

Phoenix 1Q15 Retail Snapshot



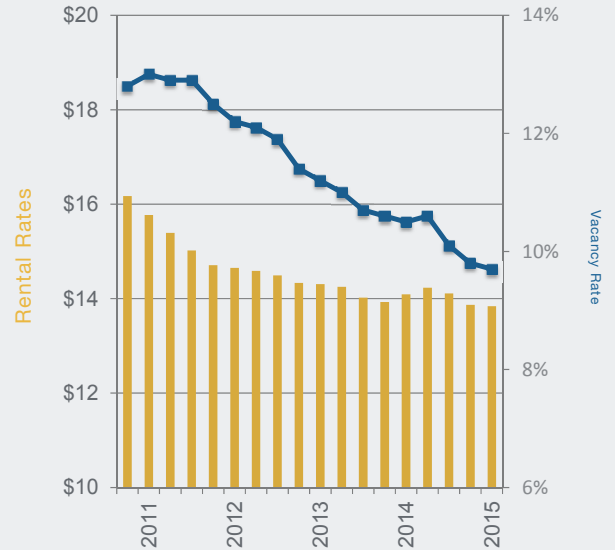
After the first quarter of 2015, the Phoenix retail sector remains consistent. While vacancy rates continue to decline and net absorption remains steady, average asking rents saw a slight dip from the previous quarter. With the housing recovery slowing and housing starts limited in the Phoenix area, retail has also slowed its pace slightly. However, smaller spaces have continued to see increased activity with new eateries and smaller retailers stepping into the recovering economy.

Average rental rates for the Phoenix Metro retail market came in at \$13.84/SF for the first quarter of 2015, down just slightly from the \$13.86/SF seen in the last quarter of 2014. Both of the Scottsdale submarkets continues to lead that race, coming in just below \$20/SF, with the South Mountain submarket trailing just behind at \$18/SF.

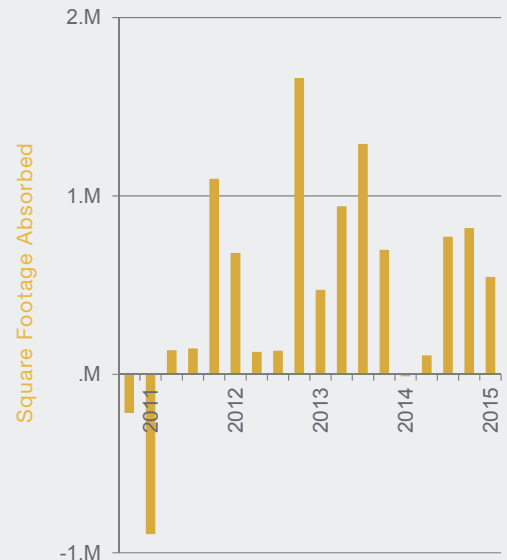
Vacancy rates continue to tighten, with just 9.7% vacant as of the end of Q1 2015. This is down slightly from the end of 2014, when the vacancy rate was 9.8%, and down significantly from Q1 2014 when the rate was 10.6%. The Northwest Phoenix submarket boasts the lowest rate at just 6.7%, while the Downtown phoenix submarket continues to have the highest vacancy rate at 14.1%. As vacancy rates continue to catch up, rental rates should begin to be positively affected.

The largest lease transaction for the first quarter of 2015 was a 40,000 SF lease to Mountainside Fitness at the Loop 101 & 75th Ave. The largest retail sale transaction was 1625 E Camelback Rd, the 52,000 SF Sports Authority Center, for \$15.3M.

Rental Rates



Net Absorption



Economic Trends

↑ Consumer Price Index
Up 0.8% over last 12 months

↓ 30-Year Fixed Mortgage
3.7% National Average, up from 4.41% 1Q14

↓ Phoenix Metro Unemployment
Arizona, 01/15- 5.8% down from 7.3% 01/14

Retail Market Trends

↓ Vacancy Rate

↓ Net Absorption

↓ Average Asking Rates

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Market Overview

	Total RBA	Vacant SF	Vacant %	Net Absorption	RBA Delivered	RBA Under Construction	Average Rental Rate
Power/Lifestyle	32,281,184 SF	1,677,791 SF	5.2%	245,337	132,362 SF	7,751 SF	\$21.36 PSF
Regional Mall	15,494,289 SF	1,012,363 SF	6.5%	120,514		141,689 SF	\$38.34 PSF*
General	62,727,392 SF	3,621,781 SF	5.8%	108,218	562,262 SF	263,079 SF	\$14.52 PSF
Shopping Center	106,456,667 SF	14,691,235 SF	13.8%	68,550	60,633 SF	102,013 SF	\$13.26 PSF

* Rental Rate as of Q3 2014. No rates made public for most recent quarter.

