

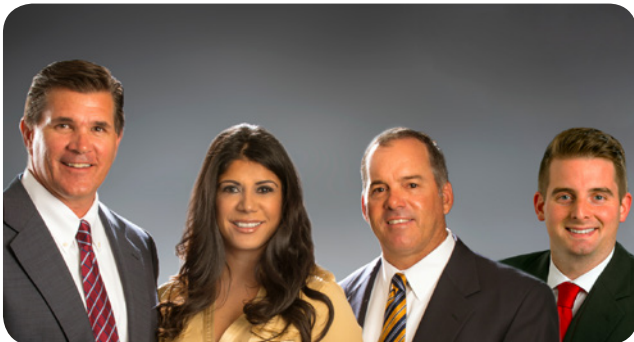


Market Highlights:

The Phoenix industrial sector began 2017 in solid fashion, breaking the double-digit hold on vacancy rates in nearly 10 years. Industrial vacancy posted a 9.8% rate, 20-basis points less than the previous quarter and the lowest since Q4 2007. The Northwest and Northeast submarkets have the lowest vacancy rates. Net absorption was calculated at 1,930,399 per SF, with most of it concentrated in the SW Valley.

Deliveries to inventory totaled 2,031,308 SF. The Northwest Valley had 986,313 SF delivered this quarter, the most of any submarket. Under construction activity is up nearly 1 million SF over last quarter to 4,809,131 SF. The Southwest Valley dominated construction inventory, as most buildings are large distribution and logistics buildings.

The largest sales transaction was an 11-building portfolio of flex buildings at 9014 N. 23rd Ave., Phoenix. BKM Capital Partners paid \$17,200,000 for a total of 226,645 SF. Price was calculated at \$75.89 per SF.



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

Over the past thirty years, Stein Koss and Tom Louer have been involved in over 2,000 transactions and have leased or sold over 65 million square feet of industrial properties with a combined consideration of over \$1.2 billion dollars. In 2015, they increased their level of service by hiring Nick Nudo. Their clients benefit from their energy, focus, market knowledge and unparalleled service.

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AIRPORT | EAST VALLEY UPDATES

Economic Indicators

as of Q1 2017

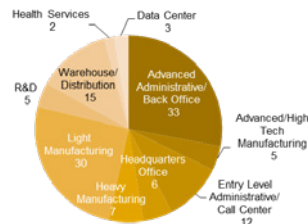
Unemployment

U.S.	Down to 4.7%
Arizona	Steady at 5.0%
Phoenix Metro	Down to 4.5%

Consumer Price Index	Up 0.2%
U.S. GDP	Up 2.2%

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

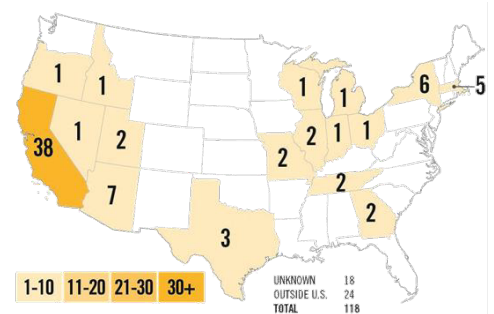
PROSPECTS BY OPERATION TYPE



•33 adv. administrative prospects in FY17; down from 51 in FY16.
 •6 headquarters prospects in FY17; down from 8 in FY16.
 •42 manufacturing prospects in FY17; up from 39 in FY16.



PROSPECTS BY REGION



Industrial Property Trust (IPT) purchased a 101,641 square foot industrial facility from LBA. The manufacturing facility at 685 West La Vieve Lane is in the Warner Industrial Park. The sale closed January 2017 for \$9,500,000 (\$93.47/SF). The facility sits on 6.7 acres and was recently leased to Kovach for ten (10) years.



S&M Moving Systems purchased 2021 East Jones Avenue in the 24th Street Industrial Park. The 94,885 square foot facility, formerly occupied by Michael Lewis Company, was purchased by Cohen Asset Management in 2014. Cohen sold to S&M in February 2017 for \$7,068,932 (\$74.50/SF).



Schindler

Schindler Elevators & Escalators signs a new lease with EastGroup Properties. Schindler took approximately 19,316 square feet at the industrial development called Kyrene 202 Business Park, just north of the Loop 202 on Kyrene Road. The lease was for 126 months.



Amazon committed to a ten (10) year lease at Airport I-10 Business Park. The 96,777 SF lease is at 2150 East Riverview in Phoenix, Arizona. Building B is now 100% leased.



Streetside Classics leased approximately 53,739 square feet at Metro East Valley Commerce Center. The car company committed to an 88-month lease at 614 East Auto Center Drive in Mesa, Arizona.



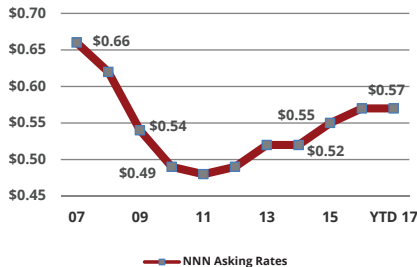
Gravity Extreme Group leased just over 38,000 square feet at EastGroup's Kyrene 202 Business Park. The ten (10) year lease was scheduled to commence May 2017.

