

Year-End
2014
Retail
Market Report

Market Numbers

Year-End
2014

Vacancy

- Decreased to 9.8% in Q4 from 10.6% in Q1 2014
- General retail space reported the lowest vacancy rate at 5.5%
- Shopping center space reported the highest vacancy rate in the Valley at 13.9%

Rental Rates (NNN)

- Rates rates decreased slightly throughout 2014, starting the year at \$14.09 and ending the year at \$13.87
- The Scottsdale submarkets continued to fetch the highest average rental rates, hovering around \$19.00
- The North and West Phoenix submarkets reported the lowest rental rates, around \$12

New Construction

- Ending Q4 2014, there were 427,043 SF of new retail properties under construction.
- Over 700,000 SF was delivered to the retail market in 2014

Net Absorption

- In Q4 2014, 817,405 SF was absorbed in the Phoenix Metro Retail Market making it the best quarter in 2014

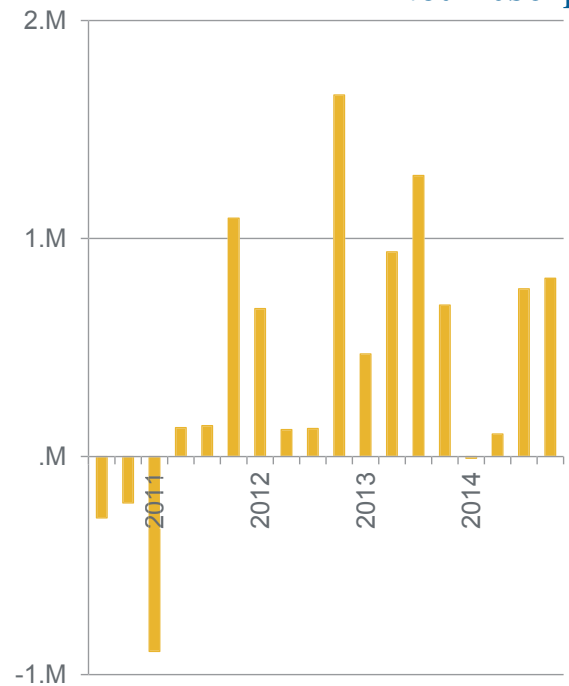
Economic Trends

-  **Consumer Price Index**
Up 1.3% over last 12 months
-  **30-Year Fixed Mortgage**
3.64% National Average, down from 3.68% 3Q14
-  **Phoenix Metro Unemployment**
Arizona, 11/14- 5.9% down from 6.8% 2Q14