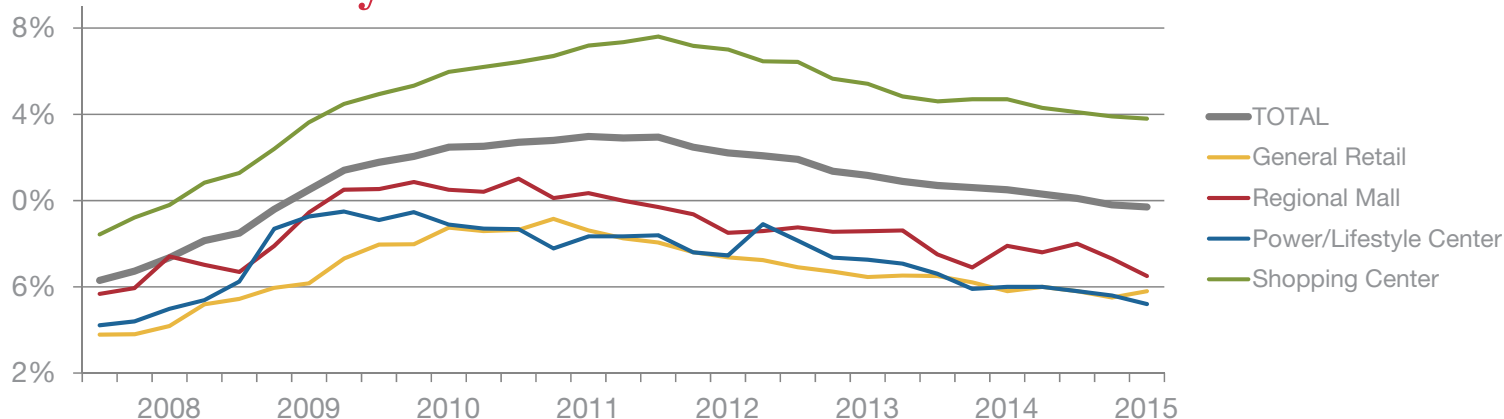
Significant Lease Transactions

Property	Address	Tenant	Size	Building Type	Type
Aspera at Joy	Loop 101 & 75th Ave, Glendale	Mountainside Fitness	40,000 SF	Retail/Direct	Move In
Horne Plaza	750 N Gilbert Rd, Gilbert	Smart & Final	35,959 SF	Retail/Direct	Move In
Paseo Del Oro	3029 N Alma School, Chandler	AZ Elite Sports	33,236 SF	Retail/Direct	Move In

Significant Sale Transactions

Property	Address	Sale Date	Size	Building Type	Price
Sports Authority Center	1625 E Camelback Rd	1/5/2015	52,138 SF	Retail - Center	\$15.3M
Scottsdale Highland	4821 N Scottsdale Rd	3/23/2015	22,500 SF	Retail - Center	\$15.0M
Metro Commons	3121 W Peoria Ave	2/2/2015	17,755 SF	Retail - Center	\$7.8M

