



Industrial Market Report

Compared to the Previous Quarter:

Vacancy

DOWN

Net Absorption

POSITIVE

Lease Rates

FLAT

Transactions

DOWN

Deliveries

FLAT

To view available properties or electronic versions of current or past market reports, please visit:

www.voitco.com

Prepared by:
Jerry J. Holdner, Jr. — Lic.#01145748
 Vice President of Market Research
 VOIT Real Estate Services — Lic.#01333376
 e-mail: jholdner@voitco.com

Market Highlights

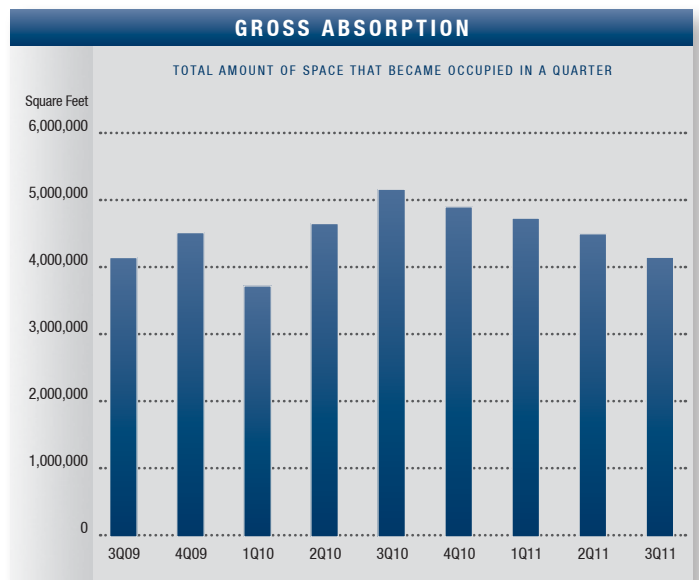
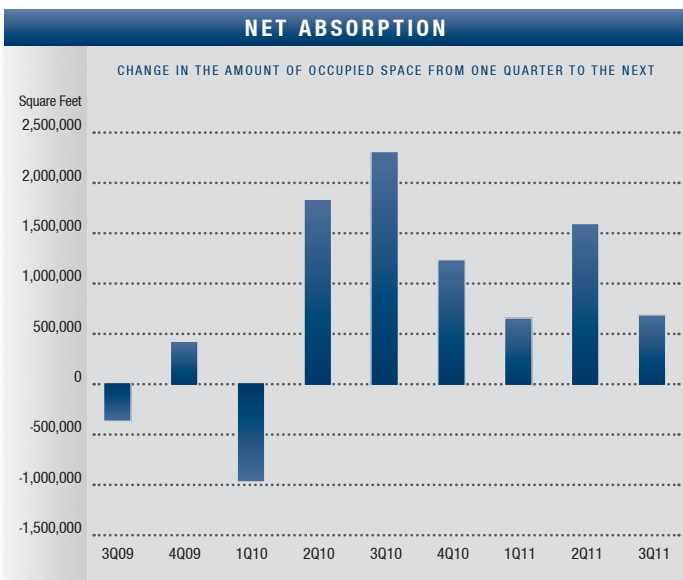
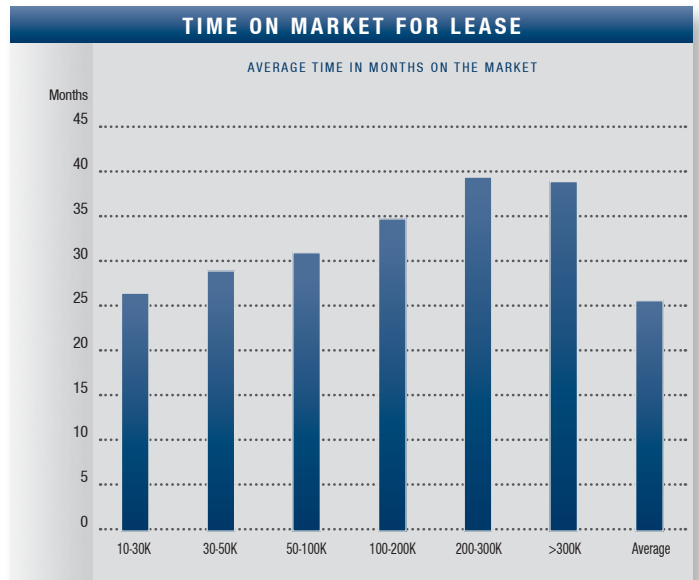
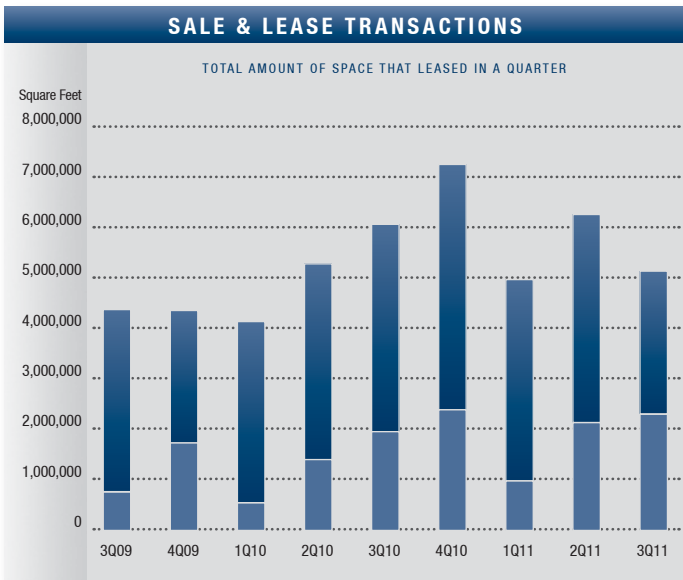
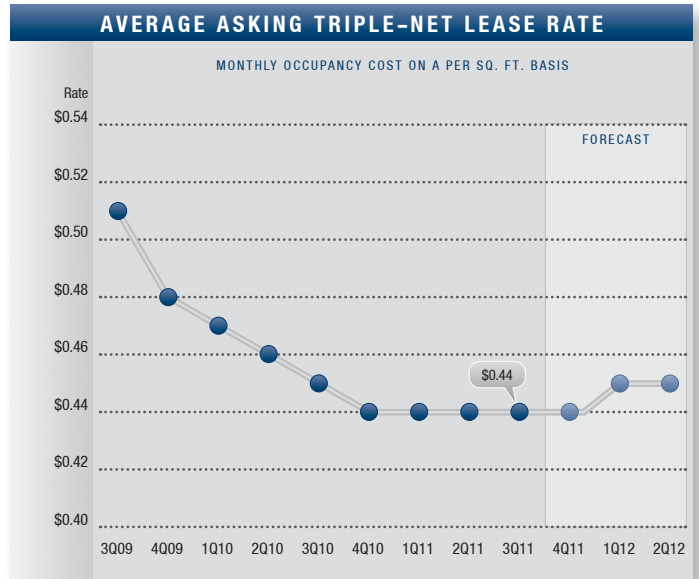
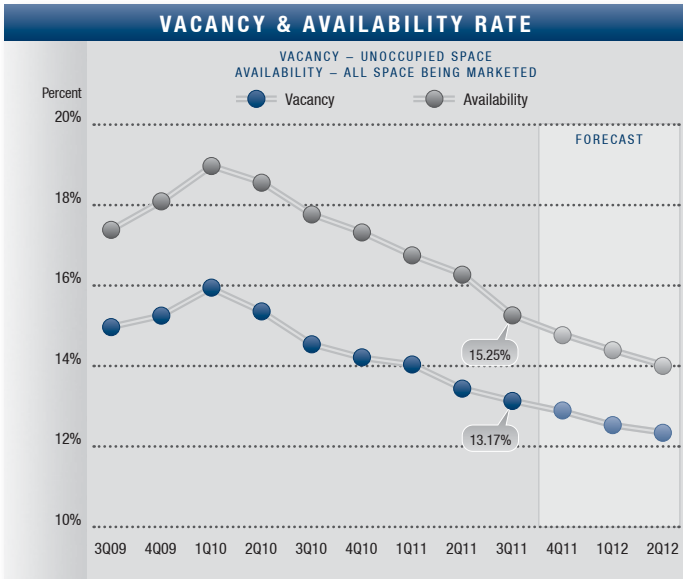
- Steady Growth** - The Phoenix industrial market conveyed more promise of stabilization in the third quarter of 2011. Availability continued its descent from its peak in the first quarter of 2010, vacancy rates trended downward, and net absorption was positive the sixth consecutive quarter. Demand picked up, with Labor Day marking the beginning of a renewed interest in sales transactions, and tenants began signing longer lease commitments. While these are positive indications, stability and job growth will need to be sustained in coming quarters to be considered recovery.
- Construction** - There was 3,435,596 square feet of industrial construction underway in the third quarter of 2011. Most of this construction occurred in the Chandler area.
- Vacancy** - Direct/sublease space (unoccupied) continued its six-quarter trend downward, finishing the third quarter at 13.17% — lower than the previous quarter's 13.44% and a significant drop of nearly 10% from the year-ago rate of 14.54%. The Northeast market posted the lowest rate in the county at 9.31%.
- Availability** - Direct/sublease space being marketed was 15.25% at the end of the third quarter 2011, a decrease of 14.23% when compared to the 17.78% seen in the same quarter of 2010.
- Lease Rates** - The average asking-triple net lease rate was \$.44 cents per square foot per month for the fourth consecutive quarter, indicating stability. The record high for asking lease rates, \$.59, was recorded in the first quarter of 2007.
- Absorption** - The Phoenix industrial market posted 690,000 square feet of positive absorption in the third

