

LINCOLN PROPERTY COMPANY




Phoenix Q1: 2017

Industrial Market Report

Lincoln Property Company's quarterly reports average data collected from across the market's major brokerage houses.

INDUSTRIAL MARKET REPORT PHOENIX, ARIZONA Q1 2017

The Phoenix Industrial sector had a strong start to 2017. Rents trended upwards and concessions continued to tighten. One of the driving factors behind this is the fact that Maricopa County is the fastest growing county in the nation for annual population growth. Phoenix continues to be an attractive destination for out of state companies looking to save cost by relocating.

 **Vacancy:** 9.36%

 **Rental Rates:** \$0.57

Net Absorption Q1: 1,959,765 SF

Market Activity Q1:

This quarter saw some major completions including PV/303 at 618,350 SF with the even larger Conair distribution facility still in the pipeline. Essendant Co. leased over 260,000 SF at Liberty Logistics Center and the largest sale by total value was the 11 building flex portfolio acquired by BKM Partners.

Completed Q1 2017:

- PV/303 BLDG A (618,350) Goodyear
- Tolleson Corporate Park BLDG D (402,323 SF) Tolleson
- Santa Fe Industrial Center (367,963 SF) Phoenix
- Clarius Sky Harbor (130,421 SF) Phoenix

Under Construction:

- Conair II BTS (1,000,000 SF) Glendale
- Prologis Park Riverside (474,082 SF) Phoenix
- Liberty Logistics Center BLDG 3 (437,105 SF) Phoenix
- Coldwater Depot Phase II (428,285 SF) Avondale

Lease Activity:

- Essendant (261,880) Phoenix
- LaMi Products (216,845 SF) Phoenix
- Vitamin Shoppe Industries (187,000 SF) Phoenix
- Danby Products (155,520 SF) Tolleson
- Enclos (117,780 SF) Phoenix

Largest Sales:

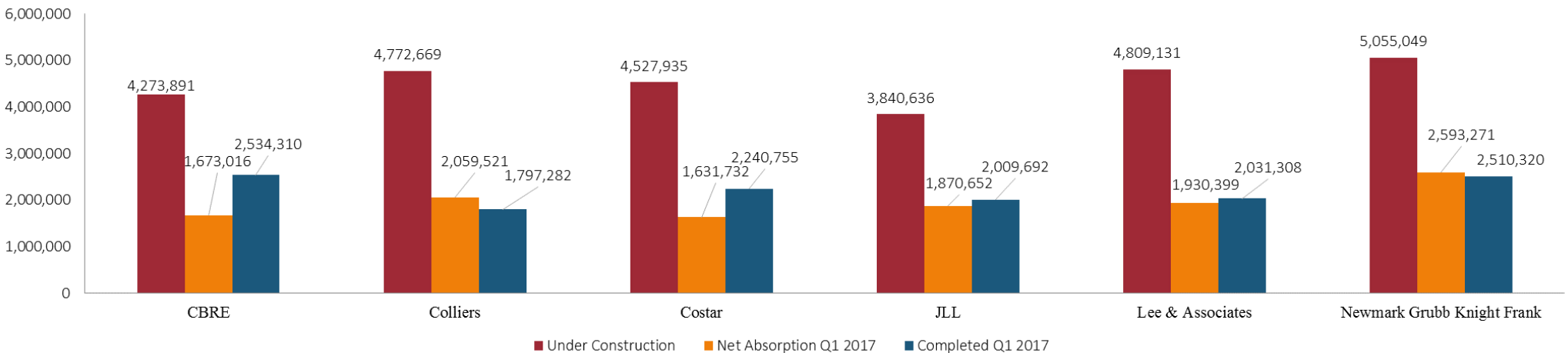
- Northwest Business Center (Phoenix) 226,645 SF / \$17,200,000 / **\$75.89 SF**
Buyer: BKM Capital Partners / Seller: TA Associates
- Papago West (Phoenix) 187,611 SF / \$11,960,000 / **\$63.75 SF**
Buyer: MS International, Inc. / Seller: Annaly Commercial RE
- Kovach Building (Tempe) 101,641 SF / \$9,500,000 / **\$93.47 SF**
Buyer: Industrial Property Trust / Seller: LBA Realty
- Riverpoint BLDG 4 (Phoenix) 132,880 SF / \$8,350,000 / **\$62.84 SF**
Buyer: West Second St. Assoc. / Seller: LNR Partners, LLC