Retail Vacancy Rates

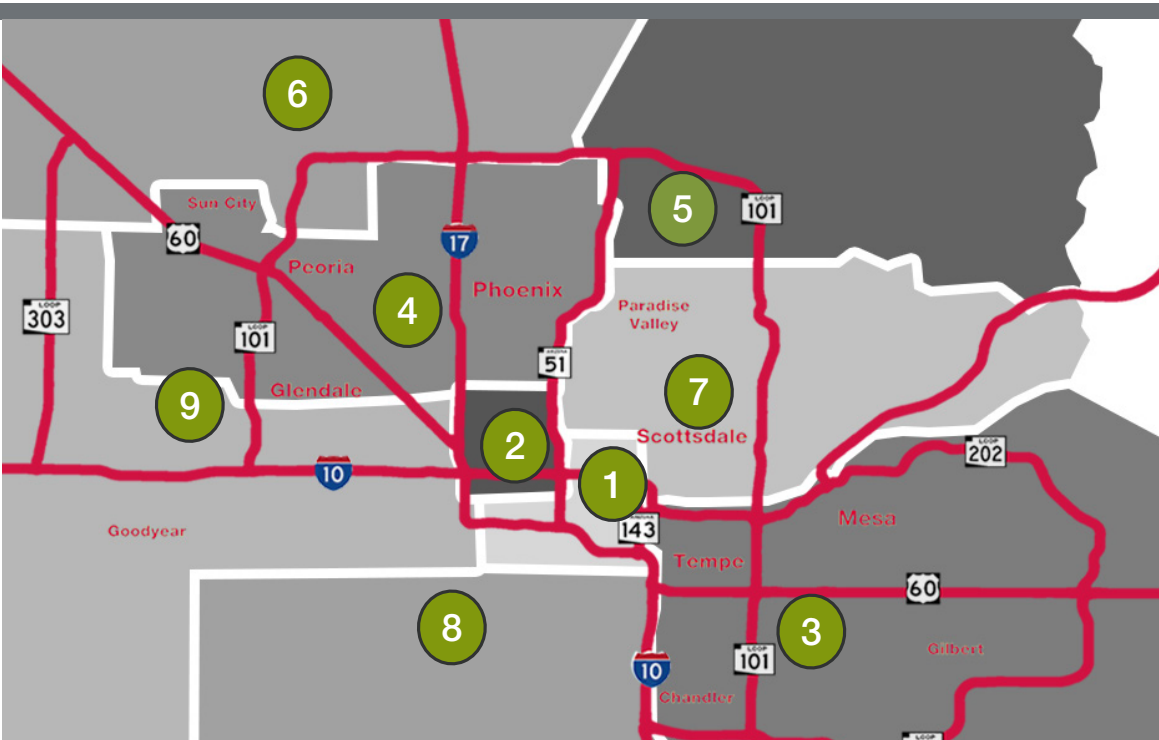


The Industrial Market is a compilation that includes distribution, warehouse, manufacturing and flex buildings. Some information contained herein has been obtained from third party sources deemed reliable but has not been independently verified by NAI Horizon. NAI Horizon makes no warranties or representations 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 1Q15 Retail Submarkets

▼ Down from Q4 2014
▲ Up from Q4 2014
— No change from Q4 2014

Submarket	RBA (SF)	Vacant SF	Vacant %	Net Absorption	RBA Delivered	RBA Under Construction	Avg. Rental Rate (FS)
Airport Area	5,326,170	402,952	7.6%	(2,534)	—	—	\$13.73
Downtown Phoenix	6,467,208	913,417	14.1%	8,001	8,000	—	\$13.62
East Valley	71,149,375	7,830,354	11.0%	401,548	546,052	154,253	\$13.14
North Phoenix	39,174,666	4,825,154	12.3%	67,704	4,604	—	\$12.37
North Scottsdale	17,437,958	1,238,346	7.1%	88,840	82,721	35,155	\$18.69
Northwest Phoenix	19,346,419	1,295,975	6.7%	23,288	—	29,307	\$16.22
Pinal County	9,342,872	839,050	9.0%	(16,478)	—	10,775	\$10.71
Scottsdale	19,626,570	1,419,425	7.2%	44,252	113,668	161,689	\$19.75
South Mountain	6,608,812	549,648	8.3%	(47,473)	—	18,600	\$18.01
West Phoenix	22,492,071	1,688,849	7.5%	(29,041)	3,700	96,753	\$12.68
All Submarkets	217,693,923	21,059,735	9.7%	543,013	755,257	514,532	\$13.84
Overall Total 4Q14	217,063,903	21,342,875	9.8%	793,534	381,265	1,075,900	\$13.86
Overall Total 3Q14	216,943,671	22,016,135	10.1%	747,061	136,208	1,368,726	\$14.13
Overall Total 2Q14	216,826,429	22,645,954	10.4%	513,099	198,694	878,833	\$14.21



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