

LINCOLN PROPERTY COMPANY



Phoenix Q4: 2016

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 Q4 2016

The Industrial market fundamentals remained extremely positive during the fourth quarter. Net absorption jumped to **2,052,430 SF** which was the highest quarterly absorption of the year. Rental rates averaged **\$0.57** while vacancy fell to **9.47%**.

 **Vacancy:** **9.47%**

 **Rental Rates:** **\$0.57**

Net Absorption Q4: **2,052,430 SF**

2016 Net Absorption: **6,568,763 SF**

Construction Activity Q4:

Three of the largest completions this quarter combined for a total of more than 700,000 SF. The Conair BTS of 1,000,000 SF along with a number of other major projects continue to work towards delivery.

Completed Q4 2016:

- Opus Airport Industrial (393,292 SF) Phoenix
- Liberty Logistics Center II (222,910 SF) Phoenix
- 475 E Buckeye Road (106,480 SF) Phoenix

Under Construction:

- Conair II BTS (1,000,000 SF) Glendale
- PV/303 BLDG A (618,350 SF) Goodyear
- Tolleson Corporate Park BTS (402,323 SF) Tolleson
- Santa Fe Industrial Center BTS (367,963 SF) Phoenix

Lease Activity:

- **Quality Custom Distribution (91,022) Phoenix - LPC**
- Aviall Services (323,345 SF) Phoenix
- Silent-Aire (146,832 SF) Gilbert
- Kysor Panel Systems (118,549 SF) Phoenix
- Amazon (91,204 SF) Tempe

Largest Sales:

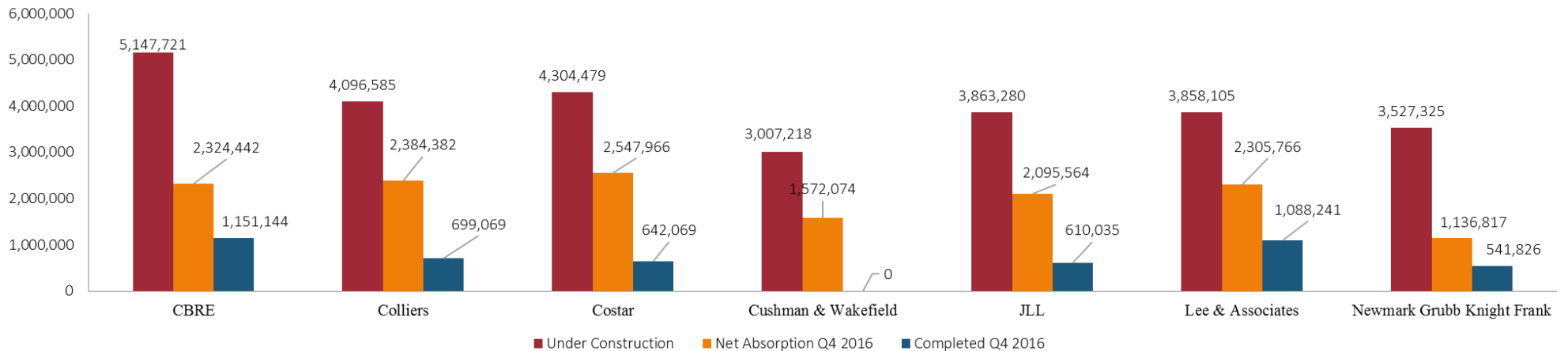
- Cotton Lane Commerce Park (Goodyear) 752,808 SF / \$42,850,000 / **\$56.92 SF**
Buyer: Huhtamaki, Inc. / Seller: Cohen Asset Management
- Southwest Industrial Center (Phoenix) 684,000 SF / \$41,750,000 / **\$61.00 SF**
Buyer: Hines / Seller: Hillwood
- 1115 W Alameda Dr. (Tempe) 780,320 SF / \$40,000,000 / **\$51.26 SF**
Buyer: Harrison Properties / Seller: Safeway
- Opus Airport Industrial (Phoenix) 393,000 SF / \$32,650,000 / **\$83.02 SF**
Buyer: Principal Global Investors / Seller: Opus Group

