

Market Highlights:

The overall vacancy settled at 11.0%, dropping 80-basis points from quarter three. The Southwest and Northwest Valley's had the highest vacancy decrease of the five submarket clusters. Net absorption for the quarter posted at 3,100,698 square feet. The Northwest Valley led all others in net absorption for quarter four.

Asking rental rates increased to \$0.54 per SF, per month, a 1.9 % overall increase compared with no increase in quarter three. The Sky Harbor submarket brought in the highest overall change in asking rental rates of 4.6%. Construction activity remained strong this quarter with 3,454,071 square feet. Deliveries were modest this quarter at 657,834 square feet, however, next quarter several projects are scheduled for completion.

The Phoenix industrial market made healthy progress in the fourth quarter of 2015. The rising home market and lower unemployment, have helped fuel the industrial sector in 2015.



*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.

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Phoenix Industrial News

AIRPORT | SOUTHEAST VALLEY UPDATES

Economic Indicators

as of Q4 2015

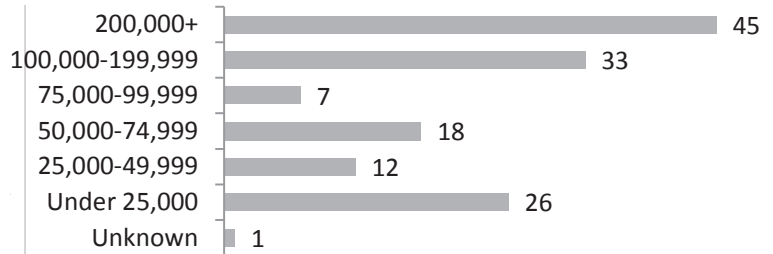
Unemployment

U.S. Down to 4.9%
 Arizona Down to 6.0%
 Phoenix Metro Down to 5.2%

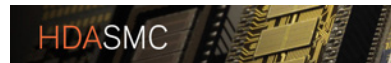
U.S. Consumer Price Index Down 0.0%
 Gross Domestic Product (GDP) Up to 3.9%

Source: Bureau of Labor Statistics, Bureau of Economic Analysis of the U.S. Dept. of Commerce.

Prospect Industrial Needs SF 2015



Expanded into their existing facility at 5670 S. 32nd Street. Their initial lease was for 109,060 square feet, however, after six (6) months into the new lease they absorbed the balance of the building, totaling 155,351 square feet and added two (2) additional years to the original lease of 120 month lease.



Hybrid Design Leased 40,344 SF at 1140 W. Warner Road, known as Warner Crossing. The Landlord for the ten (10) year lease is iStar Financial. HDA has been a premier leader in providing design and contract manufacturing to companies in the oil, gas, electronic and defense industries.



DUFL, Inc. eased 16,675 square feet at 2405 West University from EJM. The thirty-eight (38) month lease will serve as their distribution closet. DUFL is a premium service personal valet that simplifies business travel by shipping, cleaning and storing your business attire.



The Koss | Louer team represent Safelite Glass in their ten (10) year lease extension at 4440 East Elwood. This 38,164 SF facility is one of two service center locations for Safelite that services Metro Phoenix. Prologies Trust is the Landlord.



Movement Storage leased 31,860 SF from Clarion at Tempe Commerce Park. The flex building totals 63,720 SF at 7340 South Kyrene. The building is part of a portfolio currently being marketed for sale. The three (3) term starts 4th Quarter, 2016.



Watumull Enterprises, Ltd. Out of Honolulu, HI purchased the Shutterfly building at the Discovery Business Campus in Tempe. The property at 7195 South Shutterfly Drive traded for \$43,100,000.00 (\$181.86 psf). The property was completed in 2015 and the cap rate was report to be at 6.6%.

