

Total Office Market Statistics

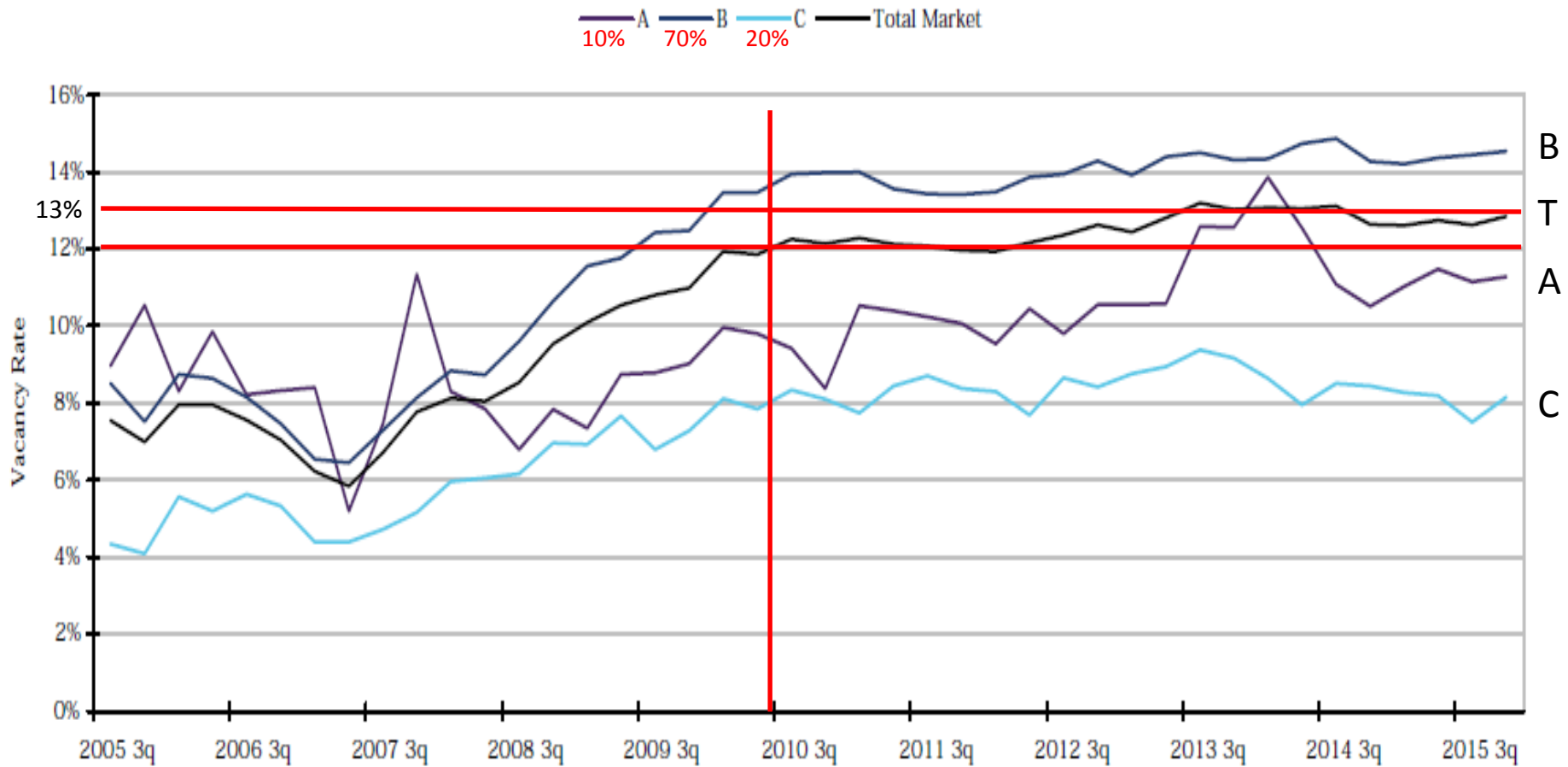
Year-End 2015

Period	Existing Inventory		Vacancy			Net Absorption	Deliveries		UC Inventory		Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %		# Blds	Total RBA	# Blds	Total RBA	
2015 4q	2,473	24,976,434	3,152,945	3,209,034	12.8%	143,173	3	228,263	3	69,785	\$18.93
2015 3q	2,470	24,748,171	3,046,751	3,123,944	12.6%	31,023	0	0	6	298,048	\$18.35
2015 2q	2,470	24,748,171	3,073,591	3,154,967	12.7%	(16,993)	1	19,761	4	232,763	\$18.23
2015 1q	2,469	24,728,410	3,000,107	3,118,213	12.6%	33,336	3	37,179	5	252,524	\$18.58
2014 4q	2,467	24,696,685	3,001,202	3,119,824	12.6%	210,277	2	107,525	7	278,803	\$18.36
2014 3q	2,465	24,589,160	3,106,989	3,222,576	13.1%	45,176	3	68,859	9	386,328	\$18.39
2014 2q	2,462	24,520,301	3,122,410	3,198,893	13.0%	13,786	1	18,092	11	244,035	\$18.22
2014 1q	2,462	24,511,029	3,162,735	3,203,407	13.1%	45,837	1	67,650	9	227,426	\$18.44
2013	2,461	24,443,379	3,127,979	3,181,594	13.0%	(95,753)	2	15,821	9	197,991	\$18.63
2012	2,461	24,442,969	2,998,572	3,085,431	12.6%	(56,409)	4	120,641	0	0	\$18.57
2011	2,457	24,322,328	2,836,070	2,908,381	12.0%	271,802	7	261,779	2	98,005	\$18.99
2010	2,450	24,060,549	2,828,881	2,918,404	12.1%	(155,226)	13	135,924	6	336,853	\$19.51
2009	2,437	23,924,625	2,522,776	2,627,254	11.0%	(4,939)	33	378,020	11	128,724	\$19.33
2008	2,404	23,546,605	2,148,687	2,244,295	9.5%	208,779	45	675,338	25	300,164	\$19.90
2007	2,359	22,871,267	1,674,977	1,777,736	7.8%	315,649	63	524,761	32	540,331	\$20.16
2006	2,297	22,353,084	1,541,909	1,575,202	7.0%	520,443	54	572,768	52	462,788	\$19.43

Source: CoStar Property®

FLAT WAS THE WORD!

Vacancy Rates by Class 2005-2015



Source: CoStar Property®

Select Top Office Leases Based on Leased Square Footage For Deals Signed in 2015

Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company
