



Industrial Market Report

Phoenix - AZ

PREPARED BY



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Principal



INDUSTRIAL MARKET REPORT

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12 Mo Deliveries in SF

11.2 M

12 Mo Net Absorption in SF

8.4 M

Vacancy Rate

7.3%

12 Mo Rent Growth

6.2%

Strong population and job growth in the Valley of the Sun have bolstered a rapidly growing consumer base in the region and generated industrial demand. Rapidly changing events in response to the coronavirus pandemic will impact the local industrial market, both in terms of leasing and investment activity. The industrial sector is believed to be less vulnerable than retail and hospitality. Segments of industrial such as last-mile delivery will even receive some upside, while supply-chain disruptions weaken manufacturing demand. The degree to which the market will be affected and the length is unknown. CoStar will be closely monitoring the health of the sector and updating analysis as the effects flow through the economic and real estate data.

Structural elements and Phoenix's strong demand drivers remain in place. Approximately 35 million consumers can be reached within a single day's truck ride from metro Phoenix, fueling demand for industrial space among companies in the e-commerce, logistics, and construction industries. Phoenix has also become one of the most active data center markets in the country, not only because of the vast consumer base but also due to Arizona's tax incentive for data center development, a robust and growing power grid, and limited occurrence of natural disasters.

With relatively few barriers to development, a flourishing

local economy, and favorable demographics, new industrial supply has consistently poured into the market. New development is primarily tailored to the logistics segment, which accounts for the bulk of completions. Even with elevated levels of construction, strong demand has maintained a vacancy rate well below the market's historical average.

Many companies established industrial operations in Phoenix because of the low cost of doing business and proximity to major regional markets, particularly in California. The average industrial rent in Phoenix is nearly 5% below the national average, and the discount is considerably higher compared to rents in key California metros. Rent growth has trailed the national average in past years, but Phoenix is now generating above-average rent gains as the rest of the U.S. regresses.

Investors have become increasingly active in the local industrial market, though sales volume is expected to pause in the near-term due to uncertainties surrounding the virus. Last year, sales volume reached a record-high of \$3.4 billion. Heightened buyer competition put continued upward pressure on pricing. Institutional investors scoured the market for well-located and quality assets in West Valley industrial hubs, which bolstered transaction volume.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	237,846,742	8.4%	\$0.65	12.3%	1,955,721	2,120,237	10,108,601
Specialized Industrial	86,221,943	3.5%	\$0.71	5.1%	133,771	254,000	3,693,714
Flex	33,191,606	9.3%	\$1.15	14.7%	(54,547)	0	37,812
Market	357,260,291	7.3%	\$0.71	10.7%	2,034,945	2,374,237	13,840,127

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.5%	9.9%	9.8%	16.6%	2010 Q1	6.5%	1999 Q1
Net Absorption SF	8.4 M	5,545,008	8,795,543	12,735,067	2014 Q3	(6,430,337)	2009 Q3
Deliveries SF	11.2 M	6,566,425	12,526,724	15,131,558	2008 Q3	1,102,949	2011 Q2
Rent Growth	6.2%	1.8%	2.0%	6.7%	2019 Q2	-9.8%	2009 Q4
Sales Volume	\$3.4 B	\$1.2B	N/A	\$3.5B	2020 Q1	\$321M	2009 Q3

Strong demand from e-commerce and third-party logistics tenants have mitigated supply-driven pressure on fundamentals in past quarters. However, recent events in response to the coronavirus are expected to impact industrial demand and supply over the next several quarters. Rising demand for last-mile operators, due to the closure of brick-and-mortar retailers and social distancing, will increase space needs within this segment. Conversely, supply-chain disruptions and slowing global business activity will decrease manufacturing demand in the near-term. In the long run, sustainable growth drivers will continue to support the industrial sector.

Prior to the outbreak, developers attempted to keep up with the pace of robust demand for industrial space. On an annual basis, net absorption has consistently outpaced new supply since 2010, except for 2013. Sustained demand has put steady downward pressure on vacancies since reaching a peak of 16.5% in 10Q1, pushing the average rate down to 7.3%.

Demand has moderated from peak activity in 2017, where net absorption reached 11.1 million SF. Net absorption over the past 12 months totaled 8.4 million SF, which is still healthy and in line with the market's historical average. Several large move-outs hindered more substantial net absorption in 2019. Ulta, Nestle, and Tesla each vacated more than 300,000 SF in 19Q2. However, expanding tenants signed leases last year that will help offset the impact. New leasing activity is expected to be minimal, which will impact net absorption over the next several quarters, while new supply delivers. As a result, vacancies are expected to rise sharply until mid-2021.

Over the past five years, the Valley's industrial market continued to strengthen despite the slowdown of single-family homebuilding. During the peak years of the housing boom, companies associated with single-family home construction, including cabinet and tile manufacturers, drove industrial leasing in Phoenix. With housing starts far below their prerecession peak, this source of demand has diminished over the past decade.

A diverse range of tenants has filled the demand gap. E-commerce, third-party logistics, pharmaceuticals, food and beverage, and advanced manufacturing firms have

capitalized on Phoenix's value proposition. A fast-growing population, strong economic and demographic trends, and proximity to major markets, particularly those in California, have drawn industrial tenants to the metro. Major move-ins last year included Nike (902,000 SF), Amazon (568,350 SF), Z Modular (222,000 SF), States Logistics (211,200 SF), Brooklyn Bedding (140,700 SF), Walmart (121,900 SF), and Caraustar Industries (110,700 SF).

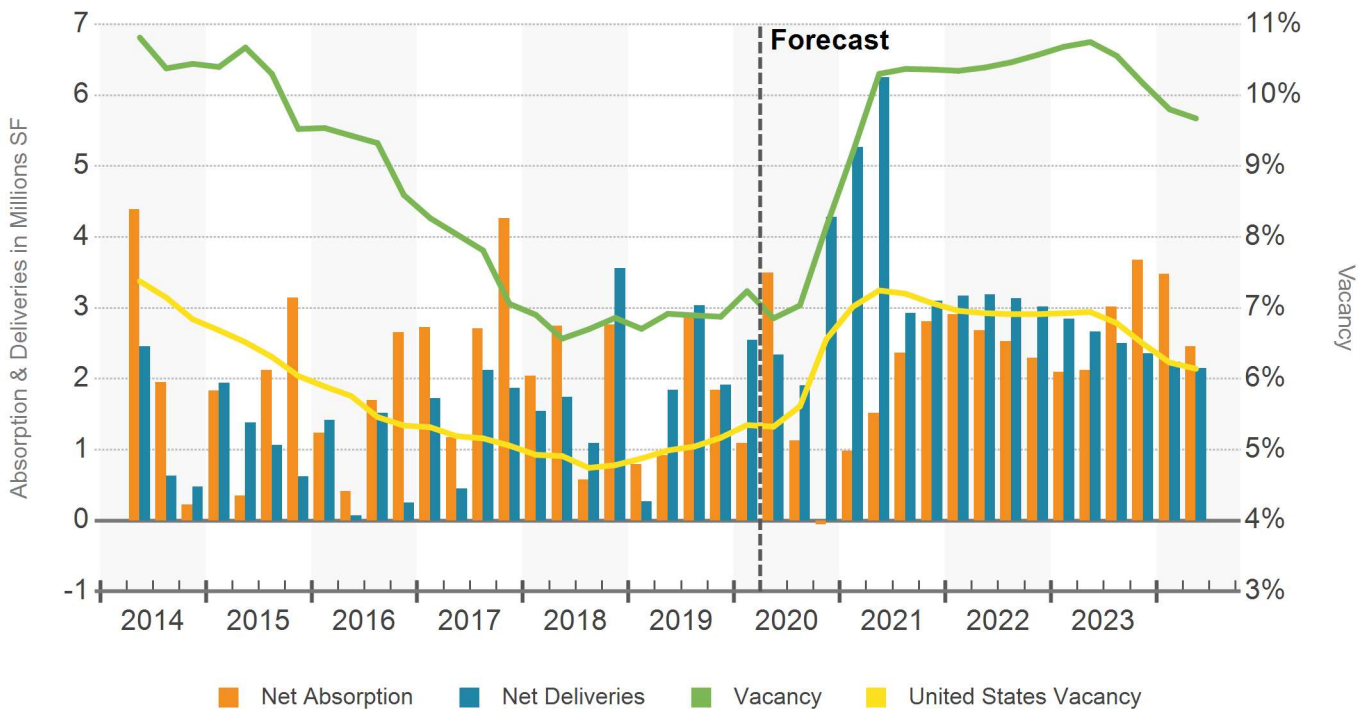
Perhaps due to the relative ease of building and susceptibility to boom-bust cycles, vacancies in the metro area tend to trend higher than the national average. Although Phoenix's vacancy rate consistently sits above major U.S. markets, the rate has fallen to historic lows for the metro. However, vacancies are expected to rise in the next several quarters due to the impact of the coronavirus outbreak.

Along with a rapidly expanding population, Phoenix has emerged as one of the fastest-growing data center markets in the nation. A minimal threat of natural disasters, a robust and expanding power grid, and state tax incentives for data center developers are helping to drive this segment of the market. Underscoring this trend, Microsoft recently began construction on two data centers in Goodyear about 10 miles apart. Upon full build-out, the facilities will total nearly 1 million SF.

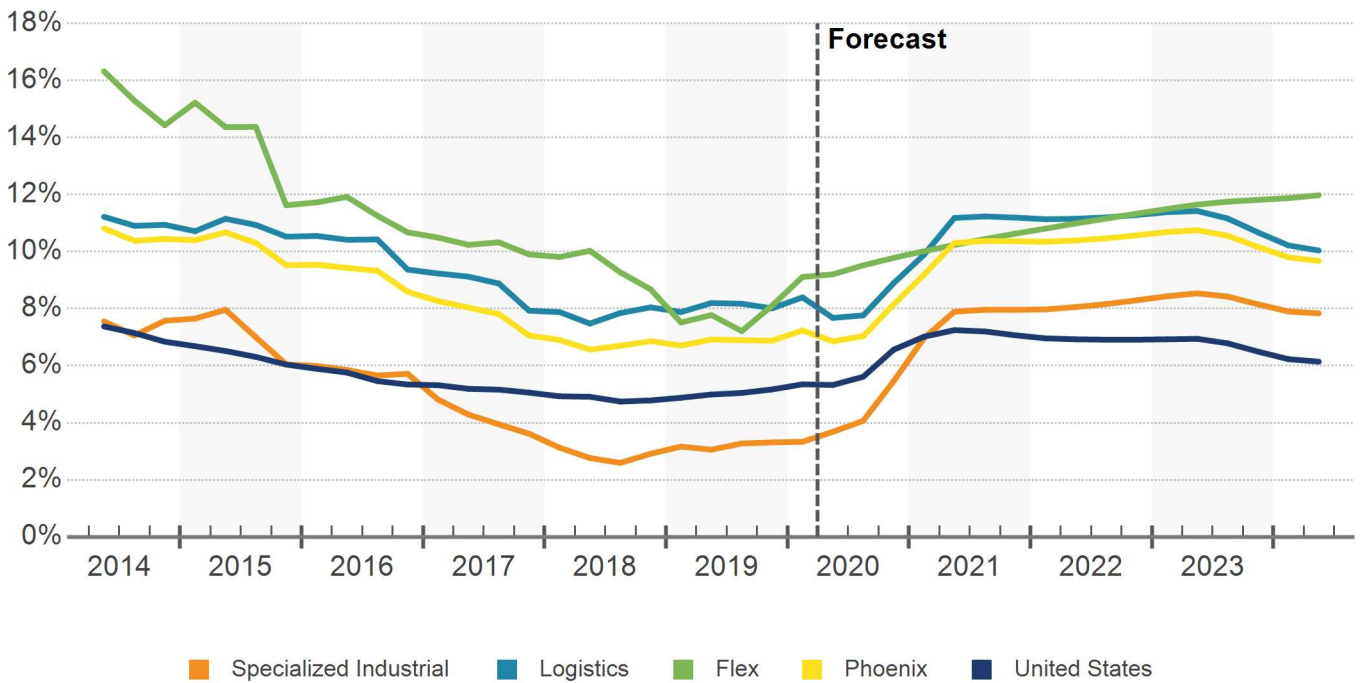
Other major tech and telecommunications players with data center needs include Apple and Google in Mesa, Cox Communications in Deer Valley, PayPal in Central Phoenix, and Verizon Wireless in Tempe. According to the U.S. Energy Information Administration, Arizona's Palo Verde Nuclear Generating Station is the largest nuclear power plant, the largest net generator of electricity, and the second-largest power plant by capacity in the nation.

In the near-term, leasing activity is expected to slow for manufacturing. Simultaneously, demand is anticipated to rise for last-mile distribution and warehousing in order to fulfill increased e-commerce orders due to the shuttering of many retail stores. While vacancies are expected to rise in the next few quarters, Phoenix will eventually return to normal market conditions, and its demand drivers will continue to support industrial metrics.

