

CoStar Industrial Statistics

Year - End 2016

Tucson Industrial Market



CoStarTM
The knowledge market

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Methodology

The CoStar Industrial Statistics calculates Industrial statistics using CoStar Group's base of existing, under construction and under renovation Industrial buildings in each given metropolitan area. All Industrial building types are included, including warehouse, flex / research & development, distribution, manufacturing, industrial showroom, and service buildings, in both single-tenant and multi-tenant buildings, including owner-occupied buildings. CoStar Group's global database includes approximately 95.6 billion square feet of coverage in 4.4 million properties. All rental rates reported in the CoStar Industrial Report are calculated using the quoted rental rate for each property.

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CoStar Group, Inc.

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Terms & Definitions

Availability Rate: The ratio of available space to total rentable space, calculated by dividing the total available square feet by the total rentable square feet.

Available Space: The total amount of space that is currently being marketed as available for lease in a given time period. It includes any space that is available, regardless of whether the space is vacant, occupied, available for sublease, or available at a future date.

Build-to-Suit: A term describing a particular property, developed specifically for a certain tenant to occupy, with structural features, systems, or improvement work designed specifically for the needs of that tenant. A build-to-suit can be leased or owned by the tenant. In a leased build-to-suit, a tenant will usually have a long term lease on the space.

Buyer: The individual, group, company, or entity that has purchased a commercial real estate asset.

Cap Rate: Short for capitalization rate. The Cap Rate is a calculation that reflects the relationship between one year's net operating income and the current market value of a particular property. The Cap Rate is calculated by dividing the annual net operating income by the sales price (or asking sales price).

CBD: Abbreviation for Central Business District. (See also: Central Business District)

Central Business District: The designations of Central Business District (CBD) and Suburban refer to a particular geographic area within a metropolitan statistical area (MSA) describing the level of real estate development found there. The CBD is characterized by a high density, well organized core within the largest city of a given MSA.

Class A: A classification used to describe buildings that generally qualify as extremely desirable investment-grade properties and command the highest rents or sale prices compared to other buildings in the same market. Such buildings are well located and provide efficient tenant layouts as well as high quality, and in some buildings, one-of-a-kind floor plans. They can be an architectural or historical landmark designed by prominent architects. These buildings contain a modern mechanical system, and have above-average maintenance and management as well as the best quality materials and workmanship in their trim and interior fittings. They are generally the most attractive and eagerly sought by investors willing to pay a premium for quality.

Class B: A classification used to describe buildings that generally qualify as a more speculative investment, and as such, command lower rents or sale prices compared to Class A properties. Such buildings offer utilitarian space without special attractions, and have ordinary design, if new or fairly new; good to excellent design if an older non-landmark building. These buildings typically have average to good maintenance, management and tenants. They are less appealing to tenants than Class A properties, and may be deficient in a number of respects including floor plans, condition and facilities. They lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Class C: A classification used to describe buildings that generally qualify as no-frills, older buildings that offer basic space and command lower rents or sale prices compared to other buildings in the same market. Such buildings typically have below-average maintenance and management, and could have mixed or low tenant prestige, inferior elevators, and/or mechanical/electrical systems. These buildings lack prestige and must depend chiefly on a lower price to attract tenants and investors.

Construction Starts: Buildings that began construction during a specific period of time. (See also: Deliveries)

Contiguous Blocks of Space: Space within a building that is, or is able to be joined together into a single contiguous space.

Deliveries: Buildings that complete construction during a specified period of time. In order for space to be considered delivered, a certifi-

cate of occupancy must have been issued for the property.

Delivery Date: The date a building completes construction and receives a certificate of occupancy.

Developer: The company, entity or individual that transforms raw land to improved property by use of labor, capital and entrepreneurial efforts.

Direct Space: Space that is being offered for lease directly from the landlord or owner of a building, as opposed to space being offered in a building by another tenant (or broker of a tenant) trying to sublet a space that has already been leased.

Existing Inventory: The square footage of buildings that have received a certificate of occupancy and are able to be occupied by tenants. It does not include space in buildings that are either planned, under construction or under renovation.

Flex Building: A type of building designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. A typical flex building will be one or two stories with at least half of the rentable area being used as office space, have ceiling heights of 16 feet or less, and have some type of drive-in door, even though the door may be glassed in or sealed off.