Data Source	Total Existing SF	Total Available SF	Vacancy %	Net Absorption Q1
CBRE	304,753,961	24,881,588	8.16%	1,673,016
Colliers	293,466,241	28,830,198	9.80%	2,059,521
Costar	318,899,546	30,693,024	9.60%	1,631,732
JLL	262,315,663	23,083,778	8.80%	1,870,652
Lee & Associates	298,957,107	29,644,115	9.80%	1,930,399
Newmark Grubb Knight	281,569,041	28,156,904	10.00%	2,593,271
LPC Averages	293,326,927	27,548,268	9.36%	1,959,765

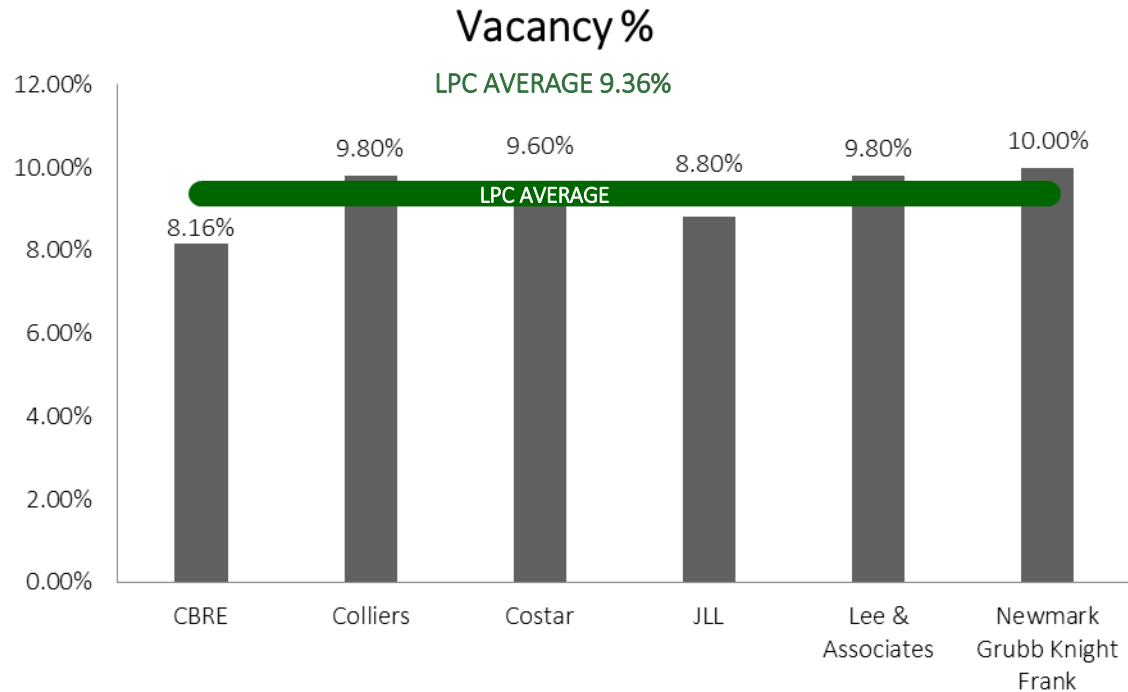
The Lincoln Property Company Q1 2017 Phoenix Industrial Report reflects market data averaged from across the market's major brokerage houses.

Data Source	Net Absorption YTD	Under Construction	Completed Q1	Completed YTD	Average Rental Rate
CBRE	1,673,016	4,273,891	2,534,310	2,534,310	\$0.64
Colliers	2,059,521	4,772,669	1,797,282	1,797,282	\$0.56
Costar	1,631,732	4,527,935	2,240,755	2,240,755	\$0.58
JLL	1,870,652	3,840,636	2,009,692	2,009,692	\$0.50
Lee & Associates	1,930,399	4,809,131	2,031,308	2,031,308	\$0.57
Newmark Grubb Knight	2,593,271	5,055,049	2,510,320	2,510,320	\$0.57
LPC Averages	1,959,765	4,546,552	2,187,278	2,187,278	\$0.57

Deliveries, Net Absorption & Construction



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