



Market Highlights:

The Phoenix Industrial sector started 2016 with a solid market performance, fueled by a robust finish to 2015. Net absorption is historically modest at the start of the new year and could indicate a strong year ahead. The construction pipeline remains steady with a mix of spec and built-to-suit projects with nearly 2 million square feet delivered in this quarter. Rental rates, however, remained flat overall this past quarter with modest increases primarily in the Sky Harbor Airport and Southeast Valley submarkets.



*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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Economic Indicators

as of Q1 2016

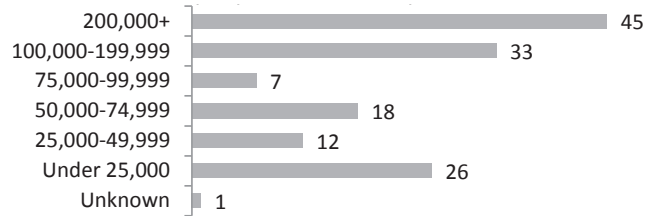
Unemployment

U.S.	Down to 5.0%
Arizona	Steady at 6.0%
Phoenix Metro	Down to 5.0%

U.S. Consumer Price Index	Down 0.2%
Gross Domestic Product (GDP)	Up to 1.4%

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

Prospect Industrial Needs SF 2016



After a nine (9) month escrow, Prologis successfully closed on a four (4) building portfolio on approximately 15 acres of land in The Sky Harbor Center. The total size was approximately 337,042 square feet. The property is situated on a ground lease with the City of Phoenix.



Jim Harrison has ±250,000 square feet under construction on two (2) buildings at 443 E. Buckeye Road and one (1) building at 1502 E. Buckeye Road. These spec industrial buildings are scheduled to be completed in August. The City of Phoenix has pre-leased ±33,000 square feet at 443 E. Buckeye Road.



Trane leased 10,500 SF at Park Lucero, east of the NEC of Germann and Gilbert Road. The 89-month lease is scheduled to commence this May. Building C, 220 E. Germann is now 100% occupied. The adjacent 87,876 square foot building, Building B has two (2) pending deals in the LOI stage.



Orbital committed to a 120-month lease at Gilbert Spectrum. The 64,000 square foot 10-year build-to-suit will be at the SWC of McQueen & Elliot Road in Gilbert, Arizona. SunCap will be the owner. Graycor has been selected as the general contractor.



In February, Clarius Partners and Evergreen Partners closed on 11.68 acres at the SEC of University and 16th Street in Phoenix. Butler Design Group and Sun State Builders have been engaged to build two (2) spec industrial buildings totaling approximately 201,000 square feet. The land price was \$8.30 PSF.



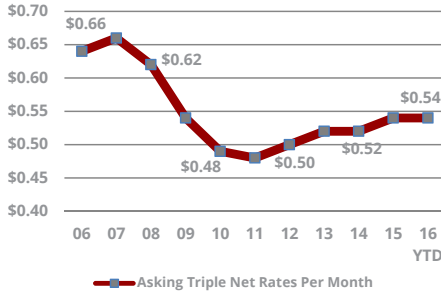
Scientific Games Corporation provides gambling products and services to gaming organizations worldwide leased ±17,640 square feet at the Airport I-10 Business Park for 126 months. The word is they will most likely exercise their option for additional space, therefore occupying close to 50,000 square feet.