Full Service Rental Rate: Rental rates that include all operating expenses such as utilities, electricity, janitorial services, taxes and insurance.

Gross Absorption: The total change in occupied space over a given period of time, counting space that is occupied but not space that is vacated by tenants. Gross absorption differs from leasing activity, which is the sum of all space leased over a certain period of time. Unless otherwise noted Gross Absorption includes direct and sublease space.

Growth in Inventory: The change in size of the existing square footage in a given area over a given period of time, generally due to the construction of new buildings.

Industrial Building: A type of building adapted for such uses as the assemblage, processing, and/or manufacturing of products from raw materials or fabricated parts. Additional uses include warehousing, distribution, and maintenance facilities. The primary purpose of the space is for storing, producing, assembling, or distributing product.

Landlord Rep: (Landlord Representative) In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the owner/landlord is referred to as the Landlord Rep.

Leased Space: All the space that has a financial lease obligation. It includes all leased space, regardless of whether the space is currently occupied by a tenant. Leased space also includes space being offered for sublease.

Leasing Activity: The volume of square footage that is committed to and signed under a lease obligation for a specific building or market in a given period of time. It includes direct leases, subleases and renewals of existing leases. It also includes any pre-leasing activity in planned, under construction, or under renovation buildings.

Market: Geographic boundaries that serve to delineate core areas that are competitive with each other and constitute a generally accepted primary competitive set of areas. Markets are building-type specific, and are non-overlapping contiguous geographic designations having a cumulative sum that matches the boundaries of the entire Region (See also: Region). Markets can be further subdivided into Submarkets. (See also: Submarkets)

Multi-Tenant: Buildings that house more than one tenant at a given time. Usually, multi-tenant buildings were designed and built to accommodate many different floor plans and designs for different

tenant needs. (See also: Tenancy).

Net Absorption: The net change in occupied space over a given period of time. Unless otherwise noted Net Absorption includes direct and sublease space.

Net Rental Rate: A rental rate that excludes certain expenses that a tenant could incur in occupying office space. Such expenses are expected to be paid directly by the tenant and may include janitorial costs, electricity, utilities, taxes, insurance and other related costs.

New Space: Sometimes called first generation space, refers to space that has never been occupied and/or leased by a tenant.

Occupied Space: Space that is physically occupied by a tenant. It does not include leased space that is not currently occupied by a tenant.

Office Building: A type of commercial building used exclusively or primarily for office use (business), as opposed to manufacturing, warehousing, or other uses. Office buildings may sometimes have other associated uses within part of the building, i.e., retail sales, financial, or restaurant, usually on the ground floor.

Owner: The company, entity, or individual that holds title on a given building or property.

Planned/Proposed: The status of a building that has been announced for future development but not yet started construction.

Preleased Space: The amount of space in a building that has been leased prior to its construction completion date, or certificate of occupancy date.

Price/SF: Calculated by dividing the price of a building (either sales price or asking sales price) by the Rentable Building Area (RBA).

Property Manager: The company and/or person responsible for the day-to-day operations of a building, such as cleaning, trash removal, etc. The property manager also makes sure that the various systems within the building, such as the elevators, HVAC, and electrical systems, are functioning properly.

Quoted Rental Rate: The asking rate per square foot for a particular building or unit of space by a broker or property owner. Quoted rental rates may differ from the actual rates paid by tenants following the negotiation of all terms and conditions in a specific lease.

RBA: Abbreviation for Rentable Building Area. (See also: Rentable Building Area)

Region: Core areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Regions are further divided into market areas, called Markets. (See also: Markets)

Relet Space: Sometimes called second generation or direct space, refers to existing space that has previously been occupied by another tenant.

Rentable Building Area: (RBA) The total square footage of a building that can be occupied by, or assigned to a tenant for the purpose of determining a tenant's rental obligation. Generally RBA includes a percentage of common areas including all hallways, main lobbies, bathrooms, and telephone closets.

Rental Rates: The annual costs of occupancy for a particular space quoted on a per square foot basis.

Sales Price: The total dollar amount paid for a particular property at a particular point in time.

Sales Volume: The sum of sales prices for a given group of buildings in a given time period.