1 4690 N Oracle Rd	West Tucson	211,152	3rd	Comcast Cable N	JLL	Cushman & Wakefield PICOR
2 3535 E Valencia Rd	Southwest Tucson	100,273	3rd	Aetna Life Insurance S-L	Direct Deal	Cushman & Wakefield PICOR
3 3300 E Sunrise Dr	Foothills	82,942	4th	Sunquest Information Systems Inc.	Mark Irvin Commercial Real Estate	Larsen Baker
4 333 E Wetmore Rd	West Tucson	52,008	1st	Cenpatico of Arizona, Inc. N	Cushman & Wakefield	Cushman & Wakefield PICOR
5 440 W Paseo Redondo	Downtown Tucson	36,950	4th	El Rio Community Health	N/A	El Rio Community Health Center
6 535 N Wilmot Rd	Central Tucson	19,457	3rd	Banner Healthcare Systems R	JLL	Mark Irvin Commercial Real Estate
7 6261 N La Cholla Blvd	North Tucson/Oro Valley	14,801	4th	Genesis OB-GYN	Mark Irvin Commercial Real Estate	CBRE
8 2760 S 4th Ave	Southwest Tucson	11,900	2nd	Department of Child Safety	Cushman & Wakefield PICOR	Larsen Baker
9 2424 N Wyatt Dr	Central Tucson	11,603	1st	TMC One	Mark Irvin Commercial Real Estate	Cushman & Wakefield PICOR
10 6365 E Tanque Verde Rd*	Central Tucson	11,588	1st	New Pueblo Medicine	Rein & Grosseohme	Rein & Grosseohme

250 S. Toole Ave
300 S. Craycroft

20,000
11,000

Community Bridges **N**
Bayview Loan Servicing **N**

CW|P
Cresa

CW|P
CW|P

Select Top Sales

Based on Sales from October 2014 Through December 2015



1. One South Church
 Tucson
 Price: \$32,000,000
 Price/SF: \$132.88
 Cap Rate: 6%
 RBA: 240,811
 Date: 10/23/2015
 Year Built: 1986
 Buyer: Repton Investment Co.
 Seller: Equity Commonwealth

INV
Local



2. 333 E Wetmore
 Tucson
 Price: \$26,500,000
 Price/SF: \$187.58
 Cap Rate: N/A
 RBA: 141,271
 Date: 12/16/2015
 Year Built: 1985
 Buyer: Robertson Properties Group
 Seller: West Coast Capital Partners

Re-Cap



3. Aetna Life Insurance
 Tucson
 Price: \$21,700,000
 Price/SF: \$216.41
 Cap Rate: 8.93%
 RBA: 100,273
 Date: 7/29/2015
 Year Built: 2001
 Buyer: Griffin Capital Asset REIT II
 Seller: Aetna, Inc.

