

# The CoStar Office Report

Year-End 2014

## Phoenix Office Market



## Table of Contents

Table of Contents . . . . .	<b>A</b>
Methodology . . . . .	<b>B</b>
Terms & Definitions . . . . .	<b>C</b>
Market Highlights & Overview . . . . .	<b>1</b>
CoStar Markets & Submarkets . . . . .	<b>4</b>
Inventory & Development Analysis . . . . .	<b>5</b>
Inventory & Development Analysis	
Select Top Deliveries	
Select Top Under Construction Properties	
Figures at a Glance . . . . .	<b>9</b>
Figures at a Glance by Class & Market	
Figures at a Glance by Class & Submarket	
Figures at a Glance Grouped by CBD vs Suburban	
Historical Figures at a Glance	
Leasing Activity Analysis . . . . .	<b>16</b>
Select Top Lease Transactions	
Sales Activity Analysis . . . . .	<b>18</b>
Sales Activity Analysis	
Select Top Sales Transactions	
Analysis of Individual CoStar Submarket Clusters . . . . .	<b>20</b>
Airport Area Market	
Central Corridor Market	
East Phoenix Market	
East Valley Market	
North Phoenix Market	
Northwest Phoenix Market	
Scottsdale Market	
West Phoenix Market	

## Methodology

The CoStar Office Report, unless specifically stated otherwise, calculates office statistics using CoStar Group's entire database of existing and under construction office buildings in each metropolitan area. Included are office, office condominium, office loft, office medical, all classes and all sizes, and both multi-tenant and single-tenant buildings, including owner-occupied buildings. CoStar Group's national database includes approximately 80.7 billion square feet of coverage in 3.5 million properties. All rental rates reported in the CoStar Office Report have been converted to a Full Service equivalent rental rate.

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## Terms & Definitions

**Availability Rate:** The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

**Available Space:** The total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

**Build-to-Suit:** A term describing a particular property, developed specifically for a certain tenant to occupy, with structural features, systems, or improvement work designed specifically for the needs of that tenant. A build-to-suit can be leased or owned by the tenant. In a leased build-to-suit, a tenant will usually have a long term lease on the space.

**Buyer:** The individual, group, company, or entity that has purchased a commercial real estate asset.

**Cap Rate:** Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

**CBD:** Abbreviation for Central Business District. (See also: Central Business District)

**Central Business District:** The designations of Central Business District (CBD) and Suburban refer to a particular geographic area within a metropolitan statistical area (MSA) describing the level of real estate development found there. The CBD is characterized by a high density, well organized core within the largest city of a given MSA.

**Class A:** A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality, and in some buildings, one-of-a-kind floor plans. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.

**Class B:** A classification used to describe buildings that generally qualify as a more speculative investment, and as such, command lower rents or sale prices compared to Class A properties. Such buildings offer utilitarian space without special attractions, and have ordinary design, if new or fairly new; good to excellent design if an older non-landmark building. These buildings typically have average to good maintenance, management and tenants. They are less appealing to tenants than Class A properties, and may be deficient in a number of respects including floor plans, condition and facilities. They lack prestige and must depend chiefly on a lower price to attract tenants and investors.

**Class C:** A classification used to describe buildings that generally qualify as no-frills, older buildings that offer basic space and command lower rents or sale prices compared to other buildings in the same market. Such buildings typically have below-average maintenance and management, and could have mixed or low tenant prestige, inferior elevators, and/or mechanical/electrical systems. These buildings lack prestige and must depend chiefly on a lower price to attract tenants and investors.

**Construction Starts:** Buildings that began construction during a specific period of time. (See also: Deliveries)

**Contiguous Blocks of Space:** Space within a building that is, or is able to be joined together into a single contiguous space.

**Deliveries:** Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certi-

cate of occupancy must have been issued for the property.

**Delivery Date:** The date a building completes construction and receives a certificate of occupancy.

**Developer:** The company, entity or individual that transforms raw land to improved property by use of labor, capital and entrepreneurial efforts.

**Direct Space:** Space that is being offered for lease directly from the landlord or owner of a building, as opposed to space being offered in a building by another tenant (or broker of a tenant) trying to sublet a space that has already been leased.

**Existing Inventory:** The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

**Flex Building:** A type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. A typical flex building will be one or two stories with at least half of the rentable area being used as office space, have ceiling heights of 16 feet or less, and have some type of drive-in door, even though the door may be glassed in or sealed off.

**Full Service Rental Rate:** Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

**Gross Absorption:** The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing Activity, which is the sum of all space leased over a certain period of time. Unless otherwise noted Gross Absorption includes direct and sublease space.

**Growth in Inventory:** The change in size of the existing square footage in a given area over a given period of time, generally due to the construction of new buildings.

**Industrial Building:** A type of building adapted for such uses as the assemblage, processing, and/or manufacturing of products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities. The primary purpose of the space is for storing, producing, assembling, or distributing product.

**Landlord Rep:** (Landlord Representative) In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the owner/landlord is referred to as the Landlord Rep.

**Leased Space:** All the space that has a financial lease obligation. It includes all leased space, regardless of whether the space is currently occupied by a tenant. Leased space also includes space being offered for sublease.

**Leasing Activity:** The volume of square footage that is committed to and signed under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity in planned, under construction, or under renovation buildings.

**Market:** Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building-type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets. (See also: Submarkets)

**Multi-Tenant:** Buildings that house more than one tenant at a given time. Usually, multi-tenant buildings were designed and built to accommodate many different floor plans and designs for different

tenant needs. (See also: Tenancy).

**Net Absorption:** The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

**Net Rental Rate:** A rental rate that excludes certain expenses that a tenant could incur in occupying office space. Such expenses are expected to be paid directly by the tenant and may include janitorial costs, electricity, utilities, taxes, insurance and other related costs.

**New Space:** Sometimes called first generation space, refers to space that has never been occupied and/or leased by a tenant.

**Occupied Space:** Space that is physically occupied by a tenant. It does not include leased space that is not currently occupied by a tenant.

**Office Building:** A type of commercial building used exclusively or primarily for office use (business), as opposed to manufacturing, warehousing, or other uses. Office buildings may sometimes have other associated uses within part of the building, i.e., retail sales, financial, or restaurant, usually on the ground floor.

**Owner:** The company, entity, or individual that holds title on a given building or property.

**Planned/Proposed:** The status of a building that has been announced for future development but not yet started construction.

**Preleased Space:** The amount of space in a building that has been leased prior to its construction completion date, or certificate of occupancy date.

**Price/SF:** Calculated by dividing the price of a building (either sales price or asking sales price) by the Rentable Building Area (RBA).

**Property Manager:** The company and/or person responsible for the day-to-day operations of a building, such as cleaning, trash removal, etc. The property manager also makes sure that the various systems within the building, such as the elevators, HVAC, and electrical systems, are functioning properly.

**Quoted Rental Rate:** The asking rate per square foot for a particular building or unit of space by a broker or property owner. Quoted rental rates may differ from the actual rates paid by tenants following the negotiation of all terms and conditions in a specific lease.

**RBA:** Abbreviation for Rentable Building Area. (See also: Rentable Building Area)

**Region:** Core areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are further divided into market areas, called Markets. (See also: Markets)

**Relet Space:** Sometimes called second generation or direct space, refers to existing space that has previously been occupied by another tenant.

**Rentable Building Area:** (RBA) The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant's rental obligation. Generally RBA includes a percentage of common areas including all hallways, main lobbies, bathrooms, and telephone closets.

**Rental Rates:** The annual costs of occupancy for a particular space quoted on a per square foot basis.

**Sales Price:** The total dollar amount paid for a particular property at a particular point in time.

**Sales Volume:** The sum of sales prices for a given group of buildings in a given time period.

**Seller:** The individual, group, company, or entity that sells a particular commercial real estate asset.

**SF:** Abbreviation for Square Feet.

**Single-Tenant:** Buildings that are occupied, or intended to be occupied by a single tenant. (See also: Build-to-suit and Tenancy)

**Sublease Space:** Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

**Submarkets:** Specific geographic boundaries that serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted primary competitive set, or peer group. Submarkets are building type specific (office, industrial, retail, etc.), with distinct boundaries dependent on different factors relevant to each building type. Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within (See also: Market).

**Suburban:** The Suburban and Central Business District (CBD) designations refer to a particular geographic area within a metropolitan statistical area (MSA). Suburban is defined as including all office inventory not located in the CBD. (See also: CBD)

**Tenancy:** A term used to indicate whether or not a building is occupied by multiple tenants (See also: Multi-tenant) or a single tenant. (See also: Single-tenant)

**Tenant Rep:** Tenant Rep stands for Tenant Representative. In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the tenant is referred to as a Tenant Rep.

**Time On Market:** A measure of how long a currently available space has been marketed for lease, regardless of whether it is vacant or occupied.

**Under Construction:** Buildings in a state of construction, up until they receive their certificate of occupancy. In order for CoStar to consider a building under construction, the site must have a concrete foundation in place. Abbreviated UC.

**Vacancy Rate:** A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

**Vacant Space:** Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done, would also be considered vacant space.

**Weighted Average Rental Rate:** Rental rates that are calculated by factoring in, or weighting, the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spaces, multiplying the rental rate by that ratio, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces.

**Year Built:** The year in which a building completed construction and was issued a certificate of occupancy.

**YTD:** Abbreviation for Year-to-Date. Describes statistics that are cumulative from the beginning of a calendar year through whatever time period is being studied.

## Phoenix's Vacancy Decreases to 16.9%

### Net Absorption Positive 1,199,018 SF in the Quarter

The Phoenix Office market ended the fourth quarter 2014 with a vacancy rate of 16.9%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 1,199,018 square feet in the fourth quarter. Vacant sublease space decreased in the quarter, ending the quarter at 664,578 square feet. Rental rates ended the fourth quarter at \$21.19, an increase over the previous quarter. A total of four buildings delivered to the market in the quarter totaling 354,798 square feet, with 2,898,337 square feet still under construction at the end of the quarter.

#### Absorption

Net absorption for the overall Phoenix office market was positive 1,199,018 square feet in the fourth quarter 2014. That compares to positive 638,959 square feet in the third quarter 2014, positive 248,004 square feet in the second quarter 2014, and positive 850,113 square feet in the first quarter 2014.

The Class-A office market recorded net absorption of positive 606,758 square feet in the fourth quarter 2014, compared to positive 397,373 square feet in the third quarter 2014, positive 67,247 in the second quarter 2014, and positive 386,067 in the first quarter 2014.

The Class-B office market recorded net absorption of positive 545,168 square feet in the fourth quarter 2014, compared to positive 253,013 square feet in the third quarter 2014, positive 60,555 in the second quarter 2014, and positive 437,671 in the first quarter 2014.

The Class-C office market recorded net absorption of positive 47,092 square feet in the fourth quarter 2014 compared to negative (11,427) square feet in the third quarter 2014, positive 120,202 in the second quarter 2014, and positive 26,375

in the first quarter 2014.

Net absorption for Phoenix's central business district was positive 60,991 square feet in the fourth quarter 2014. That compares to negative (41,593) square feet in the third quarter 2014, negative (35,936) in the second quarter 2014, and positive 35,517 in the first quarter 2014.

Net absorption for the suburban markets was positive 1,138,027 square feet in the fourth quarter 2014. That compares to positive 680,552 square feet in third quarter 2014, positive 283,940 in the second quarter 2014, and positive 814,596 in the first quarter 2014.

#### Vacancy

The office vacancy rate in the Phoenix market area decreased to 16.9% at the end of the fourth quarter 2014. The vacancy rate was 17.5% at the end of the third quarter 2014, 17.6% at the end of the second quarter 2014, and 17.7% at the end of the first quarter 2014.

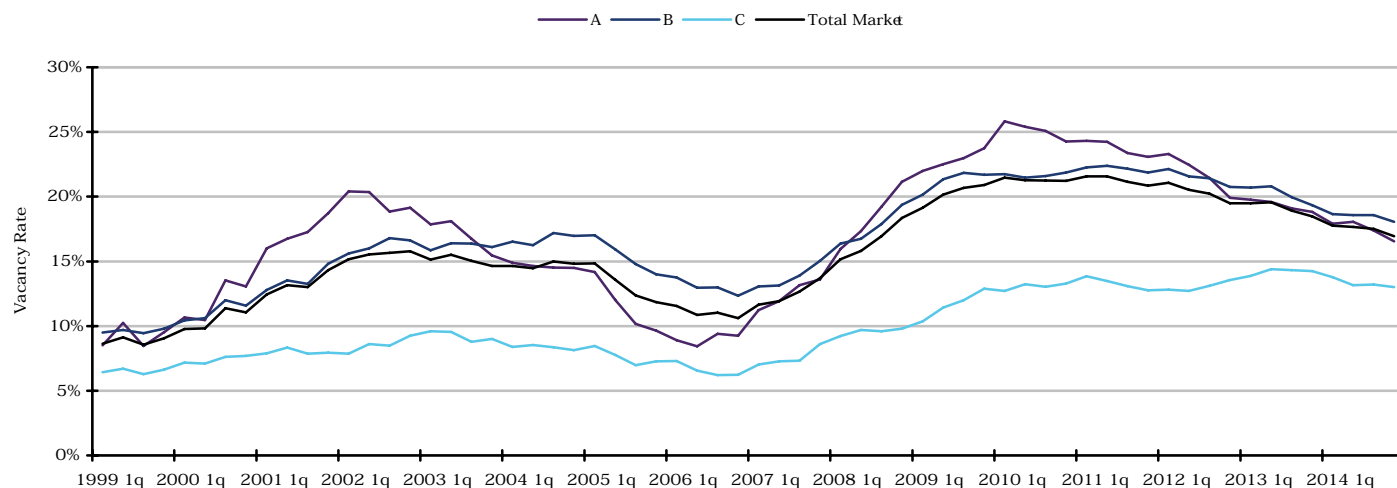
Class-A projects reported a vacancy rate of 16.6% at the end of the fourth quarter 2014, 17.4% at the end of the third quarter 2014, 18.1% at the end of the second quarter 2014, and 17.9% at the end of the first quarter 2014.

Class-B projects reported a vacancy rate of 18.1% at the end of the fourth quarter 2014, 18.6% at the end of the third quarter 2014, 18.6% at the end of the second quarter 2014, and 18.6% at the end of the first quarter 2014.

Class-C projects reported a vacancy rate of 13.0% at the end of the fourth quarter 2014, 13.2% at the end of third quarter 2014, 13.2% at the end of the second quarter 2014, and 13.8% at the end of the first quarter 2014.

The overall vacancy rate in Phoenix's central business dis-

### Vacancy Rates by Class 1999-2014



Source: CoStar Property®

trict at the end of the fourth quarter 2014 decreased to 19.2%. The vacancy rate was 19.5% at the end of the third quarter 2014, 19.3% at the end of the second quarter 2014, and 19.2% at the end of the first quarter 2014.

The vacancy rate in the suburban markets decreased to 16.6% in the fourth quarter 2014. The vacancy rate was 17.2% at the end of the third quarter 2014, 17.4% at the end of the second quarter 2014, and 17.5% at the end of the first quarter 2014.

### Largest Lease Signings

The largest lease signings occurring in 2014 included: the 200,000-square-foot lease signed by Wells Fargo Home Mortgage, Inc. at 1150 W Washington St in the East Phoenix market; the 170,647-square-foot deal signed by Verizon Wireless at 6955 W Morelos Pl in the Airport Area market; and the 110,000-square-foot lease signed by American Traffic Solutions at 1150 N Alma School Rd - Waypoint - Bldg A - Phase II in the East Valley market.

### Sublease Vacancy

The amount of vacant sublease space in the Phoenix market decreased to 664,578 square feet by the end of the fourth quarter 2014, from 737,974 square feet at the end of the third quarter 2014. There was 748,364 square feet vacant at the end of the second quarter 2014 and 772,103 square feet at the end of the first quarter 2014.

Phoenix's Class-A projects reported vacant sublease space of 318,573 square feet at the end of fourth quarter 2014, down from the 409,971 square feet reported at the end of the third quarter 2014. There were 413,390 square feet of sublease space vacant at the end of the second quarter 2014, and 435,593 square feet at the end of the first quarter 2014.

Class-B projects reported vacant sublease space of 334,628 square feet at the end of the fourth quarter 2014, up from the 287,742 square feet reported at the end of the third

quarter 2014. At the end of the second quarter 2014 there were 295,973 square feet, and at the end of the first quarter 2014 there were 297,966 square feet vacant.

Class-C projects reported decreased vacant sublease space from the third quarter 2014 to the fourth quarter 2014. Sublease vacancy went from 40,261 square feet to 11,377 square feet during that time. There were 39,001 square feet at the end of the second quarter 2014, and 38,544 square feet at the end of the first quarter 2014.

Sublease vacancy in Phoenix's central business district stood at 179,147 square feet at the end of the fourth quarter 2014. It was 179,147 square feet at the end of the third quarter 2014, 167,684 square feet at the end of the second quarter 2014, and 168,524 square feet at the end of the first quarter 2014.

Sublease vacancy in the suburban markets ended the fourth quarter 2014 at 485,431 square feet. At the end of the third quarter 2014 sublease vacancy was 558,827 square feet, was 580,680 square feet at the end of the second quarter 2014, and was 603,579 square feet at the end of the first quarter 2014.

### Rental Rates

The average quoted asking rental rate for available office space, all classes, was \$21.19 per square foot per year at the end of the fourth quarter 2014 in the Phoenix market area. This represented a 0.9% increase in quoted rental rates from the end of the third quarter 2014, when rents were reported at \$21.00 per square foot.

The average quoted rate within the Class-A sector was \$24.92 at the end of the fourth quarter 2014, while Class-B rates stood at \$20.21, and Class-C rates at \$15.48. At the end of the third quarter 2014, Class-A rates were \$24.85 per square foot, Class-B rates were \$19.94, and Class-C rates were \$15.24.

The average quoted asking rental rate in Phoenix's CBD was \$21.01 at the end of the fourth quarter 2014, and \$21.22 in the suburban markets. In the third quarter 2014, quoted rates were \$21.09 in the CBD and \$20.98 in the suburbs.

