



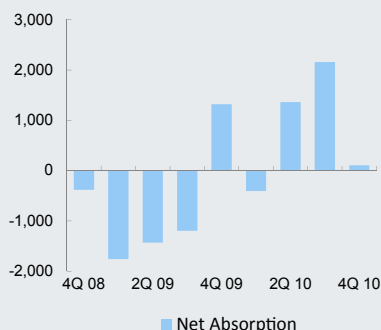
PHOENIX INDUSTRIAL

Economic Indicators

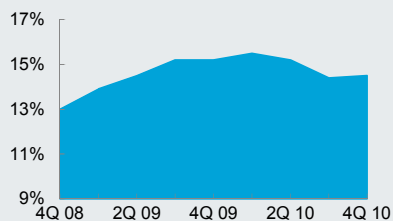
	Q4 10	Q4 09
Phx MSA Employment	1,703K	1,719K
Phx MSA Unemployment	8.8%	8.7%
U.S. Unemployment	9.6%	10.0%
U.S. CCI	52.5	53.6

Net Absorption

(In Thousands of SF)



Vacancy Rate



Market Tracker

*Arrows = Current Qtr Trend

▲ Vacancy
14.5%

▼ Net Absorption
(105,408) SF

◀ Deliveries
355,950 SF

▼ Asking Rent
\$0.50 NNN

Warehouse/Distribution Properties Outperform

Metropolitan Phoenix industrial net absorption finishes the year with another positive quarter. A total of 3,051,811 square feet of positive absorption occurred in industrial properties Valleywide during 2010. Market conditions appear to have become more favorable as compared to 2009's year-end negative net absorption of 2,777,775 square feet. Warehouse/distribution and general industrial properties collectively posted 3,571,021 square feet of positive absorption while incubator and R&D/flex properties experienced negative absorption of 519,210 square feet for the year. Overall vacancy increased 10 basis points from third quarter 2010 to finish the quarter, and the year, at 14.5 percent in part due to over 355,950 square feet of new construction coming on line. Grand Avenue and Southwest Phoenix submarkets posted the largest increases in net absorption; they collectively gained 289,935 square feet in the fourth quarter. Tempe and Deer Valley were the two submarkets with the largest declines in occupancy; they collectively lost 356,651 square feet during the fourth quarter.

A "flight to quality," or space upgrades from tenant's prior location continues to impact leasing activity within general industrial properties. Leasing in warehouse/distribution properties outpaced other asset classes due to Amazon occupying 1,207,021 square feet in the third quarter 2010. R&D/flex continues to slowly climb back from Honeywell's departure of its 545,329 square foot Deer Valley location in the first quarter of 2010. Incubator space suffered the largest loss for the quarter, negative 183,925 square feet but finished the year only down 47,097 square feet.

Forecast

- Net absorption is expected to be positive while asking rental rates remain flat in 2011.
- Large corporate users will drive the market in 2011 as they relocate, expand or move-up to industrial properties in Arizona.
- Arizona should continue to attract companies from out-of-state that are looking for cost effective West Coast operations.
- Local companies should continue to take advantage of lower costs to purchase or lease newer, larger properties.
- Vacancy rates should continue their decline in healthier submarkets during 2011.