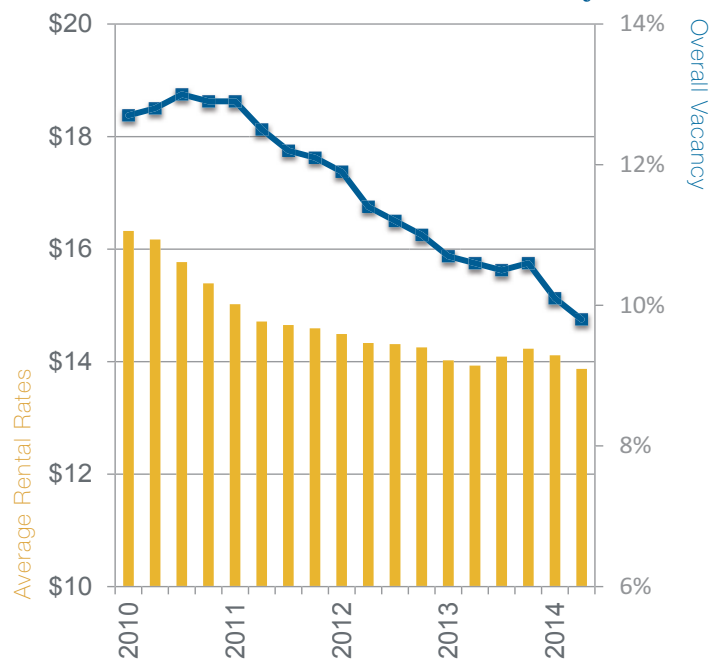
Q4 Retail Market Trends

-  **Vacancy Rate**
-  **Net Absorption**
-  **Average Asking Rates**

Net Absorption



Rental & Vacancy Rates



Phoenix 4Q14 Retail Snapshot

4Q14
Retail

Market Overview

	Total RBA	Vacant SF	Vacant %	Net Absorption	RBA Delivered	RBA Under Construction	Average Rental Rate
Q4 2014	216,353,127 SF	21,233,177 SF	9.8%	817,405	377,959 SF	427,043 SF	\$13.87 PSF
Q3 2014	216,214,222 SF	22,911,677 SF	10.1%	808,776	136,208 SF	733,897 SF	\$14.12 PSF
Q2 2014	216,105,300 SF	22,611,531 SF	10.5%	384,597	62,694 SF	775,739 SF	\$14.20 PSF
Q1 2014	216,095,727 SF	22,986,555 SF	10.6%	195	123,376 SF	405,697 SF	\$14.09 PSF

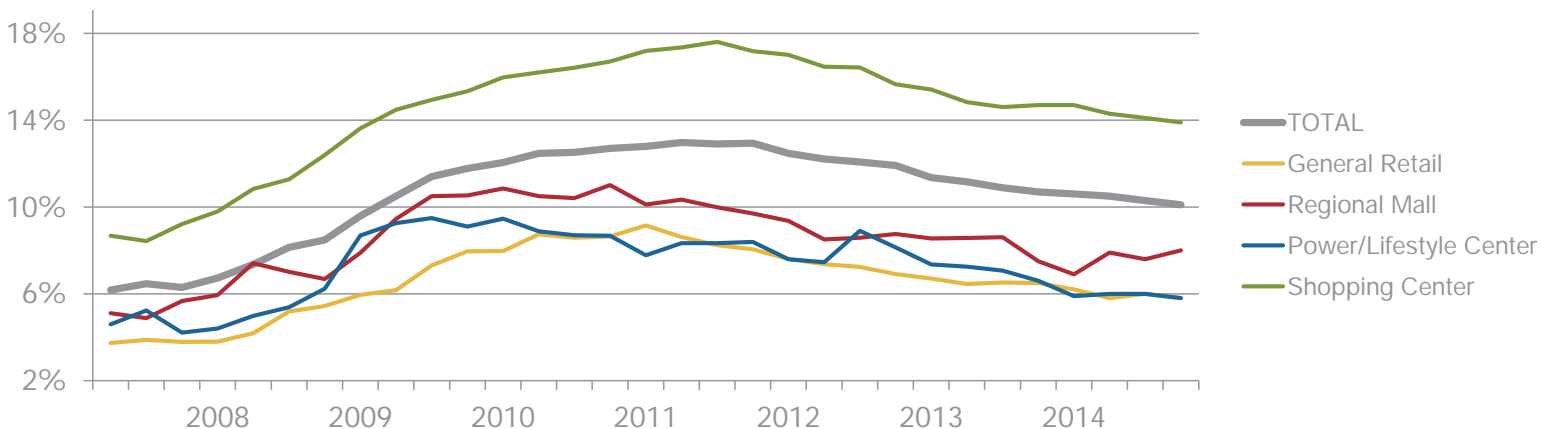
Significant Lease Transactions

Property	Address	Tenant	Size	Type	Type
Greenfield Plaza	4231-4331 E Baseline, Gilbert	Fat Cats Entertainment	53,700	General	Move In
Greenway Park Plaza	3202 E Greenway, Phoenix	Ross	27,000 SF	General	Move-In
Foothills Park Place	4940 E Ray Rd, Phoenix	Goodwill	22,565 SF	General	Move-In