### Deliveries and Construction

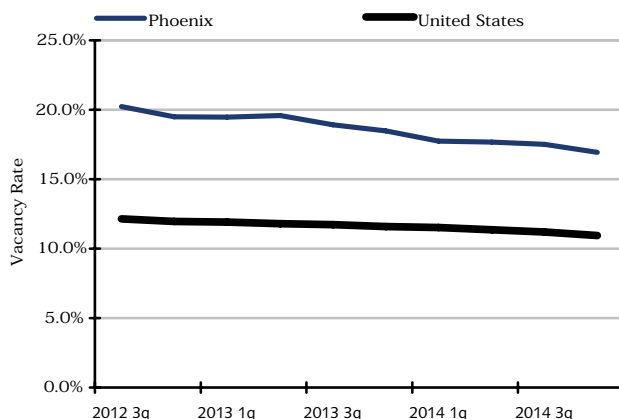
During the fourth quarter 2014, four buildings totaling 354,798 square feet were completed in the Phoenix market area. This compares to six buildings totaling 459,461 square feet that were completed in the third quarter 2014, two buildings totaling 160,622 square feet completed in the second quarter 2014, and 117,710 square feet in one building completed in the first quarter 2014.

There were 2,898,337 square feet of office space under construction at the end of the fourth quarter 2014.

Some of the notable 2014 deliveries include: 2800 W Geronimo Pl - GM Information Technology Innovation Center, a 170,000-square-foot facility that delivered in third quarter

## U.S. Vacancy Comparison

Past 10 Quarters



Source: CoStar Property®

## Phoenix Office Market

Overview

2014 and is now 100% occupied, and 1850 W Rio Salado Pkwy - Liberty Center at Rio Salado - Bldg I, a 154,081-square-foot building that delivered in fourth quarter 2014 and is now 49% occupied.

The largest projects underway at the end of fourth quarter 2014 were 300 E Rio Salado Pkwy - Marina Heights - Bldg B, a 600,000-square-foot building with 100% of its space pre-leased, and 300 E Rio Salado Pkwy - Marina Heights - Bldg D, a 415,000-square-foot facility that is 100% pre-leased.

### Inventory

Total office inventory in the Phoenix market area amounted to 161,679,479 square feet in 8,130 buildings as of the end of the fourth quarter 2014. The Class-A office sector consisted of 42,491,895 square feet in 260 projects. There were 4,483 Class-B buildings totaling 96,253,245 square feet, and the Class-C sector consisted of 22,934,339 square feet in 3,387 buildings. Within the Office market there were 892 owner-occupied buildings accounting for 15,821,301 square feet of office space.

### Sales Activity

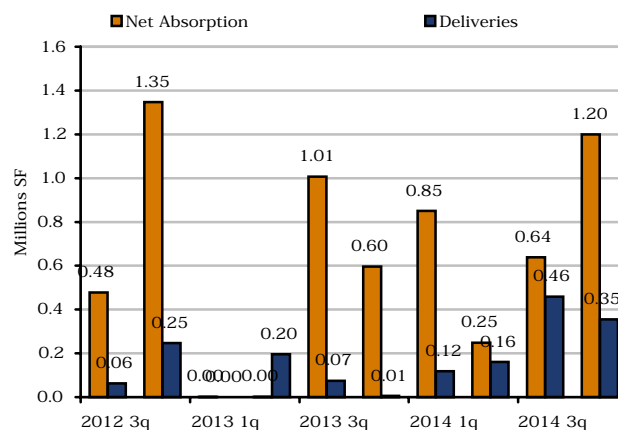
Tallying office building sales of 15,000 square feet or larger, Phoenix office sales figures fell during the third quarter 2014 in terms of dollar volume compared to the second quarter of 2014.

In the third quarter, 24 office transactions closed with a total volume of \$155,515,967. The 24 buildings totaled 1,625,031 square feet and the average price per square foot equated to \$95.70 per square foot. That compares to 28 transactions totaling \$351,093,240 in the second quarter 2014. The total square footage in the second quarter was 2,533,813 square feet for an average price per square foot of \$138.56.

Total office building sales activity in 2014 was up compared to 2013. In the first nine months of 2014, the market saw 80

## Absorption & Deliveries

Past 10 Quarters



Source: CoStar Property®

office sales transactions with a total volume of \$795,538,486. The price per square foot averaged \$126.12. In the same first nine months of 2013, the market posted 67 transactions with a total volume of \$688,830,393. The price per square foot averaged \$131.14.

Cap rates have been higher in 2014, averaging 7.85% compared to the same period in 2013 when they averaged 7.06%.

One of the largest transactions that has occurred within the last four quarters in the Phoenix market is the sale of Freeport-McMoRan Tower in Phoenix. This 249,012-square-foot office building sold for \$110,000,000, or \$441.75 per square foot. The property sold on 11/6/2014, at a 6.80% cap rate.

Reports compiled by: Adam Jarrett, CoStar Research Manager; Tom Summers, CoStar Research Manager.



## CoStar Submarket Clusters & Submarkets

In analyzing metropolitan areas, CoStar has developed geographic designations to help group properties together, called Markets, Submarket Clusters and Submarkets. Markets are the equivalent of metropolitan areas, or areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Markets are then divided into Submarket Clusters, which are core areas within a metropolitan area that are known to be competitive with each other in terms of attracting and keeping tenants. Markets are then further subdivided into smaller units called Submarkets, which serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted competitive set, or peer group.

Submarket Clusters	Submarkets
Airport Area	Airport Area South Tempe/Ahwatukee
Central Corridor	Downtown* Midtown*
East Phoenix	44th Street Corridor Camelback Corridor Midtown*/Central Phoenix
East Valley	Chandler Gateway Airport/Loop 202 Mesa Downtown* Mesa East Superstition Corridor Tempe
North Phoenix	N Phoenix/Cave Creek Paradise Valley Piestewa Peak Corridor
Northwest Phoenix	Arrowhead Deer Valley/Airport North I-17 Northwest Phoenix
Scottsdale	Central Scottsdale N Scottsdale/Carefree Scottsdale Airpark Scottsdale South
West Phoenix	Glendale Loop 303/Surprise Southwest Phoenix West I-10

\* Submarkets comprising the CBD. For statistics reference the CBD vs Suburban Figures at a Glance Page.

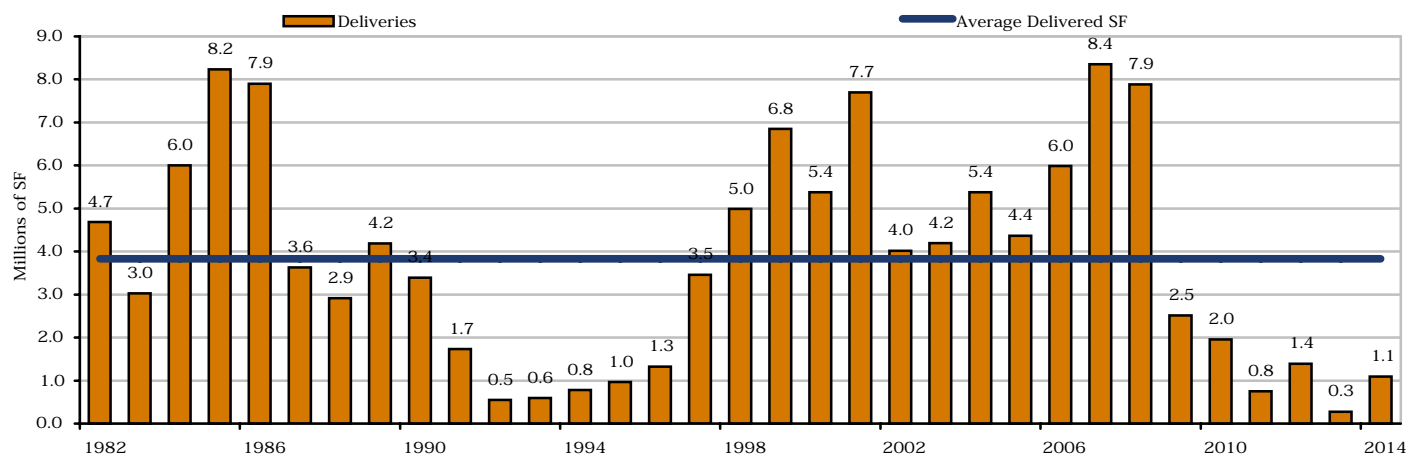
# Phoenix Office Market



Inventory & development

## Historical Deliveries

1982 - 2014



Source: CoStar Property® \* Future deliveries based on current under construction buildings.

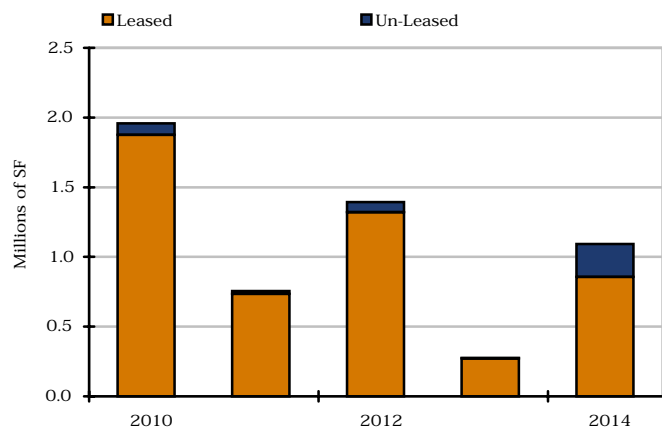
## CONSTRUCTION ACTIVITY Markets Ranked by Under Construction Square Footage

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
East Valley	14	2,436,221	1,586,967	65.1%	13,213	174,016
Airport Area	2	266,027	110,000	41.3%	34,025	133,013
Scottsdale	2	196,089	49,666	25.3%	20,213	98,044
West Phoenix	0	0	0	0.0%	14,839	0
Central Corridor	0	0	0	0.0%	40,248	0
North Phoenix	0	0	0	0.0%	17,621	0
Northwest Phoenix	0	0	0	0.0%	17,220	0
East Phoenix	0	0	0	0.0%	23,286	0

Source: CoStar Property®

## Recent Deliveries

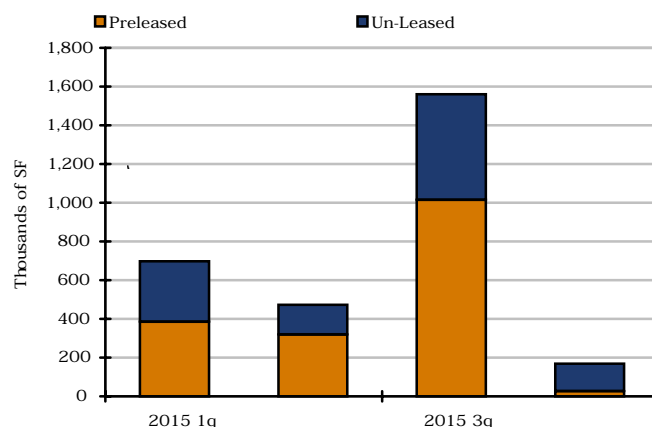
Leased & Un-Leased SF in Deliveries



Source: CoStar Property®

## Future Deliveries

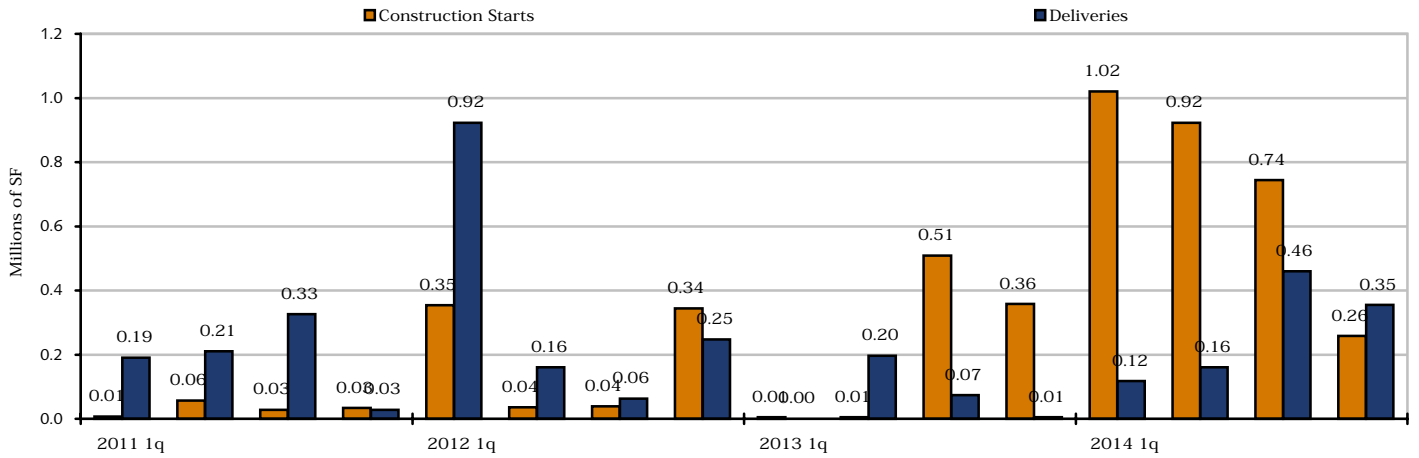
Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

## Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

## RECENT DELIVERIES BY PROJECT SIZE Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	5	85,916	67,084	78.1%	\$28.86	28,000	57,916
50,000 SF - 99,999 SF	1	60,000	60,000	100.0%	\$0.00	0	60,000
100,000 SF - 249,999 SF	7	946,675	729,157	77.0%	\$27.01	259,262	687,413
250,000 SF - 499,999 SF	0	0	0	0.0%	\$0.00	0	0
>= 500,000 SF	0	0	0	0.0%	\$0.00	0	0

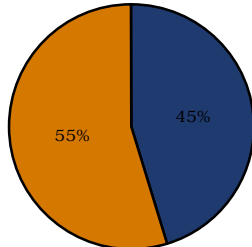
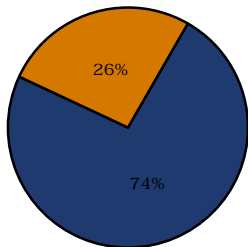
Source: CoStar Property®

## Recent Development by Tenancy

Based on RBA Developed for Single & Multi Tenant Use

2014 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

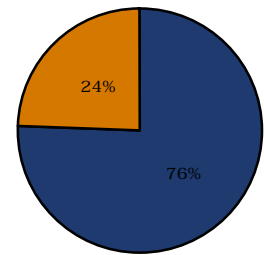
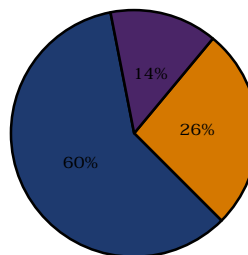
Source: CoStar Property®