Phoenix Industrial News

CENTRAL | SOUTHWEST VALLEY UPDATES

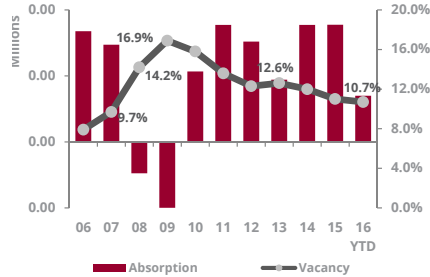
Rental Rates

Per month, 2006-2016



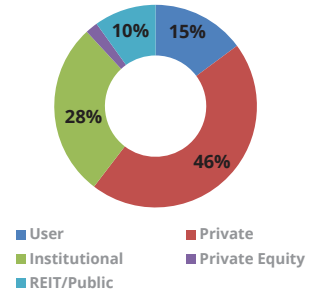
Absorption/Vacancy

in SF, 2006-2016



Buyer Type

Q1 16 Sales



Dircks leased 108,000 square feet at 860 S. 83rd Avenue for three (3) years. Commencement date was January 1, 2016. 54,000 square feet was air-conditioned warehouse. Four months into their lease they took an additional 60,000 square feet on a month-to-month basis.



Committed to 142,146 square feet at 9310 W. Buckeye Road. The 386,100 square foot building was developed by Merit Partners and First Industrial Realty. The 10 year lease commenced in January 2016



The Koss | Louer Team represent Shurjoint piping USA at 4703 W. Brill Street Owned by Clarion. The 40,000 square foot lease was for thirty-nine (39) months. Shurjoint is a world leader in mechanical piping components. They are headquartered in Georgia.



Leased 20,164 SF at 1800 S. 7th Avenue to SynScapes of Arizona. The five (5) year lease is scheduled to start in June 2016. Building 1 at Parc 17 is now 47.8% occupied. SynLawn will distribute and display synthetic grass at this location.



KossLouerTeam sold Overton Moore a ±76,950 square feet distribution building back in 2014. In Feb of 2016 they sold the building to W & L Investments (Willie Itule Produce). The property is located at 301 N. 45th Avenue and sits on approximately 5.4 acres. The property will serve as the produce companies new corporate headquarters.



EastGroup Properties leased 42,837 square feet at their 1601 - 1605 S. 35th Avenue distribution facility. The sixty-two (62) month lease is scheduled to commence May 1, 2016.



SKY HARBOR DIST CENTER
1720 E. GRANT ST.
PHOENIX, AZ**FOR LEASE**
175,366 SF**PARC 17**
1880 S. 7TH ST. | BLDG. 3
PHOENIX, AZ**FOR SALE**
44,589 SF**ALLRED AIRPORT CENTER I**
2440 E. GERMAN RD.
CHANDLER, AZ**FOR LEASE****CITY CENTER AIRPARK**
GILBERT, AZ**AVAILABLE**
159 ACRES**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?

March 6 • **REMEMBER THE ALAMO!**

STORM WINDS OF TYRANNY BLEW across Texas in early 1836. In those days the region was a part of Mexico, where General Santa Anna had seized power and made himself dictator. Texans weren't willing to submit to his rule, so Santa Anna Marched north with an army. In San Antonio a small band gathered to make their stand at the Alamo, an old Spanish mission turned into a fort. They were tough characters, men who had settled a wild frontier. With them was the famous Davy Crockett from Tennessee.

The Mexican army arrived and demanded the Alamo's surrender. The Texans answered with a cannon shot. Santa Anna ordered a red flag raised, a signal meaning "We will take no prisoners." Colonel William Travis, commander of the Alamo dispatched messengers bearing appeals for reinforcements. "Our flag still waves proudly from the walls," he wrote. "I shall never surrender nor retreat...Victory or death!"

Only 32 men made their way through the enemy lines to join the Texans at the Alamo. That brought the number of defenders to about 189. The Mexican army, meanwhile, swelled to perhaps 5,000.

Legend says that Travis called his men together, drew a line in the dust with his sword, and announced that those who wanted to stay and fight should step over the line. Every man but one crossed over. The attack came early the next morning, on March 6, 1836. For a while, the Texans managed to hold the Mexican army back, but soon Santa Anna's soldiers swarmed over the walls. All of the Alamo's defenders were killed.

The Texans weren't finished. On April 21, troops commanded by Sam Houston attacked and broke Santa Anna's army. "Remember the Alamo!" was their battle cry – a cry that still reminds Americans of unyielding courage and sacrifice for freedom.

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