

Mid-Year
2014
Retail
Market Report



PHOENIX, ARIZONA The Market

“The Phoenix commercial real estate market is continuing to recover quarter over quarter albeit slowly but surely.

This increase in activity is touching every product sector;

Office, Retail, Industrial and Investment. While vacancy rates continue to decline, some pricing has increased, and absorption has been positive, with submarkets in the valley in all products showing increased activity.

The Phoenix market seems to be more confident than the actual economy might dictate, but Phoenix is drawing positive attention nationally in many areas and consumer confidence is following.

Most agree that 2014 is a good foundation for 2015, which will be the year when RECOVERY will be spelled with capital letters.”

-Thad Seligman
President/CEO
NAI Horizon

Q2 Retail Market Trends



Vacancy Rate

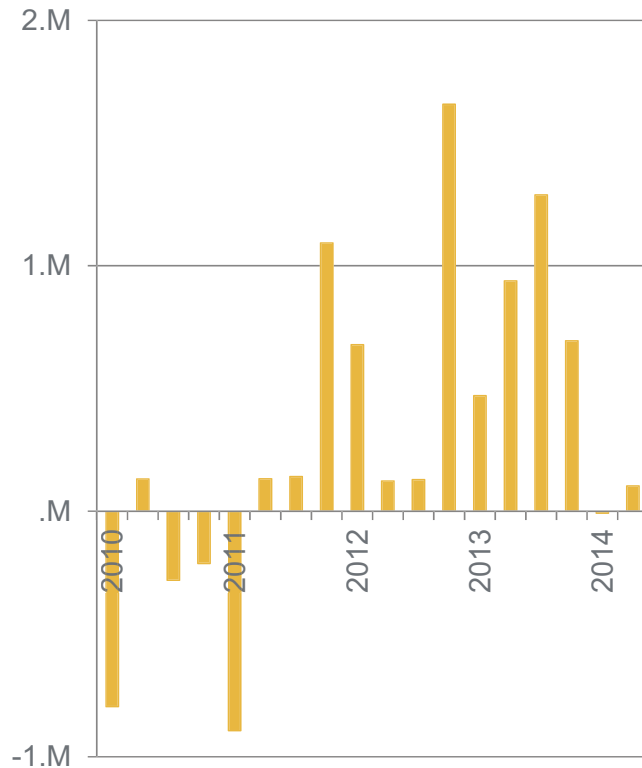


Net Absorption

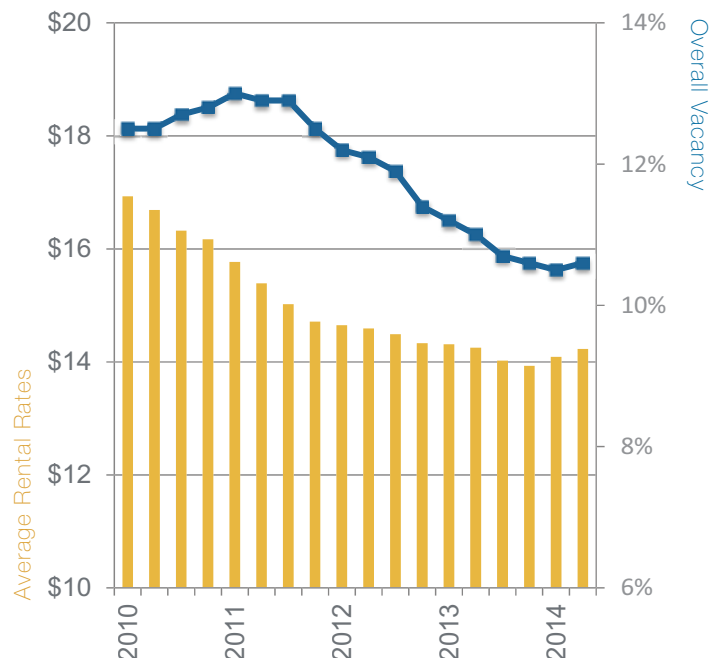


Average Asking Rates

Net Absorption



Rental & Vacancy Rates



Phoenix 2Q14 Retail Snapshot

2Q14
Retail

Market Overview

	Total RBA	Vacant SF	Vacant %	Net Absorption	RBA Delivered	RBA Under Construction	Average Rental Rate