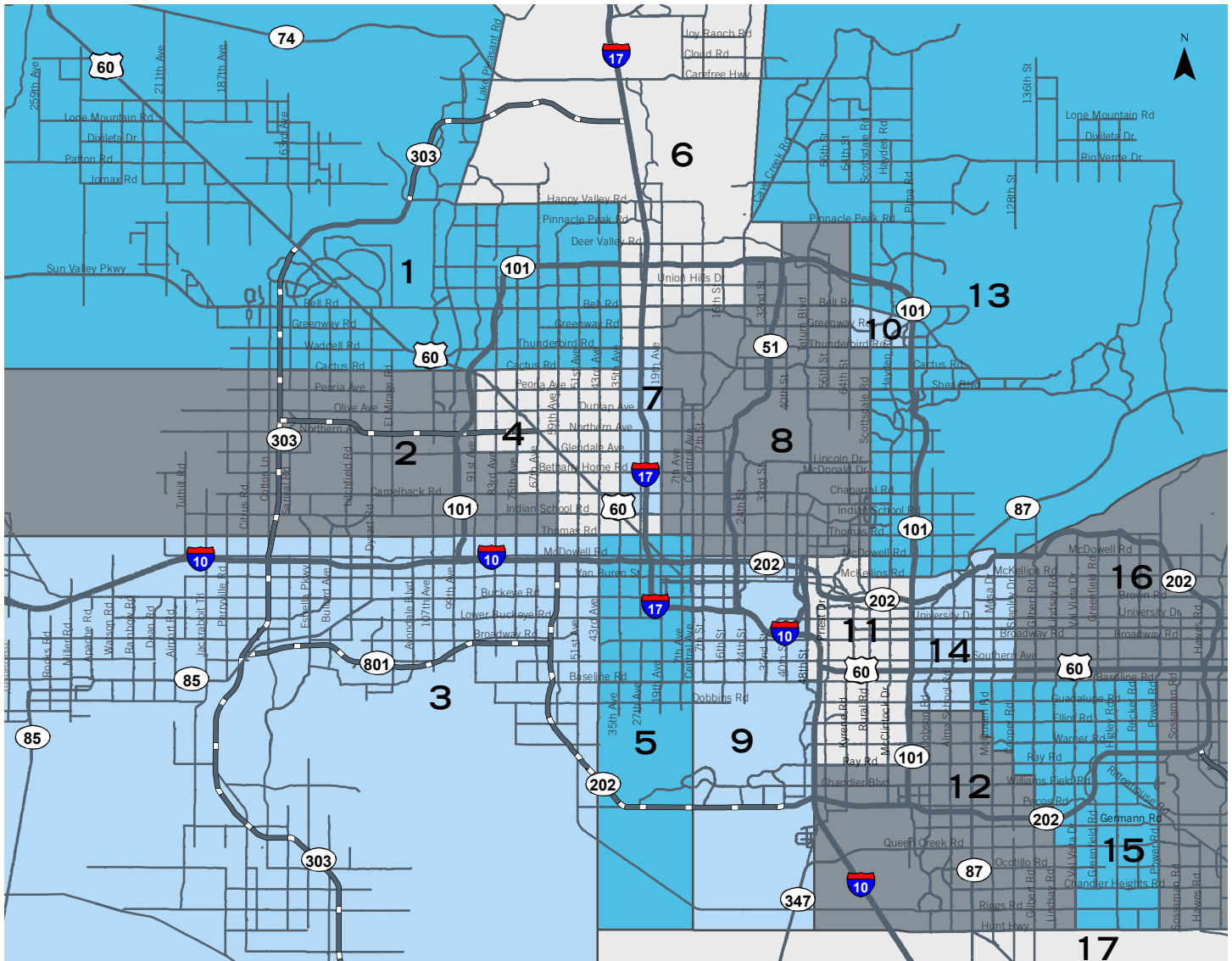
Cassidy Turley Industrial Market Snapshot