quarter of 2011, producing a total of 6.5 million square feet of positive absorption over the past five quarters.

- Transaction Activity** - Leasing activity checked in at 2.84 million square feet for the Phoenix industrial market in the third quarter of 2011, a decrease from 2010's 4.09 million square feet of leasing activity. Sales activity showed an increase since the third quarter of 2010, posting 2.26 million square feet of activity as compared to the 1.92 million square feet of the previous year. Details of the largest transactions can be found on the back page of this report.
- Unemployment** - The unemployment rate in the Phoenix-Mesa-Glendale Metropolitan area was 8.4% in August 2011, down from a revised 8.7% in July 2011 and lower than the 2010 estimate of 9.4%. This compares with an unadjusted unemployment rate of 9.3% for Arizona and 9.1% for the nation during the same period.
- Overall** - We are continuing to see a decrease in the amount of available space. Positive absorption is the big story, and with few new deliveries in the pipeline to drive up vacancy, the market is beginning to stabilize. We foresee an increase in investment activity in the coming quarters as lenders continue to dispose of distressed assets. Lease rates are expected to remain soft for the near future, and concessions in the forms of free rent, relocation funds and tenant improvement allowances should continue to motivate tenants to quick action. We should also see an increase in leasing activity as many short-term deals come up for renewal and as job creation continues in 2011. As unemployment rates drop and consumer confidence stabilizes, the industrial market will continue to regain equilibrium.

INDUSTRIAL MARKET OVERVIEW

	3Q2011	2Q2011	3Q2010	% Change vs. 3Q2010
Total Vacancy Rate	13.17%	13.44%	14.54%	(9.42%)
Availability Rate	15.25%	16.26%	17.78%	(14.23%)
Average Asking Lease Rate	\$0.44	\$0.44	\$0.45	(2.22%)
Sale & Lease Transactions	5,108,919	6,220,085	6,014,914	(15.06%)
Gross Absorption	4,138,809	4,590,309	5,169,991	(19.95%)
Net Absorption	690,753	1,597,316	2,301,092	N/A



