

PHOENIX INVESTMENT SALES | 2019 2ND QUARTER REPORT

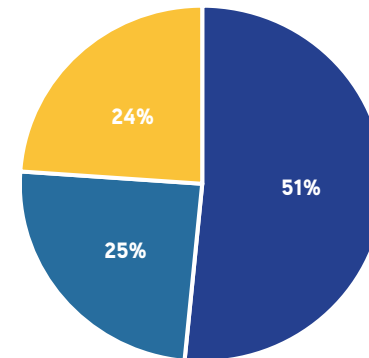


Quarterly Highlights

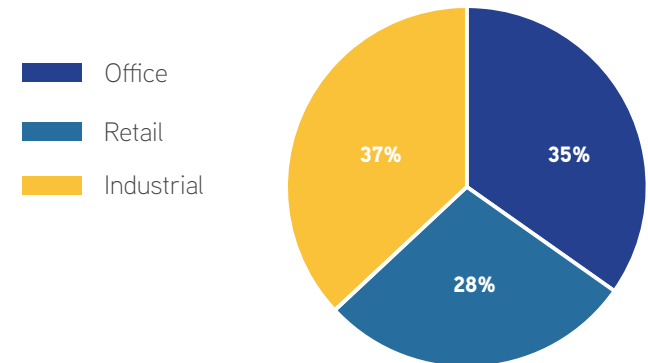
- Greater Phoenix continues to lead the country in job creation with an increase of 3.2% for the 12 months ending in May; and also remains #1 for population growth (three years running).
- Office vacancy continued to decline with the rate retreating to 13.3%, down 30 bps from 1st quarter and 260 bps from a year ago. This marked the 9th consecutive quarter where the local vacancy rate has declined.
- Asking office rents pushed higher by midyear, advancing 4.5% from a year ago to its current \$25.77 per SF. median
- Medical office property sales averaged \$247 PSF with average cap rates at 7%; various portfolio sales demonstrated the strong national demand for this investment class
- Second quarter industrial absorption levels by midyear 2019 were 1.4 million SF across all industrial types, growing 850,000 SF in the second quarter alone.
- Average asking industrial rents in the Southwest Valley are up 5.3% from a year ago at \$0.40 per SF/ mo.
- Fueled by high demand and minimal inventory, approximately 8.9 million SF of industrial space is currently under construction, up 3 million SF from a year ago.
- Retail occupancy in the Airport Area improved by 120 bps year-over-year, Northwest Phoenix improved by 20 bps, to end the quarter at vacancy rates of 3.4% and 4.4% respectively, the lowest vacancies in the region.
- Since 2015, asking rents for Greater Phoenix retail properties have increased nearly 15% with much of the growth occurring since 2017.

Direct Sales (over 20,000 SF & \$1 M)

Total \$ Spent



of Sales



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Monthly Snapshots



APRIL

	OFFICE	RETAIL	INDUSTRIAL	TOTAL
TOTAL AMOUNT	\$26,680,000	\$72,632,000	\$101,602,000	\$182,424,000
PER SQUARE FOOT	\$232	\$173	\$105	
NUMBER OF TRANSACTIONS	3	10	14	25



OFFICE



RETAIL



INDUSTRIAL

TOTAL

MAY

	OFFICE	RETAIL	INDUSTRIAL	TOTAL
TOTAL AMOUNT	\$147,329,562	\$77,984,333	\$43,332,559	\$258,309,121
PER SQUARE FOOT	\$186	\$167	\$69	
NUMBER OF TRANSACTIONS	10	9	10	28

JUNE

	OFFICE	RETAIL	INDUSTRIAL	TOTAL
TOTAL AMOUNT	\$276,812,219	\$64,170,000	\$63,965,000	\$396,341,150
PER SQUARE FOOT	\$180	\$153	\$106	
NUMBER OF TRANSACTIONS	19	7	10	35

2ND QUARTER

TOTAL AMOUNT	\$450,821,781	\$214,786,333	\$208,899,559	\$874,507,673
PER SQUARE FOOT	\$184	\$165	\$95	
NUMBER OF TRANSACTIONS	32	26	34	92