Phoenix • Fourth Quarter • 2010

	Total Bldgs.	Total Inventory	Sublet Vacant	Total Vacant	Vacancy Rate	Current Net Absorption	YTD Absorption	Under Construction	Weighted Avg. Asking Rent
BY SUBMARKET									
Black Canyon									
General Industrial	71	2,075,643	-	271,688	13.1%	5,758	(51,295)		\$0.51
Incubator	67	1,381,523	1,200	252,471	18.3%	31,870	1,344		\$0.51
R&D/Flex	12	595,581	17,600	144,384	24.2%	5,350	(82,801)		\$1.07
Warehouse/Distribution	26	704,826	-	41,705	5.9%	-	(14,307)		\$0.65
Central Phoenix									
General Industrial	49	1,840,013	-	230,716	12.5%	3,790	(1,490)		\$0.64
Incubator	10	159,539	-	30,004	18.8%	3,182	(4,474)		\$0.52
R&D/Flex	5	129,220	-	30,226	23.4%	-	(9,952)		\$0.65
Warehouse/Distribution	17	664,059	-	23,914	3.6%	-	42,719		\$0.56
Chandler									
General Industrial	173	10,760,789	-	1,396,754	13.0%	(21,417)	77,168		\$0.83
Incubator	42	1,365,582	-	212,231	15.5%	4,773	19,291		\$0.43
R&D/Flex	55	2,598,835	-	583,087	22.4%	65,266	214,196		\$0.99
Warehouse/Distribution	109	4,814,659	25,450	862,663	17.9%	3,393	(78,086)		\$0.57
Deer Valley									
General Industrial	198	6,869,694	17,421	723,753	10.5%	(81,972)	(62,162)		\$0.49
Incubator	70	1,630,542	-	231,096	14.2%	(655)	65,064		\$0.54
R&D/Flex	56	3,377,265	-	1,337,396	39.6%	(76,420)	(733,809)		\$0.96
Warehouse/Distribution	71	1,541,295	-	95,576	6.2%	(10,656)	64,816		\$0.58
East Mesa									
General Industrial	37	1,848,276	-	679,950	36.8%	(11,279)	40,629		\$0.57
Incubator	9	228,064	-	25,910	11.4%	-	(7,071)		\$0.56
R&D/Flex	18	747,423	4,334	168,916	22.6%	1,754	(68,448)		\$0.79
Warehouse/Distribution	36	1,206,172	-	217,666	18.0%	57,820	72,307		\$0.59
Gilbert									
General Industrial	51	1,559,248	85,000	252,004	16.2%	22,787	95,407		\$0.72
Incubator	41	1,278,914	-	164,109	12.8%	169	70,064		\$0.51
R&D/Flex	4	354,025	-	41,200	11.6%	-	(41,200)		\$0.75
Warehouse/Distribution	40	1,923,692	-	242,661	12.6%	5,554	34,102		\$0.44
Glendale									
General Industrial	13	406,651	-	84,382	20.8%	6,683	42,426		\$0.65
Incubator	8	186,837	-	46,500	24.9%	-	(21,410)		\$0.56
R&D/Flex	6	294,000	-	89,226	30.3%	(9,888)	11,229		\$0.69
Warehouse/Distribution	15	1,745,669	-	447,006	25.6%	-	76,356		\$0.29
Grand Ave									
General Industrial	262	7,714,693	-	689,385	8.9%	55,694	15,519		\$0.26
Incubator	126	2,888,091	-	435,690	15.1%	(41,991)	(44,831)		\$0.30
R&D/Flex	1	14,460	-	-	0.0%	-	3,000		-
Warehouse/Distribution	173	9,482,253	-	776,954	8.2%	104,060	142,202		\$0.21
North Glendale									
General Industrial	38	2,101,953	-	723,730	34.4%	65,818	210,383		\$0.60
Incubator	7	216,630	-	21,586	10.0%	1,180	9,575		\$0.48
R&D/Flex	3	74,924	-	-	0.0%	-	-		-
Warehouse/Distribution	18	466,587	-	140,649	30.1%	5,452	17,890		\$0.43
Scottsdale Airpark									
General Industrial	75	1,819,969	15,467	315,242	17.3%	11,076	7,365		\$0.74
Incubator	150	3,267,913	250	655,720	20.1%	(27,565)	(65,450)		\$0.80
R&D/Flex	33	995,450	-	101,379	10.2%	25,355	21,405	17,600	\$0.98
Warehouse/Distribution	62	1,313,665	16,924	204,383	15.6%	5,892	(35,445)		\$0.90
Scottsdale									
General Industrial	30	2,412,516	-	88,088	3.7%	66,933	135,406		\$0.78
Incubator	26	634,860	-	98,626	15.5%	394	27,487		\$0.84
R&D/Flex	29	1,136,021	133,047	209,694	18.5%	2,042	(65,684)		\$0.90
Warehouse/Distribution	20	359,851	-	56,690	15.8%	(5,480)	34,109		\$0.87
Sky Harbor Airport									
General Industrial	543	18,203,020	379,402	1,862,373	10.2%	(82,746)	(155,542)		\$0.40
Incubator	155	4,164,541	6,017	675,507	16.2%	(91,076)	(24,018)		\$0.45
R&D/Flex	110	6,402,635	15,920	886,228	13.8%	162,033	276,572		\$0.85
Warehouse/Distribution	338	15,848,693	13,256	1,963,577	12.4%	(105,490)	(390,757)		\$0.38
Southwest Phoenix									
General Industrial	190	10,131,118	20,677	2,094,252	20.7%	10,512	(38,835)		\$0.36
Incubator	27	1,731,283	-	188,222	10.9%	10,169	(55,027)		\$0.37
R&D/Flex	12	266,966	-	194,087	72.7%	-	-		\$1.07
Warehouse/Distribution	323	49,438,483	220,902	9,500,837	19.2%	151,491	3,162,425		\$0.31
Tempe									
General Industrial	364	14,705,303	33,580	1,308,336	8.9%	(164,073)	4,432		\$0.61
Incubator	308	7,526,091	90,632	1,340,629	17.8%	(71,824)	(125,358)		\$0.46
R&D/Flex	104	6,773,685	20,901	764,826	11.3%	(25,394)	(9,372)		\$1.09
Warehouse/Distribution	231	12,114,165	74,850	907,869	7.5%	74,343	374,178		\$0.40
West Central Phoenix									
General Industrial	408	12,121,099	81,160	1,006,239	8.3%	(72,930)	(92,271)		\$0.36
Incubator	76	2,088,305	-	287,143	13.8%	4,152	12,668		\$0.25
R&D/Flex	3	82,183	-	-	0.0%	11,075	-		-
Warehouse/Distribution	260	13,178,480	24,500	1,275,640	9.7%	(63,693)	(174,389)		\$0.29
West Mesa									
General Industrial	70	2,549,725	8,738	478,750	18.8%	11,585	(59,675)		\$0.61
Incubator	85	2,026,215	-	321,706	15.9%	(6,703)	82,449		\$0.43
R&D/Flex	6	119,135	-	46,200	38.8%	7,015	12,751		\$0.61
Warehouse/Distribution	78	2,715,366	108,000	636,600	23.4%	(30,552)	(544)		\$0.44
Grand Total	6086	272,869,267	1,425,528	39,570,930	14.5%	105,408	3,051,811	17,600	\$0.50