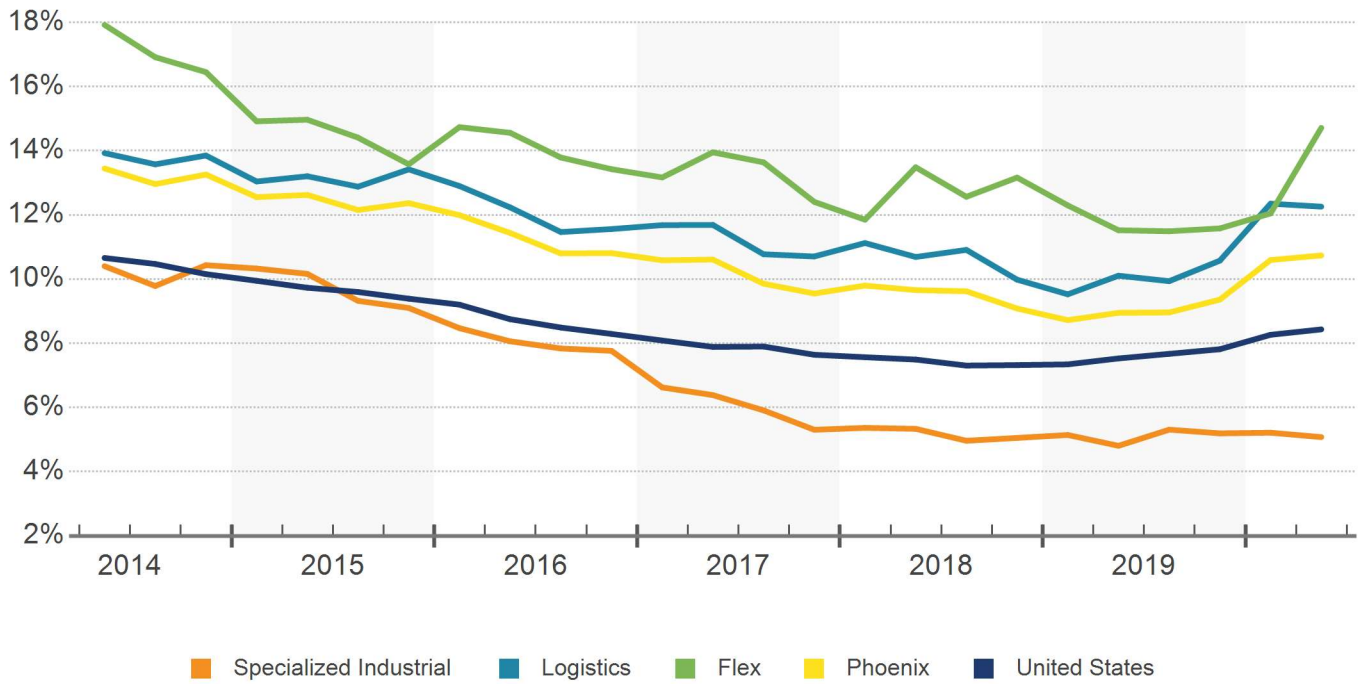
NET ABSORPTION, NET DELIVERIES & VACANCY



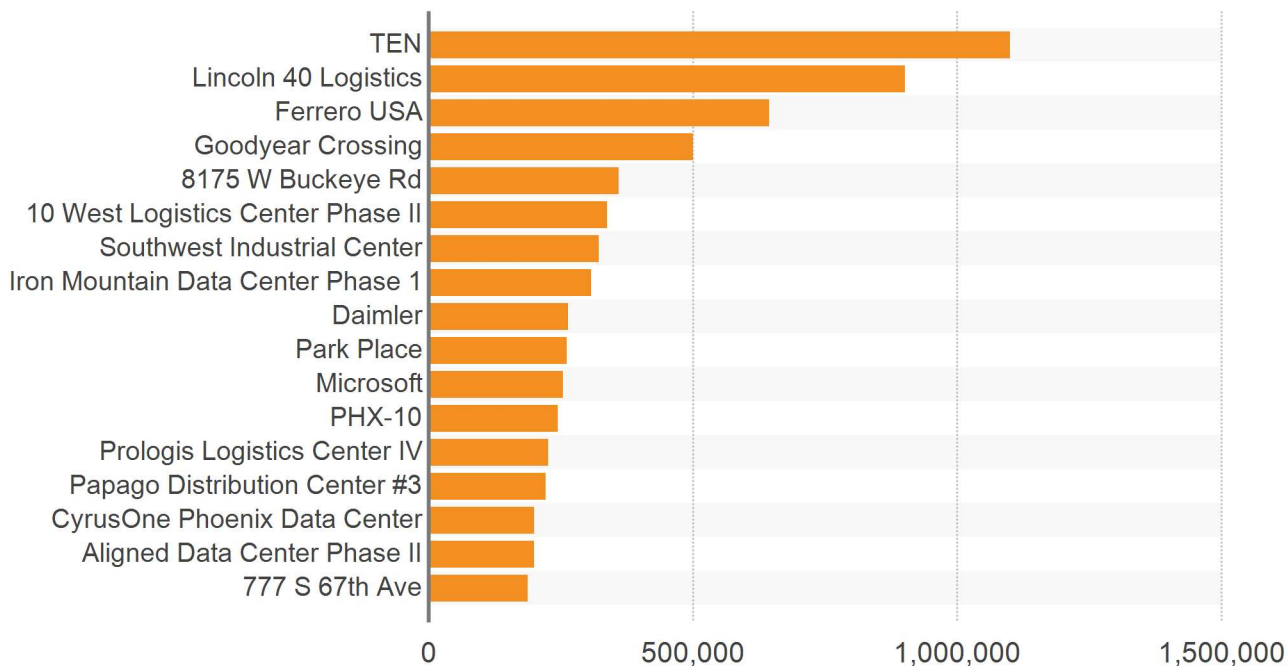
VACANCY RATE



AVAILABILITY RATE



12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
TEN	Tolleson Ind	1,100,000	0	0	1,100,000	0	0	1,100,000
Lincoln 40 Logistics	Goodyear Ind	901,700	0	0	0	0	0	901,700
Ferrero USA	Glendale Ind	643,798	0	643,798	0	0	0	643,798
Goodyear Crossing	Goodyear Ind	500,000	0	0	0	0	0	500,000
8175 W Buckeye Rd	Tolleson Ind	359,040	0	0	359,040	0	0	359,040
10 West Logistics Center Phase II	SW N of Buckeye Ro...	568,340	0	0	0	0	0	337,256
Southwest Industrial Center	Tolleson Ind	684,420	0	0	214,205	0	0	322,127
Iron Mountain Data Center Phas...	Tempe Northwest Ind	307,000	0	0	0	0	0	307,000
Daimler	Glendale Ind	263,606	0	0	0	0	0	263,606
Park Place	Chandler Ind	261,000	0	0	0	0	0	261,000
Microsoft	Glendale Ind	254,000	0	0	254,000	0	0	254,000
PHX-10	Goodyear Ind	244,666	0	244,666	0	0	0	244,666
Prologis Logistics Center IV	Tolleson Ind	276,685	0	151,288	0	0	0	225,699
Papago Distribution Center #3	SW N of Buckeye Ro...	221,116	0	221,116	0	0	0	221,116
CyrusOne Phoenix Data Center	Chandler Ind	200,000	0	27,500	0	0	0	200,000
Aligned Data Center Phase II	Deer Vly/Pinnacle Pk...	200,000	0	0	0	0	0	200,000
777 S 67th Ave	SW N of Buckeye Ro...	187,920	0	0	0	0	0	187,920
Subtotal Primary Competitors		7,173,291	0	1,288,368	1,927,245	0	0	6,528,928
Remaining Phoenix Market		350,087,000	26,014,373	(195,548)	107,700	0	0	1,892,252
Total Phoenix Market		357,260,291	26,014,373	1,092,820	2,034,945	0	0	8,421,180

TOP INDUSTRIAL LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
8181 W Roosevelt St	Tolleson	1,100,000	Q1 20	Amazon	-	JLL
NEC Bullard Ave & Yuma Rd	Goodyear	855,000	Q4 19	Amazon	-	-
3600 N Cotton Ln	Glendale	643,798	Q2 19	Ferrero Rocher Chocolate	-	CBRE
3333 S 59th Ave	SW S of Buckeye Road	554,000	Q4 19	Amazon	-	CBRE
1755 S 75th Ave *	Tolleson	422,370	Q3 19	States Logistics Services,...	-	-
8001 W Buckeye Rd	Tolleson	379,828	Q1 20	ABB Electrification	Cushman & Wakefield	Cushman & Wakefield
4747 W Buckeye Rd	SW S of Buckeye Road	376,760	Q4 19	Vital Pharmaceuticals	-	JLL
7811 N Glen Harbor Blvd	Glendale	370,000	Q1 20	ThyssenKrupp	-	CBRE
8175 W Buckeye Rd	Tolleson	359,040	Q4 19	Hayward Industries	Cushman & Wakefield	JLL
7875 W Buckeye Rd	Tolleson	347,645	Q1 20	Amazon	-	JLL
2060 S 51st Ave *	SW S of Buckeye Road	319,860	Q2 19	Royal Paper Converting	-	-
7825 W Buckeye Rd	Tolleson	222,147	Q1 20	Amazon	-	JLL
402 N 44th Ave	SW N of Buckeye Road	221,116	Q1 20	Hydro	Cushman & Wakefield	JLL
7775 W Buckeye Rd	Tolleson	214,205	Q4 19	Delta Apparel	-	JLL
1755 S 75th Ave *	Tolleson	211,185	Q3 19	-	CBRE	JLL
670 S 91st Ave	Tolleson	185,047	Q4 19	Summit Shipping	-	CBRE
100 N 61st Ave	SW N of Buckeye Road	181,325	Q3 19	Sendoso	JLL	CBRE
6825 W Buckeye Rd *	Tolleson	174,769	Q2 19	HD Supply	Colliers International	JLL
2140 W Pinnacle Peak Rd	Deer Vly/Pinnacle Pk	168,897	Q4 19	Apsm Systems	-	-
1250 S 71st Ave	Tolleson	151,288	Q1 20	Arizona Shower Door Co.	Cushman & Wakefield	Colliers International
4455 W Camelback Rd *	Grand Avenue	142,782	Q2 20	Brooklyn Bedding	-	-
2592 E Hanna Rd	Pinal County	139,618	Q1 20	Lucid Motors	-	Harrison Properties
6200 W Van Buren St	SW N of Buckeye Road	136,808	Q4 19	Geodis	JLL;ProVenture, LLC	Cushman & Wakefield;...
6200 W Van Buren St	SW N of Buckeye Road	136,808	Q4 19	Toyota	-	Cushman & Wakefield
8210 S Hardy Dr *	Tempe Southwest	128,328	Q2 19	FedEX Express	Fischer & Company	-
8591 W Jefferson St	Tolleson	127,414	Q1 20	Burlington Mattress Comp...	JLL	JLL
6655 S Kyrene Rd *	Tempe Southwest	124,410	Q3 19	The Dump Furniture Outle...	Ross Brown Partner...	JLL
6565 W Frye Rd	Chandler	118,383	Q2 19	Isola Group	JLL	CBRE
2937 E Broadway Rd *	S Airport N of Roeser	114,737	Q3 19	Prisma Graphic Corp	Lee & Associates	JLL
317 S 48th St	Tempe Northwest	110,183	Q3 19	Integrated CBD	JLL	Lee & Associates
5302 W Buckeye Rd	SW N of Buckeye Road	108,255	Q4 19	Royal Paper	-	JLL
7775 W Buckeye Rd	Tolleson	107,922	Q3 19	Walmart	-	JLL
3011 E Broadway Ave	S Airport N of Roeser	101,856	Q1 20	Ryder Last Mile, Inc.	CBRE	JLL
2401 W Grandview Rd	Deer Vly/Pinnacle Pk	99,915	Q3 19	Caverta	JLL	CBRE
7506 W Lincoln St	Tolleson	99,627	Q4 19	-	Colliers International	CBRE
9230 S Farmer Ave	Tempe Southwest	99,017	Q3 19	AZPACK	-	JLL
443 W Alameda Dr	Tempe Southwest	97,603	Q2 19	CEVA Logistics	Lee & Associates	JLL
5516 W Buchanan St	SW N of Buckeye Road	93,202	Q4 19	Martin Brower	-	-
7400 W Buckeye Rd	Tolleson	89,600	Q4 19	-	-	Colliers International
1524 W 14th St	Tempe Northwest	81,572	Q3 19	Vitalant	Colliers International	JLL

*Renewal

After years of underperforming relative to the national benchmark, Phoenix rent growth rebounded and outpaced the U.S. average since the start of 2019. Nevertheless, Phoenix rent growth has started to decelerate from a high of 6.7% in 19Q2 to 6.2% year over year but remains well above the market's historical average. The rate will further decelerate due to the coronavirus outbreak, with growth falling flat in mid-2021 and through 23Q1.