Seller: The individual, group, company, or entity that sells a particular commercial real estate asset.

SF: Abbreviation for Square Feet.

Single-Tenant: Buildings that are occupied, or intended to be occupied by a single tenant. (See also: Build-to-suit and Tenancy)

Sublease Space: Space that has been leased by a tenant and is being offered for lease back to the market by the tenant with the lease obligation. Sublease space is sometimes referred to as sublet space.

Submarkets: Specific geographic boundaries that serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted primary competitive set, or peer group. Submarkets are building type specific (office, industrial, retail, etc.), with distinct boundaries dependent on different factors relevant to each building type. Submarkets are non-overlapping, contiguous geographic designations having a cumulative sum that matches the boundaries of the Market they are located within (See also: Market).

Suburban: The Suburban and Central Business District (CBD) designations refer to a particular geographic area within a metropolitan statistical area (MSA). Suburban is defined as including all office inventory not located in the CBD. (See also: CBD)

Tenancy: A term used to indicate whether or not a building is occupied by multiple tenants (See also: Multi-tenant) or a single tenant. (See also: Single-tenant)

Tenant Rep: Tenant Rep stands for Tenant Representative. In a typical lease transaction between an owner/landlord and tenant, the broker that represents the interests of the tenant is referred to as a Tenant Rep.

Time On Market: A measure of how long a currently available space has been marketed for lease, regardless of whether it is vacant or occupied.

Under Construction: Buildings in a state of construction, up until they receive their certificate of occupancy. In order for CoStar to consider a building under construction, the site must have a concrete foundation in place. Abbreviated UC.

Vacancy Rate: A measurement expressed as a percentage of the total amount of physically vacant space divided by the total amount of existing inventory. Under construction space generally is not included in vacancy calculations.

Vacant Space: Space that is not currently occupied by a tenant, regardless of any lease obligation that may be on the space. Vacant space could be space that is either available or not available. For example, sublease space that is currently being paid for by a tenant but not occupied by that tenant, would be considered vacant space. Likewise, space that has been leased but not yet occupied because of finish work being done, would also be considered vacant space.

Weighted Average Rental Rate: Rental rates that are calculated by factoring in, or weighting, the square footage associated with each particular rental rate. This has the effect of causing rental rates on larger spaces to affect the average more than that of smaller spaces. The weighted average rental rate is calculated by taking the ratio of the square footage associated with the rental rate on each individual available space to the square footage associated with rental rates on all available spaces, multiplying the rental rate by that ratio, and then adding together all the resulting numbers. Unless specifically specified otherwise, rental rate averages include both Direct and Sublet available spaces.

Year Built: The year in which a building completed construction and was issued a certificate of occupancy.

YTD: Abbreviation for Year-to-Date. Describes statistics that are cumulative from the beginning of a calendar year through whatever time period is being studied.

Tucson's Vacancy Decreases to 7.8%

Net Absorption Positive 109,923 SF in the Quarter

The Tucson Industrial market ended the fourth quarter 2016 with a vacancy rate of 7.8%. The vacancy rate was down over the previous quarter, with net absorption totaling positive 109,923 square feet in the fourth quarter. Vacant sublease space decreased in the quarter, ending the quarter at 36,212 square feet. Rental rates ended the fourth quarter at \$6.83, a decrease over the previous quarter. There was 159,971 square feet still under construction at the end of the quarter.

Absorption

Net absorption for the overall Tucson Industrial market was positive 109,923 square feet in the fourth quarter 2016. That compares to positive 956,059 square feet in the third quarter 2016, positive 226,882 square feet in the second quarter 2016, and negative (12,137) square feet in the first quarter 2016.

The Flex building market recorded net absorption of positive 68,664 square feet in the fourth quarter 2016, compared to positive 119,089 square feet in the third quarter 2016, positive 47,974 in the second quarter 2016, and negative (2,296) in the first quarter 2016.

The Warehouse building market recorded net absorption of positive 41,259 square feet in the fourth quarter 2016 compared to positive 836,970 square feet in the third quarter 2016, positive 178,908 in the second quarter 2016, and negative (9,841) in the first quarter 2016.