Market Makers



OFFICE

APRIL

PHOENIX OFFICE PLAZA



1155 W Rio Salado Pky, Tempe, AZ
Size/Percent Leased: 31,728 SF / 100%
Sales Price: \$6.6 M (\$209 PSF)



RETAIL

WESTWOOD ON CAMELBACK



2211 W Camelback Rd, Phoenix, AZ
Size/Percent Leased: 59,400 SF / 100%
Sales Price: \$13.8 M (\$232 PSF)



INDUSTRIAL

HONEYWELL



19019 N 59th Ave, Glendale, AZ
Size/Percent Leased: 252,300 SF / 100%
Sales Price: \$26.5 M (\$105 PSF)

MAY

WELLTOWER/CNL HEALTHCARE PORTFOLIO



3 Medical Bldgs, Phoenix, AZ
Size/Percent Leased: 73,666 SF / 72%
Phx Sales Price: \$22.2 M (\$302 PSF)
Total Nat'l Sales Price: \$1.25 B (\$364 PSF)

LAVEEN VILLAGE MARKETPLACE



5120, 5130, 5150, 5160 W Baseline Rd, Laveen, AZ
Size/Percent Leased: 39,929 SF / 100%
Sales Price: \$16.5 M (\$413 PSF)

PROLOGIS DISTRIBUTION CENTER



555 S 65th Ave, Phoenix, AZ
Size/Percent Leased: 131,883 SF / 100%
Sales Price: \$7.0 M (\$53 PSF)

JUNE

SPECTRUM MEDICAL COMMONS



3367 S Mercy Rd, Gilbert, AZ
Size/Percent Leased: 43,355 SF / 100%
Sales Price: \$17.7 M (\$409 PSF)

CHANDLER HEIGHTS MARKETPLACE



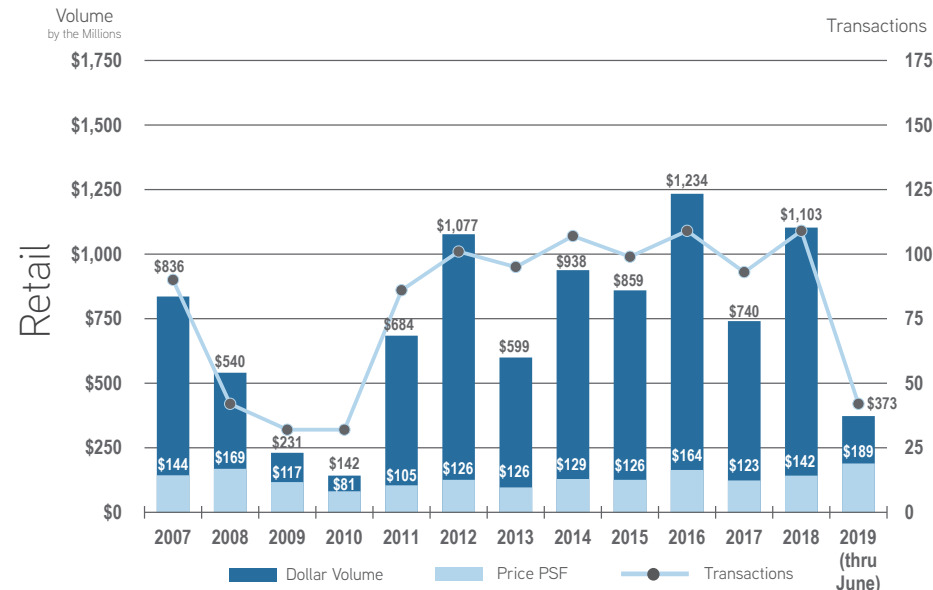
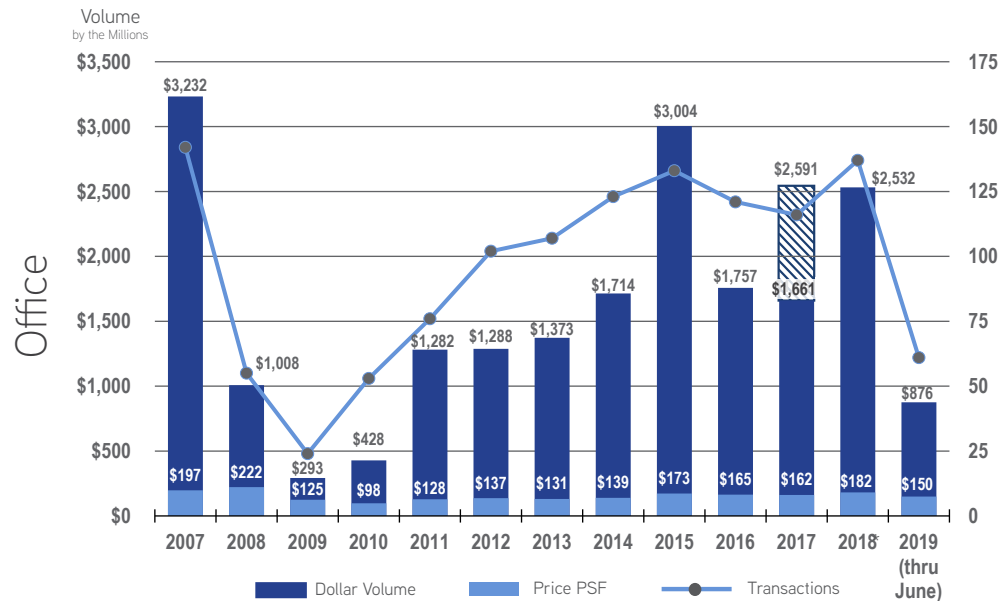
4850-4970 S Gilbert Rd, Chandler, AZ
Size/Percent Leased: 124,822 SF / 98%
Sales Price: \$30.8 M (\$247 PSF)

