



Industrial Market Report

COMMERCIAL PROPERTIES INCORPORATED

PHOENIX METRO THIRD QUARTER 2011

VACANCY
DOWN to 14.4%
NET ABSORPTION
+ 1,329,467

CAP RATES
DOWN

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TRANSACTIONS

Commercial Properties Incorporated completed 199 Industrial transactions for a total of 1,031,957 square feet in third quarter 2011. The top Commercial Properties Incorporated Industrial transactions for the quarter were a 250,796 square foot sale to Prologis LP for \$9.1 million in Phoenix, and a 13,674 square foot sale to EFB Holdings for \$943,506 in Chandler.

VACANCY RATE & ABSORPTION

The Phoenix Industrial market ended the third quarter 2011 with a vacancy rate of 14.4%. The vacancy rate was down from 14.8% in second quarter, with the net absorption totaling positive 1,329,467 square feet in the third quarter compared to the positive 1,528,442 square feet from second quarter. The vacant sublease space in the Phoenix market increased, ending the quarter at 1,393,391 square feet. This is an increase from last quarter which was 1,345,446 square feet. The figures above include buildings that are owner occupied as well, which affects the actual vacancy numbers. Check with your CPI broker for an accurate representation around your property.

RENTAL RATES

The Industrial rental rates ended the third quarter at \$6.17 which is an increase of 1.3% over the \$6.09 average Industrial rental rates quoted for second quarter. The Flex rental rate average was \$10.88 with the average Warehouse rental rate coming in at \$5.45 for the end of third quarter.

CONSTRUCTION

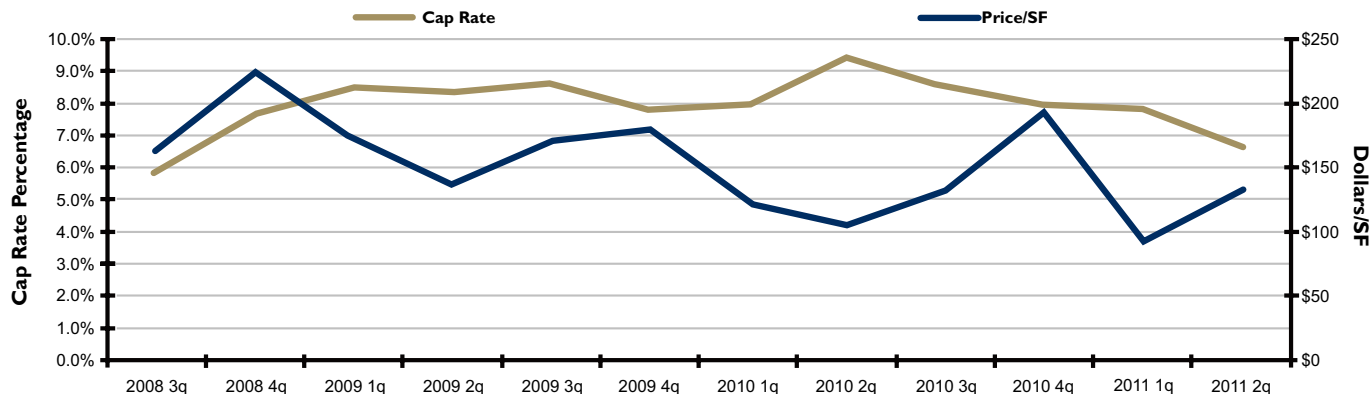
3,570,596 square feet were reported as still being under construction at the end of third quarter in the Industrial Sector compared to 2,751,142 square feet under construction in second quarter 2011. Some of the biggest projects under construction are Intel's 1,000,000 square foot expansion, and First Solar's 1,200,000 square foot building, both are located in the East Valley.

INVENTORY

At the end of third quarter 2011, there were 291,163,028 square feet of total Industrial space in Phoenix. This square footage is broken out into the 9,713 buildings that make up the sector. Comparatively, this is an increase from second quarter's 290,344,718 total Industrial square feet which consisted of 9,673 buildings, a difference of 40 more buildings now in the Industrial inventory at the end of third quarter.

The Optimist Sales Index

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



Source: CoStar COMPS®