## Existing Inventory Comparison

Based on Total RBA

By Class

By Space Type



■ Class A ■ Class B ■ Class C

■ Multi ■ Single

Source: CoStar Property®

## Phoenix Office Market



Inventory &amp; development

## Select Year-to-Date Deliveries

Based on Project Square Footage

- |  |  |   |
|--|--|---|
| <p><b>1. 2800 W Geronimo Pl</b></p> <hr/> Submarket: <b>East Valley</b><br>RBA: <b>170,000</b><br># Floors: <b>3</b><br>Class: <b>B</b><br>Occupied: <b>100%</b><br>Quoted Rate: <b>N/A</b><br>Grnd Brk Date: <b>Fourth Quarter 2013</b><br>Deliv Date: <b>Third Quarter 2014</b><br>Leasing Co: <b>JLL</b><br>Developer: <b>N/A</b><br>Architect: <b>N/A</b>  | <p><b>2. 1850 W Rio Salado Pky - Bldg I</b></p> <hr/> Submarket: <b>Airport Area</b><br>RBA: <b>154,081</b><br># Floors: <b>2</b><br>Class: <b>A</b><br>Occupied: <b>49%</b><br>Quoted Rate: <b>\$26.49</b><br>Grnd Brk Date: <b>Third Quarter 2013</b><br>Deliv Date: <b>Fourth Quarter 2014</b><br>Leasing Co: <b>CBRE</b><br>Developer: <b>Liberty Property Trust</b><br>Architect: <b>RSP Architects</b>           | <p><b>3. 2150 E Warner Rd - GoDaddy</b></p> <hr/> Submarket: <b>Airport Area</b><br>RBA: <b>150,001</b><br># Floors: <b>2</b><br>Class: <b>A</b><br>Occupied: <b>100%</b><br>Quoted Rate: <b>N/A</b><br>Grnd Brk Date: <b>Fourth Quarter 2013</b><br>Deliv Date: <b>Fourth Quarter 2014</b><br>Leasing Co: <b>Cassidy Turley</b><br>Developer: <b>Ryan Companies US, Inc.</b><br>Architect: <b>Patrick Hayes Architects</b> |
| <p><b>4. 1365 N Scottsdale Rd - SkySong 3</b></p> <hr/> Submarket: <b>Scottsdale</b><br>RBA: <b>145,000</b><br># Floors: <b>4</b><br>Class: <b>A</b><br>Occupied: <b>89%</b><br>Quoted Rate: <b>\$27.50</b><br>Grnd Brk Date: <b>Third Quarter 2013</b><br>Deliv Date: <b>Third Quarter 2014</b><br>Leasing Co: <b>Lee &amp; Associates</b><br>Developer: <b>DPR Construction</b><br>Architect: <b>Butler Design Group</b> | <p><b>5. 2005 E Indian School Rd</b></p> <hr/> Submarket: <b>East Phoenix</b><br>RBA: <b>117,710</b><br># Floors: <b>1</b><br>Class: <b>B</b><br>Occupied: <b>81%</b><br>Quoted Rate: <b>\$23.51</b><br>Grnd Brk Date: <b>Fourth Quarter 2012</b><br>Deliv Date: <b>First Quarter 2014</b><br>Leasing Co: <b>NGKF</b><br>Developer: <b>N/A</b><br>Architect: <b>N/A</b>  | <p><b>6. 480 N Juniper Dr - Garmin</b></p> <hr/> Submarket: <b>Airport Area</b><br>RBA: <b>109,261</b><br># Floors: <b>2</b><br>Class: <b>B</b><br>Occupied: <b>100%</b><br>Quoted Rate: <b>N/A</b><br>Grnd Brk Date: <b>Third Quarter 2013</b><br>Deliv Date: <b>Third Quarter 2014</b><br>Leasing Co: <b>Garmin International, Inc.</b><br>Developer: <b>LGE Corporation</b><br>Architect: <b>Cawley Architects</b>       |
| <p><b>7. 1450 S Spectrum Blvd - Bldg 4</b></p> <hr/> Submarket: <b>East Valley</b><br>RBA: <b>100,622</b><br># Floors: <b>2</b><br>Class: <b>A</b><br>Occupied: <b>0%</b><br>Quoted Rate: <b>\$28.00</b><br>Grnd Brk Date: <b>Third Quarter 2013</b><br>Deliv Date: <b>Second Quarter 2014</b><br>Leasing Co: <b>CBRE</b><br>Developer: <b>Douglas Allred Company</b><br>Architect: <b>Balmer Architectural Group</b>      | <p><b>8. 15257 N Scottsdale Rd - Phase II - Block F</b></p> <hr/> Submarket: <b>Scottsdale</b><br>RBA: <b>60,000</b><br># Floors: <b>3</b><br>Class: <b>A</b><br>Occupied: <b>100%</b><br>Quoted Rate: <b>N/A</b><br>Grnd Brk Date: <b>First Quarter 2010</b><br>Deliv Date: <b>Second Quarter 2014</b><br>Leasing Co: <b>CBRE</b><br>Developer: <b>Glimcher Ventures</b><br>Architect: <b>Southwest</b><br><b>N/A</b> | <p><b>9. 3101 W Ray Rd - Alliance Bank</b></p> <hr/> Submarket: <b>East Valley</b><br>RBA: <b>28,000</b><br># Floors: <b>2</b><br>Class: <b>B</b><br>Occupied: <b>100%</b><br>Quoted Rate: <b>N/A</b><br>Grnd Brk Date: <b>Fourth Quarter 2013</b><br>Deliv Date: <b>Fourth Quarter 2014</b><br>Leasing Co: <b>Alliance Bank Of Arizona</b><br>Developer: <b>Sun State Builders</b><br>Architect: <b>N/A</b>                |
| <p><b>10. 17039 N 63rd Ave - Sunshine Residential</b></p> <hr/> Submarket: <b>Northwest Phoenix</b><br>RBA: <b>25,000</b><br># Floors: <b>1</b><br>Class: <b>B</b><br>Occupied: <b>100%</b><br>Quoted Rate: <b>N/A</b><br>Grnd Brk Date: <b>Second Quarter 2014</b><br>Deliv Date: <b>Third Quarter 2014</b><br>Leasing Co: <b>Sunshine Residential</b><br>Developer: <b>N/A</b><br>Architect: <b>N/A</b>                  | <p><b>11. 77 N Dobson Rd</b></p> <hr/> Submarket: <b>East Valley</b><br>RBA: <b>22,716</b><br># Floors: <b>1</b><br>Class: <b>B</b><br>Occupied: <b>62%</b><br>Quoted Rate: <b>\$28.86</b><br>Grnd Brk Date: <b>Second Quarter 2014</b><br>Deliv Date: <b>Fourth Quarter 2014</b><br>Leasing Co: <b>Ensemble RE Solutions</b><br>Developer: <b>N/A</b><br>Architect: <b>N/A</b>  | <p><b>12. 1840 E Ray Rd</b></p> <hr/> Submarket: <b>East Valley</b><br>RBA: <b>5,100</b><br># Floors: <b>1</b><br>Class: <b>B</b><br>Occupied: <b>0%</b><br>Quoted Rate: <b>Negotiable</b><br>Grnd Brk Date: <b>Fourth Quarter 2013</b><br>Deliv Date: <b>Third Quarter 2014</b><br>Leasing Co: <b>Exec Suites Cooper Crossing</b><br>Developer: <b>N/A</b><br>Architect: <b>N/A</b>  |
| <p><b>13. 1850 E Ray Rd</b></p> <hr/> Submarket: <b>East Valley</b><br>RBA: <b>5,100</b><br># Floors: <b>1</b><br>Class: <b>B</b><br>Occupied: <b>0%</b><br>Quoted Rate: <b>Negotiable</b><br>Grnd Brk Date: <b>Fourth Quarter 2013</b><br>Deliv Date: <b>Third Quarter 2014</b><br>Leasing Co: <b>Exec Suites Cooper Crossing</b><br>Developer: <b>N/A</b><br>Architect: <b>N/A</b>                                       |  |   |

## Select Top Under Construction Properties

Based on Project Square Footage

- |   |   |   |
|---|---|---|
| <p><b>1. 300 E Rio Salado Pky - Marina Heights Bldg B</b></p> <p>Submarket: <b>East Valley</b><br/>           RBA: <b>600,000</b><br/>           # Floors: <b>16</b><br/>           Class: <b>A</b><br/>           Preleased: <b>100%</b><br/>           Quoted Rate: <b>N/A</b><br/>           Grnd Brk Date: <b>First Quarter 2014</b><br/>           Deliv Date: <b>Third Quarter 2015</b><br/>           Leasing Co: <b>Sunbelt Holdings</b><br/>           Developer: <b>Ryan Companies US, Inc.</b><br/>           Architect: <b>DAVIS Design Solutions</b></p> | <p><b>2. 300 E Rio Salado Pky - Marina Heights Bldg D</b></p> <p>Submarket: <b>East Valley</b><br/>           RBA: <b>415,000</b><br/>           # Floors: <b>10</b><br/>           Class: <b>A</b><br/>           Preleased: <b>100%</b><br/>           Quoted Rate: <b>N/A</b><br/>           Grnd Brk Date: <b>First Quarter 2014</b><br/>           Deliv Date: <b>Third Quarter 2015</b><br/>           Leasing Co: <b>Sunbelt Holdings</b><br/>           Developer: <b>Ryan Companies US, Inc.</b><br/>           Architect: <b>DAVIS Design Solutions</b></p> | <p><b>3. 2700 S Price Rd - Wells Fargo Bldg 4 Phase II</b></p> <p>Submarket: <b>East Valley</b><br/>           RBA: <b>296,967</b><br/>           # Floors: <b>5</b><br/>           Class: <b>A</b><br/>           Preleased: <b>100%</b><br/>           Quoted Rate: <b>N/A</b><br/>           Grnd Brk Date: <b>Second Quarter 2014</b><br/>           Deliv Date: <b>Second Quarter 2015</b><br/>           Leasing Co: <b>Wells Fargo Bank</b><br/>           Developer: <b>N/A</b><br/>           Architect: <b>N/A</b></p>                        |
| <p><b>4. 40 E Rio Salado Pky</b></p> <p>Submarket: <b>East Valley</b><br/>           RBA: <b>264,235</b><br/>           # Floors: <b>10</b><br/>           Class: <b>A</b><br/>           Preleased: <b>0%</b><br/>           Quoted Rate: <b>\$33.00</b><br/>           Grnd Brk Date: <b>Third Quarter 2014</b><br/>           Deliv Date: <b>Third Quarter 2015</b><br/>           Leasing Co: <b>CBRE</b><br/>           Developer: <b>Ryan Companies US, Inc.</b><br/>           Architect: <b>DAVIS Design Solutions</b></p>                                    | <p><b>5. 2700 S Price Rd - Wells Fargo Bldg 3 Phase II</b></p> <p>Submarket: <b>East Valley</b><br/>           RBA: <b>205,000</b><br/>           # Floors: <b>4</b><br/>           Class: <b>A</b><br/>           Preleased: <b>100%</b><br/>           Quoted Rate: <b>N/A</b><br/>           Grnd Brk Date: <b>Second Quarter 2014</b><br/>           Deliv Date: <b>First Quarter 2015</b><br/>           Leasing Co: <b>Wells Fargo Bank</b><br/>           Developer: <b>N/A</b><br/>           Architect: <b>N/A</b></p>                                       | <p><b>6. 15059 N Scottsdale Rd - Phase III - Block M</b></p> <p>Submarket: <b>Scottsdale</b><br/>           RBA: <b>169,189</b><br/>           # Floors: <b>6</b><br/>           Class: <b>A</b><br/>           Preleased: <b>16%</b><br/>           Quoted Rate: <b>\$35.00</b><br/>           Grnd Brk Date: <b>Third Quarter 2014</b><br/>           Deliv Date: <b>Fourth Quarter 2015</b><br/>           Leasing Co: <b>CBRE</b><br/>           Developer: <b>Glimcher Ventures</b><br/>           Architect: <b>Southwest</b><br/> <b>N/A</b></p> |
| <p><b>7. 1910 W Rio Salado Pky - Bldg 2</b></p> <p>Submarket: <b>Airport Area</b><br/>           RBA: <b>156,027</b><br/>           # Floors: <b>2</b><br/>           Class: <b>A</b><br/>           Preleased: <b>0%</b><br/>           Quoted Rate: <b>Negotiable</b><br/>           Grnd Brk Date: <b>Third Quarter 2014</b><br/>           Deliv Date: <b>Third Quarter 2015</b><br/>           Leasing Co: <b>CBRE</b><br/>           Developer: <b>Liberty Property Trust</b><br/>           Architect: <b>N/A</b></p>  | <p><b>8. 339 E Germann Rd - The Reserve at San Tan</b></p> <p>Submarket: <b>East Valley</b><br/>           RBA: <b>155,000</b><br/>           # Floors: <b>1</b><br/>           Class: <b>B</b><br/>           Preleased: <b>0%</b><br/>           Quoted Rate: <b>\$24.51</b><br/>           Grnd Brk Date: <b>Third Quarter 2014</b><br/>           Deliv Date: <b>First Quarter 2015</b><br/>           Leasing Co: <b>NGKF</b><br/>           Developer: <b>N/A</b><br/>           Architect: <b>N/A</b></p>  | <p><b>9. 2525 W Frye Rd - Chandler 202</b></p> <p>Submarket: <b>East Valley</b><br/>           RBA: <b>133,135</b><br/>           # Floors: <b>3</b><br/>           Class: <b>B</b><br/>           Preleased: <b>0%</b><br/>           Quoted Rate: <b>\$25.50</b><br/>           Grnd Brk Date: <b>Second Quarter 2014</b><br/>           Deliv Date: <b>First Quarter 2015</b><br/>           Leasing Co: <b>Cassidy Turley</b><br/>           Developer: <b>Kieckhefer Company</b><br/>           Architect: <b>Creo Architects</b></p>              |
| <p><b>10. NE Gilbert &amp; Loop 22 - Rivulon</b></p> <p>Submarket: <b>East Valley</b><br/>           RBA: <b>125,000</b><br/>           # Floors: <b>4</b><br/>           Class: <b>A</b><br/>           Preleased: <b>0%</b><br/>           Quoted Rate: <b>\$27.50</b><br/>           Grnd Brk Date: <b>Second Quarter 2014</b><br/>           Deliv Date: <b>Third Quarter 2015</b><br/>           Leasing Co: <b>Lee &amp; Associates</b><br/>           Developer: <b>Nationwide Realty Investors</b><br/>           Architect: <b>Butler Design Group</b></p>   | <p><b>11. 2150 E Warner Rd - Amkor</b></p> <p>Submarket: <b>Airport Area</b><br/>           RBA: <b>110,000</b><br/>           # Floors: <b>2</b><br/>           Class: <b>B</b><br/>           Preleased: <b>100%</b><br/>           Quoted Rate: <b>\$26.75</b><br/>           Grnd Brk Date: <b>Second Quarter 2014</b><br/>           Deliv Date: <b>First Quarter 2015</b><br/>           Leasing Co: <b>Cassidy Turley</b><br/>           Developer: <b>Ryan Companies US, Inc.</b><br/>           Architect: <b>Patrick Hayes Architects</b></p>               | <p><b>12. 1550 W Southern Ave - Centrica</b></p> <p>Submarket: <b>East Valley</b><br/>           RBA: <b>100,000</b><br/>           # Floors: <b>1</b><br/>           Class: <b>B</b><br/>           Preleased: <b>0%</b><br/>           Quoted Rate: <b>Negotiable</b><br/>           Grnd Brk Date: <b>Fourth Quarter 2014</b><br/>           Deliv Date: <b>Second Quarter 2015</b><br/>           Leasing Co: <b>Cushman &amp; Wakefield, Inc.</b><br/>           Developer: <b>N/A</b><br/>           Architect: <b>Nelsen Partners, Inc.</b></p>  |
| <p><b>13. 2179 SW Stearman Dr - Crown Castle</b></p> <p>Submarket: <b>East Valley</b><br/>           RBA: <b>70,000</b><br/>           # Floors: <b>1</b><br/>           Class: <b>B</b><br/>           Preleased: <b>100%</b><br/>           Quoted Rate: <b>N/A</b><br/>           Grnd Brk Date: <b>Fourth Quarter 2014</b><br/>           Deliv Date: <b>First Quarter 2015</b><br/>           Leasing Co: <b>MJA Investments, Inc.</b><br/>           Developer: <b>LGE Corporation</b><br/>           Architect: <b>Cawley Architects</b></p>                   | <p><b>14. 2195 W Chandler Blvd - Portico Place Phase II</b></p> <p>Submarket: <b>East Valley</b><br/>           RBA: <b>48,173</b><br/>           # Floors: <b>2</b><br/>           Class: <b>B</b><br/>           Preleased: <b>0%</b><br/>           Quoted Rate: <b>\$27.00</b><br/>           Grnd Brk Date: <b>Fourth Quarter 2014</b><br/>           Deliv Date: <b>Second Quarter 2015</b><br/>           Leasing Co: <b>Lee &amp; Associates</b><br/>           Developer: <b>Irgens</b><br/>           Architect: <b>N/A</b></p>                             | <p><b>15. 6901 E 1st</b></p> <p>Submarket: <b>Scottsdale</b><br/>           RBA: <b>26,900</b><br/>           # Floors: <b>1</b><br/>           Class: <b>B</b><br/>           Preleased: <b>84%</b><br/>           Quoted Rate: <b>\$28.00</b><br/>           Grnd Brk Date: <b>Fourth Quarter 2014</b><br/>           Deliv Date: <b>Second Quarter 2015</b><br/>           Leasing Co: <b>LevRose Real Estate</b><br/>           Developer: <b>N/A</b><br/>           Architect: <b>will bruderarchitects</b></p>                                    |

## Phoenix Office Market

Figures at a Glance

## Class A Market Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport Area	16	2,203,382	343,452	347,383	15.8%	301,491	304,082	156,027	\$24.18
Central Corridor	26	10,139,373	1,965,132	2,137,209	21.1%	13,625	0	0	\$22.94
East Phoenix	43	7,553,600	1,336,572	1,375,595	18.2%	70,603	0	0	\$26.89
East Valley	31	4,135,106	433,454	459,153	11.1%	106,238	100,622	1,906,202	\$26.98
North Phoenix	16	1,881,130	361,484	378,965	20.1%	63,685	0	0	\$24.88
Northwest Phoenix	31	4,788,385	454,486	454,486	9.5%	80,845	0	0	\$20.99
Scottsdale	87	10,512,863	1,552,237	1,612,599	15.3%	768,134	205,000	169,189	\$25.73
West Phoenix	10	1,278,056	269,804	269,804	21.1%	52,824	0	0	\$21.78
<b>Totals</b>	<b>260</b>	<b>42,491,895</b>	<b>6,716,621</b>	<b>7,035,194</b>	<b>16.6%</b>	<b>1,457,445</b>	<b>609,704</b>	<b>2,231,418</b>	<b>\$24.92</b>

Source: CoStar Property®

## Class B Market Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport Area	393	13,638,498	1,877,630	1,980,309	14.5%	186,072	109,261	110,000	\$20.44
Central Corridor	187	10,041,544	1,965,311	1,972,381	19.6%	(7,998)	0	0	\$19.39
East Phoenix	299	9,227,219	1,565,853	1,620,063	17.6%	224,748	117,710	0	\$19.99
East Valley	1,309	18,866,705	2,968,359	3,002,027	15.9%	397,535	230,916	530,019	\$20.40
North Phoenix	240	4,946,927	935,645	954,559	19.3%	43,981	0	0	\$19.41
Northwest Phoenix	763	16,742,695	4,033,488	4,061,162	24.3%	190,577	25,000	0	\$19.26
Scottsdale	910	16,554,320	2,579,321	2,648,485	16.0%	239,787	0	26,900	\$21.34
West Phoenix	382	6,235,337	1,115,722	1,136,971	18.2%	21,705	0	0	\$22.31
<b>Totals</b>	<b>4,483</b>	<b>96,253,245</b>	<b>17,041,329</b>	<b>17,375,957</b>	<b>18.1%</b>	<b>1,296,407</b>	<b>482,887</b>	<b>666,919</b>	<b>\$20.21</b>

Source: CoStar Property®

## Class C Market Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport Area	88	1,068,649	120,058	120,058	11.2%	189,219	0	0	\$17.14
Central Corridor	365	3,082,306	363,924	363,924	11.8%	13,352	0	0	\$16.72
East Phoenix	531	3,547,805	435,131	436,031	12.3%	35,816	0	0	\$14.86
East Valley	740	4,480,744	565,831	572,591	12.8%	(9,650)	0	0	\$15.12
North Phoenix	216	1,489,246	187,394	187,394	12.6%	(14,497)	0	0	\$15.81
Northwest Phoenix	732	4,746,215	799,004	800,721	16.9%	(2,797)	0	0	\$14.05
Scottsdale	469	2,565,253	297,322	299,322	11.7%	(27,534)	0	0	\$17.73
West Phoenix	246	1,954,121	200,740	200,740	10.3%	(1,667)	0	0	\$16.49
<b>Totals</b>	<b>3,387</b>	<b>22,934,339</b>	<b>2,969,404</b>	<b>2,980,781</b>	<b>13.0%</b>	<b>182,242</b>	<b>0</b>	<b>0</b>	<b>\$15.48</b>