Cassidy Turley Industrial Market Snapshot

Phoenix • Fourth Quarter • 2010



- 1 North Glendale
- 2 Glendale
- 3 Southwest Phoenix
- 4 Grand Avenue
- 5 West Central Phoenix
- 6 Deer Valley

- 7 Black Canyon
- 8 Central Phoenix
- 9 Sky Harbor Airport
- 10 Scottsdale Airpark
- 11 Tempe
- 12 Chandler

- 13 Scottsdale
- 14 West Mesa
- 15 Gilbert
- 16 East Mesa
- 17 Pinal

Industrial Terms And Definitions

Inventory: Industrial inventory includes all multi-tenant, single tenant and owner occupied buildings at least 10,000 square feet.

Industrial Buildings Classifications: Industrial buildings are categorized as warehouse/distribution, general industrial, R&D/flex and incubator based on their physical characteristics including percent office build-out, clear height, typical bay depth, typical suite size, type of loading and typical uses.

Vacancy and Availability: The vacancy rate is the amount of physically vacant space divided by the

inventory and includes direct and sublease vacant. The availability rate is the amount of space available for lease divided by the inventory.

Net Absorption: The net change in physically occupied space over a period of time.

Asking Rent: The dollar amount asked by landlords for available space expressed in dollars per square foot per year in most parts of the country, and dollars per square foot per month in areas of California and selected other markets. Industrial rents are expressed as triple net where all costs including, but not limited to, real estate taxes, insurance and

common area maintenance are borne by the tenant on a pro rata basis. The asking rent for each building in the market is weighed by the amount of available space in the building.

** Cassidy Turley BRE Commercial statistics are audited annually and may result in revisions to previously reported quarterly and final year-end figures.*

