



### Featured Listings



**Property:** Diablo Business Center | Phoenix, Arizona  
**Size/Type:** 4 Industrial Buildings Available Now!  $\pm 42,266$  SF (Divisible)  
**Available:** FOR SALE OR LEASE



**Property:** Fairmont Corporate Center | Tempe, Arizona  
**Size/Type:**  $\pm 80,000$  SF Back Office Building (Divisible SF)  
**Available:**  $\pm 27,288$  SF AVAILABLE FOR LEASE



**Property:** Eastpoint Business Center | Chandler, Arizona  
**Size/Type:**  $\pm 20,000$  SF (Divisible) Industrial Building  
**Available:** FOR LEASE



**Property:** Canal Crossing Business Park | Phoenix, Arizona  
**Size/Type:** 3 Buildings Available Now!  $\pm 12,617$  SF,  $\pm 16,461$  SF,  $\pm 21,541$  SF  
**Available:** FOR SALE OR LEASE



**Property:** Red Mountain Business Center | Mesa, Arizona  
**Size/Type:**  $\pm 67,397$  SF (Divisible) Industrial Building  
**Available:** FOR SALE OR LEASE



**Property:** 7754 E Velocity Way | Mesa, Arizona  
**Size/Type:**  $\pm 48,000$  SF (Divisible) Industrial Building  
**Available:** FOR LEASE

### 3rd Quarter 2009 Overview

#### Vacancy

Occupancy levels continued to decline as overall vacancy increased 70 basis points since last quarter and has doubled since 2006. Over 6 million square feet of vacant space has surfaced this year, however, only 1.5 million square feet of new construction delivered. Of the new space added so far in 2009 roughly half is vacant today. The Southwest submarket holds the largest share of vacant space accounting for roughly 31 percent of the market total with almost 13 million square feet. Sky Harbor Airport is the next largest contributor with 5 million square feet vacant. The expansion cycle which began in 2006 has added nearly 30 million square feet to the inventory. The few remaining construction projects are expected to be fully complete by the end of next year, marking the end of a huge construction boom.

#### Absorption

Year-to-date net absorption fell to negative 4.2 million square feet, far exceeding the prior year loss of roughly 2 million square feet. Seven of the last eight quarters posted a loss in net absorption, the largest of which occurred in 1Q2009. Unless market conditions rapidly improve, 2009 will mark the greatest decline in occupied space in Phoenix history. The excess supply situation could potentially take six years to correct based on an 18 year historical average of net absorption figures.

#### Rental Rates

With the abundance of inventory and near record vacancies, asking rental rates will continue to soften. Based on the previous market conditions, asking rental rates are not projected to increase until the overall vacancy rate falls below about nine percent. The existing downward pressure on rents will be further enhanced in the coming months if distressed properties begin to trade. The reset pricing of these buildings will allow even greater leasing discounts and concessions. Distressed properties in many cases will have large amounts of versatile space, new tenant improvements and the capacity to undercut already low market rental rates. As distressed asset sales gain momentum most leasing activity is expected to occur in these assets. Budget minded tenants are seeking the lowest cost option especially when this option will have high quality space.

#### Short-Term Forecast

Net absorption is expected to be negative this year setting a new record loss. Expect asking rents to continue downward even further if distressed assets trade. Vacancy is likely to set a new record by year-end 2009.

For further information on the full spectrum of our Corporate Real Estate Solutions, please contact:

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## Recent Transactions



**Property:** BROADWAY 101 COMMERCE PARK | Mesa, Arizona  
**Size:** ±97,554 SF  
**Lessee:** PCT INTERNATIONAL, INC.  
**Lessor:** Lincoln Property  
**Total Consideration:** \$8,072,000



**Property:** 1425 SOUTH CLARK DRIVE | Tempe, Arizona  
**Size:** ±24,941 SF  
**Seller:** Gorilla Companies, LLC  
**Buyer:** Tempe Fire Department  
**Total Consideration:** \$3,040,000