Q2 2014	216,066,314 SF	22,197,854 SF	10.3%	103,749	68,152 SF	435,566 SF	\$14.23 PSF
Q1 2014	216,013,852 SF	22,692,924 SF	10.5%	-7,846	95,674 SF	219,661 SF	\$14.09 PSF
Q4 2013	216,140,603 SF	22,811,829 SF	10.6%	695,170	446,003 SF	236,798 SF	\$13.91 PSF
Q3 2013	215,799,200 SF	23,165,596 SF	10.7%	762,660	67,804 SF	533,199 SF	\$14.02 PSF

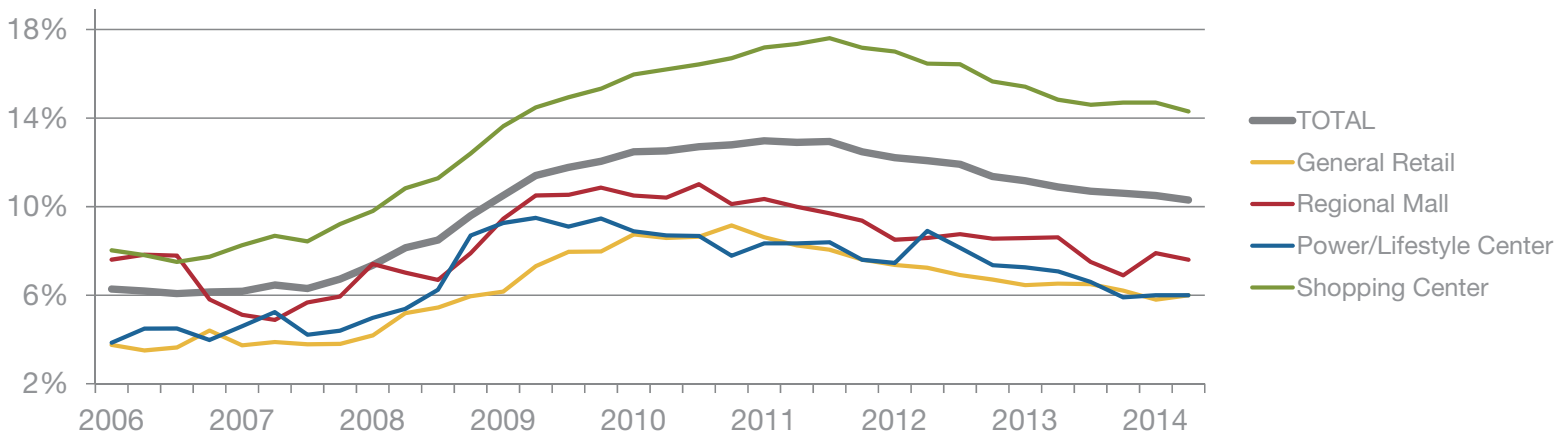
Significant Lease Transactions

Property	Address	Tenant	Size	Type	Type
Camelback Colonnade	1919-1949 E Camelback, Phoenix	Floor & Decor	80,328	General	Move In
Peoria Town Center	8200 W Peoria, Peoria	State Trailer RV	56,875 SF	Shopping Center	Move-In
Camelback Colonnade	1919-1949 E Camelback, Phoenix	Best Buy	50,000 SF	General	Renewal

Significant Sale Transactions

Property	Address	Buyer	Sale Date	Size	Type	Price
Arcadia Fiesta	3049-3131 E Indian School, Phoenix	Larry Van Tuyl	04/18/2014	148,319 SF	Shopping Center	\$17M
Camelback Center Shops	1610-1660 E Camelback, Phoenix	Crow Holdings	05/23/2014	119,150 SF	General	\$11M
Union Hills Village	18631 N 19th Ave, Phoenix	EC Union Foundation	04/30/2014	101,153 SF	Shopping Center	\$9.7M