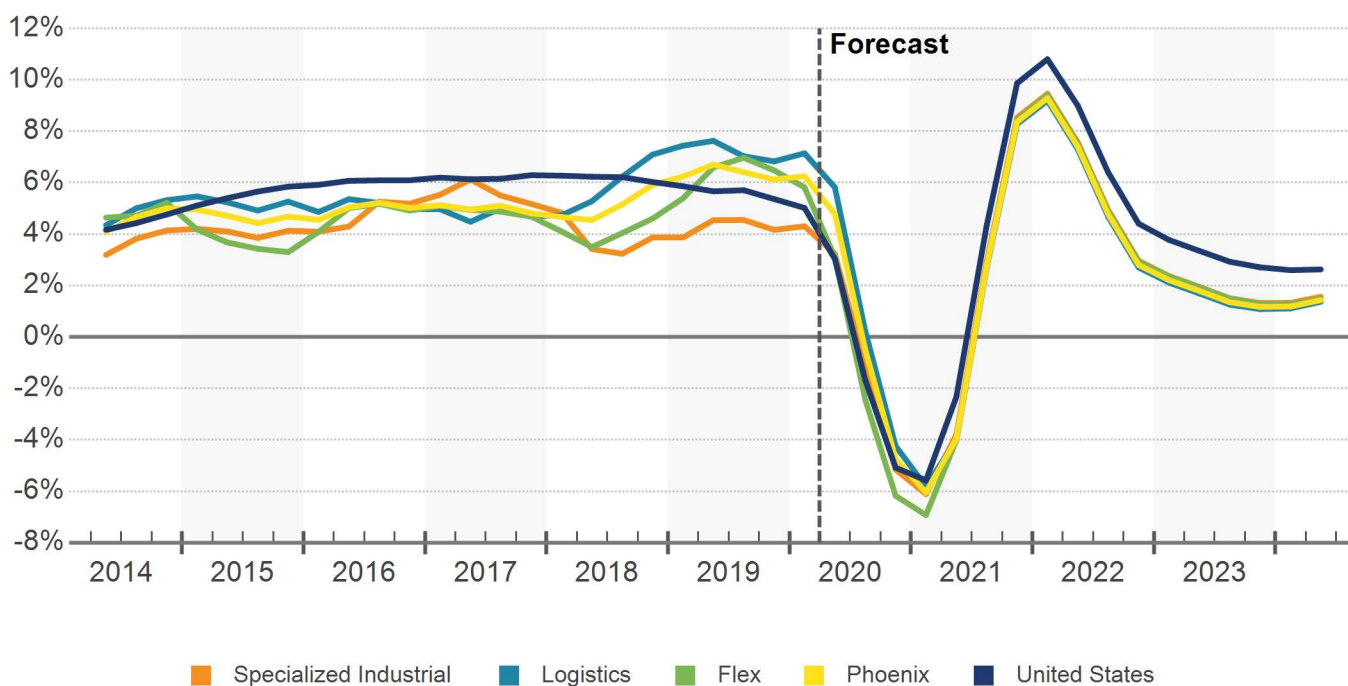
Some submarkets have achieved robust rent growth, while others have lagged. High-demand submarkets that have received quality new inventory are leading the

market in rent growth. The Chandler Airport, Tolleson, Goodyear, and Surprise submarkets have posted rent growth above 6% over the past 12 months.

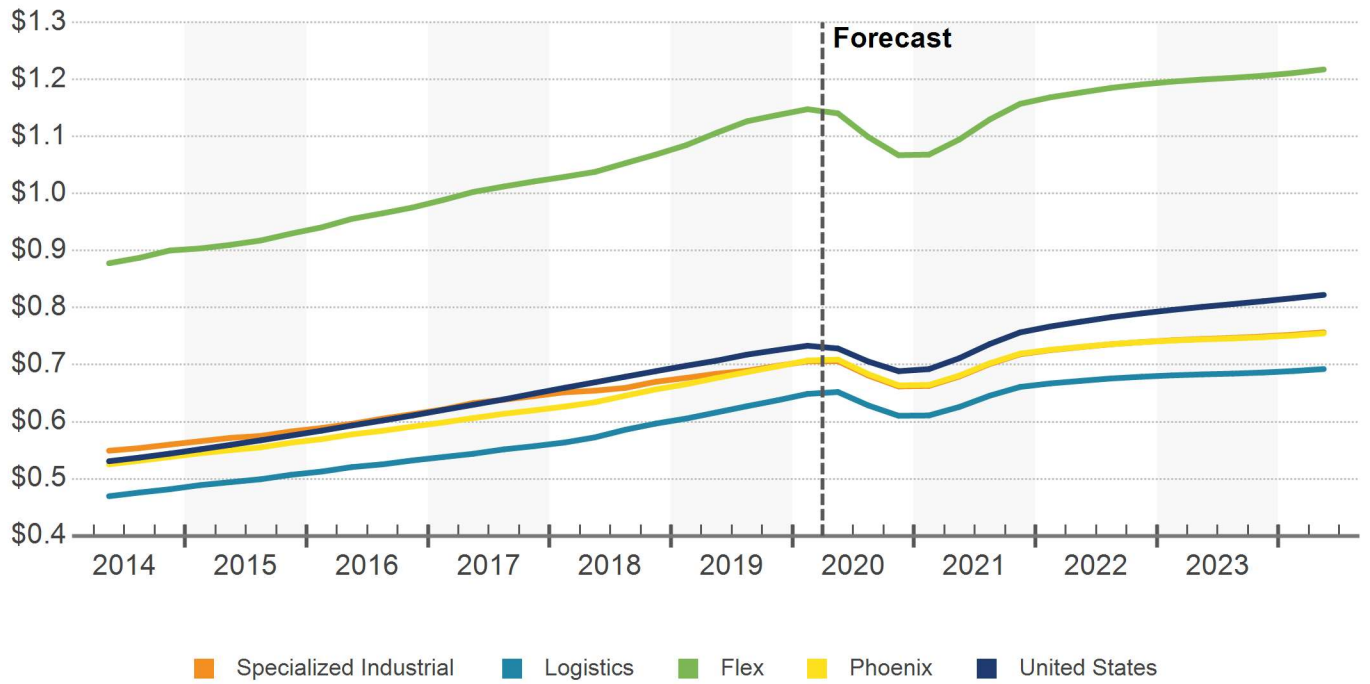
The wave of speculative deliveries in Phoenix will be a headwind to rent gains as they have been in the past. Typically, about 60% of industrial space under construction is available for lease at any given time, but that share was closer to 70% in March.

Nevertheless, Phoenix's sustainable growth drivers will continue to support industrial demand upon the return of normal market conditions.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



Construction activity is elevated, though deliveries edged down last year. In 2019, developers completed about 7.1 million SF, which was down from 8 million SF that came on line one year earlier. The slowdown will be short-lived; about 12.3 million SF of space is expected to deliver in 2020, assuming that there are no major delays to construction due to the coronavirus.

The stability of the construction sector is in question as cities around the country halt activity at construction sites. However, Arizona's governor designated construction as an essential service in March, giving the industry some assurance that activities will continue. Aside from labor, supply-chain disruptions could delay some project timelines due to the rising cost and difficulty obtaining some building materials and interior fixtures.

Prior to the outbreak, robust buyer and investor demand and relatively tight availabilities motivated developers. Approximately 13.8 million SF is under construction, and 38% of the space is preleased. Several large projects were scheduled to deliver in the next few quarters, and net completions were on pace to reach a decade high this year.

The majority of new supply is concentrated in the West Valley. The region's proximity to California and relative affordability have fueled demand for manufacturing and distribution space. Major transit networks, including I-10, I-17, and the Union Pacific and BNSF railroads, support firms that serve West Coast markets. Recent infrastructural improvements, including the expansions of Loop 303 and Loop 202, have helped traffic flow and contributed to rapid population growth in several West Valley bedroom communities.

Key submarkets that encompass the West Valley—Tolleson, SW N of Buckeye Road, and SW S of Buckeye Road—contain more than 25% of the metro's existing stock and often receive the bulk of new deliveries. When construction activity returned to the metro in 2013, more than half of the space was in these three submarkets alone.

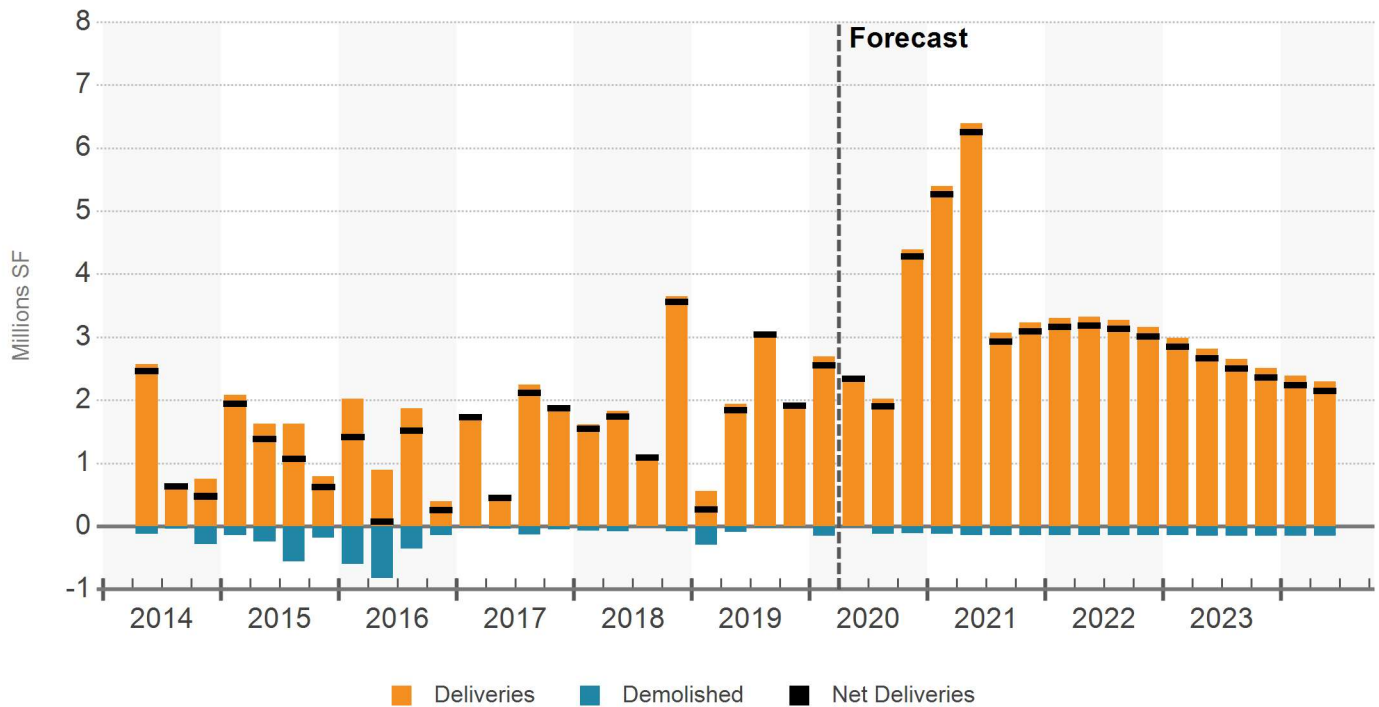
However, developers have branched out to other submarkets in the past few years. Glendale and Goodyear are leading the market with new supply underway. Inventories have expanded rapidly in Glendale and Goodyear in the past several years, coinciding with the expansion of Loop 303. Local developer Merit Partners has been particularly active in the Glendale Submarket. The firm delivered 618,000 SF at PV/303 in 2017, which UPS fully leased. In 2018, it completed the second phase, totaling 640,000 SF, and XPO Logistics took the entire space.

Developers have also been active in parts of the Southeast Valley, especially by the Phoenix-Mesa Gateway Airport and South of the Loop 202 near Chandler Airport. About 2 million SF is underway in this area. High-skill labor and quality infrastructure in the area continue to draw advanced manufacturing and data center users. EdgeCore Mesa Campus, a 180,000-SF data center, recently completed in Mesa's Elliot Road Technology Corridor. Prominent employers including Intel, Boeing, and Northrup Grumman also attract ancillary businesses and firms in their supply chain.

The largest project underway is Elwood Logistics Center in Goodyear. Tratt Properties broke ground on the 1.3-million-SF speculative space in January. The project, which is slated to deliver in 20Q4, is located south of Interstate 10 and Loop 303 and is within a designated Opportunity Zone and a foreign trade zone.

Other highly anticipated projects in the West Valley include four Microsoft data centers. A 500,000-SF Microsoft data center is currently underway in Goodyear at Indian School and Citrus Road, with construction expected to reach completion in 20Q1. About 12 miles north in El Mirage is another 254,000-SF data center that is expected to deliver in April 2020 at Olive Avenue and Dysart Road. South of I-10 and the Phoenix Goodyear Airport PHX-10 recently delivered, totaling 245,000 SF. In 20Q1, developers broke ground on PHX-11, which will include an additional 243,000 SF of space upon its expected delivery in December.