Cassidy Turley Industrial Market Snapshot

Phoenix • Fourth Quarter • 2010

	Total Bldgs.	Inventory	Sublet Vacant	Total Vacant	Vacancy Rate	Current Net Absorption	YTD Net Absorption	Under Construction	Weighted Average Asking Rent		
									WH	GI	R&D
BY SUBMARKET											
Black Canyon	176	4,757,573	18,800	710,248	14.9%	42,978	(147,059)		\$0.65	\$0.51	\$1.07
Central Phoenix	81	2,792,831	-	314,860	11.3%	6,972	26,803		\$0.56	\$0.64	\$0.65
Chandler	379	19,539,865	25,450	3,054,735	15.6%	52,015	232,569		\$0.57	\$0.83	\$0.99
Deer Valley	395	13,418,796	17,421	2,387,821	17.8%	(169,703)	(666,091)		\$0.58	\$0.49	\$0.96
East Mesa	100	4,029,935	4,334	1,092,442	27.1%	48,295	37,417		\$0.59	\$0.57	\$0.79
Gilbert	136	5,115,879	85,000	699,974	13.7%	28,510	158,373		\$0.44	\$0.72	\$0.75
Glendale	42	2,633,157	-	667,114	25.3%	(3,205)	108,601		\$0.29	\$0.65	\$0.69
Grand Ave	562	20,099,497	-	1,902,029	9.5%	117,763	115,890		\$0.21	\$0.26	-
N Glendale	66	2,860,094	-	885,965	31.0%	72,450	237,848		\$0.43	\$0.60	-
Pinal	33	3,494,904	10,300	386,899	11.1%	102,792	88,580		\$0.32	\$0.36	-
Scottsdale Airpark	320	7,396,997	32,641	1,276,724	17.3%	14,758	(72,125)	17,600	\$0.90	\$0.74	\$0.98
Scottsdale	105	4,543,248	133,047	453,098	10.0%	63,889	131,318		\$0.87	\$0.78	\$0.90
Sky Harbor Airport	1146	44,618,889	414,595	5,387,685	12.1%	(117,279)	(293,745)		\$0.38	\$0.40	\$0.85
Southwest Phoenix	552	61,567,850	241,579	11,977,398	19.5%	172,172	3,068,563		\$0.31	\$0.36	\$1.07
Tempe	1007	41,119,244	219,963	4,321,660	10.5%	(186,948)	243,880		\$0.40	\$0.61	\$1.09
West Central Phoenix	747	27,470,067	105,660	2,569,022	9.4%	(121,396)	(253,992)		\$0.29	\$0.36	-
West Mesa	239	7,410,441	116,738	1,483,256	20.0%	(18,655)	34,981		\$0.44	\$0.61	\$0.61
Totals	6086	272,869,267	1,425,528	39,570,930	14.5%	105,408	3,051,811	17,600	\$0.35	\$0.53	\$0.95

BY PRODUCT TYPE											
General Industrial	2591	98,113,480	651,745	12,271,573	12.5%	(75,261)	239,173				
Incubator	1212	30,834,500	98,099	4,998,550	16.2%	(183,925)	(47,097)				
R&D/Flex	457	23,961,808	191,802	4,596,849	19.2%	168,188	(472,113)	17,600			
Warehouse/Distribution	1826	119,959,479	483,882	17,703,958	14.8%	196,406	3,331,848				
Grand Total	6086	272,869,267	1,425,528	39,570,930	14.5%	105,408	3,051,811	17,600			

Asking rents converted to Triple Net

About Cassidy Turley

Cassidy Turley is a leading commercial real estate services provider with over 2,800 professionals in 60 offices nationwide. The firm completed transactions valued over \$13 billion in 2009, manages over 427 million square feet on behalf of private, institutional and corporate clients and supports over 25,000 domestic corporate services locations. Cassidy Turley serves owners, investors and occupiers with a full spectrum of integrated commercial real estate services—including capital markets, corporate services, project leasing, property management, project and development services, and tenant representation. Outside of North America, Cassidy Turley has served the international needs of its clients since 1985. In 2010, the firm enhanced its global service delivery through its partnership with GVA Grimley. The firm recently ranked in the Top 10 on the Lipsey Co.'s Commercial Real Estate Top Brands Survey, and was ranked #1 by Real Estate Alert for Office Sales in 3 of the Top 6 Markets. Please visit www.cassidyturley.com for more information about the company.

Cassidy Turley BRE Commercial
2375 E. Camelback Road, Suite 300
Phoenix, AZ, 85016
ph: 602.954.9000 | f: 602.468.8588
www.brephoenix.com

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Prepared by:

Chris Jantz
Vice President Research
602.224.4485
cjantz@brephoenix.com

Ambri Bizek
Research Analyst
602.468.8542
abizek@brephoenix.com

Zach Aulick
Senior Research Analyst
602.468.8521
zaulick@brephoenix.com

Bobby Szeto
Research Analyst
602.468.8583
bszeto@brephoenix.com

Jerad Silver
Research Analyst
602.468.8571
jsilver@brephoenix.com