Retail Vacancy Rates

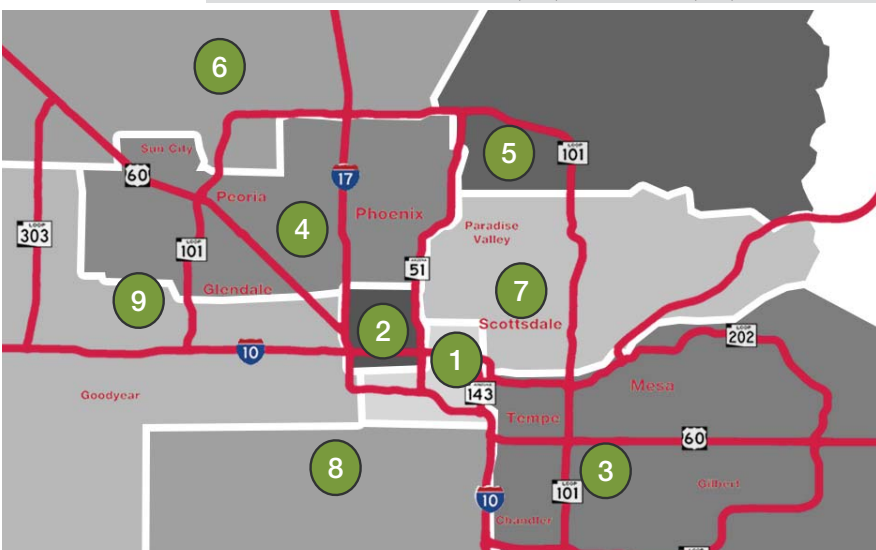


The Retail Market is a compilation that includes general retail, regional mall, power and lifestyle centers and shopping center buildings. Some information contained herein has been obtained from third party sources deemed reliable but has not been independently verified by NAI Horizon. NAI Horizon makes no warranties or representations as to the completeness or accuracy thereof. NAI Horizon makes no guarantee about projections, opinions, assumptions or estimates. Occasionally corrected or updated information becomes available for both current and historical data thereby invalidating specific comparison to previously issued reports.