DELIVERIES & DEMOLITIONS



SUBMARKET CONSTRUCTION

No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Glendale	20	5,473	2,297	42.0%	2	85,114	273,644	3
2	Goodyear	8	3,384	1,325	39.1%	3	81,578	422,998	2
3	Tolleson	11	1,740	0	0%	7	160,238	158,160	4
4	Chandler N/Gilbert	10	1,306	114	8.7%	5	27,073	130,598	5
5	Pinal County	1	820	820	100%	1	24,481	820,000	1
6	North Airport	4	471	0	0%	7	21,357	117,850	6
7	SW N of Buckeye Road	5	251	0	0%	6	46,663	50,189	9
8	Chandler Airport	2	140	0	0%	7	41,921	70,186	8
9	Deer Vly/Pinnacle Pk	4	97	11	11.6%	4	25,325	24,213	10
10	SC N of Salt River	1	94	0	0%	7	23,317	94,146	7
	All Other	5	64	20	31.3%		26,953	12,762	
Totals		71	13,840	4,587	33.1%		32,410	194,931	

Under Construction Properties

Phoenix Industrial

Properties

Square Feet

Percent of Inventory

Released

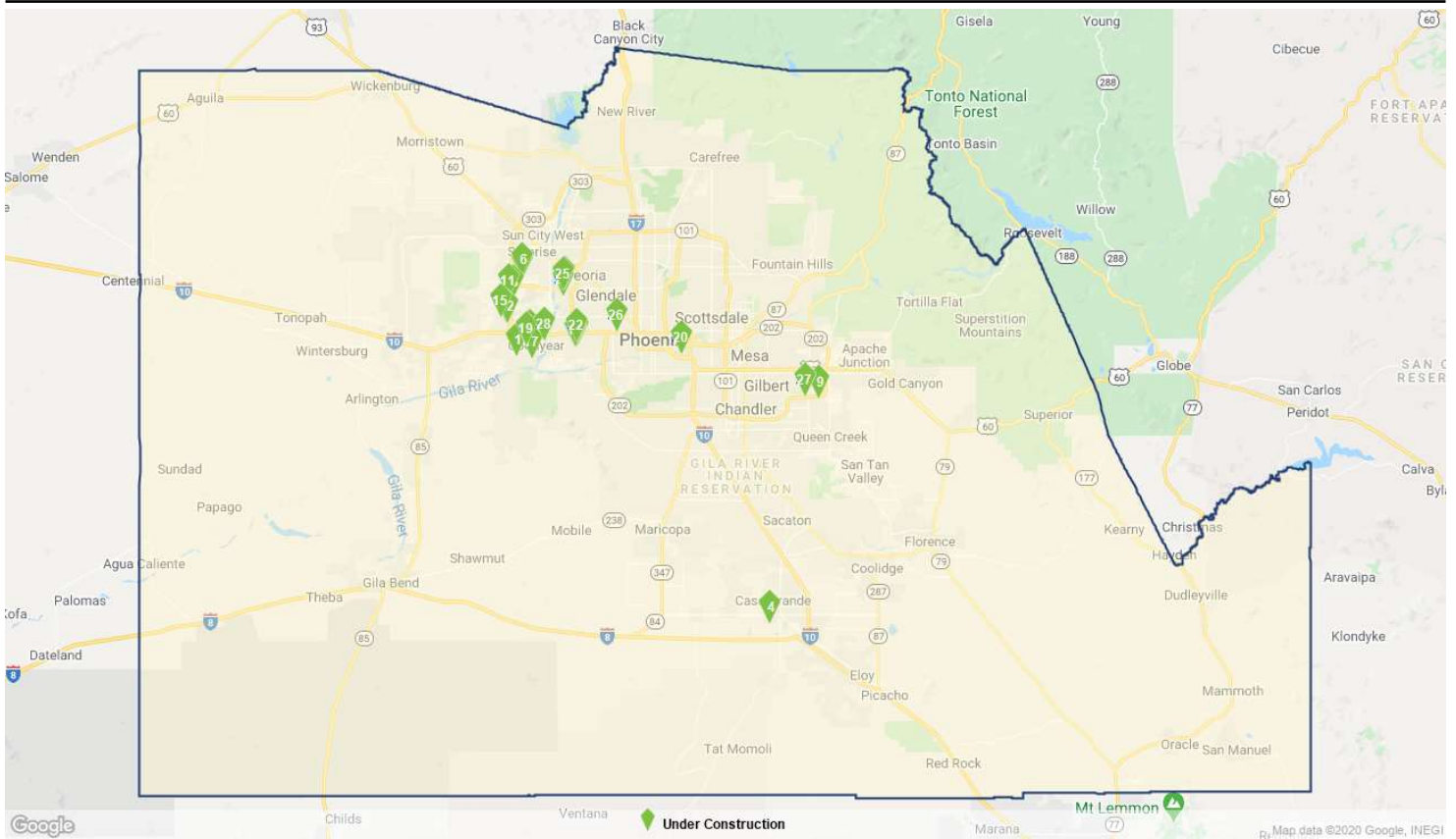
71

13,840,127

4.3%

33.1%

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 Elwood Logistics Center 15700 W Elwood St	★★★★★	1,310,258	1	Jan 2020	Dec 2020	Tratt Properties, LLC Tratt Properties, LLC
2 Reems Rd	★★★★★	916,000	1	Feb 2020	Jul 2020	Merit Partners, Inc. Mark Anthony Brewing
3 Building 1 NEC Bullard Ave & Yuma Rd	★★★★★	855,000	1	Jan 2020	Nov 2020	Prologis Prologis
4 Lucid Motors W Peters Rd	★★★★★	820,000	1	Jan 2020	Oct 2020	Lucid Motors USA Pinal County
5 Building A Loop 303 & Glendale Ave	★★★★★	705,304	1	Mar 2020	Dec 2020	Lincoln Property Company Lincoln Property Company
6 RRB Beverage SEC Reems Rd & Peoria...	★★★★☆	700,000	1	Nov 2019	Jan 2021	Ball Corporation Ball Corporation
7 First Park at PV 303	★★★★☆	643,798	1	Mar 2020	Sep 2020	Merit Partners, Inc. First Industrial Realty Trust, Inc.

Under Construction Properties

Phoenix Industrial

UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 Building B Loop 303 & Glendale Ave	★★★★★	487,415	1	Mar 2020	Dec 2020	Roth Development Lincoln Property Company
9 8046 E Ray Rd	★★★★☆	486,000	1	Oct 2019	Jun 2020	Marwest Enterprises Marwest Enterprises
10 Opus Goodyear Airport I... 2250 S Litchfield Rd	★★★★☆	450,000	1	Feb 2020	Jun 2020	The Opus Group The Opus Group
11 SWC Loop 303 & Glenda...	★★★★☆	349,663	1	Jan 2020	Jul 2020	Barclay Group Barclay Group
12 Fairlife Cotton Ln & Thomas Rd	★★★★☆	280,000	1	Jun 2019	Nov 2020	Fairlife Merit Partners, Inc.
13 Merit PLC One 8989 W Buckeye Rd	★★★★☆	268,872	1	Jan 2020	Jul 2020	Merit Partners, Inc. Merit Partners
14 Building 1 9393 W Buckeye Rd	★★★☆☆	256,000	1	Oct 2019	Jul 2020	Marwest Enterprises Marwest Enterprises
15 Microsoft SE Indian School Rd & Pe...	★★★★★	244,676	1	Jun 2019	Jun 2020	Sundt Construction Microsoft Corporation
16 Building 3 1500 S 91st Ave	★★★☆☆	243,360	1	Oct 2019	Oct 2020	Marwest Enterprises Marwest Enterprises
17 PHX-11 W Broadway Rd & S Bulla...	★★★★☆	242,678	1	Dec 2019	Dec 2020	Microsoft Corporation Microsoft Corporation
18 Building 2 9191 W Buckeye Rd	★★★☆☆	229,030	1	Oct 2019	Jul 2020	Marwest Enterprises Marwest Enterprises
19 Compass Datacenter - Bl... NW Yuma Rd & Bullard Ave	★★★★☆	227,000	1	Nov 2019	Jun 2020	Compass Datacenters Compass Datacenters
20 Building 1 3030 S 40th St	★★★★☆	211,900	1	Oct 2019	Jul 2020	Conor Commercial Real Estate Conor Commercial Real Estate
21 Mack Industrial at Westg... 10500 W Glendale Ave	★★★★☆	181,853	1	Jul 2019	Jun 2020	The Mack Company The Mack Company
22 320 S 91st Ave	★★★☆☆	174,000	1	Nov 2019	Jul 2020	Hopewell Development Hopewell Development
23 Swire Coca-Cola Expans... 7845 N 106th Ave	★★★★☆	156,000	1	Oct 2019	Jun 2020	- Swire CocaCola, USA
24 4465 E Nunneley Rd	★★★★☆	153,275	1	Jul 2019	Jun 2020	Trammell Crow Company Principal Capital Group, Inc.
25 North - Building A 7860 N 106th Ave	★★★★☆	146,630	1	Mar 2020	Nov 2020	Creation Equity LGE Design Build
26 4615 W McDowell Rd	★★★☆☆	146,500	1	Jul 2019	Jun 2020	Southwest Regional Council of C... Sun State Builders
27 4461 E Nunneley Rd	★★★★☆	138,949	1	Jul 2019	Jun 2020	Trammell Crow Company Principal Capital Group, Inc.
28 Building 3 1195 N Eliseo Felix Jr Way	★★★☆☆	137,280	1	Feb 2020	Dec 2020	- -

Phoenix industrial investment reached a record high in 2019, topping \$3.3 billion, and investor interest has carried into 2020. Investors are bullish on Phoenix's population and growth and are searching the market for quality assets. Intense buyer competition has put upward pressure on pricing. The average price of \$110.00/SF is 30% above the market's previous peak but below the National Index. Even with the rise in pricing, an average cap rate in the 6.5%–7% range remains attractive to investors.

More than 7% of inventory has traded annually since 2012, making this one of the more liquid markets in the Southwest. About 11% of stock turned over last year, the highest mark in more than a decade. The most prominent investors are coming from outside of the state. More than 20% of transactions in 2019 involved California-based buyers.

While the majority of transactions in the Phoenix market are priced below \$3 million, a handful of deals traded above \$20 million over the past several quarters.

In February, Los Angeles-based Cohen Asset Management, Inc. acquired the recently completed 202 West Logistics Center from developer Trammell Crow Company for \$61 million (\$110/SF). The 554,000-SF logistics facility was fully leased by Amazon, who will take occupancy in 20Q3. The property was built in 19Q4 and has a 42-foot clear height.

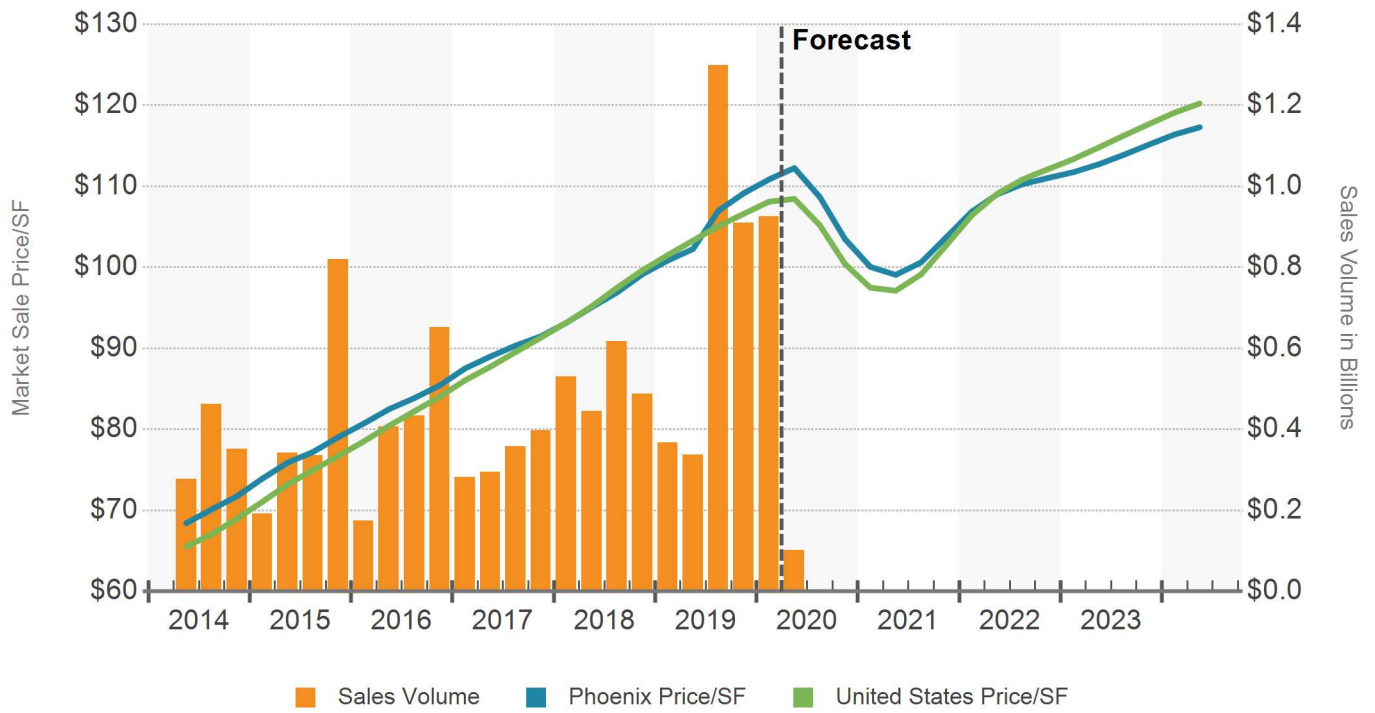
Another Amazon facility traded in February in Goodyear. The RMR Group purchased Goodyear Crossing, which consists of two industrial properties and an 11.8-acre parcel, from Hines Global Income Trust, Inc. for \$72 million. The buildings total 820,830 SF and are fully occupied by Amazon with six years remaining on the lease term.