	INVENTORY				VACANCY & LEASE RATES					ABSORPTION			
	Number of Bldgs.	Net Rentable Square Feet	Square Feet U / C	Square Feet Planned	Square Feet Vacant	Vacancy Rate 3Q2011	Square Feet Available	Availability Rate 3Q2011	Average Asking Lease Rate	Net Absorption 3Q2011	Net Absorption 2011	Gross Absorption 3Q2011	Gross Absorption 2011
Airport Area													
North Airport	295	10,721,055	0	0	1,600,415	14.93%	1,929,754	18.00%	\$0.44	(6,358)	(75,087)	154,373	415,433
South Airport North of Roeser	318	10,398,415	0	17,560	1,547,686	14.88%	1,935,467	18.61%	\$0.39	8,063	(79,233)	153,095	660,929
South Airport South of Roeser	120	3,966,218	0	0	496,943	12.53%	578,713	14.59%	\$0.61	47,961	279,438	64,717	384,334
SC North of Roeser	361	13,908,795	0	0	1,946,510	13.99%	2,242,161	16.12%	\$0.38	2,747	(141,289)	201,478	673,590
SC South of Roeser	52	1,557,696	0	0	75,400	4.84%	160,801	10.32%	\$0.53	19,200	29,382	19,200	46,382
Airport Area Total	1,146	40,552,179	0	17,560	5,666,954	13.97%	6,846,896	16.88%	\$0.42	71,613	13,211	592,863	2,180,668
Northeast													
Central Phoenix	112	4,206,191	0	20,000	140,647	3.34%	163,668	3.89%	\$0.60	14,295	23,397	30,607	58,095
Scottsdale Airpark	251	5,235,406	0	0	847,857	16.19%	950,706	18.16%	\$0.72	32,374	127,964	163,991	550,575
Scottsdale/Salt River	93	4,597,775	0	0	317,887	6.91%	520,806	11.33%	\$0.78	(9,541)	12,963	26,223	122,482
Northeast Total	456	14,039,372	0	20,000	1,306,391	9.31%	1,635,180	11.65%	\$0.73	37,128	164,324	220,821	731,152
Northwest													
Deer Valley/Pinnacle Park	420	13,375,170	223,000	228,626	1,940,552	14.51%	2,522,238	18.86%	\$0.69	(65,253)	79,257	201,598	818,048
Glendale	80	4,348,808	256,000	2,374,079	354,727	8.16%	608,627	14.00%	\$0.55	416,393	410,172	481,771	527,900
Grand Avenue	296	13,432,488	0	545,090	1,038,751	7.73%	1,656,749	12.33%	\$0.29	25,804	103,774	168,737	381,483
North Glendale/Sun City	93	4,191,522	12,960	76,754	750,373	17.90%	803,521	19.17%	\$0.49	4,987	50,190	17,686	130,916
North Black Canyon	126	3,562,922	0	0	326,412	9.16%	416,416	11.69%	\$0.52	5,747	(14,520)	22,977	173,293
West Phoenix North of Thomas Rd.	262	6,929,564	0	0	729,570	10.53%	775,073	11.19%	\$0.34	27,757	40,817	103,205	308,158
West Phoenix South of Thomas Rd.	224	6,280,980	0	0	552,431	8.80%	646,627	10.30%	\$0.49	(6,342)	37,302	83,650	209,311
Northwest Total	1,501	52,121,454	491,960	3,224,549	5,692,816	10.92%	7,429,251	14.25%	\$0.58	409,093	706,992	1,079,624	2,549,109
Pinal County													
Pinal County	128	7,127,326	0	739,500	550,696	7.73%	545,239	7.65%	\$0.32	35,337	119,937	65,590	199,165
Pinal County Total	128	7,127,326	0	739,500	550,696	7.73%	545,239	7.65%	\$0.32	35,337	119,937	65,590	199,165