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CENTRAL | SOUTHWEST VALLEY UPDATES

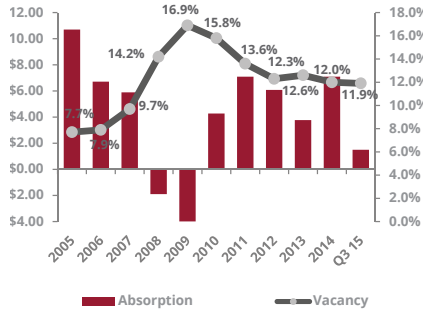
Rental Rates

Per month, 2005-2015



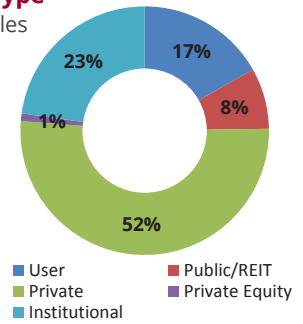
Absorption/Vacancy

in SF, 2005-2015



Buyer Type

Q4 15 Sales



Daikin Applied Leased 57,000 of manufacturing space at 4940 West Lower Buckeye Road. The manufacture of air-cooled chiller systems committed to a five (5) year lease starting March 1, 2016. The newly constructed facility was a clean span building which was conducive to the process. The property was built as a speculative project and sold to an investment group who landed Daikin as their tenant.



DCT out of Colorado leased 34,898 SF to Independent Can Company in Tolleson. The distribution building totaling 279,131 SF is now 100% occupied. Independent Can is headquartered in Belcamp, MD. The distribution building they leased at 101 N. 103rd Avenue will serve as their western region DC.



Enterprise Rent-A-Car leased approximately 20 acres from Bob Hurley at the SEC of I-17 at 19th Avenue. The initial term on the ground lease was for sixteen (16) years.



The Koss | Louer Team sold 48.9 acres to Scottsdale Investment management at 40th Avenue and Lower Buckeye Road. During escrow we leased 7.75 acres to JB Hunt, 10 acres to Interstate Distribution and assigned 25 acres to Schneider Trucking.



All American National Fleet Painting Company leased a 10,000 square feet facility on three acres at 2320 South 15th Avenue. The California Company moved to Arizona for our business environment. The five (5) year lease commenced in October of 2015.



The Koss | Louer Team represented the seller, Sun State Builders of Tempe with Two commercial land transactions in Buckeye totaling just over 54 acres, sold for \$4,000,000 (\$74,061 per AC). The buyer and seller were the same for both parcels and was part of a 1031 Exchange. Plans are to hold the properties for future. The two parcels are part of the Sundance development. Both parcels have frontage on Interstate 10 and are zoned for employment uses.



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 FOR LEASE
6888 W. FRYE RD. 64,787 SF
CHANDLER, AZ



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 FOR LEASE
280 N. ROOSEVELT AVE. 69,886 SF
CHANDLER, AZ



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 FOR LEASE
1388 N. TECH BLVD. 43,619 SF
GILBERT, AZ



DID YOU KNOW?

LATE DECEMBER 1776 may have been the American Revolution's gloomiest hour. The Patriot army, which seemed unable to win a battle, lay shivering in Pennsylvania. The troops were hungry, sick and exhausted. More and more men deserted every day. "I think the game is pretty near up," George Washington wrote.

Across the Delaware River in Trenton, New Jersey, 1,400 Hessian soldiers hired by King George of England sat snugly before their fires. Figuring that no army could move in such frozen winter weather, they were getting ready for a Christmas feast of roast goose and rum. George Washington's men, meanwhile, were searching the Pennsylvania banks of the river for every boat they could find.

The Patriots began crossing the river as dark fell on Christmas night. Chunks of floating ice crashed into their boats as they fought the currents. Rain, hail and snow fell. "It will be a terrible night for the soldiers who have no shoes," wrote one of Washington's aides. "Some of them have tied old rag around their feet."

It was 3 a.m. before the last of the troops and equipment were across. The snow was stained with bloody footprints as the men stumbled nine miles toward Trenton. The wet weather had soaked much of their gunpowder, making it useless. Washington decided to push on.

The Americans attacked in the early light of December 26 in a building snow. The Hessians, stunned to discover an army appearing out of nowhere, had no chance to organize a defense. Within forty-five minutes, the fighting was over.

News of the American victory raced through the colonies. Perhaps the Patriot cause was not so hopeless. Weary soldiers began to talk to fighting on. With one bold move, George Washington had his countrymen believing that the fight for liberty might be winnable after all.

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