Source: CoStar Property®

## Total Office Market Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Airport Area	497	16,910,529	2,341,140	2,447,750	14.5%	676,782	413,343	266,027	\$20.74
Central Corridor	578	23,263,223	4,294,367	4,473,514	19.2%	18,979	0	0	\$21.01
East Phoenix	873	20,328,624	3,337,556	3,431,689	16.9%	331,167	117,710	0	\$22.44
East Valley	2,080	27,482,555	3,967,644	4,033,771	14.7%	494,123	331,538	2,436,221	\$21.12
North Phoenix	472	8,317,303	1,484,523	1,520,918	18.3%	93,169	0	0	\$20.82
Northwest Phoenix	1,526	26,277,295	5,286,978	5,316,369	20.2%	268,625	25,000	0	\$18.78
Scottsdale	1,466	29,632,436	4,428,880	4,560,406	15.4%	980,387	205,000	196,089	\$23.07
West Phoenix	638	9,467,514	1,586,266	1,607,515	17.0%	72,862	0	0	\$21.72
<b>Totals</b>	<b>8,130</b>	<b>161,679,479</b>	<b>26,727,354</b>	<b>27,391,932</b>	<b>16.9%</b>	<b>2,936,094</b>	<b>1,092,591</b>	<b>2,898,337</b>	<b>\$21.19</b>

Source: CoStar Property®

## Class A Submarket Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
44th Street Corridor	19	3,004,607	328,285	328,617	10.9%	17,050	0	0	\$24.28
Airport Area	11	1,577,059	313,178	317,109	20.1%	160,946	154,081	156,027	\$23.89
Arrowhead	1	80,849	0	0	0.0%	0	0	0	\$0.00
Camelback Corridor	24	4,548,993	1,008,287	1,046,978	23.0%	53,553	0	0	\$28.25
Central Scottsdale	22	2,316,023	231,598	242,703	10.5%	254,346	0	0	\$23.98
Chandler	13	1,619,733	100,622	112,093	6.9%	52,593	100,622	626,967	\$27.87
Deer Valley/Airport	20	3,389,529	269,005	269,005	7.9%	3,307	0	0	\$21.53
Downtown	12	5,563,240	669,210	742,748	13.4%	(57,749)	0	0	\$26.10
Gateway Airport/Loop.	1	46,732	4,971	4,971	10.6%	(6)	0	0	\$31.45
Glendale	5	520,247	75,305	75,305	14.5%	33,124	0	0	\$25.60
Loop 303/Surprise	0	0	0	0	0.0%	0	0	0	\$0.00
Mesa Downtown	0	0	0	0	0.0%	0	0	0	\$0.00
Mesa East	0	0	0	0	0.0%	0	0	0	\$0.00
Midtown	14	4,576,133	1,295,922	1,394,461	30.5%	71,374	0	0	\$21.41
Midtown/Central Phoe.	0	0	0	0	0.0%	0	0	0	\$0.00
N Phoenix/Cave Creek	0	0	0	0	0.0%	0	0	0	\$0.00
N Scottsdale/Carefre.	0	0	0	0	0.0%	0	0	0	\$0.00
North I-17	0	0	0	0	0.0%	0	0	0	\$0.00
Northwest Phoenix	10	1,318,007	185,481	185,481	14.1%	77,538	0	0	\$20.03
Paradise Valley	13	1,471,736	344,371	361,368	24.6%	58,038	0	0	\$24.82
Piestewa Peak Corrid.	3	409,394	17,113	17,597	4.3%	5,647	0	0	\$25.57
Scottsdale Airpark	52	6,280,588	1,143,711	1,175,555	18.7%	328,220	60,000	169,189	\$26.24
Scottsdale South	13	1,916,252	176,928	194,341	10.1%	185,568	145,000	0	\$25.32
South Tempe/Ahwatuke.	5	626,323	30,274	30,274	4.8%	140,545	150,001	0	\$26.00
Southwest Phoenix	5	757,809	194,499	194,499	25.7%	19,700	0	0	\$21.00
Superstition Corrido.	5	670,140	230,636	244,864	36.5%	2,506	0	0	\$20.05
Tempe	12	1,798,501	97,225	97,225	5.4%	51,145	0	1,279,235	\$31.35
West I-10	0	0	0	0	0.0%	0	0	0	\$0.00
<b>Totals</b>	<b>260</b>	<b>42,491,895</b>	<b>6,716,621</b>	<b>7,035,194</b>	<b>16.6%</b>	<b>1,457,445</b>	<b>609,704</b>	<b>2,231,418</b>	<b>\$24.92</b>

Source: CoStar Property®

## Phoenix Office Market

Figures at a Glance

## Class B Submarket Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
44th Street Corridor	57	2,124,359	316,761	356,503	16.8%	10,302	0	0	\$20.75
Airport Area	147	8,229,887	1,199,373	1,254,805	15.2%	(171,275)	0	0	\$20.11
Arrowhead	292	3,394,263	574,801	581,408	17.1%	96,283	25,000	0	\$22.18
Camelback Corridor	112	3,996,303	788,538	803,006	20.1%	90,153	0	0	\$20.23
Central Scottsdale	291	5,756,770	844,586	863,758	15.0%	38,802	0	0	\$21.12
Chandler	353	5,696,093	828,732	855,902	15.0%	363,205	230,916	430,019	\$21.92
Deer Valley/Airport	205	7,314,430	1,615,143	1,636,210	22.4%	175,842	0	0	\$21.09
Downtown	60	3,290,114	459,815	459,815	14.0%	(4,893)	0	0	\$23.21
Gateway Airport/Loop.	236	2,127,163	417,909	417,909	19.6%	63,704	0	0	\$23.06
Glendale	97	1,790,275	521,552	528,913	29.5%	(43,283)	0	0	\$22.27
Loop 303/Surprise	124	1,691,164	363,458	363,458	21.5%	35,916	0	0	\$22.82
Mesa Downtown	33	740,691	74,368	74,368	10.0%	(9,325)	0	0	\$17.87
Mesa East	218	2,137,664	299,538	299,538	14.0%	47,039	0	0	\$17.94
Midtown	127	6,751,430	1,505,496	1,512,566	22.4%	(3,105)	0	0	\$18.33
Midtown/Central Phoe.	130	3,106,557	460,554	460,554	14.8%	124,293	117,710	0	\$18.85
N Phoenix/Cave Creek	10	90,368	24,251	24,251	26.8%	8,579	0	0	\$22.21
N Scottsdale/Carefre.	157	1,700,111	590,515	590,515	34.7%	15,554	0	0	\$20.61
North I-17	55	719,698	187,346	187,346	26.0%	3,603	0	0	\$21.25
Northwest Phoenix	211	5,314,304	1,656,198	1,656,198	31.2%	(85,151)	0	0	\$16.16
Paradise Valley	151	2,516,587	380,513	383,143	15.2%	61,321	0	0	\$21.40
Piestewa Peak Corrid.	79	2,339,972	530,881	547,165	23.4%	(25,919)	0	0	\$17.91
Scottsdale Airpark	308	6,165,675	822,949	847,990	13.8%	120,997	0	0	\$21.68
Scottsdale South	154	2,931,764	321,271	346,222	11.8%	64,434	0	26,900	\$22.00
South Tempe/Ahwatuke.	246	5,408,611	678,257	725,504	13.4%	357,347	109,261	110,000	\$20.88
Southwest Phoenix	53	1,136,624	60,376	60,376	5.3%	5,417	0	0	\$18.08
Superstition Corrido.	323	4,608,002	759,459	760,156	16.5%	89,867	0	100,000	\$18.10
Tempe	146	3,557,092	588,353	594,154	16.7%	(156,955)	0	0	\$20.08
West I-10	108	1,617,274	170,336	184,224	11.4%	23,655	0	0	\$22.92
<b>Totals</b>	<b>4,483</b>	<b>96,253,245</b>	<b>17,041,329</b>	<b>17,375,957</b>	<b>18.1%</b>	<b>1,296,407</b>	<b>482,887</b>	<b>666,919</b>	<b>\$20.21</b>

Source: CoStar Property®



## Class C Submarket Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
44th Street Corridor	81	828,772	92,150	92,150	11.1%	1,856	0	0	\$15.74
Airport Area	55	582,604	77,339	77,339	13.3%	44,834	0	0	\$14.52
Arrowhead	70	524,637	111,849	111,849	21.3%	(4,056)	0	0	\$18.18
Camelback Corridor	93	681,121	75,752	75,752	11.1%	4,169	0	0	\$16.24
Central Scottsdale	75	435,183	43,835	43,835	10.1%	(5,205)	0	0	\$18.81
Chandler	76	459,914	44,299	44,299	9.6%	(8,885)	0	0	\$18.68
Deer Valley/Airport	48	380,205	85,024	85,024	22.4%	(4,561)	0	0	\$14.99
Downtown	106	1,217,734	199,385	199,385	16.4%	1,864	0	0	\$17.16
Gateway Airport/Loop.	13	68,291	9,819	9,819	14.4%	4,437	0	0	\$17.77
Glendale	83	676,058	53,223	53,223	7.9%	10,400	0	0	\$15.40
Loop 303/Surprise	22	235,551	14,977	14,977	6.4%	800	0	0	\$16.78
Mesa Downtown	173	754,511	137,796	137,796	18.3%	(3,706)	0	0	\$12.74
Mesa East	199	1,266,814	175,197	175,197	13.8%	(174)	0	0	\$14.94
Midtown	259	1,864,572	164,539	164,539	8.8%	11,488	0	0	\$16.42
Midtown/Central Phoe.	357	2,037,912	267,229	268,129	13.2%	29,791	0	0	\$14.06
N Phoenix/Cave Creek	4	12,513	0	0	0.0%	0	0	0	\$0.00
N Scottsdale/Carefre.	30	196,803	32,075	32,075	16.3%	6,974	0	0	\$16.34
North I-17	1	2,310	0	0	0.0%	0	0	0	\$0.00
Northwest Phoenix	613	3,839,063	602,131	603,848	15.7%	5,820	0	0	\$13.19
Paradise Valley	92	727,154	114,201	114,201	15.7%	(3,212)	0	0	\$16.56
Piestewa Peak Corrid.	120	749,579	73,193	73,193	9.8%	(11,285)	0	0	\$14.96
Scottsdale Airpark	25	289,147	40,265	40,265	13.9%	5,875	0	0	\$13.64
Scottsdale South	339	1,644,120	181,147	183,147	11.1%	(35,178)	0	0	\$18.67
South Tempe/Ahwatuke	33	486,045	42,719	42,719	8.8%	144,385	0	0	\$21.00
Southwest Phoenix	106	712,450	78,126	78,126	11.0%	4,525	0	0	\$18.30
Superstition Corrido.	73	650,708	57,175	57,175	8.8%	21,622	0	0	\$16.08
Tempe	206	1,280,506	141,545	148,305	11.6%	(22,944)	0	0	\$15.12
West I-10	35	330,062	54,414	54,414	16.5%	(17,392)	0	0	\$14.68
<b>Totals</b>	<b>3,387</b>	<b>22,934,339</b>	<b>2,969,404</b>	<b>2,980,781</b>	<b>13.0%</b>	<b>182,242</b>	<b>0</b>	<b>0</b>	<b>\$15.48</b>

Source: CoStar Property®

## Phoenix Office Market

Figures at a Glance

## Total Office Submarket Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
44th Street Corridor	157	5,957,738	737,196	777,270	13.0%	29,208	0	0	\$22.19
Airport Area	213	10,389,550	1,589,890	1,649,253	15.9%	34,505	154,081	156,027	\$20.50
Arrowhead	363	3,999,749	686,650	693,257	17.3%	92,227	25,000	0	\$21.59
Camelback Corridor	229	9,226,417	1,872,577	1,925,736	20.9%	147,875	0	0	\$24.37
Central Scottsdale	388	8,507,976	1,120,019	1,150,296	13.5%	287,943	0	0	\$21.84
Chandler	442	7,775,740	973,653	1,012,294	13.0%	406,913	331,538	1,056,986	\$22.86
Deer Valley/Airport	273	11,084,164	1,969,172	1,990,239	18.0%	174,588	0	0	\$21.07
Downtown	178	10,071,088	1,328,410	1,401,948	13.9%	(60,778)	0	0	\$24.32
Gateway Airport/Loop.	250	2,242,186	432,699	432,699	19.3%	68,135	0	0	\$23.06
Glendale	185	2,986,580	650,080	657,441	22.0%	241	0	0	\$22.03
Loop 303/Surprise	146	1,926,715	378,435	378,435	19.6%	36,716	0	0	\$22.60
Mesa Downtown	206	1,495,202	212,164	212,164	14.2%	(13,031)	0	0	\$15.39
Mesa East	417	3,404,478	474,735	474,735	13.9%	46,865	0	0	\$16.82
Midtown	400	13,192,135	2,965,957	3,071,566	23.3%	79,757	0	0	\$19.69
Midtown/Central Phoe.	487	5,144,469	727,783	728,683	14.2%	154,084	117,710	0	\$17.37
N Phoenix/Cave Creek	14	102,881	24,251	24,251	23.6%	8,579	0	0	\$22.21
N Scottsdale/Carefre.	187	1,896,914	622,590	622,590	32.8%	22,528	0	0	\$20.36
North I-17	56	722,008	187,346	187,346	25.9%	3,603	0	0	\$21.25
Northwest Phoenix	834	10,471,374	2,443,810	2,445,527	23.4%	(1,793)	0	0	\$15.80
Paradise Valley	256	4,715,477	839,085	858,712	18.2%	116,147	0	0	\$22.75
Piestewa Peak Corrid.	202	3,498,945	621,187	637,955	18.2%	(31,557)	0	0	\$18.08
Scottsdale Airpark	385	12,735,410	2,006,925	2,063,810	16.2%	455,092	60,000	169,189	\$24.47
Scottsdale South	506	6,492,136	679,346	723,710	11.1%	214,824	145,000	26,900	\$22.50
South Tempe/Ahwatuke	284	6,520,979	751,250	798,497	12.2%	642,277	259,262	110,000	\$21.11
Southwest Phoenix	164	2,606,883	333,001	333,001	12.8%	29,642	0	0	\$19.90
Superstition Corrido.	401	5,928,850	1,047,270	1,062,195	17.9%	113,995	0	100,000	\$18.39
Tempe	364	6,636,099	827,123	839,684	12.7%	(128,754)	0	1,279,235	\$23.86
West I-10	143	1,947,336	224,750	238,638	12.3%	6,263	0	0	\$21.82
<b>Totals</b>	<b>8,130</b>	<b>161,679,479</b>	<b>26,727,354</b>	<b>27,391,932</b>	<b>16.9%</b>	<b>2,936,094</b>	<b>1,092,591</b>	<b>2,898,337</b>	<b>\$21.19</b>

Source: CoStar Property®

## Class A Market Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
CBD	26	10,139,373	1,965,132	2,137,209	21.1%	13,625	0	0	\$22.94
Suburban	234	32,352,522	4,751,489	4,897,985	15.1%	1,443,820	609,704	2,231,418	\$25.58
<b>Totals</b>	<b>260</b>	<b>42,491,895</b>	<b>6,716,621</b>	<b>7,035,194</b>	<b>16.6%</b>	<b>1,457,445</b>	<b>609,704</b>	<b>2,231,418</b>	<b>\$24.92</b>

Source: CoStar Property®

## Class B Market Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
CBD	187	10,041,544	1,965,311	1,972,381	19.6%	(7,998)	0	0	\$19.39
Suburban	4,296	86,211,701	15,076,018	15,403,576	17.9%	1,304,405	482,887	666,919	\$20.30
<b>Totals</b>	<b>4,483</b>	<b>96,253,245</b>	<b>17,041,329</b>	<b>17,375,957</b>	<b>18.1%</b>	<b>1,296,407</b>	<b>482,887</b>	<b>666,919</b>	<b>\$20.21</b>

Source: CoStar Property®

## Class C Market Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
CBD	365	3,082,306	363,924	363,924	11.8%	13,352	0	0	\$16.72
Suburban	3,022	19,852,033	2,605,480	2,616,857	13.2%	168,890	0	0	\$15.32
<b>Totals</b>	<b>3,387</b>	<b>22,934,339</b>	<b>2,969,404</b>	<b>2,980,781</b>	<b>13.0%</b>	<b>182,242</b>	<b>0</b>	<b>0</b>	<b>\$15.48</b>

Source: CoStar Property®

## Class A &amp; B Market Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
CBD	213	20,180,917	3,930,443	4,109,590	20.4%	5,627	0	0	\$21.32
Suburban	4,530	118,564,223	19,827,507	20,301,561	17.1%	2,748,225	1,092,591	2,898,337	\$21.79
<b>Totals</b>	<b>4,743</b>	<b>138,745,140</b>	<b>23,757,950</b>	<b>24,411,151</b>	<b>17.6%</b>	<b>2,753,852</b>	<b>1,092,591</b>	<b>2,898,337</b>	<b>\$21.72</b>

Source: CoStar Property®

## Total Office Market Statistics

Year-End 2014

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
CBD	578	23,263,223	4,294,367	4,473,514	19.2%	18,979	0	0	\$21.01
Suburban	7,552	138,416,256	22,432,987	22,918,418	16.6%	2,917,115	1,092,591	2,898,337	\$21.22
<b>Totals</b>	<b>8,130</b>	<b>161,679,479</b>	<b>26,727,354</b>	<b>27,391,932</b>	<b>16.9%</b>	<b>2,936,094</b>	<b>1,092,591</b>	<b>2,898,337</b>	<b>\$21.15</b>