In August, Nike purchased the Lincoln 40 Logistics Center for \$69.8 million from developer Lincoln Property Company. The retailer will manufacture sole cushions for its athletic shoes in the 901,000-SF warehouse in Goodyear. The 5 Star facility has a 40-foot clear height ceiling and is strategically located within a foreign trade zone and near Interstate 10.

In 19Q4, Lexington Realty Trust purchased the Chewy Distribution Center for \$67 million (\$84/SF) from NorthPoint Development. The 800,000-SF distribution building delivered in 2018 and is fully occupied by Chewy.com.

In 19Q3, Vital Pharmaceuticals acquired 43rd Avenue Logistics Center for \$47.7 million (\$120/SF) from Cohen Asset Management, Inc. The 394,780-SF facility was previously home to Nestle, which closed its operations and left the facility vacant in 19Q2. Owner/user Vital Pharmaceuticals, which produces energy drinks, will move into the space in 20Q3 and create up to 300 jobs.

SALES VOLUME & MARKET SALE PRICE PER SF



Sales Past 12 Months

Phoenix Industrial

Sale Comparables

928

Avg. Cap Rate

6.8%

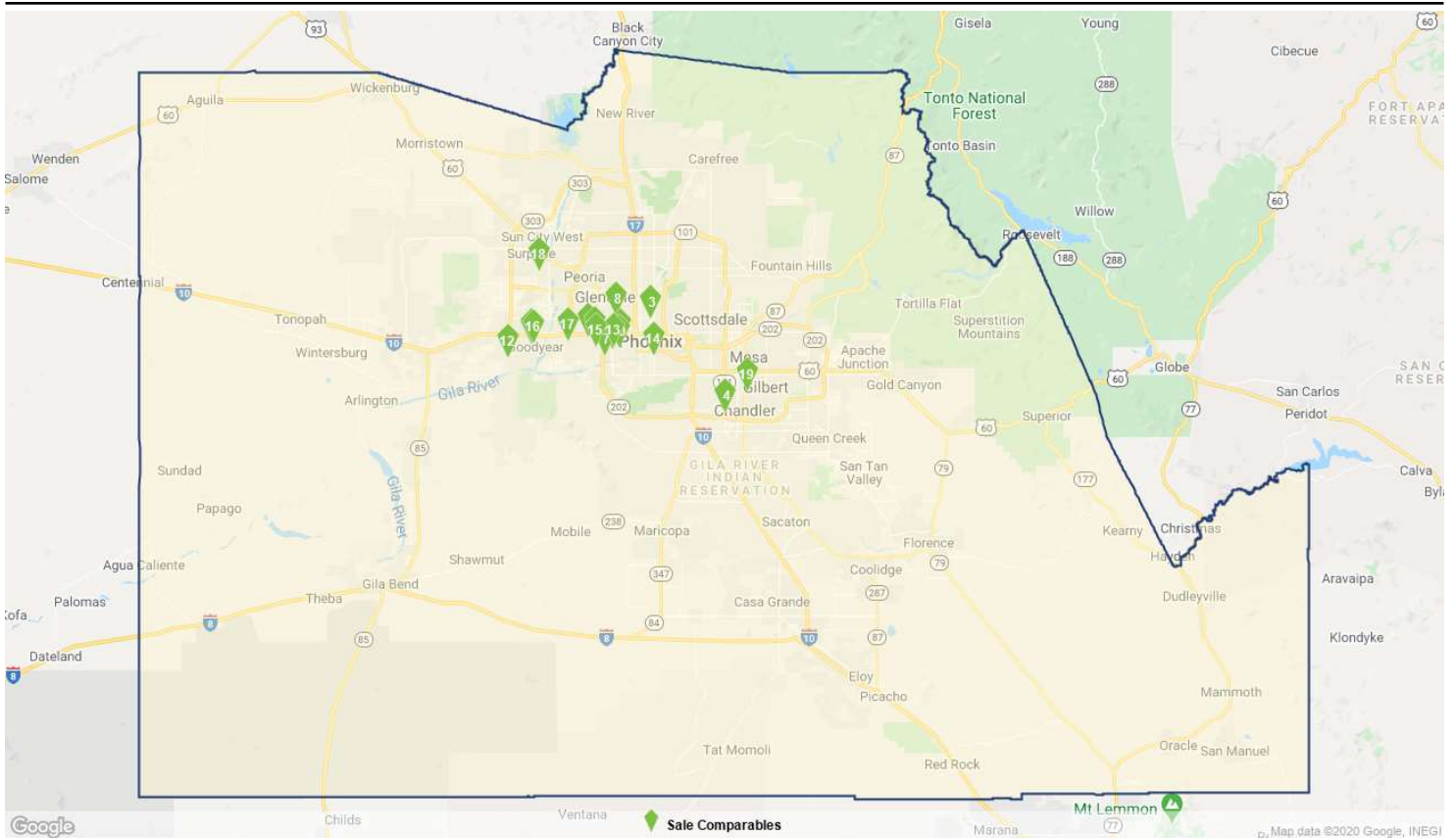
Avg. Price/SF

\$109

Avg. Vacancy At Sale

12.6%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$15,000	\$5,239,408	\$1,805,111	\$136,040,593
Price/SF	\$1.74	\$109	\$113	\$1,074
Cap Rate	4.9%	6.8%	6.8%	10.7%
Time Since Sale in Months	0.0	5.7	5.5	12.0
Property Attributes	Low	Average	Median	High
Building SF	509	48,607	15,688	1,267,110
Ceiling Height	8'	18'9"	17'	44'
Docks	0	7	0	255
Vacancy Rate At Sale	0%	12.6%	0%	100%
Year Built	1916	1987	1986	2020
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.4	★ ★ ★ ★ ★	★ ★ ★ ★ ★

Sales Past 12 Months

Phoenix Industrial

RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
1 Riverside Ind. Center - Il... 4750-5050 W Mohave St	★★★★★	2008	1,207,021	0%	10/4/2019	\$136,040,593	\$113	-
1 Riverside Ind. Center - Il... 4750-5050 W Mohave St	★★★★★	2008	1,207,021	0%	9/26/2019	\$129,425,350	\$107	-
2 Bldg 2 800 N 75th Ave	★★★★★	2009	1,267,110	0%	9/26/2019	\$127,123,394	\$100	-
3 PHX02 eBay 4010 N 3rd St	★★★★☆	2001	135,160	0%	2/24/2020	\$89,401,697	\$661	-
4 Enterprise Data Center 2500 W Frye Rd	★★★★☆	1988	191,000	0%	7/25/2019	\$72,750,000	\$381	-
5 Lincoln 40 Logistics 575 S 143rd Ave	★★★★★	2018	901,700	0%	8/19/2019	\$69,832,600	\$77	-
6 Chewy Distribution 255 S 143rd Ave	★★★★★	2018	800,000	0%	11/26/2019	\$67,002,500	\$84	-
7 202 West Logistics Center 3333 S 59th Ave	★★★★☆	2019	554,000	100%	2/28/2020	\$61,000,000	\$110	-
8 Hensley & Co 4201 N 45th Ave	★★★★☆	1988	267,606	0%	8/29/2019	\$57,681,920	\$216	-
9 Bldg 18 107 S 41st Ave	★★★★☆	1984	223,944	72.1%	9/26/2019	\$51,012,083	\$228	-
10 43rd Avenue Logistics C... 1635 S 43rd Ave	★★★★★	2013	394,775	100%	9/24/2019	\$47,400,000	\$120	-
11 7037 W Van Buren St	★★★★★	2004	552,330	0%	8/9/2019	\$45,910,370	\$83	-
12 Goodyear Crossing II 16920 W Commerce Ln	★★★★★	2008	513,407	0%	2/18/2020	\$43,536,356	\$85	-
13 Cactus Distribution Cent... 4747 W Buckeye Rd	★★★★★	2007	376,760	100%	9/26/2019	\$40,398,879	\$107	-
14 3333 S 7th St	★★★★★	2016	393,484	48.5%	11/26/2019	\$38,750,000	\$98	-
15 Phase II - Bldg 1 6825 W Buckeye Rd	★★★★★	2008	380,569	0%	9/26/2019	\$38,180,760	\$100	-
16 Amazon FLEX DPX6 14000 W Grant St	★★★★☆	2019	115,500	0%	1/22/2020	\$35,700,000	\$309	-
17 Tolleson Logistics Center 200 N 99th Ave	★★★★☆	2018	329,400	0%	7/29/2019	\$34,650,000	\$105	4.9%
18 12000 N 132nd Ave	★★★★★	2013	418,651	38.7%	2/28/2020	\$32,800,000	\$78	-
19 Hensley & Company 2555 N Nevada St	★★★★☆	2007	230,826	0%	8/29/2019	\$32,507,451	\$141	-

The Phoenix economy was on solid footing; however, rapidly changing events in the past few weeks in response to the coronavirus outbreak will change its trajectory. Some of the metro's largest industry sectors will be the most impacted: leisure and hospitality and trade, transportation, and utilities. Serious measures to combat the spread of the virus have unfolded in recent weeks. Arizona schools have shuttered, Major League Baseball's spring training was suspended, restaurants and fast-food establishments have closed dining spaces, and retailers are temporarily closing stores. On March 30th, Arizona's Governor issued a stay-at-home order for residents; essential businesses may remain open. As a result, the jobs report in the coming months will be substantially weaker compared to the robust growth before the pandemic. Hospitality and retail will likely take the brunt of the hit as tourism slows, and social distancing limits restaurant and retail foot traffic. Manufacturers will also suffer from supply chain disruptions and falling demand. Additionally, the stability of the construction sector remains in question, as construction sites across the country have temporarily halted activity. Construction is one of the metropolitan area's fastest-growing employment sectors and is the only segment that has yet to recover all jobs lost during the recession.

Phoenix is better positioned than it was a decade ago for growth in the long run. Population growth, a diversifying economy, a low cost of living and doing business, and a business-friendly regulation have strengthened the Phoenix value proposition. These characteristics are attracting new residents and businesses to the region, making Phoenix one of the most dynamic metros in the country. Phoenix is the 10th-largest metro, with more than 4.9 million people, and is one of the fastest-growing MSAs in the nation. The market adds an average of 100,000 people to its population each year, with the total fueled by net migration. Despite its reputation as a retirement community, the median age in Phoenix is 36 years, about two years below the U.S. median. The millennial age group (20–34-year-olds) accounts for the largest share of the metro's population, making Phoenix attractive to companies searching for a vibrant and young workforce.

Net migration and the presence of large educational institutions and colleges are growing the local talent pool. Metro Phoenix is home to the largest public and private universities in the country: Arizona State University

(ASU) and Grand Canyon University (GCU). ASU enrollment surpassed 119,000 students in fall 2019, spread across five campuses, and including online students. ASU's main campus in Tempe is the largest, with more than 51,500 students on campus. Beyond producing new graduates, these universities are also prominent employers in the metro and collaborate with local employers on research and classroom curriculum.

Thanks to the large and growing labor pool, businesses are selecting Phoenix to expand their operations. While labor is the primary driver behind the market's business attraction success, relative affordability helps tip the scale in favor of Phoenix when companies are making their site selection decision. Recent job announcements by DoorDash, OpenDoor, Silicon Valley Bank, Choice Hotels, Nike, Allstate, Deloitte, Mayo Clinic, Fox Corporation, Wells Fargo, Infosys, and USAA have contributed to thousands of high-quality jobs. Additionally, Microsoft, Google, and Apple have invested in building data centers in various parts of the metro.

Finance and technology employers are expanding in live/work/play submarkets in Tempe, Chandler, Scottsdale, and downtown Phoenix to help attract quality talent. Many of these companies are migrating from California and other coastal markets, fleeing intense competition for talent, burdensome regulation, and costly labor and real estate. A significant share of the metro's tech jobs are with non-tech companies that have established new IT centers such as USAA, Choice Hotels, Deloitte, General Motors, and Charles Schwab.