Significant Sale Transactions

Property	Address	Buyer	Sale Date	Size	Type	Price
Scottsdale Horizon	14672 N Frank Lloyd Wright, Phoenix	Weingarten Realty	12/19/2014	48,629 SF	Community Center	\$17M
Fulton Ranch Towne Center	4040-4180 S Arizona Ave, Phoenix	Whitestone REIT	11/05/2014	58,403 SF	Power Center	\$15M
LA Fitness	1382 S Cotton Ln, Phoenix	Arnold Gustin	10/08/2014	45,000 SF	Freestanding	\$12M

Retail Vacancy Rates

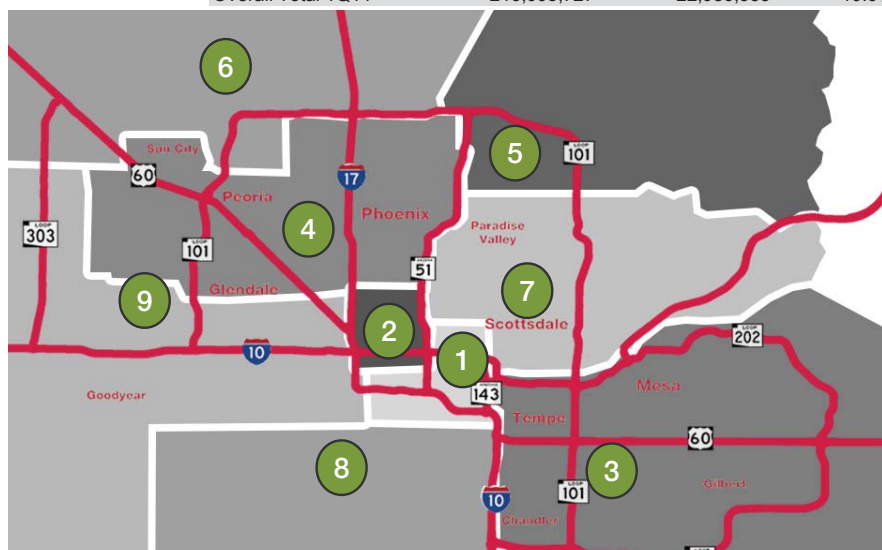


The Retail Market is a compilation that includes general retail, regional mall, power and lifestyle centers and shopping center buildings. Some information contained herein has been obtained from third party sources deemed reliable but has not been independently verified by NAI Horizon. NAI Horizon makes 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

