



Retail Market Report

COMMERCIAL PROPERTIES INCORPORATED

**PHOENIX METRO
THIRD QUARTER 2011**

VACANCY
DOWN to 12.4%
NET ABSORPTION
+ 288,887

CAP RATES
DOWN

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TRANSACTIONS

Commercial Properties Incorporated completed 19 Retail transactions for a total of 79,384 square feet in third quarter 2011. Year to date, the Commercial Properties Retail team has completed 93 transactions for a total of 342,804 square feet sold and leased. The top Commercial Properties Incorporated Retail transactions for the quarter were a 12,782 square foot sale for \$907,500 in Mesa, and a 8,279 square foot sale for \$500,000 in Chandler.

VACANCY RATE

The Phoenix Retail market ended the third quarter 2011 with a vacancy rate of 12.4%. The vacancy rate didn't see much change from 12.5% in second quarter. However, the net absorption was positive 288,887 square feet at the end of third quarter, compared to the positive 412,654 square feet from second quarter. The General Retail sector, which is categorized as freestanding retail that is not in a center, reports a vacancy rate of 7.5% for third quarter 2011. The total sublease space has increased in Phoenix as shown by the 490,861 square feet available at the end of fourth quarter 2010, to the tune of 833,400 square feet currently available. The figures above include buildings that are owner occupied as well, which affects the actual vacancy numbers. Check with your CPI broker for an accurate representation around your property.

RENTAL RATES

Average Retail rental rates ended the third quarter down at \$15.07 per square foot, from the previous \$15.43 per square foot quoted for second quarter. Third quarter shows a 2.3% decrease in the average Retail rental rates. Rates have continually declined in 2011 when you look back to fourth quarter 2010's average rental rate of \$16.18 per square foot. Compared to fourth quarter 2010 to now, rates are down 7.37% on average for the Retail Sector.

CONSTRUCTION

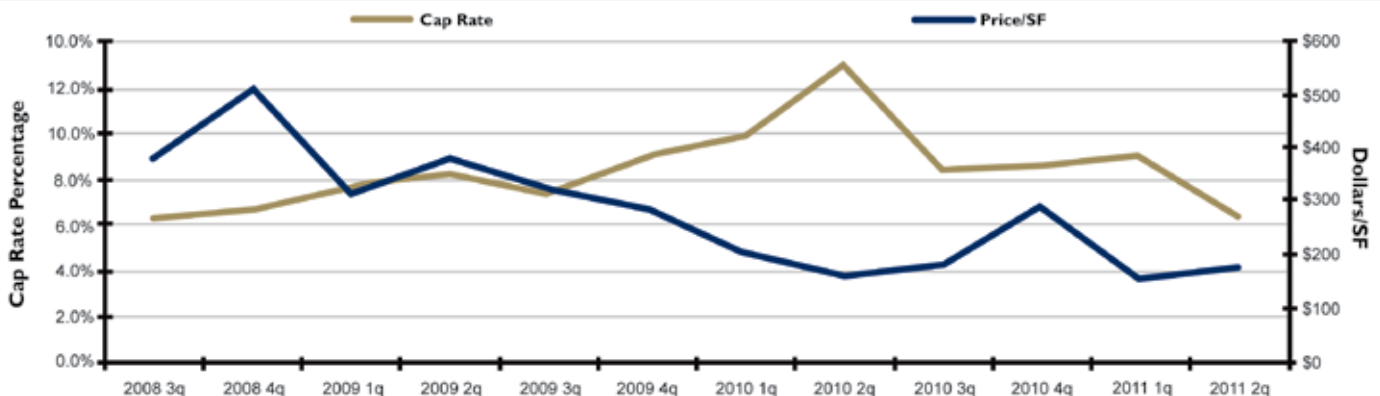
275,319 square feet were reported as still being under construction at the end of third quarter in the Retail sector compared to the 391,069 square feet that were under construction in second quarter 2011.

INVENTORY

The Phoenix Retail inventory consists of 11,393 buildings, and 1,904 centers that make up the 212,985,775 square feet of total retail inventory. Comparatively, this is an increase from second quarter's 212,155,547 total square feet which consisted of 11,118 buildings, and 1,896 centers. A difference of 275 more buildings and 8 centers now in the Phoenix Retail inventory at the end of third quarter 2011.

The Optimist Sales Index

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



Source: CoStar COMPS®