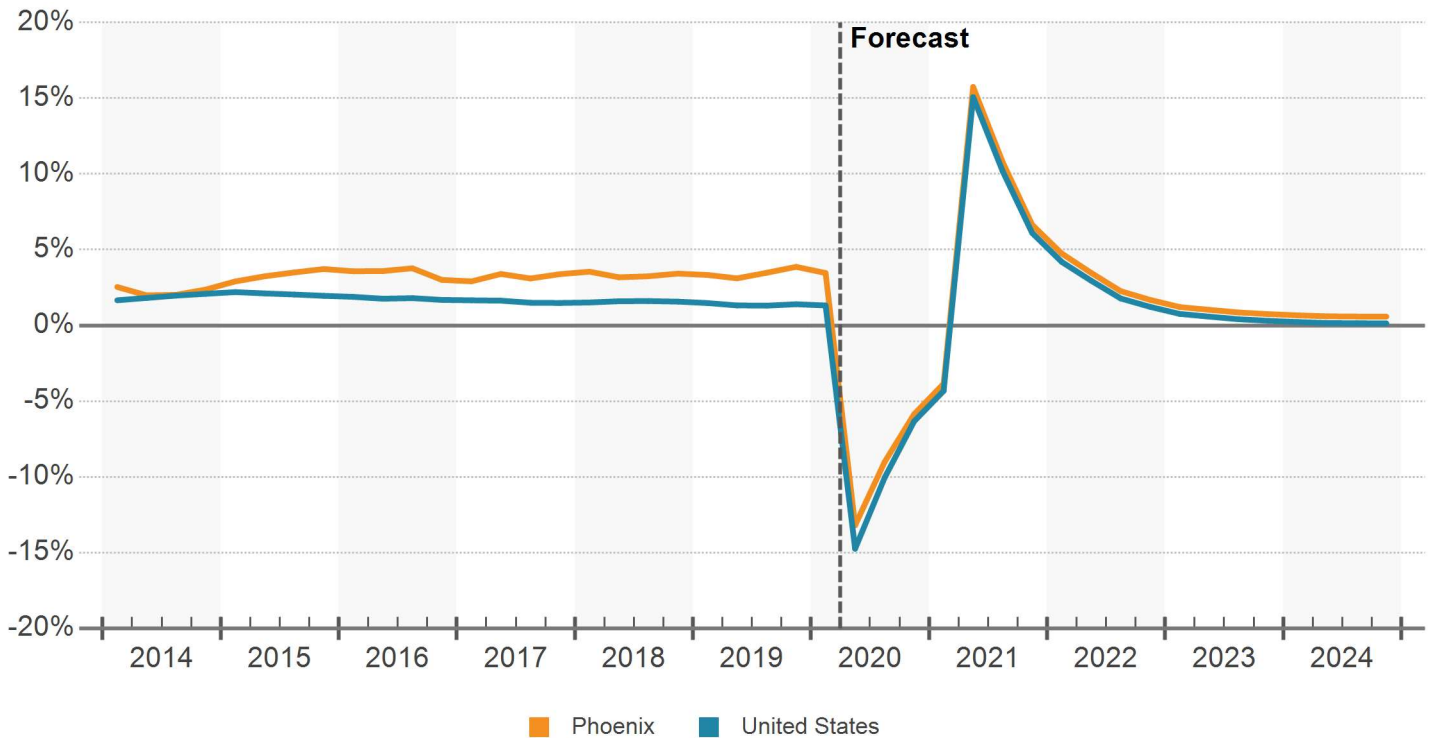
While the number of companies expanding to metro Phoenix is noteworthy, the diversity of industries is necessary for sustaining the region's long-term viability. More than a decade ago, Phoenix was synonymous with cheap labor and land that attracted call centers and back-office operators. Moreover, the economy was dependent on industries associated with household growth—construction, lending, brokerage, tile and cabinet manufacturers, etc. Because of the metro's past reliance on housing, Phoenix was among the hardest-hit markets during the recession; the market lost more than 300,000 jobs, 25% of which were in the construction industry alone. The market recovered from the recession about two years after the U.S. Today, the companies that Phoenix is attracting have evolved, and the market has emerged as a bustling technology and financial hub.

PHOENIX EMPLOYMENT BY INDUSTRY IN THOUSANDS

NAICS Industry	Current Level		12 Month Change		10 Yr Change		5 Yr Forecast	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	131	0.7	0.47%	-1.85%	1.74%	0.93%	0.10%	-0.22%
Trade, Transportation and Utilities	406	1.0	-0.13%	-1.53%	1.65%	1.07%	0.59%	0.21%
Retail Trade	232	1.0	-0.66%	-1.71%	1.28%	0.64%	0.57%	0.15%
Financial Activities	207	1.6	2.13%	0.25%	3.82%	1.24%	0.96%	0.42%
Government	244	0.7	2.41%	1.44%	0.39%	0.11%	0.78%	0.47%
Natural Resources, Mining and Construction	142	1.2	3.16%	0.34%	5.03%	2.84%	1.30%	0.23%
Education and Health Services	353	1.0	5.70%	2.51%	4.01%	2.15%	1.62%	0.76%
Professional and Business Services	374	1.2	2.55%	0.73%	3.38%	2.53%	0.91%	0.68%
Information	41	1.0	3.67%	1.01%	3.67%	0.56%	1.00%	0.32%
Leisure and Hospitality	223	1.0	-3.66%	-5.39%	2.65%	1.87%	1.78%	1.61%
Other Services	72	0.8	2.08%	0.08%	0.93%	0.99%	0.39%	0.04%
Total Employment	2,079	1.0	-3.60%	-5.48%	2.08%	0.89%	2.03%	1.55%

Source: Oxford Economics
LQ = Location Quotient

YEAR OVER YEAR JOB GROWTH



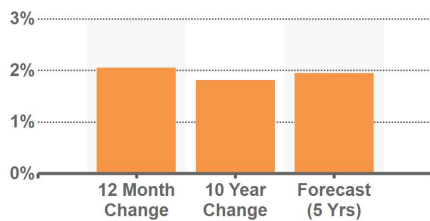
Source: Oxford Economics

DEMOGRAPHIC TRENDS

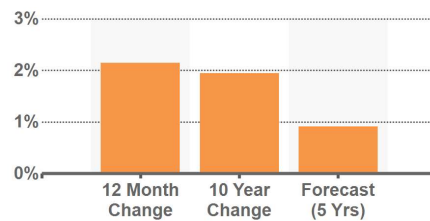
Demographic Category	Current Level		Current Change		10-Year Change		Forecast Change (5 Yrs)	
	Metro	U.S.	Metro	U.S.	Metro	U.S.	Metro	U.S.
Population	5,011,762	329,382,031	2.0%	0.5%	1.8%	0.7%	1.9%	0.5%
Households	1,782,346	122,127,625	1.9%	0.4%	1.8%	0.7%	1.9%	0.4%
Median Household Income	\$67,458	\$64,787	3.3%	3.3%	2.7%	2.6%	2.4%	2.9%
Labor Force	2,519,289	163,764,000	2.1%	0.5%	1.9%	0.6%	0.9%	0.4%
Unemployment	4.0%	3.7%	-0.3%	0%	-0.6%	-0.6%	-	-

Source: Oxford Economics

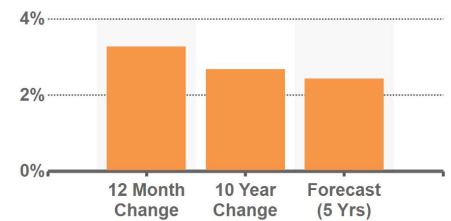
POPULATION GROWTH



LABOR FORCE GROWTH

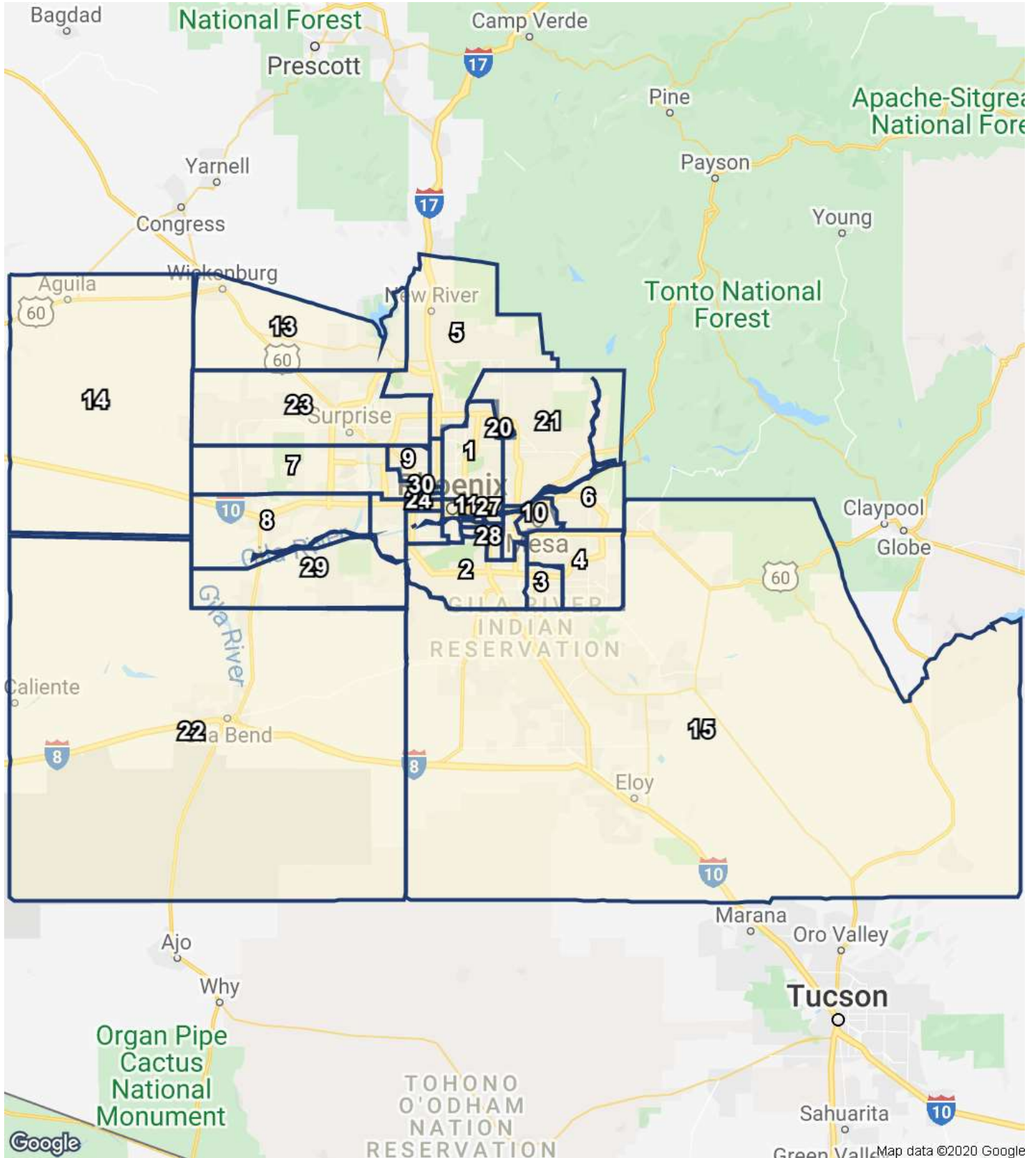


INCOME GROWTH



Source: Oxford Economics

PHOENIX SUBMARKETS



SUBMARKET INVENTORY

No.	Submarket	Inventory				Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	Central Phoenix	361	4,575	1.3%	23	0	0	0%	-	0	-	-	-
2	Chandler	383	22,435	6.3%	3	6	935	4.2%	6	0	-	-	-
3	Chandler Airport	108	4,527	1.3%	25	8	712	15.7%	8	2	140	3.1%	8
4	Chandler N/Gilbert	807	21,848	6.1%	4	14	1,099	5.0%	4	10	1,306	6.0%	4
5	Deer Vly/Pinnacle Pk	704	17,829	5.0%	7	8	423	2.4%	9	4	97	0.5%	9
6	Falcon Fld/Apache Jct	267	5,633	1.6%	21	6	287	5.1%	12	0	-	-	-
7	Glendale	138	11,746	3.3%	13	8	1,307	11.1%	3	20	5,473	46.6%	1
8	Goodyear	188	15,337	4.3%	10	8	2,012	13.1%	1	8	3,384	22.1%	2
9	Grand Avenue	635	13,504	3.8%	12	0	0	0%	-	0	-	-	-
10	Mesa	483	7,770	2.2%	17	0	0	0%	-	1	20	0.3%	12
11	North Airport	635	13,561	3.8%	11	0	0	0%	-	4	471	3.5%	6
12	North Black Canyon	256	4,565	1.3%	24	0	0	0%	-	0	-	-	-
13	North Outlying	16	149	0%	29	0	0	0%	-	0	-	-	-
14	Northwest Outlying	3	39	0%	31	0	0	0%	-	0	-	-	-
15	Pinal County	402	9,841	2.8%	15	0	0	0%	-	1	820	8.3%	5
16	S Airport N of Roeser	513	15,468	4.3%	9	0	0	0%	-	0	-	-	-
17	S Airport S of Roeser	165	4,523	1.3%	26	0	0	0%	-	0	-	-	-
18	SC N of Salt River	692	16,136	4.5%	8	3	329	2.0%	10	1	94	0.6%	10
19	SC S of Salt River	136	2,569	0.7%	28	0	0	0%	-	0	-	-	-
20	Scottsdale Airpark	368	6,811	1.9%	19	1	26	0.4%	15	0	-	-	-
21	Scottsdale/Salt River	170	5,408	1.5%	22	0	0	0%	-	3	38	0.7%	11
22	Southwest Outlying	4	100	0%	30	0	0	0%	-	0	-	-	-
23	Surprise	161	4,238	1.2%	27	3	147	3.5%	13	0	-	-	-
24	SW N of Buckeye Road	729	34,018	9.5%	2	4	934	2.7%	7	5	251	0.7%	7
25	SW S of Buckeye Road	317	19,145	5.4%	6	6	1,077	5.6%	5	0	-	-	-
26	Tempe East	373	6,756	1.9%	20	1	31	0.5%	14	0	-	-	-
27	Tempe Northwest	346	11,190	3.1%	14	1	307	2.7%	11	0	-	-	-
28	Tempe Southwest	613	21,414	6.0%	5	0	0	0%	-	0	-	-	-
29	Tolleson	255	40,861	11.4%	1	6	1,566	3.8%	2	11	1,740	4.3%	3
30	W Phx N of Thomas Rd	472	8,155	2.3%	16	0	0	0%	-	0	-	-	-
31	W Phx S of Thomas Rd	323	7,112	2.0%	18	0	0	0%	-	1	6	0.1%	13