Source: CoStar Property®

## Phoenix Office Market



Figures at a Glance

## Class A Market Statistics

Year-End 2014

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2014 4q	260	42,491,895	6,716,621	7,035,194	16.6%	606,758	2	304,082	8	2,231,418	\$24.92
2014 3q	258	42,187,813	6,927,899	7,337,870	17.4%	397,373	1	145,000	10	2,535,500	\$24.85
2014 2q	257	42,042,813	7,176,853	7,590,243	18.1%	67,247	2	160,622	8	2,091,049	\$24.10
2014 1q	255	41,882,191	7,061,275	7,496,868	17.9%	386,067	0	0	7	1,624,704	\$23.83
2013 4q	255	41,882,191	7,483,872	7,882,935	18.8%	111,781	0	0	5	609,704	\$23.67
2013 3q	255	41,882,191	7,546,609	7,994,716	19.1%	269,528	1	68,867	4	459,703	\$23.57
2013 2q	254	41,813,324	7,757,345	8,195,377	19.6%	182,825	1	139,403	2	128,867	\$23.21
2013 1q	253	41,673,921	7,811,718	8,238,799	19.8%	58,355	0	0	3	268,270	\$23.18
2012	253	41,673,921	7,860,291	8,297,154	19.9%	1,390,408	1	92,102	3	268,270	\$23.20
2011	252	41,581,819	8,916,895	9,595,460	23.1%	966,518	3	626,991	1	60,000	\$23.38
2010	249	40,954,828	9,183,700	9,934,987	24.3%	1,159,054	5	1,797,595	4	686,991	\$24.36
2009	244	39,157,229	8,749,048	9,296,442	23.7%	199,759	13	1,536,911	6	2,207,647	\$26.65
2008	231	37,620,318	7,268,021	7,959,290	21.2%	(174,515)	27	3,089,850	16	3,167,278	\$29.64
2007	204	34,530,468	4,280,913	4,694,925	13.6%	1,275,592	24	3,058,974	34	4,885,580	\$30.03
2006	180	31,471,494	2,590,406	2,911,543	9.3%	1,233,026	12	1,225,353	28	3,795,331	\$28.50
2005	168	30,246,141	2,463,130	2,919,216	9.7%	1,737,217	3	320,583	20	2,463,254	\$24.97

Source: CoStar Property®

## Class B Market Statistics

Year-End 2014

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2014 4q	4,483	96,253,245	17,041,329	17,375,957	18.1%	545,168	2	50,716	10	666,919	\$20.21
2014 3q	4,481	96,202,529	17,582,667	17,870,409	18.6%	253,013	5	314,461	7	459,623	\$19.94
2014 2q	4,476	95,888,068	17,512,988	17,808,961	18.6%	60,555	0	0	11	619,084	\$19.78
2014 1q	4,476	95,888,068	17,571,550	17,869,516	18.6%	437,671	1	117,710	6	323,270	\$19.61
2013 4q	4,480	96,174,694	18,300,651	18,593,813	19.3%	474,506	1	5,200	6	435,171	\$19.39
2013 3q	4,484	96,327,652	18,931,509	19,221,277	20.0%	756,394	1	5,385	3	232,171	\$19.35
2013 2q	4,487	96,411,344	19,764,056	20,061,363	20.8%	(64,068)	2	56,750	3	128,295	\$19.27
2013 1q	4,485	96,354,594	19,634,101	19,940,545	20.7%	52,239	0	0	4	179,845	\$18.41
2012	4,485	96,354,594	19,629,656	19,992,784	20.7%	2,015,734	15	1,300,705	3	174,460	\$19.05
2011	4,473	95,144,158	20,434,118	20,798,082	21.9%	61,160	7	127,377	7	1,002,684	\$19.59
2010	4,467	95,061,961	20,334,145	20,777,045	21.9%	(42,285)	9	156,204	7	1,004,734	\$20.36
2009	4,458	94,905,757	19,934,224	20,578,556	21.7%	(1,591,883)	43	939,752	6	762,935	\$21.47
2008	4,416	94,142,931	17,396,391	18,223,847	19.4%	(99,806)	240	4,739,191	35	873,607	\$23.75
2007	4,178	89,484,505	12,780,058	13,465,615	15.0%	2,116,014	402	5,262,536	211	4,255,165	\$24.39
2006	3,779	84,315,042	9,912,463	10,412,166	12.3%	5,253,267	447	4,694,743	406	5,958,133	\$23.20
2005	3,333	79,814,177	10,847,177	11,164,568	14.0%	5,595,456	397	3,899,166	425	4,797,225	\$21.37

Source: CoStar Property®

## Total Office Market Statistics

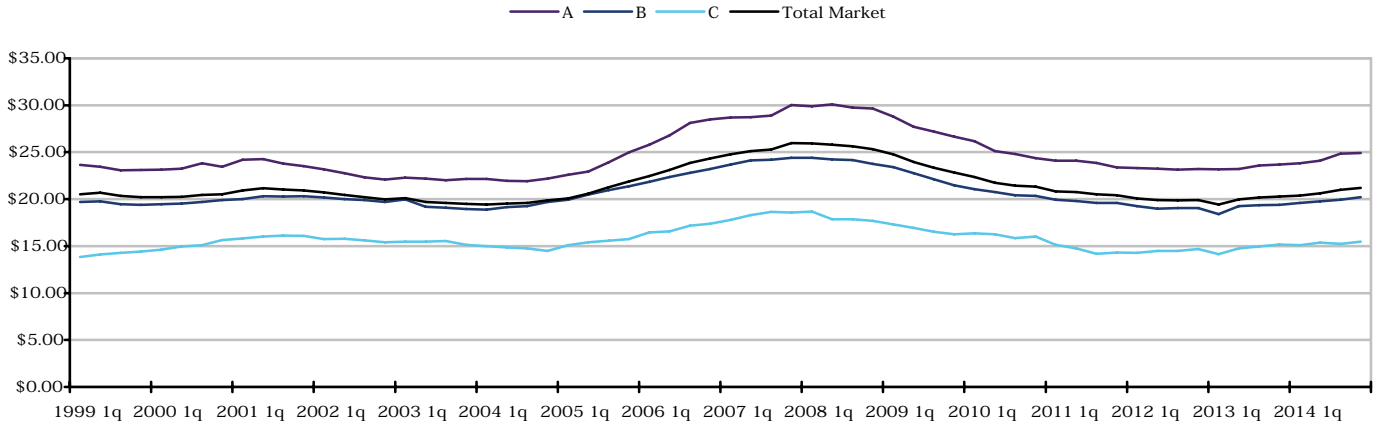
Year-End 2014

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2014 4q	8,130	161,679,479	26,727,354	27,391,932	16.9%	1,199,018	4	354,798	18	2,898,337	\$21.19
2014 3q	8,126	161,324,681	27,498,178	28,236,152	17.5%	638,959	6	459,461	17	2,995,123	\$21.00
2014 2q	8,120	160,865,220	27,667,286	28,415,650	17.7%	248,004	2	160,622	19	2,710,133	\$20.63
2014 1q	8,119	160,729,598	27,755,929	28,528,032	17.7%	850,113	1	117,710	13	1,947,974	\$20.39
2013 4q	8,126	161,110,176	29,032,674	29,758,723	18.5%	595,863	1	5,200	11	1,044,875	\$20.27
2013 3q	8,131	161,275,135	29,752,463	30,519,545	18.9%	1,006,373	2	74,252	7	691,874	\$20.16
2013 2q	8,137	161,329,356	30,793,407	31,580,139	19.6%	1,329	3	196,153	5	257,162	\$19.98
2013 1q	8,134	161,133,203	30,618,903	31,385,315	19.5%	1,845	0	0	7	448,115	\$19.41
2012	8,137	161,175,187	30,596,527	31,429,144	19.5%	3,136,226	16	1,392,807	6	442,730	\$19.91
2011	8,135	159,970,356	32,302,834	33,360,539	20.9%	1,137,757	10	754,368	8	1,062,684	\$20.40
2010	8,127	159,270,457	32,583,341	33,798,397	21.2%	1,028,616	15	1,957,603	11	1,691,725	\$21.33
2009	8,112	157,312,854	31,611,095	32,869,410	20.9%	(2,096,352)	58	2,511,555	13	2,974,382	\$22.83
2008	8,060	155,001,069	26,900,151	28,461,273	18.4%	(616,769)	273	7,881,555	52	4,066,511	\$25.32
2007	7,795	147,326,009	19,043,640	20,169,444	13.7%	2,841,954	430	8,350,998	251	9,193,259	\$25.95
2006	7,371	139,088,318	13,937,775	14,773,707	10.6%	6,787,226	471	5,986,254	437	9,774,616	\$24.34
2005	6,902	133,303,942	14,960,623	15,776,557	11.8%	7,623,762	411	4,363,805	453	7,315,995	\$21.89

Source: CoStar Property®

## Historical Rental Rates

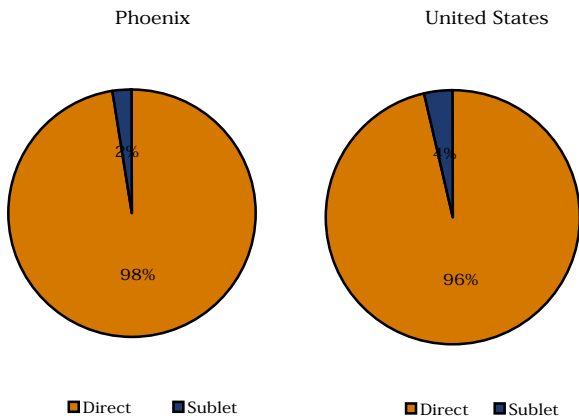
Based on Full-Service Equivalent Rental Rates



Source: CoStar Property®

## Vacancy by Available Space Type

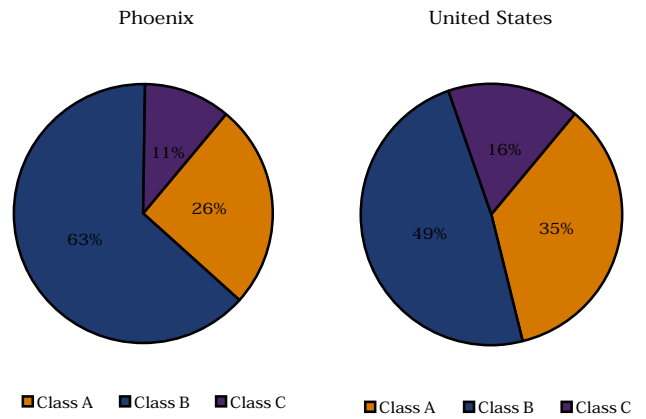
Percent of All Vacant Space in Direct vs. Sublet



Source: CoStar Property®

## Vacancy by Class

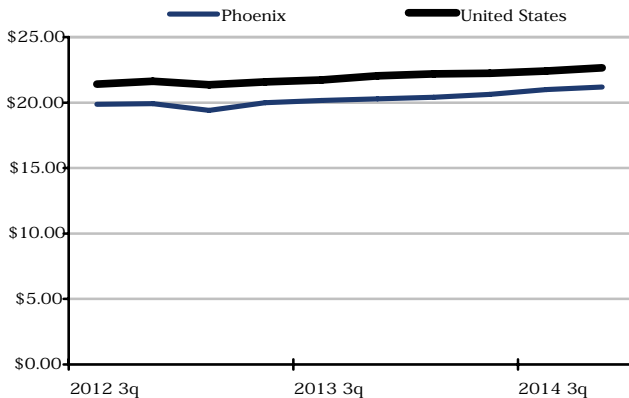
Percent of All Vacant Space by Class



Source: CoStar Property®

## U.S. Rental Rate Comparison

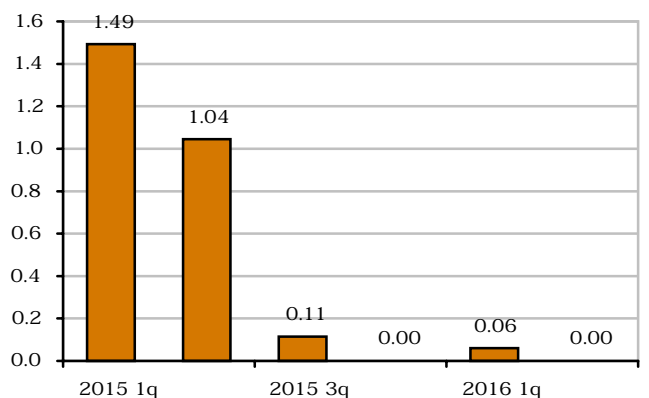
Based on Full-Service Equivalent Rental Rates



Source: CoStar Property®

## Future Space Available

Space Scheduled to be Available for Occupancy\*



\* Includes Under Construction Spaces

Source: CoStar Property®

## Phoenix Office Market

## Leasing Activity

## Select Top Office Leases Based on Leased Square Footage For Deals Signed in 2014

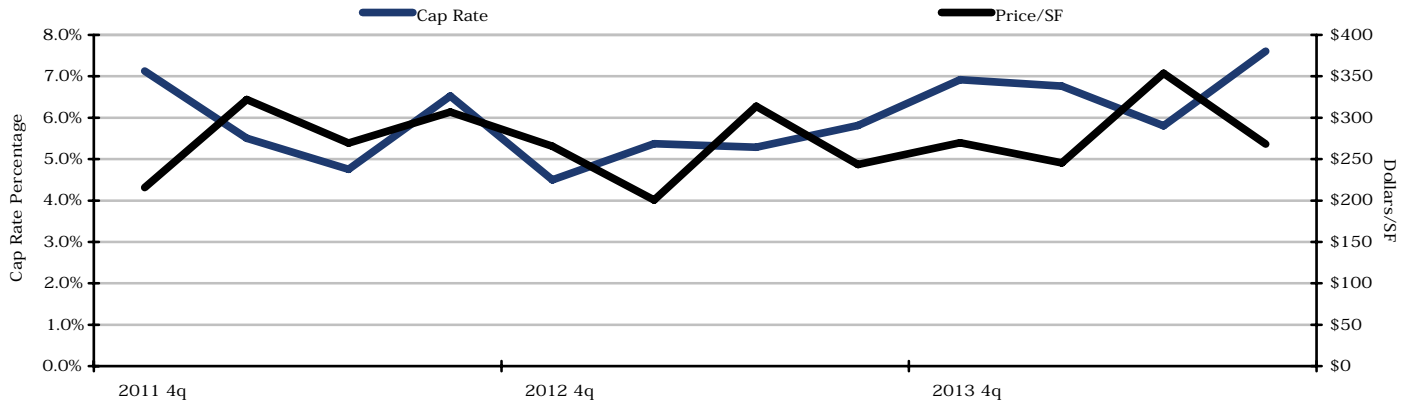
Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company	
1	1150 W Washington St*	44th Street Corridor	200,000	3rd	Wells Fargo Home Mortgage, Inc.	CBRE	Newmark Grubb Knight Frank
2	6955 W Morelos Pl*	South Tempe/Ahwatukee	170,647	1st	Verizon Wireless	Cassidy Turley	Direct Deal
3	1150 N Alma School Rd	Tempe	110,000	3rd	American Traffic Solutions	Direct Deal	CBRE
4	2150 E Warner Rd	South Tempe/Ahwatukee	110,000	2nd	Amkor	CBRE	Cassidy Turley
5	1601 W Fountainhead Pky	Airport Area	101,803	3rd	Concentrix Corporation	Ross Brown Partners, Inc.	JLL
6	4809 E Thistle Landing Dr*	South Tempe/Ahwatukee	101,043	4th	Fiserv, Inc.	JLL	Direct Deal
7	8465 N Pima	Central Scottsdale	90,000	1st	Rural Metro Operating Company	CBRE	Transwestern
8	5455 E High St	Paradise Valley	77,391	3rd	Sprouts Farmers Markets LLC	Cresa	JLL
9	1850 W Rio Salado Pky	Airport Area	76,162	1st	Wageworks, Inc.	JLL	Liberty Property Trust
10	2179 SW Stearman Dr	Chandler	70,000	3rd	Crown Castle	Colliers International	Direct Deal
11	2700 W Frye Rd	Chandler	65,860	3rd	Apria Healthcare	Corporate Realty Associates	JLL
12	1975 S Price Rd*	Chandler	61,502	2nd	GM Financial	NAI Robert Lynn	Lee & Associates
13	101 N 1st Ave*	Downtown	59,079	2nd	Valley Metro	Cushman & Wakefield, Inc.	JLL
14	16010 N 28th Ave	Deer Valley/Airport	55,549	4th	TriWest Healthcare Alliance	Cushman & Wakefield, Inc.	CBRE
15	5651 W Talavi Blvd	Deer Valley/Airport	52,291	3rd	Progressive Leasing	N/A	CBRE
16	1975 S Price Rd	Chandler	51,669	2nd	GM Financial	NAI Robert Lynn	Lee & Associates
17	4646 E Van Buren St	44th Street Corridor	50,341	3rd	Mobile Mini	CBRE	CBRE
18	410 N 44th St*	44th Street Corridor	45,863	3rd	Health Choice Arizona	CBRE	Transwestern
19	2929 N Central Ave	Midtown	42,780	1st	AIG	Colliers International	CBRE
20	1925 W Pinnacle Peak Rd	Deer Valley/Airport	41,070	2nd	Department of Economic Security	JLL	CBRE
21	4301 N Scottsdale Rd	Scottsdale South	40,019	3rd	Zenefits	N/A	CBRE
22	9215 N Black Canyon Fwy	Northwest Phoenix	38,086	2nd	United Education Institute (UEI)	Direct Deal	Direct Deal
23	10851 N Black Canyon Hwy	Northwest Phoenix	33,373	2nd	Homesite	JLL	Colliers International
24	20620 N 19th Ave	Deer Valley/Airport	33,344	2nd	Progrexion	Site Selection Group LLC	Voit RE Services; DAUM Commercial
25	5670 W Chandler Blvd	South Tempe/Ahwatukee	32,988	3rd	NXP Semiconductors	Cushman & Wakefield, Inc.	Cassidy Turley
26	3200 E Camelback Rd	Camelback Corridor	32,535	3rd	Valley of the Sun United Way	CBRE	Cushman & Wakefield, Inc.
27	3200 N Central Ave	Midtown	30,206	2nd	Dignity Health	Newmark Grubb Knight Frank; C&W	Newmark Grubb Knight Frank; C&W
28	6991 E Camelback Rd	Scottsdale South	30,093	2nd	ZocDoc	CBRE	Lee & Associates
29	5651 W Talavi Blvd*	Deer Valley/Airport	27,750	1st	California Casualty	Lee & Associates	CBRE
30	15059 N Scottsdale Rd	Scottsdale Airpark	27,727	3rd	Apogee Physicians	CBRE	CBRE
31	1 N MacDonald Dr	Mesa Downtown	27,340	4th	AZ Department of Child Services	N/A	Cassidy Turley
32	15810 N 28th Ave*	Deer Valley/Airport	26,544	4th	TriWest Healthcare Alliance	Cushman & Wakefield, Inc.	CBRE
33	1860 N 95th Ln	Glendale	26,265	2nd	Dept of Child Protective Services	JLL	CBRE
34	4920 S Wendler Dr	Airport Area	26,000	3rd	Blood Systems	Colliers International	CBRE
35	4129 E Van Buren St*	44th Street Corridor	25,753	3rd	Hot Chalk	CBRE	CBRE
36	4301 N Scottsdale Rd	Scottsdale South	25,057	1st	Weebly, Inc.	Cushman & Wakefield, Inc.	CBRE
37	8777 N Gainey Center Dr	Central Scottsdale	24,656	2nd	Nationwide Insurance	Direct Deal	Lee & Associates
38	5410 E High St	Paradise Valley	24,484	2nd	Alliance Financial Resources	CBRE	JLL
39	201 E Washington St	Downtown	24,441	3rd	Gannett	CBRE	CBRE
40	14614 N Kierland Blvd	Scottsdale Airpark	24,000	4th	SheKnows	Keyser	CBRE