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CENTRAL | WEST VALLEY UPDATES

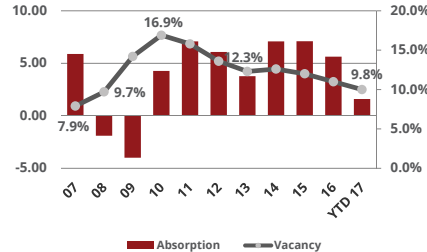
Rental Rates

Per month, 2007-2017



Absorption/Vacancy

in SF, 2007-2017

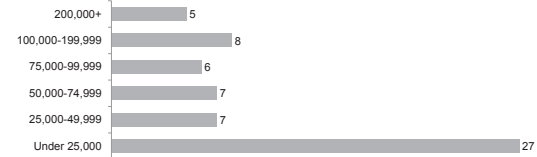


FY2017 PROSPECTS

Year to Date Activity

OFFICE PROSPECTS

- 60 office prospects YTD in FY17; down from 77 in FY16.
- 5 prospects over 200,000 SF in FY17; down from 6 in FY16.
- 27 prospects under 25,000 SF in FY17; down from 43 in FY16.
- 47 are looking for existing space, 2 build to suit, 11 no preference.



ESSENDANT™

Essendant leased 261,880 square feet at Liberty Logistics Center II. Essendant, formerly United Stationers, moved out of a 110,000 square foot building in Tempe. The ten (10) year lease is scheduled to commence in September of 2017. The balance of the building, 173,926 square feet, is available for lease.



The Koss | Louer Team represented MSI in the acquisition of a 187,611 square foot distribution building. The building was built in 1999 and sits on 9.27 acres and features 30' clear with 36 dock high doors, all equipped with dock levelers. The property is in the Papago Distribution Park, just south of Interstate 10 at the full-diamond interchange at 43rd Avenue. MS International purchased the property to accommodate their continued growth in the Greater Phoenix market.



Prologis built a spec 230,901 square foot building at the SEC of 43rd Ave & Buckeye Road called, Prologis Riverside Distribution Center. While under construction Prologis leased 114,132 square feet to Home Brand, formerly Ambath Rebatch, for five (5) years. Word on the street is that they have leases out for signature for the remaining 116,769 square feet.



The Koss | Louer Team sold Parc 17 to Colony Northstar. The seller was a partnership consisting of LaPour Partners of Las Vegas and Jackson Shaw of Dallas. The 177,100 square foot development consists of three (3) buildings developed in July of 2015. The off market transaction traded for \$16,100,000



Enclos leased approximately 117,780 square feet at 2225 South 43rd Avenue. The property was formerly owned by Prologis and sold to Exeter in March 2014. The five (5) year lease commenced April 2017.



Burlington Mattress Company committed to a five (5) year lease at Ancona Tolleson Center. They leased approximately 91,811 square feet at 8591 West Washington Street in Tolleson. Liberty Property Trust purchased the facility in May 2012. The 219,225 square foot facility is 100% now leased.

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FEATURED LISTINGS

SKY HARBOR DIST CENTER
1630 E. GRANT STREET
PHOENIX, AZ

FOR SALE
31,560 SF



1203 N. SCHULT STREET
CASA GRANDE, AZ

FOR SALE
37,500 SF



TEN SKY HARBOR
3825 S. 36TH STREET
PHOENIX, AZ

FOR LEASE
64,014 SF



9310 S. MCKEMY STREET
TEMPE, AZ

FOR SALE
90,522 SF



2265 CROSSWIND DRIVE
PRESCOTT, AZ

FOR SALE
43,272 SF



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

FOR LEASE
110,710 SF



2601 W. HOLLY STREET
PHOENIX, AZ

FOR SALE
46,300 SF



1005-1017 W. ALAMEDA DRIVE
TEMPE AZ

FOR LEASE
110,000 SF



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

FOR LEASE
20,000 - 76,460 SF



DID YOU KNOW?

FIFTY ALL • AMERICAN MOVIES

Here are fifty movies that, one way or another, capture the American spirit. Heroes tall in the saddle, pioneers of land and air, defenders of freedom, men and women who dared to hitch their wagon to a star - they're all here. John Wayne once said that in his work he tried to express a deep and profound love for "a country whose immense beauty and grandeur are matched only by the greatness of her people." That's what these films are about (listed in alphabetical order).

- *Apollo 13*
- *The Best Years of Our lives*
- *The Big Country*
- *The Blind Side*
- *Boys Town*
- *Cinderella Man*
- *Coal Miner's Daughter*
- *Dave Crockett, King of the Wild Frontier*
- *Driving Miss Daisy*
- *Field of Dreams*
- *Forrest Gump*
- *Gettysburg*
- *Giant*
- *The Glenn Miller Story*
- *Glory*
- *Gone with the Wind*
- *High Noon*
- *Hoosiers*
- *Independence Day*
- *It's a Wonderful life*
- *John Adams*
- *The Last of the Mohicans*
- *The Man Who Shot Liberty Valance*
- *Miracle*
- *Miracle on 34th Street*
- *The Miracle Worker*
- *Mr. Smith Goes to Washington*
- *The Music Man*
- *October Sky*
- *Oklahoma!*
- *Patton*
- *The Pride of the Yankees*
- *The Princess and the Frog*
- *The Pursuit of Happyness*
- *Red River*
- *Rocky*
- *Roots*
- *Rudy*
- *Sands of Iwo Jima*
- *Saving Private Ryan*
- *Seabiscuit*
- *The Searchers*
- *Sergeant York*
- *Shane*
- *Stagecoach*
- *Stand and Deliver*
- *To Kill a Mockingbird*
- *Tora! Tora! Tora!*
- *Yankee Doodle Dandy*

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