SUBMARKET RENT

No.	Submarket	Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	Central Phoenix	\$1.03	3	5.2%	27	4.2%	24
2	Chandler	\$0.85	10	5.3%	25	4.8%	17
3	Chandler Airport	\$0.87	8	6.8%	7	8.3%	6
4	Chandler N/Gilbert	\$0.83	12	5.5%	20	4.7%	19
5	Deer Vly/Pinnacle Pk	\$0.95	4	5.7%	16	5.2%	15
6	Falcon Fld/Apache Jct	\$0.94	5	4.9%	30	4.3%	23
7	Glendale	\$0.61	23	7.3%	4	9.9%	2
8	Goodyear	\$0.49	31	7.7%	2	9.5%	3
9	Grand Avenue	\$0.61	24	6.0%	13	5.3%	14
10	Mesa	\$0.77	17	5.4%	22	4.7%	20
11	North Airport	\$0.81	13	5.7%	17	7.5%	8
12	North Black Canyon	\$0.86	9	6.6%	10	2.8%	29
13	North Outlying	\$0.76	18	5.1%	28	3.1%	27
14	Northwest Outlying	\$0.79	16	4.7%	31	4.8%	18
15	Pinal County	\$0.64	22	6.0%	14	6.4%	10
16	S Airport N of Roeser	\$0.79	15	6.7%	8	5.7%	11
17	S Airport S of Roeser	\$0.80	14	6.3%	11	6.6%	9
18	SC N of Salt River	\$0.70	20	6.9%	6	5.5%	12
19	SC S of Salt River	\$0.66	21	6.7%	9	5.4%	13
20	Scottsdale Airpark	\$1.20	2	5.3%	24	2.7%	30
21	Scottsdale/Salt River	\$1.21	1	5.0%	29	3.0%	28
22	Southwest Outlying	\$0.54	28	5.5%	21	2.1%	31
23	Surprise	\$0.88	6	6.1%	12	9.0%	4
24	SW N of Buckeye Road	\$0.51	30	7.0%	5	7.9%	7
25	SW S of Buckeye Road	\$0.58	27	7.4%	3	8.6%	5
26	Tempe East	\$0.87	7	5.4%	23	3.6%	26
27	Tempe Northwest	\$0.84	11	5.5%	19	4.1%	25
28	Tempe Southwest	\$0.75	19	5.3%	26	4.4%	22
29	Tolleson	\$0.52	29	8.3%	1	11.3%	1
30	W Phx N of Thomas Rd	\$0.59	25	5.6%	18	4.4%	21
31	W Phx S of Thomas Rd	\$0.59	26	5.7%	15	5.1%	16

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	Central Phoenix	128,067	2.8%	3	80,740	1.8%	14	-
2	Chandler	1,771,242	7.9%	22	75,681	0.3%	15	12.3
3	Chandler Airport	833,079	18.4%	29	468,885	10.4%	7	1.5
4	Chandler N/Gilbert	1,501,344	6.9%	20	651,906	3.0%	5	1.4
5	Deer Vly/Pinnacle Pk	1,071,472	6.0%	14	719,115	4.0%	4	0.6
6	Falcon Fld/Apache Jct	516,966	9.2%	24	199,133	3.5%	11	1.1
7	Glendale	1,056,443	9.0%	23	927,861	7.9%	3	1.4
8	Goodyear	1,628,724	10.6%	26	1,606,648	10.5%	2	1.3
9	Grand Avenue	438,708	3.2%	5	17,904	0.1%	18	-
10	Mesa	252,939	3.3%	6	109,318	1.4%	12	-
11	North Airport	558,991	4.1%	10	214,025	1.6%	10	-
12	North Black Canyon	269,294	5.9%	13	102,225	2.2%	13	-
13	North Outlying	5,000	3.4%	7	0	0%	-	-
14	Northwest Outlying	-	-	-	0	0%	-	-
15	Pinal County	262,258	2.7%	2	6,980	0.1%	20	-
16	S Airport N of Roeser	1,001,693	6.5%	16	269,916	1.7%	9	-
17	S Airport S of Roeser	216,511	4.8%	12	(74,061)	-1.6%	29	-
18	SC N of Salt River	1,095,089	6.8%	18	(57,689)	-0.4%	28	-
19	SC S of Salt River	198,357	7.7%	21	(12,819)	-0.5%	24	-
20	Scottsdale Airpark	448,353	6.6%	17	(31,476)	-0.5%	26	-
21	Scottsdale/Salt River	135,801	2.5%	1	24,459	0.5%	17	-
22	Southwest Outlying	-	-	-	0	0%	-	-
23	Surprise	288,950	6.8%	19	41,606	1.0%	16	1.2
24	SW N of Buckeye Road	2,163,847	6.4%	15	536,450	1.6%	6	0.8
25	SW S of Buckeye Road	2,327,044	12.2%	28	(216,199)	-1.1%	31	-
26	Tempe East	277,164	4.1%	9	8,707	0.1%	19	1.9
27	Tempe Northwest	482,313	4.3%	11	398,863	3.6%	8	0.7
28	Tempe Southwest	2,044,075	9.5%	25	(27,355)	-0.1%	25	-
29	Tolleson	4,486,890	11.0%	27	2,535,044	6.2%	1	0.6
30	W Phx N of Thomas Rd	330,661	4.1%	8	(112,415)	-1.4%	30	-
31	W Phx S of Thomas Rd	223,098	3.1%	4	(42,270)	-0.6%	27	-

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2024	412,304,637	8,492,001	2.1%	8,628,770	2.1%	1.0
2023	403,812,636	10,370,221	2.6%	10,904,348	2.7%	1.0
2022	393,442,415	12,493,943	3.3%	10,396,785	2.6%	1.2
2021	380,948,472	17,540,723	4.8%	7,677,001	2.0%	2.3
2020	363,407,749	11,064,451	3.1%	5,653,357	1.6%	2.0
YTD	357,260,291	4,916,993	1.4%	3,127,765	0.9%	1.6
2019	352,343,298	7,051,847	2.0%	6,456,273	1.8%	1.1
2018	345,291,451	8,258,710	2.5%	8,119,227	2.4%	1.0
2017	337,032,741	6,351,552	1.9%	10,867,910	3.2%	0.6
2016	330,681,189	3,501,687	1.1%	5,997,458	1.8%	0.6
2015	327,179,502	5,865,248	1.8%	7,434,924	2.3%	0.8
2014	321,314,254	6,434,203	2.0%	10,118,420	3.1%	0.6
2013	314,880,051	6,052,618	2.0%	3,880,251	1.2%	1.6
2012	308,827,433	2,679,073	0.9%	6,557,043	2.1%	0.4
2011	306,148,360	285,747	0.1%	6,762,455	2.2%	0
2010	305,862,613	1,327,941	0.4%	4,452,763	1.5%	0.3
2009	304,534,672	3,514,362	1.2%	(5,246,029)	-1.7%	-
2008	301,020,310	12,404,911	4.3%	(1,142,040)	-0.4%	-

SPECIALIZED INDUSTRIAL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2024	98,226,402	1,717,728	1.8%	1,615,904	1.6%	1.1
2023	96,508,674	2,097,683	2.2%	2,058,406	2.1%	1.0
2022	94,410,991	2,527,256	2.8%	2,012,759	2.1%	1.3
2021	91,883,735	4,330,523	4.9%	1,797,365	2.0%	2.4
2020	87,553,212	1,811,035	2.1%	(97,481)	-0.1%	-
YTD	86,221,943	479,766	0.6%	336,929	0.4%	1.4
2019	85,742,177	1,952,334	2.3%	1,558,070	1.8%	1.3
2018	83,789,843	827,896	1.0%	1,462,535	1.7%	0.6
2017	82,961,947	1,006,950	1.2%	2,691,778	3.2%	0.4
2016	81,954,997	877,870	1.1%	844,521	1.0%	1.0
2015	81,077,127	(273,124)	-0.3%	985,410	1.2%	-
2014	81,350,251	3,119,749	4.0%	4,528,044	5.6%	0.7
2013	78,230,502	318,652	0.4%	447,247	0.6%	0.7
2012	77,911,850	1,565,363	2.1%	856,718	1.1%	1.8
2011	76,346,487	772,643	1.0%	1,277,884	1.7%	0.6
2010	75,573,844	360,903	0.5%	865,191	1.1%	0.4
2009	75,212,941	71,521	0.1%	(1,500,968)	-2.0%	-
2008	75,141,420	1,120,835	1.5%	(810,640)	-1.1%	-

LOGISTICS SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2024	280,127,300	6,625,634	2.4%	7,035,930	2.5%	0.9
2023	273,501,666	8,091,058	3.0%	8,848,960	3.2%	0.9
2022	265,410,608	9,748,023	3.8%	8,423,461	3.2%	1.2
2021	255,662,585	13,033,663	5.4%	6,003,082	2.3%	2.2
2020	242,628,922	9,183,407	3.9%	6,234,657	2.6%	1.5
YTD	237,846,742	4,401,227	1.9%	3,145,841	1.3%	1.4
2019	233,445,515	4,858,550	2.1%	4,488,816	1.9%	1.1
2018	228,586,965	7,361,252	3.3%	6,191,868	2.7%	1.2
2017	221,225,713	5,280,349	2.4%	7,864,244	3.6%	0.7
2016	215,945,364	2,631,692	1.2%	4,848,627	2.2%	0.5
2015	213,313,672	6,133,651	3.0%	5,482,588	2.6%	1.1
2014	207,180,021	3,308,109	1.6%	4,728,479	2.3%	0.7
2013	203,871,912	5,475,479	2.8%	3,313,269	1.6%	1.7
2012	198,396,433	1,071,140	0.5%	5,030,648	2.5%	0.2
2011	197,325,293	(48,877)	0%	5,352,314	2.7%	-
2010	197,374,170	862,795	0.4%	3,587,229	1.8%	0.2
2009	196,511,375	2,925,931	1.5%	(3,378,519)	-1.7%	-
2008	193,585,444	10,504,846	5.7%	(139,294)	-0.1%	-

FLEX SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2024	33,950,935	148,639	0.4%	(23,064)	-0.1%	-
2023	33,802,296	181,480	0.5%	(3,018)	0%	-
2022	33,620,816	218,664	0.7%	(39,435)	-0.1%	-
2021	33,402,152	176,537	0.5%	(123,446)	-0.4%	-
2020	33,225,615	70,009	0.2%	(483,819)	-1.5%	-
YTD	33,191,606	36,000	0.1%	(355,005)	-1.1%	-
2019	33,155,606	240,963	0.7%	409,387	1.2%	0.6
2018	32,914,643	69,562	0.2%	464,824	1.4%	0.1
2017	32,845,081	64,253	0.2%	311,888	0.9%	0.2
2016	32,780,828	(7,875)	0%	304,310	0.9%	-
2015	32,788,703	4,721	0%	966,926	2.9%	0
2014	32,783,982	6,345	0%	861,897	2.6%	0
2013	32,777,637	258,487	0.8%	119,735	0.4%	2.2
2012	32,519,150	42,570	0.1%	669,677	2.1%	0.1
2011	32,476,580	(438,019)	-1.3%	132,257	0.4%	-
2010	32,914,599	104,243	0.3%	343	0%	303.9
2009	32,810,356	516,910	1.6%	(366,542)	-1.1%	-
2008	32,293,446	779,230	2.5%	(192,106)	-0.6%	-

OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2024	\$0.76	127	1.9%	9.4%	40,901,420	9.9%	-0.2%
2023	\$0.75	125	1.2%	7.3%	41,042,189	10.2%	-0.4%
2022	\$0.74	123	2.8%	6.1%	41,579,668	10.6%	0.2%
2021	\$0.72	120	8.4%	3.2%	39,472,820	10.4%	2.2%
2020	\$0.66	111	-4.7%	-4.7%	29,599,273	8.1%	1.3%
YTD	\$0.71	118	2.1%	2.1%	26,014,373	7.3%	0.4%
2019	\$0.70	116	6.1%	0%	24,225,145	6.9%	0%
2018	\$0.66	109	5.9%	-5.8%	23,685,548	6.9%	-0.2%
2017	\$0.62	103	4.8%	-11.0%	23,784,921	7.1%	-1.5%
2016	\$0.59	98	5.0%	-15.1%	28,409,462	8.6%	-0.9%
2015	\$0.56	94	4.7%	-19.2%	31,159,124	9.5%	-0.9%
2014	\$0.54	90	5.0%	-22.8%	33,551,312	10.4%	-1.4%
2013	\$0.51	85	3.3%	-26.5%	37,257,410	11.8%	0.4%
2012	\$0.50	83	1.8%	-28.8%	35,363,204	11.5%	-1.4%
2011	\$0.49	81	-2.9%	-30.0%	39,241,174	12.8%	-2.1%
2010	\$0.50	84	-7.3%	-27.9%	45,717,882	14.9%	-1.1%
2009	\$0.54	90	-9.8%	-22.2%	48,852,209	16.0%	2.7%
2008	\$0.60	100	-3.4%	-13.8%	40,083,451	13.3%	4.1%