Source: CoStar Property<sup>®</sup>

\* Renewal

## The Optimist Sales Index

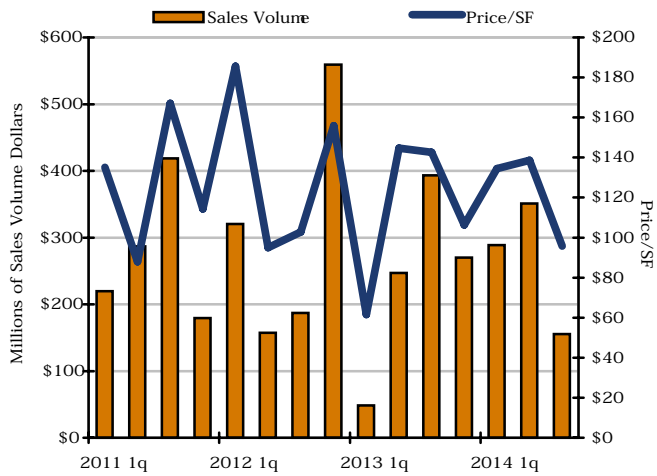
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



Source: CoStar COMPS®

## Sales Volume & Price

Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

## Sales Analysis by Building Size

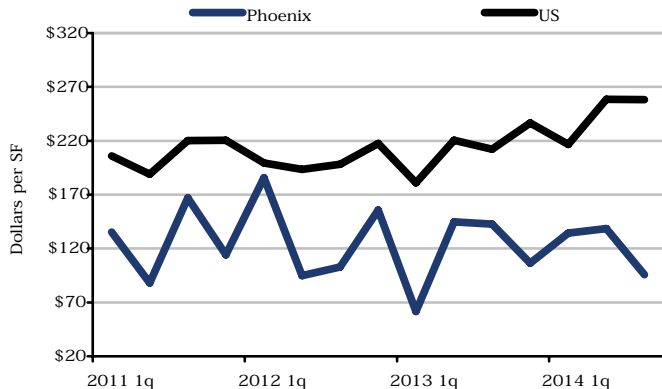
Based on Office Building Sales From Oct. 2013 - Sept. 2014

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 50,000 SF	439	3,465,342	\$375,058,211	\$ 108.23	8.00%
50K-249K SF	39	4,276,403	\$512,990,790	\$ 119.96	7.46%
250K-499K SF	9	2,870,784	\$386,030,000	\$ 134.47	6.55%
>500K SF	-	-	-	\$ -	-

Source: CoStar COMPS®

## U.S. Price/SF Comparison

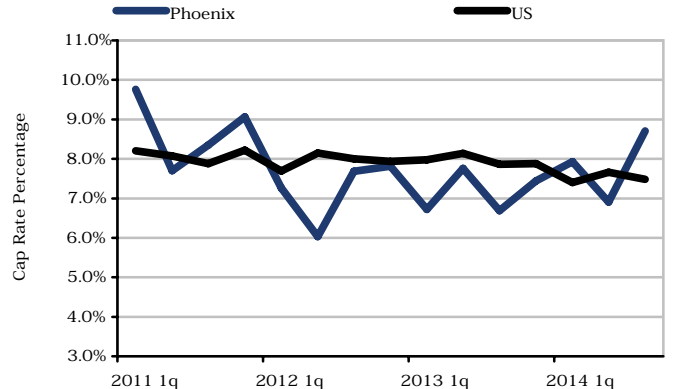
Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

## U.S. Cap Rate Comparison

Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

## Phoenix Office Market

Sales Activity

## Select Top Sales

Based on Sales from October 2013 Through December 2014

## 1. Freeport-McMoRan Tower



## Phoenix

Price: **\$110,000,000**  
 Price/SF: **\$441.75**  
 Cap Rate: **6.8%**  
 RBA: **249,012**  
 Date: **11/6/2014**  
 Year Built: **2010**  
 Buyer: **American Realty Capital Properties, Inc.**  
 Seller: **National Real Estate Advisors**

## 2. Anchor Centre



## Phoenix

Price: **\$85,100,000**  
 Price/SF: **\$255.34**  
 Cap Rate: **5.76%**  
 RBA: **333,284**  
 Date: **5/22/2014**  
 Year Built: **1986**  
 Buyer: **KBS REIT III**  
 Seller: **Angelo, Gordon & Co.**

## 3. 1540 W Fountainhead Pky



## Tempe

Price: **\$71,500,000**  
 Price/SF: **\$152.07**  
 Cap Rate: **N/A**  
 RBA: **470,172**  
 Date: **12/15/2014**  
 Year Built: **1997**  
 Buyer: **Cypress Office Properties**  
 Seller: **Principal Financial Group**

## 4. 20022 N 31st Ave



## Phoenix

Price: **\$51,000,000**  
 Price/SF: **\$151.14**  
 Cap Rate: **7.34%**  
 RBA: **337,439**  
 Date: **5/22/2014**  
 Year Built: **1985**  
 Buyer: **Griffin Capital Essential Asset REIT, Inc.**  
 Seller: **KanAm Group LLC**

## 5. 9201 E Mountain View Rd



## Scottsdale

Price: **\$44,150,000**  
 Price/SF: **\$197.87**  
 Cap Rate: **5.95%**  
 RBA: **223,131**  
 Date: **6/5/2014**  
 Year Built: **1997**  
 Buyer: **Equus Capital Partners, Ltd**  
 Seller: **Teachers Retirement System of Illinois**

## 6. Medical Office Sun City



## Sun City

Price: **\$40,685,000**  
 Price/SF: **\$310.96**  
 Cap Rate: **6.2%**  
 RBA: **130,835**  
 Date: **10/8/2014**  
 Year Built: **1984**  
 Buyer: **MB Real Estate**  
 Seller: **Healthcare Trust of America, Inc.**

## 7. Mountain View Phase I &amp; II



## Scottsdale

Price: **\$34,600,000**  
 Price/SF: **\$187.49**  
 Cap Rate: **5.2%**  
 RBA: **184,544**  
 Date: **11/21/2014**  
 Year Built: **2006**  
 Buyer: **Regent Properties, Inc.**  
 Seller: **Principal Financial Group**

## 8. 5343-5353 N 16th St



## Phoenix

Price: **\$21,950,000**  
 Price/SF: **\$123.79**  
 Cap Rate: **N/A**  
 RBA: **177,312**  
 Date: **12/17/2014**  
 Year Built: **1990**  
 Buyer: **EverWest Real Estate Partners, LLC**  
 Seller: **Orsett Properties, Ltd.**

## 9. US Citizenship &amp; Immigration Svc.



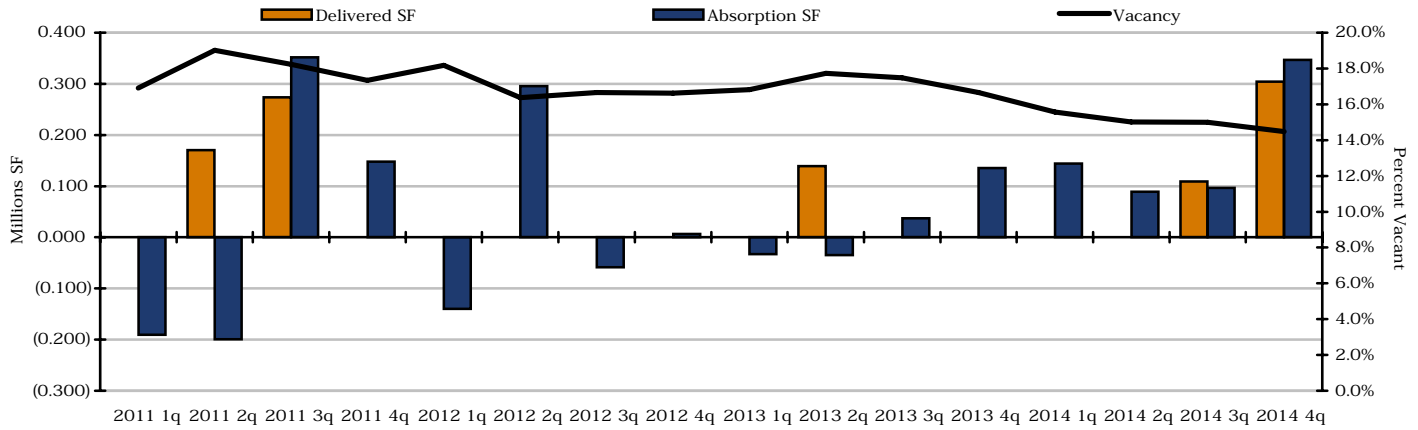
## Phoenix

Price: **\$17,600,000**  
 Price/SF: **\$330.12**  
 Cap Rate: **N/A**  
 RBA: **53,314**  
 Date: **9/11/2014**  
 Year Built: **1970**  
 Buyer: **Washington Alliance Capital, LLC**  
 Seller: **Wilco Strategic Partners, LLC**



### Deliveries, Absorption & Vacancy

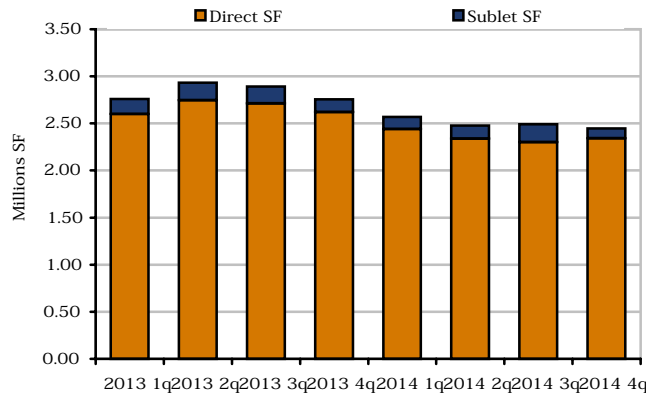
### Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

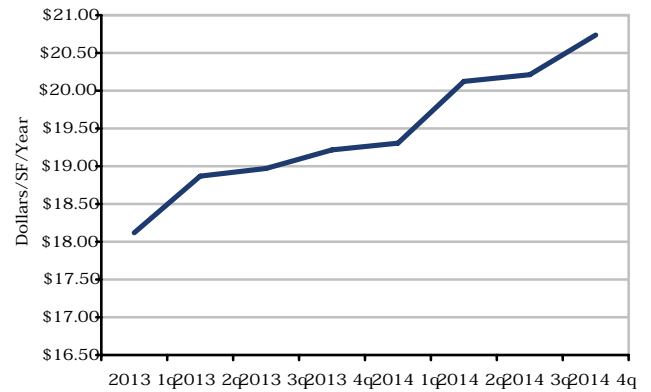
#### Historical Analysis, All Classes



Source: CoStar Property®

### Quoted Rental Rates

#### Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 4q	497	16,910,529	2,447,750	14.5%	346,930	2	304,082	2	266,027	\$20.74
2014 3q	495	16,606,447	2,490,598	15.0%	96,838	1	109,261	4	570,109	\$20.21
2014 2q	494	16,497,186	2,478,175	15.0%	89,169	0	0	4	523,343	\$20.12
2014 1q	494	16,497,186	2,567,344	15.6%	143,845	0	0	3	413,343	\$19.31
2013 4q	495	16,542,217	2,756,220	16.7%	135,529	0	0	3	413,343	\$19.22
2013 3q	495	16,542,217	2,891,749	17.5%	37,443	0	0	2	263,342	\$18.97
2013 2q	496	16,546,173	2,933,148	17.7%	(34,899)	1	139,403	0	0	\$18.87
2013 1q	495	16,406,770	2,758,846	16.8%	(32,831)	0	0	1	139,403	\$18.12
2012 4q	495	16,406,770	2,726,015	16.6%	6,377	0	0	1	139,403	\$18.59
2012 3q	495	16,406,770	2,732,392	16.7%	(58,280)	0	0	0	0	\$18.73
2012 2q	496	16,422,770	2,690,112	16.4%	295,629	0	0	0	0	\$18.80
2012 1q	496	16,422,770	2,985,741	18.2%	(139,615)	0	0	0	0	\$18.95
2011 4q	496	16,422,770	2,846,126	17.3%	147,820	0	0	0	0	\$19.28
2011 3q	496	16,422,770	2,993,946	18.2%	352,064	1	273,780	0	0	\$19.14
2011 2q	495	16,148,990	3,072,230	19.0%	(199,515)	1	170,211	1	273,780	\$19.17
2011 1q	494	15,978,779	2,702,504	16.9%	(190,254)	0	0	2	443,991	\$19.28

Source: CoStar Property®

# Phoenix Office Market

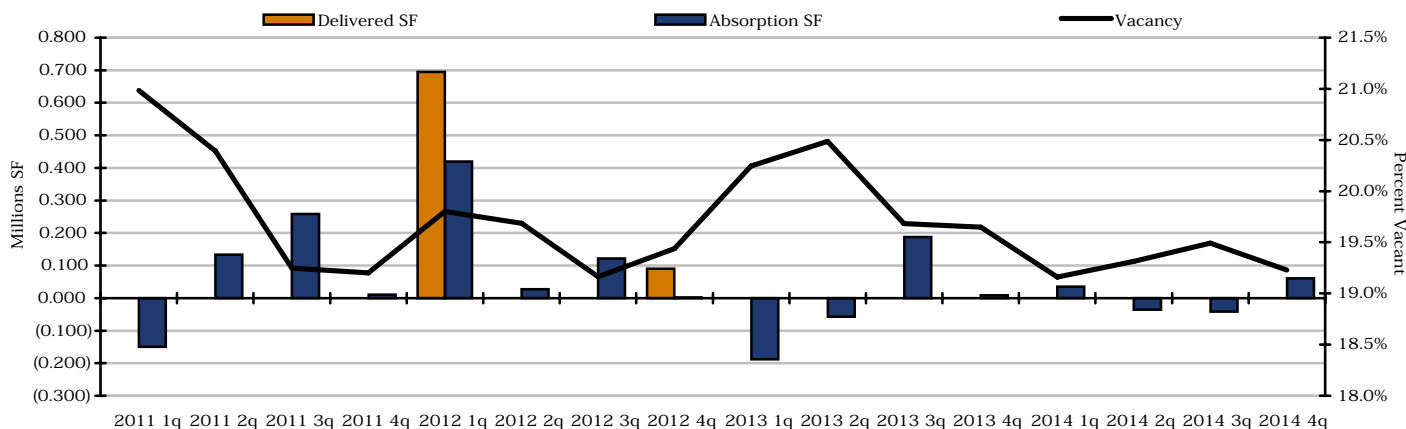


## Central Corridor Market

Market Highlights - Class "A, B & C"

### Deliveries, Absorption & Vacancy

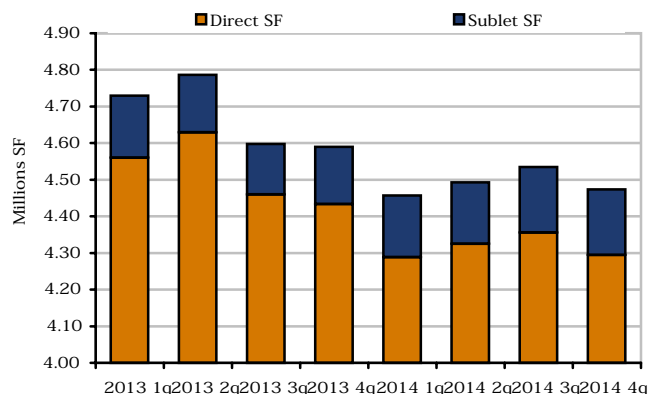
### Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