PHOENIX SUBMARKETS

Q2 2014

Submarket Clusters	Retail Type	Total RBA	Total Vacant SF	Total Vacant %	Total Net Absorption	RBA Delivered	RBA Under Construction	Average Rate
Airport Area	General Retail	2,333,539	104,962	4.5%	13,851	9,026	-	\$11.36
	Airport/Regional Mall	-	-	-	-	-	-	-
	Power/Lifestyle Center	1,438,542	74,530	5.2%	1,300	-	-	\$23.20
	Shopping Center	1,529,442	173,236	11.5%	4,288	-	-	\$12.50
Total		5,301,523	352,728	6.7%	19,439	9,026.00	-	\$14.11
Downtown Phoenix	General Retail	4,078,276	494,163	12.1%	3,509	-	7,000	\$13.65
	Regional Mall	-	-	-	-	-	-	-
	Power/Lifestyle Center	-	-	-	-	-	-	-
	Shopping Center	2,447,155	327,724	13.4%	(22,611)	-	-	\$11.41
Total		6,525,431	821,887	12.6%	(19,102)	-	7,000	\$12.74
East Valley	General Retail	16,920,768	1,022,033	6.0%	17,660	12,000	21,700	\$12.33
	Regional Mall	9,115,868	657,890	7.2%	32,903	-	-	\$26.93
	Power/Lifestyle Center	7,770,435	593,318	7.6%	(50,374)	-	-	\$19.43
	Shopping Center	36,808,670	6,552,725	17.8%	(6,801)	-	79,385	\$12.86
Total		70,615,741	8,825,966	12.5%	(6,612)	12,000	101,085	\$13.35
North Phoenix	General Retail	12,143,886	816,008	6.7%	(106,225)	-	41,594	\$11.42
	Regional Mall	2,529,074	576,456	22.8%	-	-	-	-
	Power/Lifestyle Center	2,756,883	122,258	4.4%	23,634	-	-	\$19.06
	Shopping Center	21,424,775	3,451,625	16.1%	304,413	7,000	60,000	\$13.11
Total		38,854,618	4,968,047	12.8%	220,122	7,000	101,594	\$12.88
North Scottsdale	General Retail	4,640,292	267,569	5.8%	(18,708)	-	-	\$18.00
	Regional Mall	3,133,248	78,358	2.5%	8,446	-	-	\$15.66
	Power/Lifestyle Center	2,550,776	136,314	5.3%	21,944	-	-	\$22.70
	Shopping Center	6,909,755	832,236	12.0%	53,829	-	-	\$18.29
Total		17,234,071	1,314,477	7.6%	65,511	-	-	\$18.24
Northwest Phoenix	General Retail	4,260,096	179,504	4.2%	(7,240)	-	4,307	\$14.83
	Regional Mall	1,347,498	17,833	1.3%	2,671	-	-	\$25.91
	Power/Lifestyle Center	3,624,187	171,508	4.7%	(2,167)	-	-	\$28.58
	Shopping Center	10,134,006	1,038,580	9.8%	14,481	90,672	94,372	\$15.92
Total		19,365,787	1,407,425	7.3%	7,745	90,672	98,679	\$16.73
Pinal County	General Retail	3,822,949	115,461	3.0%	1,796	-	10,775	\$11.60
	Regional Mall	867,313	93,284	10.8%	-20,469.00	-	-	-
	Power/Lifestyle Center	244,219	6,950	2.8%	-	-	-	-
	Shopping Center	4,216,648	599,801	14.2%	2,560	-	-	\$10.05
Total		9,151,129	815,496	8.9%	(16,113)	-	10,775	\$10.17
Scottsdale	General Retail	6,042,963	415,877	6.9%	1,936	-	-	\$20.58
	Regional Mall	3,367,526	181,803	5.4%	-	-	-	\$38.34
	Power/Lifestyle Center	1,772,760	120,408	6.8%	-	-	-	\$23.00
	Shopping Center	8,098,139	823,781	10.2%	4,013	-	-	\$17.83
Total		19,281,388	1,541,869	8.0%	5,949	-	-	\$21.38
South Mountain	General Retail	943,123	23,134	2.5%	-	-	-	\$19.81
	Regional Mall	-	-	-	-	-	-	-
	Power/Lifestyle Center	1,467,715	73,791	5.0%	-	-	-	\$22.71
	Shopping Center	4,142,289	357,749	8.6%	(20,390)	-	-	\$16.74
Total		6,553,127	454,674	6.9%	(20,390)	-	-	\$17.41
West Phoenix	General Retail	6,403,714	299,242	4.7%	-	7,000	27,413	\$14.65
	Regional Mall	997,787	17,368	1.7%	-	-	-	-
	Power/Lifestyle Center	3,988,893	215,647	5.4%	-	-	-	\$20.25
	Shopping Center	11,082,436	1,226,026	11.1%	14,568	-	14,125	\$13.09
Total		22,472,830	1,758,283	7.8%	14,568	7,000	41,538	\$13.49
All Submarkets	General Retail	61,595,471	3,716,790	6.0%	30,373	42,700	112,789	\$13.53
	Regional Mall	21,358,314	1,622,992	7.6%	(20,469)	-	-	\$29.75
	Power/Lifestyle Center	25,614,410	1,534,730	6.0%	-20,006	-	-	\$22.09
	Shopping Center	106,793,315	15,279,327	14.3%	113,851	25,452	322,777	\$13.54
Overall Total		216,066,314	22,197,854	10.3%	103,749	68,152	435,566	\$14.23
Overall Total 1Q14		216,013,852	22,692,924	10.5%	(7,846)	95,674	219,661	\$14.09
Overall Total 4Q13		216,140,603	22,811,829	10.6%	695,170	446,003	236,798	\$13.91
Overall Total 3Q13		215,799,200	23,165,596	10.7%	762,660	67,804	533,199	\$14.02



RETAIL SUBMARKETS

- 1 Airport Area
- 2 Downtown Phoenix
- 3 East Valley
- 4 North Phoenix
- 5 North Scottsdale
- 6 Northwest Phoenix
- 7 Scottsdale
- 8 South Mountain
- 9 West Phoenix

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