SPECIALIZED INDUSTRIAL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2024	\$0.76	120	2.0%	9.6%	7,967,296	8.1%	0%
2023	\$0.75	118	1.3%	7.4%	7,866,433	8.2%	-0.1%
2022	\$0.74	116	3.0%	6.0%	7,828,035	8.3%	0.3%
2021	\$0.72	113	8.5%	2.9%	7,312,271	8.0%	2.5%
2020	\$0.66	104	-5.2%	-5.2%	4,777,530	5.5%	2.1%
YTD	\$0.71	111	1.7%	1.7%	2,980,965	3.5%	0.1%
2019	\$0.70	110	4.2%	0%	2,838,128	3.3%	0.4%
2018	\$0.67	105	3.9%	-4.0%	2,441,579	2.9%	-0.7%
2017	\$0.65	101	5.2%	-7.6%	2,998,172	3.6%	-2.1%
2016	\$0.61	96	5.2%	-12.1%	4,683,000	5.7%	-0.3%
2015	\$0.58	92	4.1%	-16.4%	4,902,999	6.0%	-1.5%
2014	\$0.56	88	4.1%	-19.8%	6,161,533	7.6%	-2.1%
2013	\$0.54	84	2.6%	-22.9%	7,569,828	9.7%	-0.2%
2012	\$0.52	82	2.4%	-24.9%	7,698,423	9.9%	0.7%
2011	\$0.51	80	-3.5%	-26.6%	6,989,778	9.2%	-0.8%
2010	\$0.53	83	-7.8%	-24.0%	7,495,019	9.9%	-0.7%
2009	\$0.58	90	-9.7%	-17.6%	7,999,307	10.6%	2.1%
2008	\$0.64	100	-3.5%	-8.7%	6,426,818	8.6%	2.5%

LOGISTICS RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2024	\$0.70	131	1.9%	9.7%	28,770,477	10.3%	-0.4%
2023	\$0.69	128	1.1%	7.6%	29,183,361	10.7%	-0.6%
2022	\$0.68	127	2.7%	6.5%	29,943,391	11.3%	0.1%
2021	\$0.66	123	8.3%	3.7%	28,610,874	11.2%	2.3%
2020	\$0.61	114	-4.2%	-4.2%	21,572,784	8.9%	0.9%
YTD	\$0.65	122	2.6%	2.6%	19,954,982	8.4%	0.4%
2019	\$0.64	119	6.8%	0%	18,699,596	8.0%	0%
2018	\$0.60	111	7.1%	-6.4%	18,388,124	8.0%	0.1%
2017	\$0.56	104	4.7%	-12.6%	17,535,642	7.9%	-1.4%
2016	\$0.53	99	5.0%	-16.5%	20,227,961	9.4%	-1.2%
2015	\$0.51	95	5.3%	-20.5%	22,445,439	10.5%	-0.4%
2014	\$0.48	90	5.3%	-24.4%	22,659,909	10.9%	-0.9%
2013	\$0.46	85	3.3%	-28.2%	24,080,279	11.8%	0.6%
2012	\$0.44	83	1.9%	-30.5%	22,196,230	11.2%	-2.1%
2011	\$0.43	81	-2.5%	-31.8%	26,155,738	13.3%	-2.7%
2010	\$0.45	83	-7.1%	-30.1%	31,556,929	16.0%	-1.5%
2009	\$0.48	90	-10.4%	-24.7%	34,290,868	17.4%	3.0%
2008	\$0.54	100	-3.6%	-16.0%	27,986,418	14.5%	5.0%

FLEX RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2024	\$1.23	124	1.9%	8.1%	4,163,647	12.3%	0.5%
2023	\$1.21	122	1.3%	6.1%	3,992,395	11.8%	0.5%
2022	\$1.19	121	2.9%	4.7%	3,808,242	11.3%	0.7%
2021	\$1.16	117	8.4%	1.7%	3,549,675	10.6%	0.8%
2020	\$1.07	108	-6.2%	-6.2%	3,248,959	9.8%	1.7%
YTD	\$1.15	116	1.0%	1.0%	3,078,426	9.3%	1.2%
2019	\$1.14	115	6.5%	0%	2,687,421	8.1%	-0.6%
2018	\$1.07	108	4.6%	-6.1%	2,855,845	8.7%	-1.2%
2017	\$1.02	103	4.7%	-10.2%	3,251,107	9.9%	-0.8%
2016	\$0.98	99	4.9%	-14.2%	3,498,501	10.7%	-0.9%
2015	\$0.93	94	3.3%	-18.2%	3,810,686	11.6%	-2.8%
2014	\$0.90	91	5.2%	-20.9%	4,729,870	14.4%	-2.7%
2013	\$0.86	87	4.2%	-24.8%	5,607,303	17.1%	0.3%
2012	\$0.82	83	0.3%	-27.8%	5,468,551	16.8%	-2.0%
2011	\$0.82	83	-3.2%	-28.0%	6,095,658	18.8%	-1.5%
2010	\$0.85	86	-7.6%	-25.6%	6,665,934	20.3%	0.3%
2009	\$0.92	93	-7.4%	-19.5%	6,562,034	20.0%	2.4%
2008	\$0.99	100	-2.5%	-13.1%	5,670,215	17.6%	2.6%

OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2024	-	-	-	-	-	-	\$118.36	171	6.5%
2023	-	-	-	-	-	-	\$115.16	166	6.5%
2022	-	-	-	-	-	-	\$111.02	160	6.5%
2021	-	-	-	-	-	-	\$103.73	150	6.7%
2020	-	-	-	-	-	-	\$103.48	149	6.7%
YTD	322	\$1B	3.6%	\$4,596,873	\$114.69	7.0%	\$112.02	162	6.3%
2019	871	\$2.9B	9.2%	\$4,908,934	\$105.04	6.7%	\$109.15	157	6.3%
2018	934	\$2.1B	7.8%	\$3,414,713	\$98.23	7.1%	\$99.15	143	6.4%
2017	793	\$1.3B	5.6%	\$2,501,568	\$84.07	7.1%	\$91.50	132	6.5%
2016	731	\$1.7B	7.5%	\$3,186,132	\$71.83	7.4%	\$85.43	123	6.6%
2015	794	\$1.7B	7.9%	\$3,164,597	\$77.88	7.7%	\$79.05	114	6.8%
2014	755	\$1.3B	5.8%	\$2,258,051	\$74.01	7.8%	\$71.75	103	7.2%
2013	660	\$1.2B	5.7%	\$2,444,954	\$68.59	8.8%	\$65.09	94	7.5%
2012	598	\$994.7M	6.3%	\$2,143,320	\$60.10	7.9%	\$61.73	89	7.6%
2011	539	\$606.3M	4.4%	\$1,579,536	\$51.34	8.4%	\$59.67	86	7.8%
2010	439	\$654.3M	3.4%	\$2,105,868	\$73.39	9.8%	\$58.73	85	8.0%
2009	238	\$357.8M	1.9%	\$1,866,153	\$63.07	8.5%	\$59.68	86	8.1%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

SPECIALIZED INDUSTRIAL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2024	-	-	-	-	-	-	\$113.74	172	6.5%
2023	-	-	-	-	-	-	\$110.56	167	6.5%
2022	-	-	-	-	-	-	\$106.45	161	6.5%
2021	-	-	-	-	-	-	\$99.32	150	6.8%
2020	-	-	-	-	-	-	\$98.96	150	6.8%
YTD	64	\$195.7M	2.3%	\$3,884,483	\$106.55	6.3%	\$107.12	162	6.3%
2019	181	\$435.3M	5.9%	\$3,296,274	\$99.63	6.7%	\$104.36	158	6.4%
2018	198	\$303.4M	5.3%	\$2,428,191	\$93.25	7.9%	\$94.03	142	6.5%
2017	184	\$239.6M	4.6%	\$1,840,965	\$80.18	7.0%	\$87.12	132	6.6%
2016	157	\$251.8M	4.7%	\$2,103,821	\$69.52	8.3%	\$81.40	123	6.7%
2015	175	\$290.7M	6.1%	\$2,381,437	\$72.11	7.3%	\$75.31	114	6.9%
2014	171	\$204M	3.8%	\$1,689,311	\$72.47	8.0%	\$68.12	103	7.2%
2013	125	\$242.9M	5.3%	\$2,422,880	\$59.49	9.5%	\$61.66	93	7.5%
2012	140	\$236.6M	5.5%	\$2,006,748	\$60.55	8.5%	\$58.63	89	7.7%
2011	107	\$96.5M	3.0%	\$1,145,234	\$42.84	10.1%	\$56.63	86	7.9%
2010	111	\$88M	3.1%	\$1,120,172	\$52.02	11.2%	\$55.95	85	8.0%
2009	42	\$44.7M	0.9%	\$1,248,898	\$67.17	8.4%	\$56.85	86	8.1%

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(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

LOGISTICS SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2024	-	-	-	-	-	-	\$113.44	171	6.5%
2023	-	-	-	-	-	-	\$110.41	167	6.4%
2022	-	-	-	-	-	-	\$106.52	161	6.5%
2021	-	-	-	-	-	-	\$99.61	150	6.7%
2020	-	-	-	-	-	-	\$99.41	150	6.7%
YTD	211	\$656.4M	4.3%	\$4,418,966	\$101.47	7.2%	\$107.54	162	6.3%
2019	589	\$2.2B	10.8%	\$5,488,415	\$101.09	6.7%	\$104.74	158	6.3%
2018	626	\$1.3B	8.3%	\$3,214,727	\$87.75	6.6%	\$95.65	144	6.4%
2017	481	\$795M	5.5%	\$2,523,035	\$77.34	7.2%	\$87.81	132	6.5%
2016	467	\$1.2B	8.4%	\$3,697,244	\$68.60	7.0%	\$82.02	124	6.6%
2015	537	\$1.1B	8.7%	\$3,223,513	\$74.05	7.7%	\$75.84	114	6.8%
2014	452	\$674.3M	5.7%	\$1,972,437	\$62.52	7.9%	\$68.88	104	7.1%
2013	425	\$571.7M	5.2%	\$1,921,464	\$59.32	8.8%	\$62.54	94	7.4%
2012	363	\$640.3M	6.6%	\$2,225,739	\$58.55	7.7%	\$59.31	89	7.6%
2011	346	\$416.3M	5.0%	\$1,657,620	\$49.71	8.1%	\$57.16	86	7.8%
2010	284	\$300.2M	3.6%	\$1,431,792	\$48.45	9.4%	\$56.12	85	8.0%
2009	163	\$254.5M	2.1%	\$1,881,456	\$63.03	8.9%	\$56.97	86	8.1%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

FLEX SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2024	-	-	-	-	-	-	\$167.82	166	6.6%
2023	-	-	-	-	-	-	\$163.28	161	6.6%
2022	-	-	-	-	-	-	\$157.23	155	6.6%
2021	-	-	-	-	-	-	\$146.68	145	6.8%
2020	-	-	-	-	-	-	\$146.26	144	6.8%
YTD	47	\$174.7M	2.3%	\$7,170,703	\$269.76	7.0%	\$159.02	157	6.4%
2019	101	\$323.3M	6.9%	\$4,700,709	\$157.58	6.7%	\$155.28	153	6.4%
2018	110	\$475.1M	10.6%	\$5,980,739	\$153.90	7.4%	\$139.32	138	6.5%
2017	128	\$297.9M	9.1%	\$3,451,335	\$115.35	7.1%	\$131.11	130	6.6%
2016	107	\$246.5M	8.1%	\$2,814,187	\$96.69	7.8%	\$121.92	120	6.7%
2015	82	\$255.5M	7.3%	\$4,512,624	\$114.88	8.5%	\$113.26	112	6.9%
2014	132	\$400M	11.4%	\$3,859,629	\$108.95	7.4%	\$103.16	102	7.2%
2013	110	\$340.4M	9.6%	\$4,576,535	\$109.11	7.8%	\$93.61	92	7.5%
2012	95	\$117.8M	6.3%	\$2,008,263	\$69.02	7.5%	\$88.28	87	7.7%
2011	86	\$93.5M	3.8%	\$1,944,067	\$79.05	8.2%	\$86.68	86	7.8%
2010	44	\$266.1M	3.1%	\$10,887,731	\$258.85	8.0%	\$85.91	85	8.0%
2009	33	\$58.5M	3.0%	\$2,835,134	\$60.41	7.1%	\$87.68	87	8.0%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.