Southeast													
Chandler Airport	46	1,629,913	0	731,921	382,674	23.48%	403,374	24.75%	\$0.59	(3,000)	21,708	3,000	58,215
Chandler	260	14,975,245	1,000,000	366,534	1,213,569	8.10%	1,262,050	8.43%	\$0.69	73,973	437,341	256,591	788,140
Chandler North/Gilbert	441	13,939,672	1,240,000	652,996	2,557,443	18.35%	3,027,717	21.72%	\$0.51	17,373	206,145	281,194	836,231
Falcon Fld/Apache Junction	110	4,734,416	0	0	397,068	8.39%	553,037	11.68%	\$0.52	19,101	41,942	35,209	174,482
Mesa	193	6,280,130	271,142	0	929,388	14.80%	982,524	15.64%	\$0.60	(6,661)	203,811	97,321	594,969
Tempe East	186	5,588,556	0	0	434,562	7.78%	603,798	10.80%	\$0.70	37,529	42,342	110,426	323,528
Tempe Northwest	229	8,622,679	0	0	969,970	11.25%	1,964,854	22.79%	\$0.52	(3,831)	(38,424)	79,861	290,851
Tempe Southwest	433	17,928,835	0	476,000	1,702,903	9.50%	2,609,068	14.55%	\$0.43	(31,266)	25,783	233,808	1,006,009
Southeast Total	1,898	73,699,446	2,511,142	2,227,451	8,587,577	11.65%	11,406,422	15.48%	\$0.53	103,218	940,648	1,097,410	4,072,425
Southwest													
Goodyear	87	8,181,021	0	4,940,300	1,971,566	24.10%	1,454,754	17.78%	\$0.40	(32,201)	338,717	33,372	492,341
Southwest North of Buckeye Rd.	539	30,266,945	0	208,400	3,285,897	10.86%	4,519,778	14.93%	\$0.29	332,096	545,409	661,249	1,640,161
Southwest South of Buckeye Rd.	187	13,422,916	0	20,132	2,091,985	15.59%	2,171,809	16.18%	\$0.32	(32,279)	22,674	121,174	419,956
Tolleson	172	26,902,489	432,494	255,802	5,916,756	21.99%	4,600,295	17.10%	\$0.31	(233,252)	91,114	266,706	1,152,096
Southwest Total	985	78,773,371	432,494	5,424,634	13,266,204	16.84%	12,746,636	16.18%	\$0.32	34,364	997,914	1,082,501	3,704,554
Phoenix Total	6,114	266,313,148	3,435,596	11,653,694	35,070,638	13.17%	40,609,624	15.25%	\$0.44	690,753	2,943,026	4,138,809	13,437,073
10,000-29,999	3,795	64,319,038	23,406	877,386	8,181,110	12.72%	10,186,998	15.84%	\$0.53	129,444	201,980	1,249,427	3,866,192
30,000-49,999	1,021	38,955,790	72,494	563,159	5,441,191	13.97%	6,712,706	17.23%	\$0.48	211,120	452,033	750,473	2,192,852
50,000-99,999	817	56,116,198	126,000	760,989	6,650,986	11.85%	8,278,190	14.75%	\$0.46	(8,083)	412,155	649,931	2,566,855
100,000-199,999	320	42,277,128	130,000	1,376,488	6,010,197	14.22%	8,022,434	18.98%	\$0.40	340,685	549,461	685,719	2,122,889
200,000-299,999	82	19,705,960	483,696	473,377	2,210,000	11.21%	2,787,350	14.14%	\$0.33	7,767	351,699	192,499	843,320
300,000+	79	44,939,034	2,600,000	7,602,295	6,577,154	14.64%	4,621,946	10.28%	\$0.40	9,820	975,698	610,760	1,844,965
Total	6,114	266,313,148	3,435,596	11,653,694	35,070,638	13.17%	40,609,624	15.25%	\$0.44	690,753	2,943,026	4,138,809	13,437,073