SOUTHBANK BUSINESS PARK

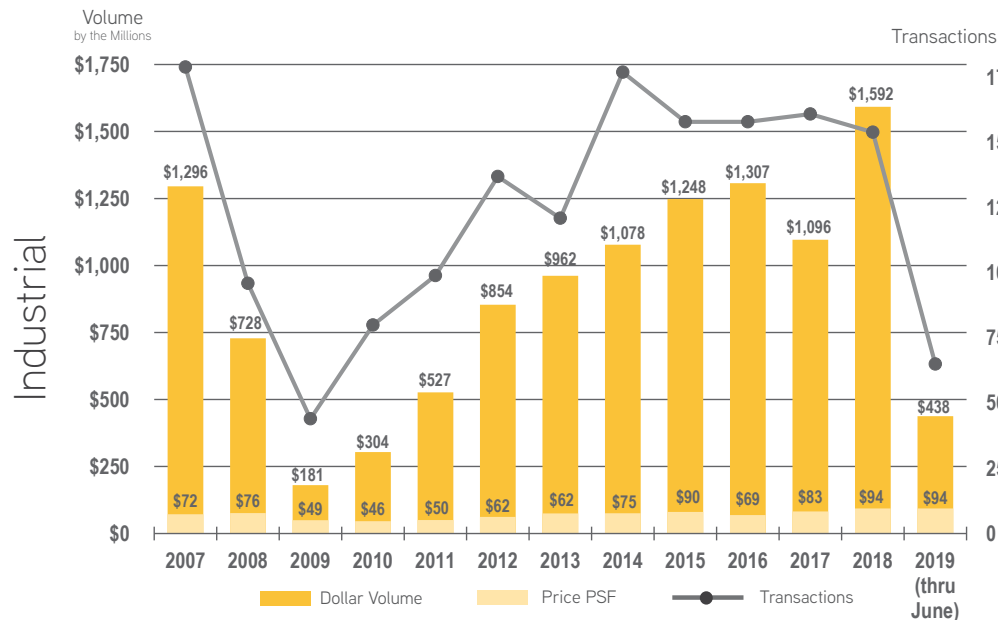


3201 E Harbour Dr, Phoenix, AZ
Size/Percent Leased: 121,731 SF / 100%
Sales Price: \$15.5 M (\$127 PSF)

Historical Volume vs. Avg PSF and Number of Transactions



* 2017 sales include State Farm @ Marina Heights which if included totals \$2,591 B; 117 sales; \$211 PSF and if excluded totals \$1,661 B; 116 sales; \$162 PSF



Trend Spotting

The Big Box Inventory is Nil

Big box vacancy was a huge story during 2007 to 2010, with Phoenix leading the nation in its inventory of more than 200 vacant retail buildings of 50,000 square feet and larger. What was a challenging moment quickly became an affordable opportunity during the market recovery for many cities, property owners and occupants to reshape the community. Today there are only 15 vacant retail buildings with contiguous space of 50,000 square feet and larger of which 11 were built more than 20 years ago. Many of these are obsolete. The absorption of these buildings has gone to other retailers, as well as indoor play facilities, fitness centers, charter schools, call centers, worship centers, self-storage facilities; and have also been fully demolished to utilize the site for new development. As some retailers groom their portfolio and vacate big boxes in the future, this will create new opportunities.