Vacancy

The Industrial vacancy rate in the Tucson market area decreased to 7.8% at the end of the fourth quarter 2016. The

vacancy rate was 8.1% at the end of the third quarter 2016, 8.5% at the end of the second quarter 2016, and 9.2% at the end of the first quarter 2016.

Flex projects reported a vacancy rate of 7.2% at the end of the fourth quarter 2016, 7.9% at the end of the third quarter 2016, 9.1% at the end of the second quarter 2016, and 9.6% at the end of the first quarter 2016.

Warehouse projects reported a vacancy rate of 8.0% at the end of the fourth quarter 2016, 8.1% at the end of third quarter 2016, 8.3% at the end of the second quarter 2016, and 9.0% at the end of the first quarter 2016.

Largest Lease Signings

The largest lease signings occurring in 2016 included: the 360,000-square-foot lease signed by MTD Southwest at 6978-7000 E Century Park Dr in the South market; the 300,181-square-foot deal signed by The Chamberlain Group, Inc. at 2850 E Drexel Rd in the South market; and the 70,000-square-foot lease signed by Wal-Mart at 6630 S Memorial Pl in the South market.

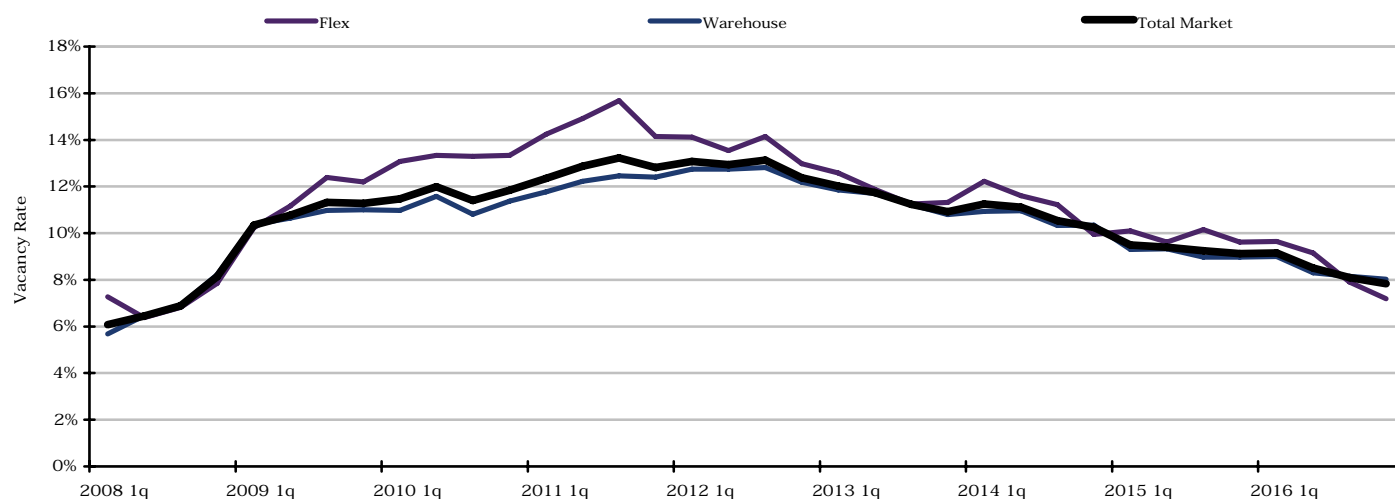
Sublease Vacancy

The amount of vacant sublease space in the Tucson market decreased to 36,212 square feet by the end of the fourth quarter 2016, from 42,612 square feet at the end of the third quarter 2016. There was 55,412 square feet vacant at the end of the second quarter 2016 and 126,883 square feet at the end of the first quarter 2016.

Tucson's Flex projects reported no vacant sublease space at the end of fourth quarter 2016, down from the 4,000 square feet reported since the end of the first quarter 2016.

Vacancy Rates by Building Type

2005-2016



Source: CoStar Property®

Warehouse projects reported decreased vacant sublease space from the third quarter 2016 to the fourth quarter 2016. Sublease vacancy went from 38,612 square feet to 36,212 square feet during that time. There were 51,412 square feet at the end of the second quarter 2016, and 122,883 square feet at the end of the first quarter 2016.

