



Retail Market Report

COMMERCIAL PROPERTIES INCORPORATED

**PHOENIX METRO
YEAR END 2011**

VACANCY
 DOWN to 12.1%
 NET ABSORPTION
 + 1,072,778 SF

CAP RATES
 UP - Averaging 8.50%

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 completed 21 Retail transactions for a total of 129,156 square feet in fourth quarter 2011. For the year, the Commercial Properties Retail team completed 108 transactions for a total of 453,023 square feet sold and leased. The top Commercial Properties Incorporated Retail transactions for the year were a 46,565 square foot sale to At Kinetic Kiowa Village AZ, LLC for \$3.1 million in Mesa, and a 71,193 square foot sale to Edkey, Inc., for \$1,192,500 in Phoenix.

VACANCY RATE

The Phoenix Retail market ended fourth quarter with a vacancy rate of 12.1%. The vacancy rate decreased from 12.4% reported in third quarter. The net absorption was positive 1,072,778 square feet at the end of fourth quarter, compared to the positive 288,887 square feet from third quarter. The General Retail sector, which is categorized as freestanding retail that is not in a center, reports a vacancy rate of 7.0% at the end of fourth quarter. The total sublease space has continued to increase in Phoenix as shown by the 490,861 square feet available at the end of fourth quarter 2010, in comparison to the 827,800 square feet of vacant sublease space currently available. 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

Average Retail rental rates ended the fourth quarter down at \$14.74 per square foot, from the previous \$15.06 per square foot quoted for third quarter. Fourth quarter shows a 2.1% decrease in the average Retail rental rates. Rates have continually declined in 2011 when you look back to fourth quarter 2010's average rental rate of \$16.18 per square foot.

CONSTRUCTION

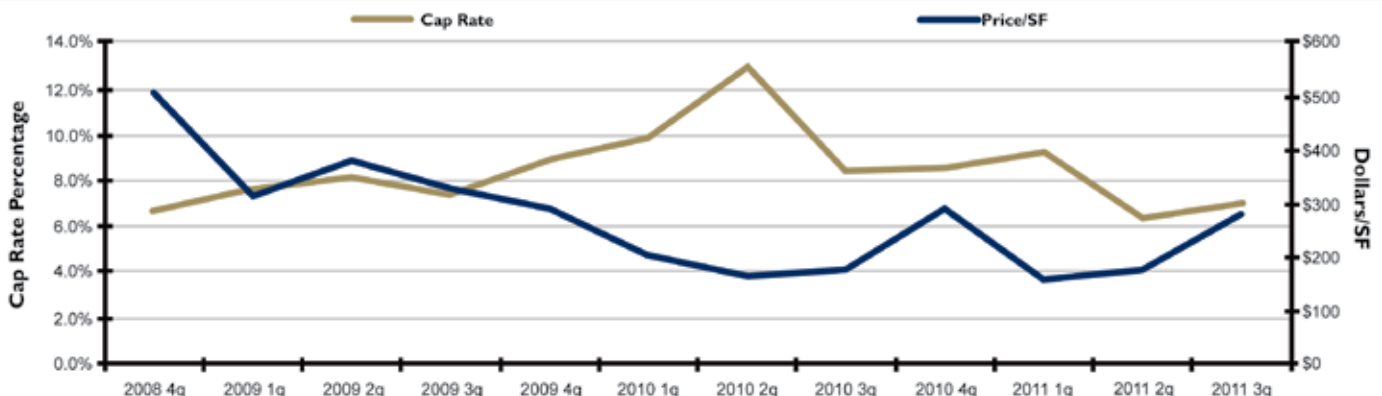
215,844 square feet were reported as still being under construction at the end of fourth quarter in the Retail sector compared to the 275,319 square feet that were under construction in third quarter 2011.

INVENTORY

The Phoenix Retail inventory consists of 11,708 buildings, and 1,912 centers that make up the 213,184,91 square feet of total retail inventory in Phoenix. Comparatively, this is an increase from third quarter's 212,985,775 total square feet which consisted of 11,393 buildings, and 1,904 centers.

The Optimist Sales Index

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



Source: CoStar COMPS