This survey consists of buildings greater than 10,000 square feet. Lease rates are on a triple-net basis.

RECENT TRANSACTIONS

Sale Transactions

Property Address	Submarket	Square Feet	Sale Price PSF	Buyer	Seller
1825 S. 43rd Ave. – 2 Properties	Phoenix	437,250	\$40.39	Lincoln Advisory Group, Ltd.	RGR Development Corporation
9704 W. Roosevelt St.	Tolleson	302,640	\$32.88	Prologis, LP	The Paul & Eleanor Sade 1985 Trust
2225 S. 43rd Ave.	SW S of Buckeye Road	250,796	\$36.38	Prologis, LP	Mililani Group, Inc.
4625 N. 45th Ave.	Grand Avenue	245,166	\$33.45	DCT Industrial Trust	Freeport Distribution, Inc.
75 N. 49th Ave.	Southwest	152,000	\$23.03	Harrison Properties	Timmons Realty, Inc.
1715 S. Holbrook Ln. – 2 Properties	Southeast	140,514	\$54.44	Blackridge Real Estate Group, LLC	Esther Louis Darrow Revocable Living Trust

Lease Transactions

Property Address	Submarket	Square Feet	Transaction Date	Tenant	Owner
7200 W. Buckeye Rd.	Southwest	400,000	11-Sep	Home Depot	JD Partsmaster, LLC
107 S. 41st Ave.	Southwest	126,975	11-Aug	Closed Loop Refining & Recovery, Inc.	RREEF America, LLC
4 S. 84th Ave. – Renewal	Southwest	121,077	11-Aug	Durobag	CommonWealth REIT
1010 N. 47th Ave.	Southwest	118,000	11-Sep	OMCO Solar	Myron Zimmerman Investments
2592 E. Hanna Rd.	Pinal County	113,546	11-Aug	Mid-States Services, Inc.	CG Hanna, LLC
6825 W. Buckeye Rd. – Renewal	Tolleson	99,650	11-Aug	Victory Packaging	Principal Financial Group, Inc.

Product Type

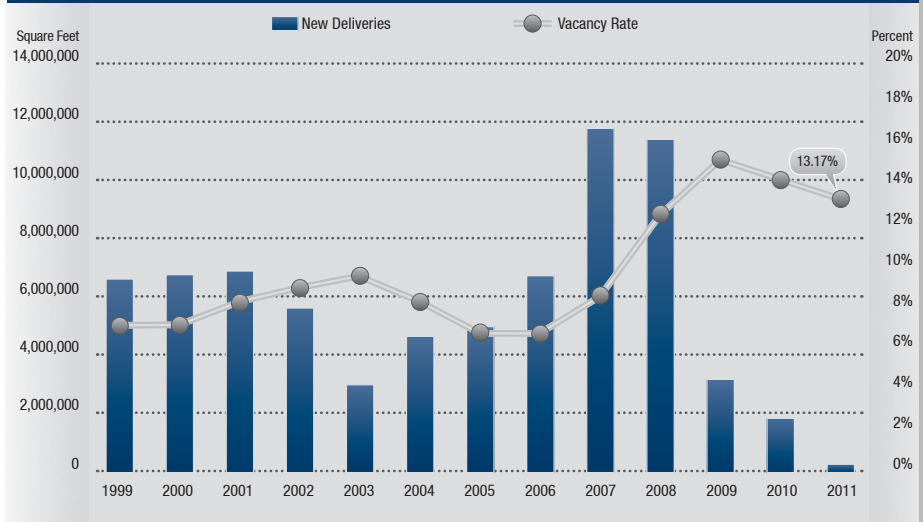
MFG./DIST.

Manufacturing/Distribution/Warehouse facilities with up to 29.9% office space.

To view available properties, please visit:

www.voitco.com

ANNUAL NEW DELIVERIES VS. VACANCY RATE



Please Contact Us for Further Information

Anaheim, CA
714.978.7880

Commerce, CA
323.201.4494

Inland Empire, CA
909.218.5285

Irvine, CA
949.851.5100

Las Vegas, NV
702.734.4500

Newport Beach, CA
949.644.8648

Phoenix, AZ
602.952.8648

Sacramento, CA
916.772.8648

San Diego, CA
858.453.0505

Voit

REAL ESTATE SERVICES

101 Shipyard Way
Newport Beach, CA 92663

949.644.8648
www.voitco.com
Lic.#01333376

Represented in 150 Markets
Nationally & Internationally.



This survey consists of properties representing both single tenant and multi-tenant buildings. The lease rates are based on a triple-net basis. The information contained in this report is gathered from sources that are deemed reliable, but no guarantees are made as to its accuracy. This information is for Voit Real Estate Services' use only and cannot legally be reproduced without prior written consent from the management of Voit Real Estate Services.