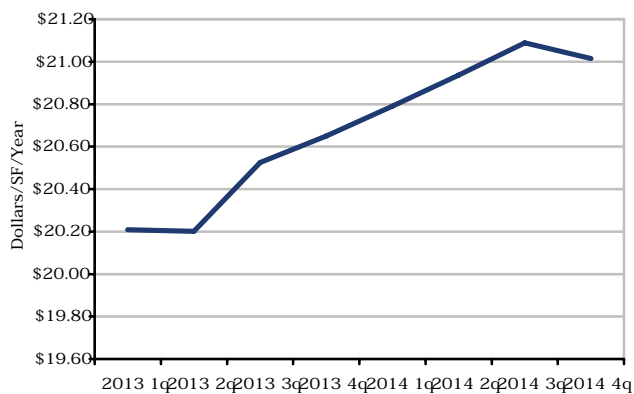
#### Historical Analysis, All Classes



Source: CoStar Property®

### Quoted Rental Rates

#### Historical Analysis, All Classes



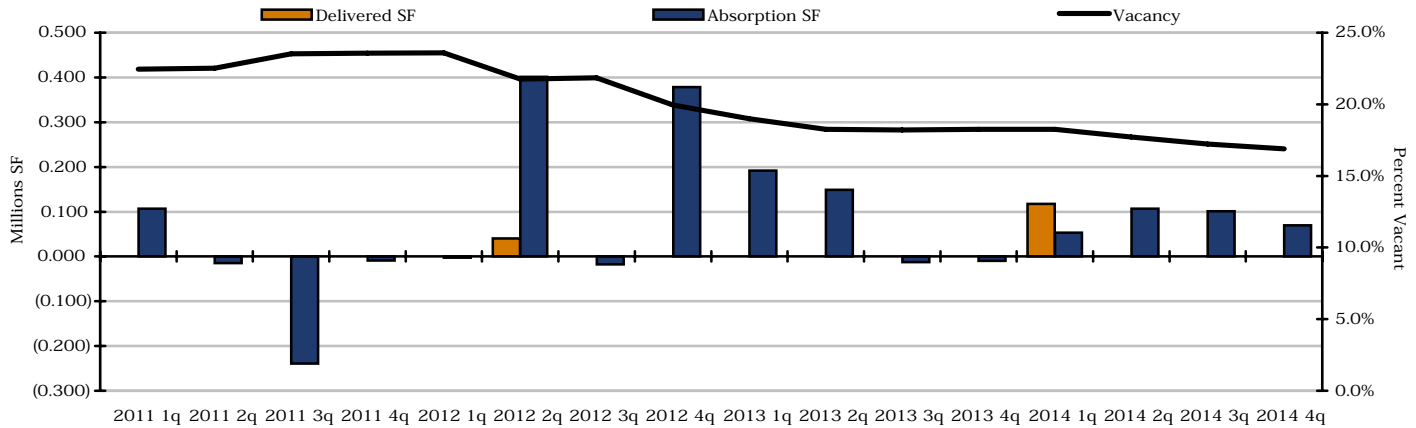
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 4q	578	23,263,223	4,473,514	19.2%	60,991	0	0	0	0	\$21.01
2014 3q	578	23,263,223	4,534,505	19.5%	(41,593)	0	0	0	0	\$21.09
2014 2q	578	23,263,223	4,492,912	19.3%	(35,936)	0	0	0	0	\$20.94
2014 1q	578	23,263,223	4,456,976	19.2%	35,517	0	0	0	0	\$20.79
2013 4q	579	23,360,368	4,589,638	19.6%	8,440	0	0	0	0	\$20.65
2013 3q	579	23,360,368	4,598,078	19.7%	187,897	0	0	0	0	\$20.53
2013 2q	579	23,360,368	4,785,975	20.5%	(56,717)	0	0	0	0	\$20.20
2013 1q	579	23,360,368	4,729,258	20.2%	(188,071)	0	0	0	0	\$20.21
2012 4q	579	23,360,368	4,541,187	19.4%	2,098	1	90,300	0	0	\$20.31
2012 3q	579	23,277,518	4,460,435	19.2%	122,008	0	0	1	90,300	\$20.29
2012 2q	579	23,277,518	4,582,443	19.7%	27,059	0	0	1	90,300	\$20.24
2012 1q	579	23,277,518	4,609,502	19.8%	419,747	1	695,000	1	90,300	\$20.19
2011 4q	579	22,584,718	4,336,449	19.2%	10,663	0	0	1	695,000	\$20.53
2011 3q	579	22,584,718	4,347,112	19.2%	258,744	0	0	1	695,000	\$20.74
2011 2q	579	22,584,718	4,605,856	20.4%	133,169	0	0	1	695,000	\$20.95
2011 1q	579	22,584,718	4,739,025	21.0%	(149,601)	0	0	1	695,000	\$20.92

Source: CoStar Property®

## Deliveries, Absorption &amp; Vacancy

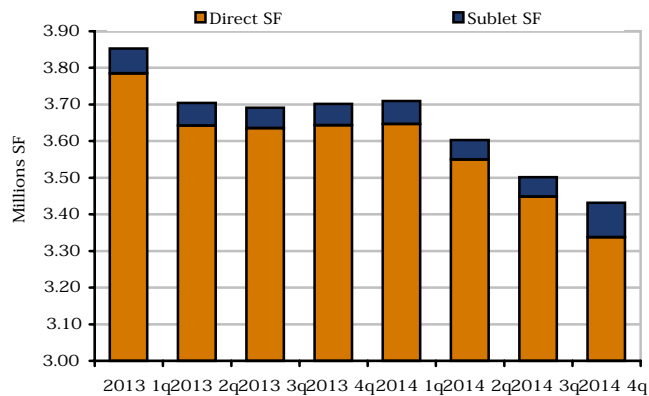
## Historical Analysis, All Classes



Source: CoStar Property®

## Vacant Space

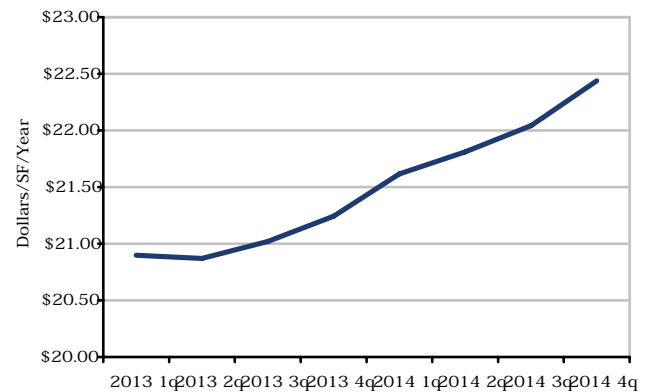
## Historical Analysis, All Classes



Source: CoStar Property®

## Quoted Rental Rates

## Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 4q	873	20,328,624	3,431,689	16.9%	69,642	0	0	0	0	\$22.44
2014 3q	873	20,328,624	3,501,331	17.2%	101,389	0	0	0	0	\$22.04
2014 2q	873	20,328,624	3,602,720	17.7%	106,941	0	0	0	0	\$21.81
2014 1q	873	20,328,624	3,709,661	18.2%	53,195	1	117,710	0	0	\$21.62
2013 4q	874	20,267,091	3,701,323	18.3%	(9,723)	0	0	1	117,710	\$21.24
2013 3q	874	20,267,091	3,691,600	18.2%	(12,868)	0	0	1	117,710	\$21.02
2013 2q	876	20,292,435	3,704,076	18.3%	149,112	0	0	1	117,710	\$20.87
2013 1q	876	20,292,435	3,853,188	19.0%	191,913	0	0	1	117,710	\$20.90
2012 4q	878	20,299,253	4,051,919	20.0%	378,789	0	0	1	117,710	\$20.86
2012 3q	880	20,303,893	4,435,348	21.8%	(17,353)	0	0	0	0	\$20.90
2012 2q	880	20,303,893	4,417,995	21.8%	401,664	1	40,000	0	0	\$20.96
2012 1q	879	20,263,893	4,779,659	23.6%	(2,576)	0	0	1	40,000	\$21.14
2011 4q	879	20,263,893	4,777,083	23.6%	(8,757)	0	0	1	40,000	\$21.26
2011 3q	879	20,263,893	4,768,326	23.5%	(239,039)	0	0	1	40,000	\$21.59
2011 2q	880	20,309,073	4,574,467	22.5%	(14,775)	0	0	1	40,000	\$21.71
2011 1q	880	20,309,073	4,559,692	22.5%	106,502	0	0	0	0	\$21.38

Source: CoStar Property®

# Phoenix Office Market

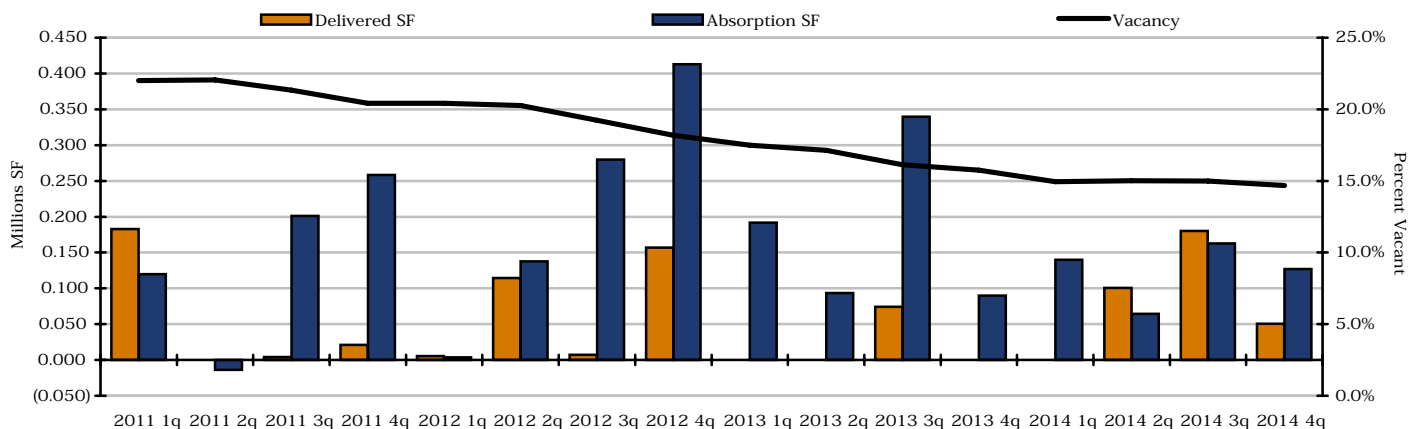


## East Valley Market

Market Highlights - Class "A, B & C"

### Deliveries, Absorption & Vacancy

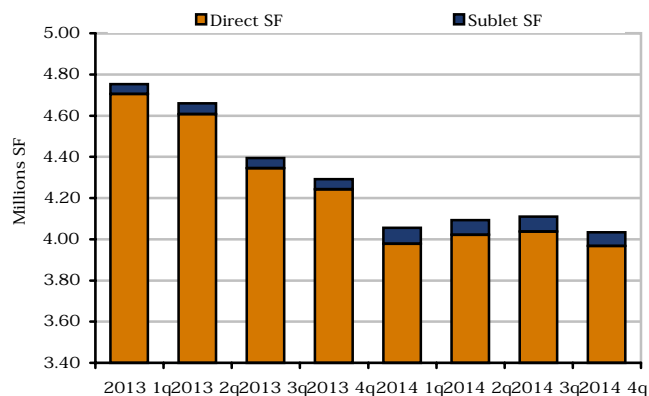
### Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

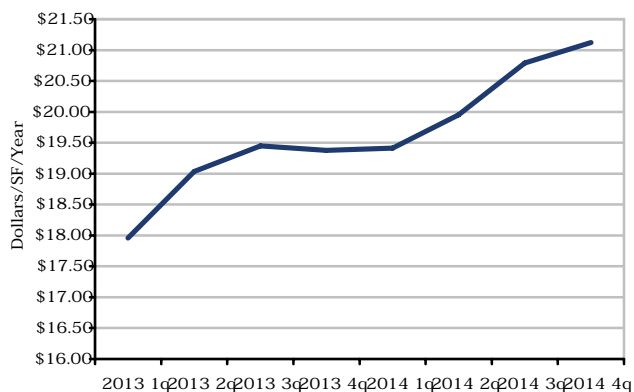
#### Historical Analysis, All Classes



Source: CoStar Property®

### Quoted Rental Rates

#### Historical Analysis, All Classes



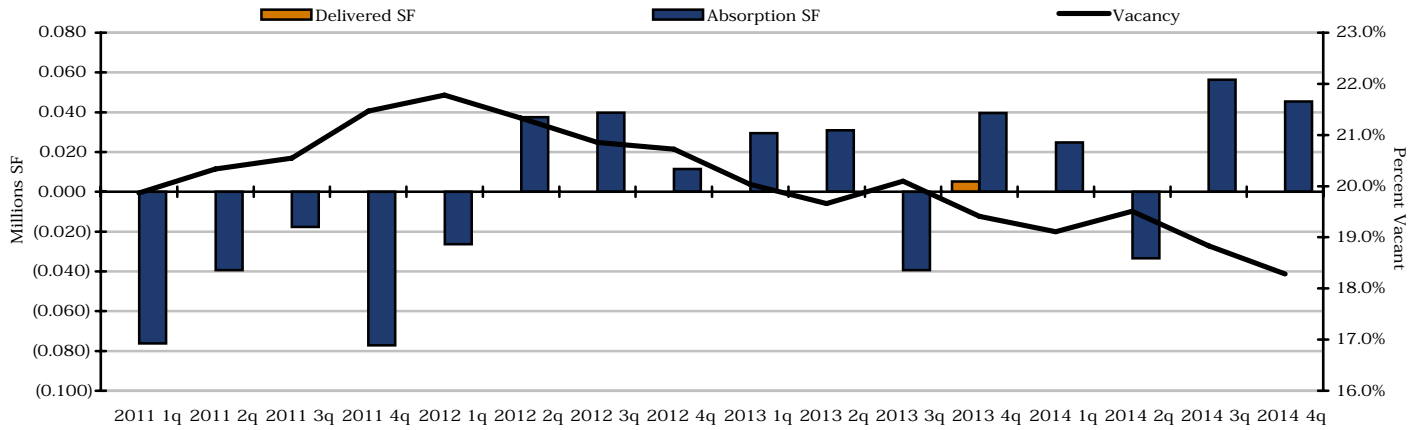
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 4q	2,080	27,482,555	4,033,771	14.7%	126,831	2	50,716	14	2,436,221	\$21.12
2014 3q	2,078	27,431,839	4,109,886	15.0%	162,618	3	180,200	12	2,255,825	\$20.79
2014 2q	2,075	27,251,639	4,092,304	15.0%	64,565	1	100,622	13	2,016,790	\$19.95
2014 1q	2,074	27,151,017	4,056,247	14.9%	140,109	0	0	8	1,329,631	\$19.41
2013 4q	2,075	27,247,017	4,292,356	15.8%	89,650	0	0	5	308,822	\$19.37
2013 3q	2,076	27,259,018	4,394,007	16.1%	339,652	2	74,252	1	100,622	\$19.45
2013 2q	2,074	27,184,766	4,659,407	17.1%	93,306	0	0	2	74,252	\$19.03
2013 1q	2,074	27,184,766	4,752,713	17.5%	191,881	0	0	2	74,252	\$17.96
2012 4q	2,074	27,184,766	4,944,594	18.2%	412,914	5	156,842	1	68,867	\$18.47
2012 3q	2,069	27,027,924	5,200,666	19.2%	279,834	1	7,000	5	156,842	\$18.56
2012 2q	2,068	27,020,924	5,473,500	20.3%	137,677	1	114,412	6	163,842	\$18.55
2012 1q	2,067	26,906,512	5,496,765	20.4%	3,789	1	5,386	6	242,554	\$18.97
2011 4q	2,066	26,901,126	5,495,168	20.4%	258,253	1	21,145	1	5,386	\$20.10
2011 3q	2,065	26,879,981	5,732,276	21.3%	201,096	1	4,200	2	26,531	\$20.04
2011 2q	2,064	26,875,781	5,929,172	22.1%	(13,620)	0	0	2	9,586	\$20.83
2011 1q	2,064	26,875,781	5,915,552	22.0%	119,838	1	183,000	1	4,200	\$21.06

Source: CoStar Property®

### Deliveries, Absorption & Vacancy

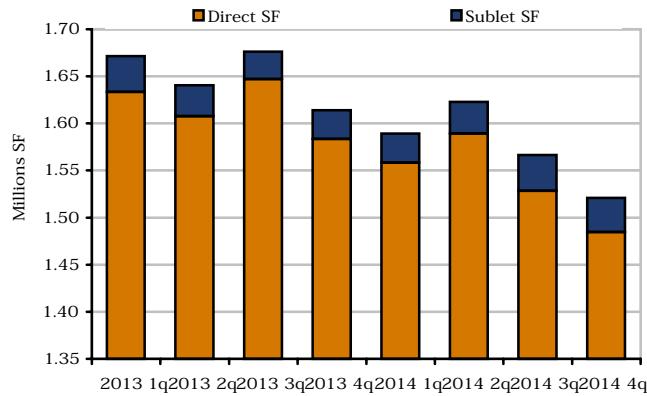
### Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

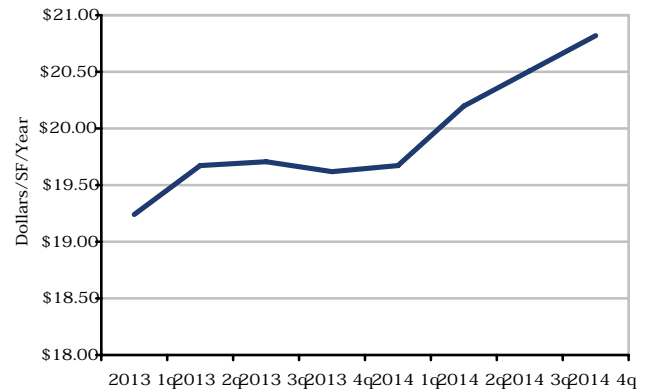
#### Historical Analysis, All Classes



Source: CoStar Property®

### Quoted Rental Rates

#### Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 4q	472	8,317,303	1,520,918	18.3%	45,491	0	0	0	0	\$20.82
2014 3q	472	8,317,303	1,566,409	18.8%	56,312	0	0	0	0	\$20.51
2014 2q	472	8,317,303	1,622,721	19.5%	(33,390)	0	0	0	0	\$20.20
2014 1q	472	8,317,303	1,589,331	19.1%	24,756	0	0	0	0	\$19.67
2013 4q	472	8,317,303	1,614,087	19.4%	39,561	1	5,200	0	0	\$19.62
2013 3q	473	8,339,825	1,676,170	20.1%	(39,315)	0	0	1	5,200	\$19.71
2013 2q	474	8,343,521	1,640,551	19.7%	30,922	0	0	1	5,200	\$19.67
2013 1q	474	8,343,521	1,671,473	20.0%	29,449	0	0	0	0	\$19.24
2012 4q	475	8,378,687	1,736,088	20.7%	11,469	0	0	0	0	\$19.56
2012 3q	475	8,378,687	1,747,557	20.9%	39,807	0	0	0	0	\$19.42
2012 2q	475	8,378,687	1,787,364	21.3%	37,531	0	0	0	0	\$19.48
2012 1q	475	8,378,687	1,824,895	21.8%	(26,317)	0	0	0	0	\$19.57
2011 4q	475	8,378,687	1,798,578	21.5%	(77,187)	0	0	0	0	\$19.79
2011 3q	475	8,378,687	1,721,391	20.5%	(17,719)	0	0	0	0	\$20.33
2011 2q	475	8,378,687	1,703,672	20.3%	(39,302)	0	0	0	0	\$20.48
2011 1q	475	8,378,687	1,664,370	19.9%	(76,129)	0	0	0	0	\$20.49