## Industrial Properties For Sale and Lease

Broadway 101 Commerce Park Phase I & II	800,000 SF
Yourland - 16th Street & Buckeye Road - Planned	450,000 SF
Canal Crossing Business Park - Planned and Existing	234,261 SF
AZ 202 Commerce Park - Planned	210,000 SF
Power Industrial Center - Planned	191,000 SF
Kyrene Commerce Center - Total Project	159,461 SF
225 S. Dobson Road	152,408 SF
Chandler Tech Center - Total Project	126,234 SF
5107 N. 51st Avenue	112,727 SF
Ocotillo Business Park	101,055 SF
1550 W Battaglia Road (Eloy, AZ)	85,200 SF
Eastpoint Business Center	77,225 SF
4030 E. Quenton - Falcon Crest	72,000 SF
Tempe Commerce Center - Total Project	66,497 SF
AERO - 7665 E. Velocity Way	59,000 SF
4137 W Adams Street	56,817 SF
7754 East Velocity Way	48,000 SF
Eagle Jet Center - 5030 E. Falcon Drive	35,000 SF
7408-7424 S Atwood	29,726 SF
3011 S. 52nd Street / Fairmont Corporate Center	27,322 SF
2501 W. Grandview Road	18,000 SF
2330 N. 31st Avenue	15,400 SF

## Industrial Land Available for Sale or Lease

First Mesa Commerce Center	254 Acres
Falcon Field - Citrus Groves	63 Acres
AERO - A Reliance Business Community	52 Acres
SSWC Pecos & Sossaman	50 Acres
Power Industrial Center	42 Acres
NNEC Hawes & Warner	40 Acres
SEC Pecos Road & Power Road	37 Acres
ESEC Pecos & Sossaman	30 Acres
SWC 79th Avenue & Buckeye Road	18 Acres
Arizona 202 Commerce Center	15 Acres
WSWC 32nd Street & Canal Avenue	10 Acres
Elliot & Washington	4 Acres
NWC 17th Avenue & Bell Road	2.5 Acres
5404 E Southern	1.2 Acres

## Metro Phoenix Industrial 3rd Quarter 2009

By Submarket (All Property Types)	Total SF(1)	Vacant SF(2)	Vacant %	Net Absorption		Under Construction(3)	Asking Rents	
				Current Qtr.	Year-to-date		WH/Dist	R&D/Flex
Black Canyon	4,766,773	582,432	12.2%	(140,674)	(69,218)	-	0.96	1.37
Central Phoenix	2,792,831	306,107	11.0%	(45,827)	(58,523)	-	0.53	0.91
Chandler	19,469,865	3,238,336	16.6%	3,181	227,005	-	0.75	1.06
Deer Valley	13,550,761	1,825,392	13.5%	(166,030)	(254,750)	-	0.66	1.06
East Mesa	4,029,935	1,137,550	28.2%	(2,039)	(42,789)	-	0.69	0.78
Gilbert	5,178,048	885,277	17.1%	(75,114)	(306,284)	-	0.47	1.00
Glendale	2,633,157	1,393,163	52.9%	(3,024)	(59,442)	-	0.30	0.94
Grand Ave	20,111,497	1,947,719	9.7%	(155,707)	(637,120)	-	0.21	0.33
N Glendale	2,860,094	1,099,578	38.4%	(416)	(43,127)	86,696	0.35	-
Pinal	3,596,114	543,995	15.1%	(20,727)	(114,572)	-	0.32	-
Scottsdale	4,543,248	599,747	13.2%	(28,979)	(251,838)	-	1.02	1.03
Scottsdale Airport	7,435,097	1,218,401	16.4%	(51,103)	(277,766)	-	0.93	1.08
Sky Harbor Airport	44,560,087	5,205,662	11.7%	(268,850)	(1,196,610)	-	0.43	0.96
Southwest Phoenix	58,874,392	12,838,914	21.8%	(191,064)	(204,312)	2,193,401	0.36	1.10
Tempe	41,267,460	4,331,730	10.5%	77,634	(145,625)	-	0.48	1.14
West Central Phoenix	27,598,881	2,336,482	8.5%	(137,713)	(524,095)	-	0.36	-
West Mesa	7,410,441	1,624,831	21.9%	12,592	(267,743)	-	0.53	0.81
<b>Totals</b>	<b>270,678,681</b>	<b>41,115,316</b>	<b>15.2%</b>	<b>(1,193,860)</b>	<b>(4,226,809)</b>	<b>2,280,097</b>	<b>0.40</b>	<b>1.05</b>