is as long as a city block and taller than a five-story building. It has an office, stateroom, and conference room for the president, as well as room for plenty of staff. Its communications network allows the president to contact virtually anyone from the air. The plane carries anti-missile devices, and shielding protects its electronics from interference caused by a nuclear blast.

The flying Oval Office can travel 630 miles per hour and halfway around the world without refueling. It can also be refueled in flight.

"Air Force One" has a perfect flying record and is considered the safest plane in the world.

"Air Force One" is NOT technically a plane. What does *"Air Force One"* refer to?

(The first person to reply to skoss@leearizona.com gets a \$50.00 gift card)

The Koss | Louer Team wants to congratulate Erik Powell with Sun State Builders for being Q2 winner!

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