Data Source	Total Existing SF	Total Available SF	Vacancy %	Net Absorption Q4
CBRE	302,220,641	24,190,035	8.00%	2,324,442
Colliers	291,942,701	29,664,111	10.20%	2,384,382
Costar	316,722,407	30,517,406	9.60%	2,547,966
Cushman & Wakefield	305,451,542	27,893,556	9.10%	1,572,074
JLL	260,210,745	28,623,182	9.00%	2,095,564
Lee & Associates	297,059,308	29,780,903	10.00%	2,305,766
Newmark Grubb Knight	291,720,985	30,268,878	10.40%	1,136,817
LPC Averages	295,046,904	28,705,439	9.47%	2,052,430

The Lincoln Property Company Q4 2016 Phoenix Industrial Report reflects market data averaged from across the market's major brokerage houses.

Data Source	Net Absorption YTD	Under Construction	Completed Q4	Completed YTD	Average Rental Rate
CBRE	9,497,677	5,147,721	1,151,144	5,857,002	\$0.63
Colliers	5,792,834	4,096,585	699,069	5,240,335	\$0.55
Costar	5,461,156	4,304,479	642,069	5,318,257	\$0.57
Cushman & Wakefield	7,399,253	3,007,218	N/A	5,400,000	\$0.59
JLL	5,703,806	3,863,280	610,035	4,860,718	\$0.50
Lee & Associates	5,634,562	3,858,105	1,088,241	5,767,092	\$0.57
Newmark Grubb Knight	6,492,053	3,527,325	541,826	5,100,000	\$0.60
LPC Averages	6,568,763	3,972,102	788,731	5,363,343	\$0.57

Deliveries, Net Absorption & Construction



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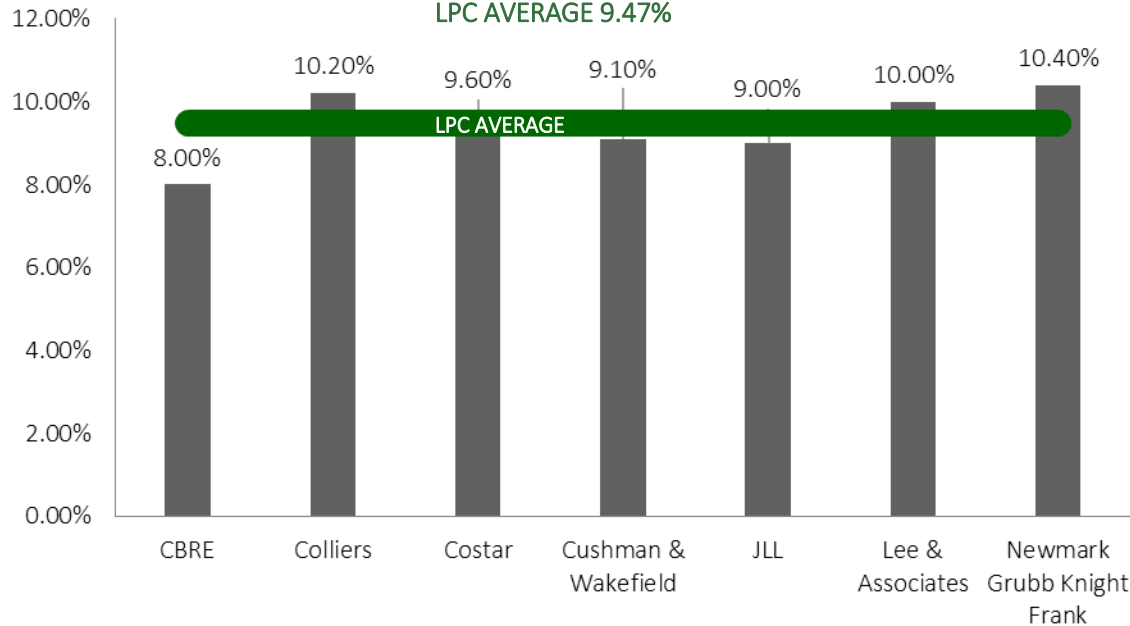
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Vacancy %

LPC AVERAGE 9.47%



Total Available SF

LPC AVERAGE 28,705,439 SF

