



Industrial Market Report

COMMERCIAL PROPERTIES INCORPORATED

PHOENIX METRO YEAR END 2011

VACANCY
 DOWN to 13.5%
 NET ABSORPTION
 + 3,204,158 SF

CAP RATES
 DOWN - Averaging 7.69%

To view our available properties,
 please visit our Property Search
 page online:
www.cpi.az.com



2323 W. University Drive • Tempe, AZ 85281
 7025 N. Scottsdale Rd, Suite 220
 Scottsdale, AZ 85253
 (480)966-2301
www.cpi.az.com

TRANSACTIONS

Commercial Properties Incorporated (CPI), completed 252 Industrial transactions for a total of 1,155,409 square feet in fourth quarter. This brings CPI to 989 industrial transactions completed for a total of 4,185,095 square feet sold and leased for the year. The top Commercial Properties Incorporated industrial transactions for the year were, a 250,796 square foot sale to Prologis LP for \$9.1 million in Phoenix, AZ, and a 75,000 square foot sale to Hyatt Investments USA for \$3,722,300 in Mesa, AZ.

VACANCY RATE & ABSORPTION

The Phoenix Industrial market ended the fourth quarter with a vacancy rate of 13.5%. This is a decrease from the 14.4% in third quarter. The fourth quarter net absorption ended up at a positive 3,204,158 square feet compared to third quarter's net absorption previously reported at positive 1,329,467 square feet. The vacant sublease space in the Phoenix market ended the quarter at 1,360,100 square feet. This is down from last quarter which was reported at 1,368,133 square feet of vacant sublease space. The figures above include buildings that are owner occupied as well, which affects the actual vacancy numbers. Check with your CPI broker for an accurate representation of the vacancy rates in the submarket around your properties.

RENTAL RATES

The Industrial rental rates ended the fourth quarter at \$6.18 which is an increase of 0.2% over the \$6.17 average Industrial rental rates quoted for third quarter. The Flex rental rate average was \$10.81 with the average Warehouse rental rate coming in at \$5.43 for the end of fourth quarter.

CONSTRUCTION

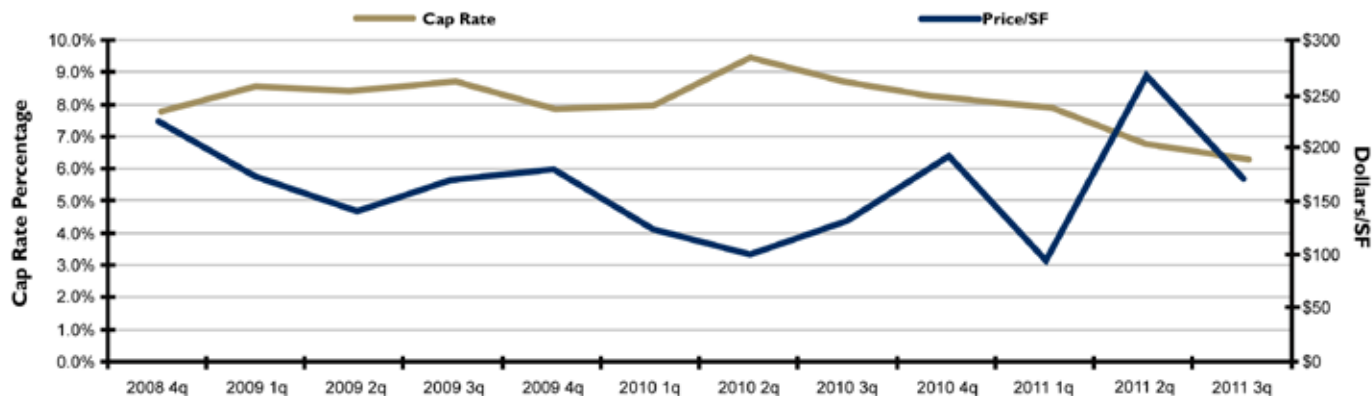
2,690,245 square feet were reported as still being under construction at the end of fourth quarter in the Industrial Sector compared to 3,570,596 square feet under construction in third quarter. Some of the biggest projects still under construction are Intel's 1,000,000 square foot expansion, and First Solar's 1,200,000 square foot building. Both are located in the East Valley and 100% pre-leased.

INVENTORY

At the end of fourth quarter, there was a total of 290,103,470 square feet of industrial inventory for Phoenix. This square footage is broken out into 9,719 buildings that make up the sector. Compared to third quarter, this is a decrease from the 291,163,028 square feet of total Industrial inventory.

The Optimist Sales Index

Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



Source: CoStar COMPS®