Q4 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	2,368,022	102,957	4.3%	(6,421)	-	-	\$9.62
	Airport/Regional Mall	-	-	-	-	-	-	-
	Power/Lifestyle Center	1,438,542	148,530	10.3%	(74,000)	-	-	\$23.20
	Shopping Center	1,525,105	148,931	9.8%	(8,063)	-	-	\$13.59
Total	5,331,669	400,418	7.5%	(88,484)	-	-	\$14.11	
Downtown Phoenix	General Retail	4,137,605	492,148	11.9%	29,323	-	-	\$14.03
	Regional Mall	-	-	-	-	-	-	-
	Power/Lifestyle Center	-	-	-	-	-	-	-
	Shopping Center	2,399,343	389,051	16.2%	(8,183)	-	-	\$13.16
Total	6,536,948	881,199	13.5%	21,140	-	-	\$13.77	
East Valley	General Retail	16,800,503	880,761	5.2%	25,994	46,850	112,097	\$12.39
	Regional Mall	5,749,877	395,271	6.9%	14,678	-	-	-
	Power/Lifestyle Center	11,123,714	640,696	5.8%	126,276	-	51,413	\$23.09
	Shopping Center	36,901,601	6,176,865	16.7%	147,501	16,185	11,445	\$12.86
Total	70,575,695	8,093,593	11.5%	314,449	63,035	174,955	\$13.31	
North Phoenix	General Retail	12,148,702	640,921	5.3%	(6,719)	25,094	9,963	\$11.73
	Regional Mall	2,530,074	577,456	22.8%	-	-	-	-
	Power/Lifestyle Center	3,230,789	149,042	4.6%	10,484	-	-	\$18.46
	Shopping Center	20,825,140	3,517,077	16.9%	(2,841)	60,000	-	\$12.29
Total	38,734,705	4,884,496	12.6%	924	85,094	9,963	\$12.30	
North Scottsdale	General Retail	4,730,271	278,246	5.9%	3,213	6,289	42,402	\$21.50
	Regional Mall	1,498,420	33,415	2.2%	-	-	-	-
	Power/Lifestyle Center	4,185,394	178,962	4.3%	(2,365)	-	-	\$18.47
	Shopping Center	6,924,484	741,842	10.7%	13,930	-	86,076	\$17.26
Total	17,338,569	1,232,465	7.1%	14,778	6,289	128,478	\$18.74	
Northwest Phoenix	General Retail	3,887,788	140,990	3.6%	30,260	-	4,307	\$14.10
	Regional Mall	1,347,498	15,343	1.1%	2,671	-	-	-
	Power/Lifestyle Center	4,130,066	177,049	4.3%	29	-	-	\$28.77
	Shopping Center	10,067,566	987,881	9.8%	156,798	94,000	-	\$15.70
Total	19,432,918	1,321,263	6.8%	187,087	94,000	4,307	\$16.38	
Pinal County	General Retail	3,870,232	146,678	3.8%	5,504	8,320	10,775	\$11.41
	Regional Mall	-	-	-	-	-	-	-
	Power/Lifestyle Center	1,111,532	99,439	8.9%	(1,929)	-	-	-
	Shopping Center	4,214,628	609,575	14.5%	26,535	-	-	\$9.85
Total	9,196,392	855,692	9.3%	30,110	8,320	10,775	\$10.00	
Scottsdale	General Retail	6,196,976	369,767	6.0%	41,753	5,400	-	\$21.18
	Regional Mall	3,367,526	97,262	2.9%	83,670.00	-	-	-
	Power/Lifestyle Center	1,782,039	119,663	6.7%	2,846	-	-	\$22.91
	Shopping Center	8,101,521	783,649	9.7%	43,541	-	-	\$18.34
Total	19,448,062	1,370,341	7.0%	171,810	5,400	-	\$19.70	
South Mountain	General Retail	957,897	23,674	2.5%	7,000	7,000	-	\$17.73
	Regional Mall	-	-	-	-	-	-	-
	Power/Lifestyle Center	1,127,162	93,944	8.3%	(25,017)	-	-	\$28.00
	Shopping Center	4,501,155	384,557	8.5%	9,317	-	18,600	\$17.09
Total	6,586,214	502,175	7.6%	(8,700)	7,000	18,600	\$17.45	
West Phoenix	General Retail	6,344,553	331,856	5.2%	65,685	73,640	62,140	\$13.38
	Regional Mall	997,787	14,130	1.4%	(2,369)	-	-	-
	Power/Lifestyle Center	3,871,693	200,191	5.2%	32,395	5,859	3,700	\$22.10
	Shopping Center	11,226,620	1,088,399	9.7%	52,758	-	14,125	\$12.59
Total	22,440,653	1,634,576	7.3%	148,469	79,499	79,965	\$12.84	
All Submarkets	General Retail	61,471,871	3,407,998	5.5%	224,914	201,915	241,684	\$14.19
	Regional Mall	15,491,182	1,132,877	7.3%	95,979	-	-	-
	Power/Lifestyle Center	32,000,931	1,807,516	5.6%	68,719	5,859	55,113	\$22.72
	Shopping Center	106,687,163	14,827,827	13.9%	431,293	170,185	130,246	\$13.27
Overall Total	216,353,127	21,233,177	9.8%	817,405	377,959	427,043	\$13.87	
Overall Total 3Q14	216,214,222	21,911,677	10.1%	808,776	136,208	733,897	\$14.12	
Overall Total 2Q14	216,105,300	22,611,531	10.5%	384,597	62,694	775,739	\$14.20	
Overall Total 1Q14	216,095,727	22,986,555	10.6%	195	123,376	405,697	\$14.09	



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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