Sale-
Leaseback



4. Rio Nuevo Professional Plaza
 Tucson
 Price: \$12,404,345
 Price/SF: \$168.02
 Cap Rate: N/A
 RBA: 73,826
 Date: 12/18/2015
 Year Built: 2002
 Buyer: BGYD Tucson II GSA LLC
 Seller: Diamond Ventures

INV
Local



5. Morgan Stanley
 Tucson
 Price: \$9,049,000
 Price/SF: \$457.82
 Cap Rate: N/A
 RBA: 19,761
 Date: 5/21/2015
 Year Built: 2015
 Buyer: Syndicated Equities
 Seller: DESCO Southwest

INV



6. Carondelet Foothills Surgery Center
 Tucson
 Price: \$7,600,000
 Price/SF: \$542.86
 Cap Rate: 6%
 RBA: 14,000
 Date: 12/4/2015
 Year Built: 2005
 Buyer: Carl W Howe Jr. & Geraldine M How
 Seller: Michael R. Watts

INV



7. Orange Grove Medical Clinic
 Tucson
 Price: \$3,000,000
 Price/SF: \$68.84
 Cap Rate: N/A
 RBA: 43,704
 Date: 9/23/2015
 Year Built: 1988
 Buyer: West Coast Capital Partners
 Seller: Healthcare Realty Trust Inc.

INV
Local



8. 5840 N La Cholla Blvd
 Tucson
 Price: \$1,825,000
 Price/SF: \$201.72
 Cap Rate: N/A
 RBA: 0,447
 Date: 9/16/2015
 Year Built: 2003
 Buyer: COPE Community Services, Inc.
 Seller: Bradley Bohmert

User



9. 3443 N Campbell Ave
 Tucson
 Price: \$1,750,830
 Price/SF: \$102.00
 Cap Rate: N/A
 RBA: 17,165
 Date: 10/12/2015
 Year Built: 1988
 Buyer: Carla Kaegan
 Seller: William R Assenmacher

User

PRICING
ALL
OVER
THE
PLACE!

Select Year-to-Date Deliveries

Based on Project Square Footage

1. 4690 N Oracle Rd - Tucson Galleria

Submarket: **Central**
 RBA: **211,152** Existing –
 # Floors: **4** Retail > Office
 Class: **B**
 Occupied: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Third Quarter 2014**
 Deliv Date: **Fourth Quarter 2015**
 Leasing Co: **Tanager Company**
 Developer: **N/A**
 Architect: **N/A**

2. 1617 E Skyline Dr - Morgan Stanley

Submarket: **North**
 RBA: **19,761** **BTS**
 # Floors: **1**
 Class: **B**
 Occupied: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Second Quarter 2014**
 Deliv Date: **Second Quarter 2015**
 Leasing Co: **DESCO Southwest**
 Developer: **DESCO Southwest**
 Architect: **N/A**

3. Swan & Skyline Corporate Center - Bldg 1

Submarket: **North**
 RBA: **19,252** **Spec**
 # Floors: **2**
 Class: **B**
 Occupied: **4%**
 Quoted Rate: **\$23.00**
 Grnd Brk Date: **Fourth Quarter 2013**
 Deliv Date: **First Quarter 2015**
 Leasing Co: **Rein & Grosseohme**
 Developer: **N/A**
 Architect: **N/A**

4. Skyline Esplanade - Phase II - Bldg 1

Submarket: **North**
 RBA: **10,900** **Spec**
 # Floors: **1** **Investor Purchase**
 Class: **B**
 Occupied: **0%**
 Quoted Rate: **Negotiable**
 Grnd Brk Date: **First Quarter 2015**
 Deliv Date: **Fourth Quarter 2015**
 Leasing Co: **Oxford Realty Advisors**
 Developer: **N/A**
 Architect: **N/A**

5. Swan & Skyline Corporate Center - Bldg 2

Submarket: **North**
 RBA: **10,211** **Spec**
 # Floors: **2**
 Class: **B**
 Occupied: **0%**
 Quoted Rate: **Negotiable**
 Grnd Brk Date: **Fourth Quarter 2013**
 Deliv Date: **First Quarter 2015**
 Leasing Co: **N/A**
 Developer: **N/A**
 Architect: **N/A**

6. Swan & Skyline Corporate Center - Bldg 3

Submarket: **North**
 RBA: **7,716** **Spec**
 # Floors: **1**
 Class: **B**
 Occupied: **33%**
 Quoted Rate: **\$25.00**
 Grnd Brk Date: **Fourth Quarter 2013**
 Deliv Date: **First Quarter 2015**
 Leasing Co: **N/A**
 Developer: **N/A**
 Architect: **N/A**

7. Magee Corporate Center - Bldg 9

Submarket: **North**
 RBA: **6,211** **Spec**
 # Floors: **1** **User Purchase**
 Class: **B**
 Occupied: **0%**
 Quoted Rate: **\$22.00**
 Grnd Brk Date: **Fourth Quarter 2013**
 Deliv Date: **Fourth Quarter 2015**
 Leasing Co: **N/A**
 Developer: **Rio West Development**
 Architect: **Seaver Franks Architects**