Source: CoStar Property®

# Phoenix Office Market

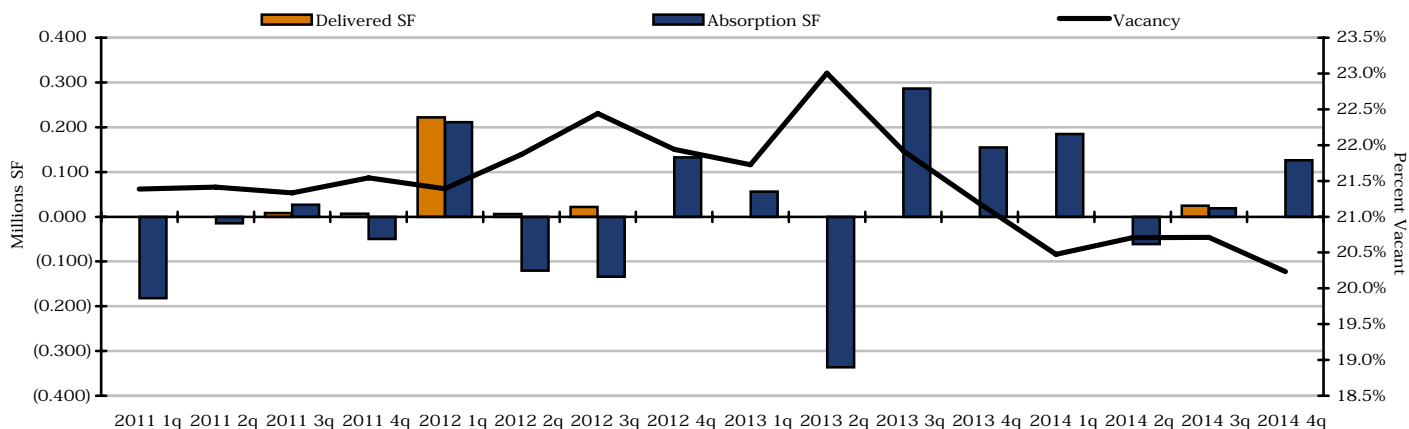


## Northwest Phoenix Market

Market Highlights - Class "A, B & C"

### Deliveries, Absorption & Vacancy

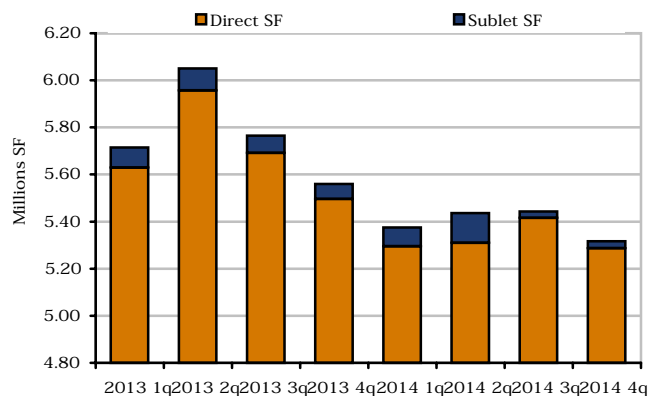
### Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

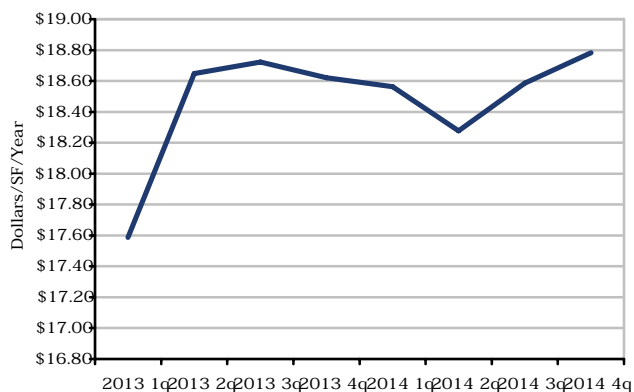
#### Historical Analysis, All Classes



Source: CoStar Property®

### Quoted Rental Rates

#### Historical Analysis, All Classes



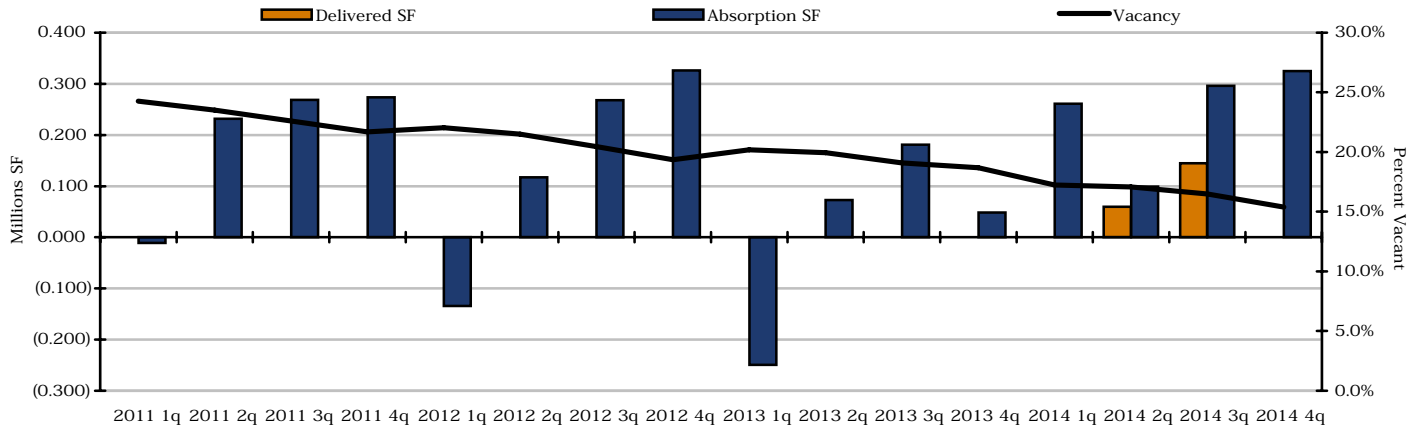
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 4q	1,526	26,277,295	5,316,369	20.2%	126,319	0	0	0	0	\$18.78
2014 3q	1,526	26,277,295	5,442,688	20.7%	18,986	1	25,000	0	0	\$18.59
2014 2q	1,525	26,252,295	5,436,674	20.7%	(61,426)	0	0	1	25,000	\$18.28
2014 1q	1,525	26,252,295	5,375,248	20.5%	184,746	0	0	0	0	\$18.56
2013 4q	1,525	26,252,295	5,559,994	21.2%	154,733	0	0	0	0	\$18.62
2013 3q	1,527	26,302,243	5,764,675	21.9%	286,037	0	0	0	0	\$18.72
2013 2q	1,527	26,302,243	6,050,712	23.0%	(336,232)	0	0	0	0	\$18.65
2013 1q	1,527	26,302,243	5,714,480	21.7%	55,841	0	0	0	0	\$17.59
2012 4q	1,527	26,302,243	5,770,321	21.9%	132,727	0	0	0	0	\$18.66
2012 3q	1,527	26,302,243	5,903,048	22.4%	(133,991)	1	21,569	0	0	\$18.50
2012 2q	1,526	26,280,674	5,747,488	21.9%	(120,628)	1	6,326	1	21,569	\$18.59
2012 1q	1,525	26,274,348	5,620,534	21.4%	211,590	2	221,924	2	27,895	\$18.58
2011 4q	1,525	26,055,873	5,613,649	21.5%	(49,892)	1	6,700	3	228,250	\$18.67
2011 3q	1,524	26,049,173	5,557,057	21.3%	27,024	1	8,276	4	234,950	\$18.50
2011 2q	1,523	26,040,897	5,575,805	21.4%	(14,439)	0	0	4	236,900	\$18.66
2011 1q	1,524	26,050,186	5,570,655	21.4%	(182,188)	0	0	3	225,178	\$18.95

Source: CoStar Property®

### Deliveries, Absorption & Vacancy

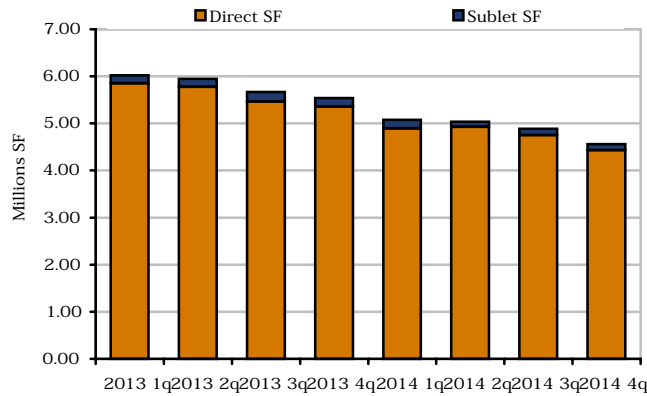
### Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

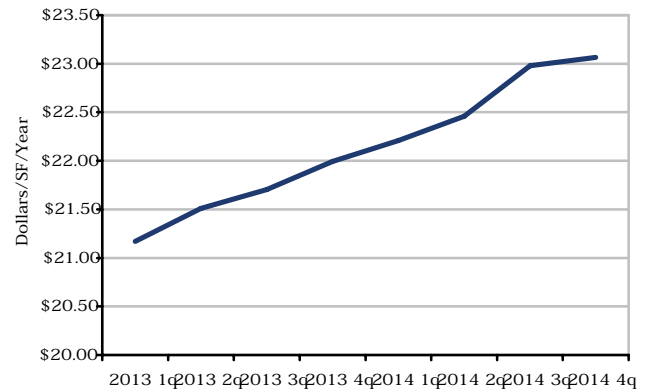
#### Historical Analysis, All Classes



Source: CoStar Property®

### Quoted Rental Rates

#### Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 4q	1,466	29,632,436	4,560,406	15.4%	324,682	0	0	2	196,089	\$23.07
2014 3q	1,466	29,632,436	4,885,088	16.5%	295,995	1	145,000	1	169,189	\$22.98
2014 2q	1,465	29,487,436	5,036,083	17.1%	98,856	1	60,000	1	145,000	\$22.46
2014 1q	1,464	29,427,436	5,074,939	17.2%	260,854	0	0	2	205,000	\$22.21
2013 4q	1,467	29,631,371	5,539,728	18.7%	48,366	0	0	2	205,000	\$21.99
2013 3q	1,468	29,711,859	5,668,582	19.1%	181,239	0	0	2	205,000	\$21.70
2013 2q	1,472	29,807,336	5,945,298	19.9%	72,809	0	0	1	60,000	\$21.51
2013 1q	1,472	29,807,336	6,018,107	20.2%	(249,573)	0	0	1	60,000	\$21.17
2012 4q	1,472	29,807,336	5,768,534	19.4%	325,873	0	0	1	60,000	\$21.63
2012 3q	1,472	29,807,336	6,094,407	20.4%	267,800	0	0	1	60,000	\$21.43
2012 2q	1,474	29,862,132	6,417,003	21.5%	117,237	0	0	1	60,000	\$21.48
2012 1q	1,477	29,918,980	6,591,088	22.0%	(134,282)	0	0	1	60,000	\$21.43
2011 4q	1,479	29,961,573	6,499,399	21.7%	273,475	0	0	1	60,000	\$21.58
2011 3q	1,479	29,961,573	6,772,874	22.6%	268,653	0	0	1	60,000	\$21.67
2011 2q	1,479	29,961,573	7,041,527	23.5%	231,759	0	0	1	60,000	\$21.80
2011 1q	1,479	29,961,573	7,273,286	24.3%	(11,226)	0	0	1	60,000	\$21.98

Source: CoStar Property®

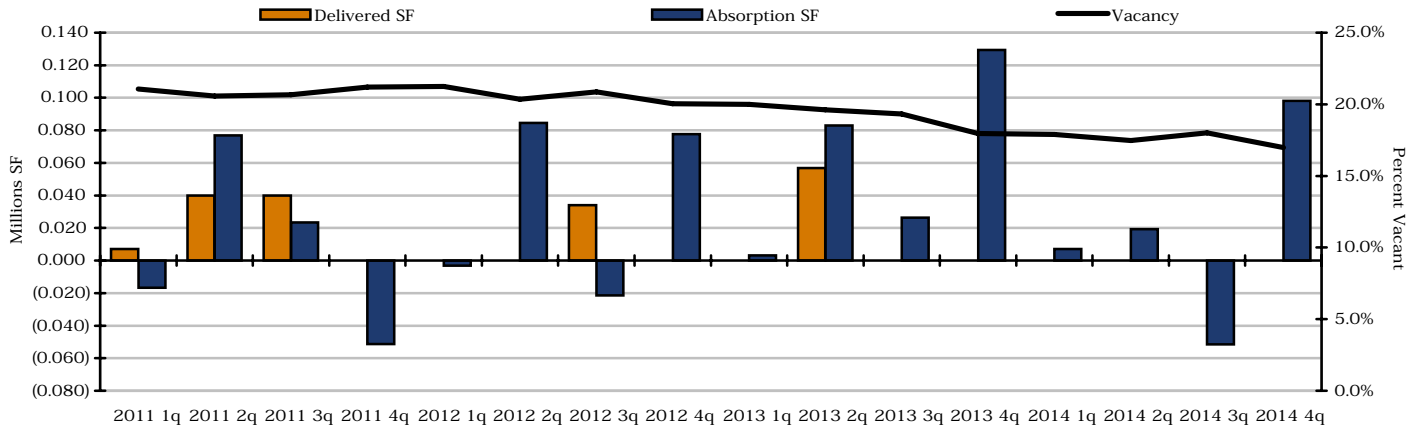
# Phoenix Office Market



## West Phoenix Market Market Highlights - Class "A, B & C"

### Deliveries, Absorption & Vacancy

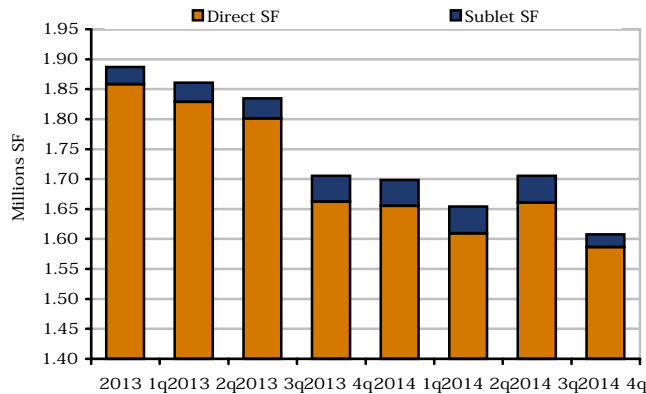
### Historical Analysis, All Classes



Source: CoStar Property®

### Vacant Space

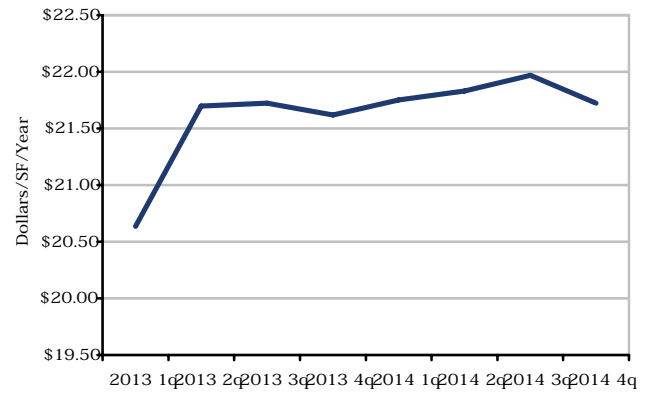
#### Historical Analysis, All Classes



Source: CoStar Property®

### Quoted Rental Rates

#### Historical Analysis, All Classes



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2014 4q	638	9,467,514	1,607,515	17.0%	98,132	0	0	0	0	\$21.72
2014 3q	638	9,467,514	1,705,647	18.0%	(51,586)	0	0	0	0	\$21.97
2014 2q	638	9,467,514	1,654,061	17.5%	19,225	0	0	0	0	\$21.83
2014 1q	639	9,492,514	1,698,286	17.9%	7,091	0	0	0	0	\$21.75
2013 4q	639	9,492,514	1,705,377	18.0%	129,307	0	0	0	0	\$21.62
2013 3q	639	9,492,514	1,834,684	19.3%	26,288	0	0	0	0	\$21.72
2013 2q	639	9,492,514	1,860,972	19.6%	83,028	2	56,750	0	0	\$21.70
2013 1q	637	9,435,764	1,887,250	20.0%	3,236	0	0	2	56,750	\$20.64
2012 4q	637	9,435,764	1,890,486	20.0%	77,634	0	0	2	56,750	\$21.43
2012 3q	637	9,435,764	1,968,120	20.9%	(21,383)	1	34,048	1	38,729	\$21.57
2012 2q	636	9,401,716	1,912,689	20.3%	84,498	0	0	1	34,048	\$21.09
2012 1q	636	9,401,716	1,997,187	21.2%	(3,100)	0	0	1	34,048	\$22.52
2011 4q	636	9,401,716	1,994,087	21.2%	(51,272)	0	0	1	34,048	\$22.80
2011 3q	636	9,401,716	1,942,815	20.7%	23,464	1	40,000	0	0	\$23.08
2011 2q	635	9,361,716	1,926,279	20.6%	76,833	1	40,000	1	40,000	\$23.11
2011 1q	634	9,321,716	1,963,112	21.1%	(16,685)	1	7,056	2	80,000	\$23.18

Source: CoStar Property®