Select Top Under Construction Properties

Based on Project Square Footage

1. 440 W Paseo Redondo - Manning House

Submarket: **Central**
 RBA: **36,950** **El Rio**
 # Floors: **1**
 Class: **B**
 Preleased: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Third Quarter 2015**
 Deliv Date: **First Quarter 2016**
 Leasing Co: **El Rio Community Health**
 Developer: **BFL Construction Co.**
 Architect: **CDG Architects Ltd.**

2. Ventana Medical Systems

Submarket: **North**
 RBA: **28,335** **User**
 # Floors: **1**
 Class: **B**
 Preleased: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Third Quarter 2015**
 Deliv Date: **First Quarter 2016**
 Leasing Co: **N/A**
 Developer: **Ventana Medical Systems**
 Architect: **Advantech Facility Design**

3. 1862-1866 E Innovation Park Dr

Submarket: **North**
 RBA: **4,500** **User**
 # Floors: **1**
 Class: **B**
 Preleased: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Second Quarter 2014**
 Deliv Date: **First Quarter 2016**
 Leasing Co: **N/A**
 Developer: **N/A**
 Architect: **N/A**

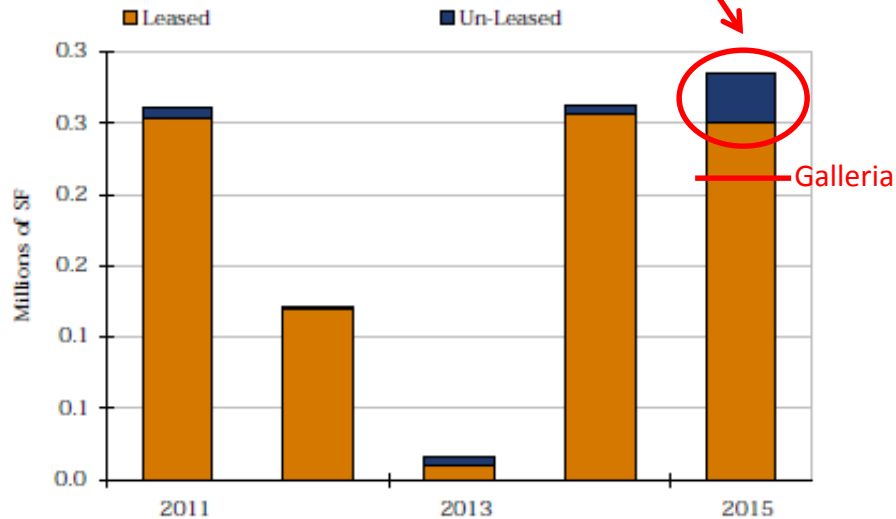
CONSTRUCTION ACTIVITY Markets Ranked by Under Construction Square Footage

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
Central Manning House	1	36,950	36,950	100.0%	9,775	36,950
North Ventana User	2	32,835	32,835	100.0%	11,499	16,417
South	0	0	0	0.0%	9,824	0
Totals	3	69,785	69,785	100.0%	10,100	23,262

Source: CoStar Property®

Recent Deliveries

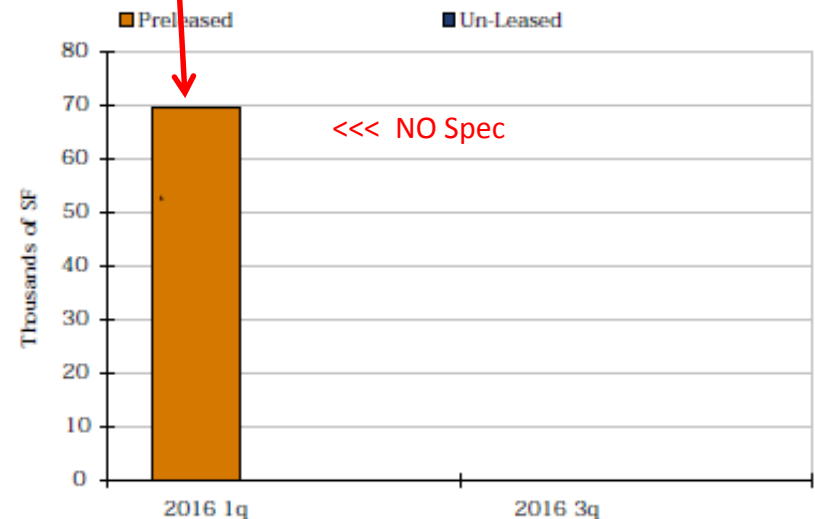
Leased & Un-Leased SF in Deliveries Since 2011



Source: CoStar Property®

Future Deliveries

Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®