Rental Rates

The average quoted asking rental rate for available Industrial space was \$6.83 per square foot per year at the end of the fourth quarter 2016 in the Tucson market area. This represented a 0.4% decrease in quoted rental rates from the end of the third quarter 2016, when rents were reported at \$6.86 per square foot.

The average quoted rate within the Flex sector was \$8.77 per square foot at the end of the fourth quarter 2016, while Warehouse rates stood at \$6.17. At the end of the third quarter 2016, Flex rates were \$8.76 per square foot, and Warehouse rates were \$6.21.

Deliveries and Construction

During the fourth quarter 2016, no new space was completed in the Tucson market area. This compares to one building totaling 858,288 square feet that was completed in the third quarter 2016, one building totaling 5,200 square feet completed in the second quarter 2016, and nothing completed in the first quarter 2016.

There were 159,971 square feet of Industrial space under construction at the end of the fourth quarter 2016.

Some of the notable 2016 deliveries include: 7000 S Alvernon Way - HomeGoods, an 858,288-square-foot facility that delivered in third quarter 2016 and is now 100% occupied, and 3832 E Kleindale Rd - Cotlow Development, a 5,200-square-foot building that delivered in second quarter 2016 and is now 100% occupied.

The largest projects underway at the end of fourth quar-

ter 2016 were Aerospace Pky - World View, a 120,000-square-foot building with 100% of its space pre-leased, and 3375 E Corona Rd - Old Dominion Freight Line, a 20,160-square-foot facility that is 100% pre-leased.

Inventory

Total Industrial inventory in the Tucson market area amounted to 41,807,257 square feet in 2,531 buildings as of the end of the fourth quarter 2016. The Flex sector consisted of 9,598,973 square feet in 471 projects. The Warehouse sector consisted of 32,208,284 square feet in 2,060 buildings. Within the Industrial market there were 158 owner-occupied buildings accounting for 6,289,810 square feet of Industrial space.

Sales Activity

Tallying industrial building sales of 15,000 square feet or larger, Tucson industrial sales figures rose during the third quarter 2016 in terms of dollar volume compared to the second quarter of 2016.

In the third quarter, seven industrial transactions closed with a total volume of \$23,074,869. The seven buildings totaled 423,237 square feet and the average price per square foot equated to \$54.52 per square foot. That compares to five transactions totaling \$8,740,000 in the second quarter. The total square footage was 159,821 for an average price per square foot of \$54.69.

Total year-to-date industrial building sales activity in 2016 is up compared to the previous year. In the first nine months of 2016, the market saw 17 industrial sales transactions with a total volume of \$38,767,869. The price per square foot has averaged \$56.21 this year. In the first nine months of 2015, the market posted nine transactions with a total volume of \$23,433,000. The price per square foot averaged \$36.54.

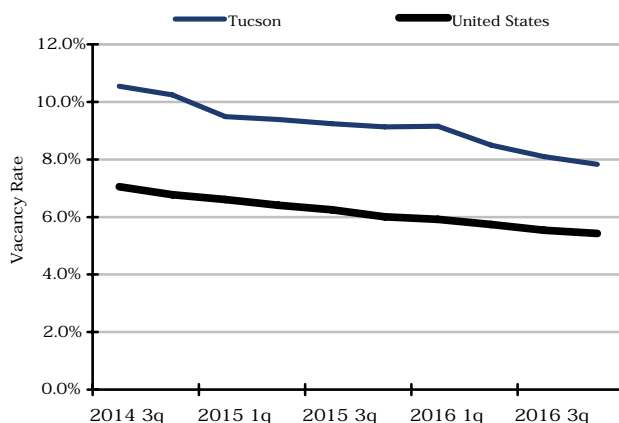
Cap rates have been higher in 2016, averaging 9.24%, compared to the first nine months of last year when they averaged 8.10%.

One of the largest transactions that has occurred within the last four quarters in the Tucson market is the sale of Tucson Airport Center in Tucson. This four-building, 113,572-square-foot industrial park sold for \$9,925,000, or \$87.39 per square foot. The property sold on 10/7/2015, at an 8.00% cap rate.

Reports compiled by: Adam Jarrett, CoStar Senior Research Manager, and James Young, CoStar Research Associate.

U.S. Vacancy Comparison

Past 10 Quarters



Source: CoStar Property®

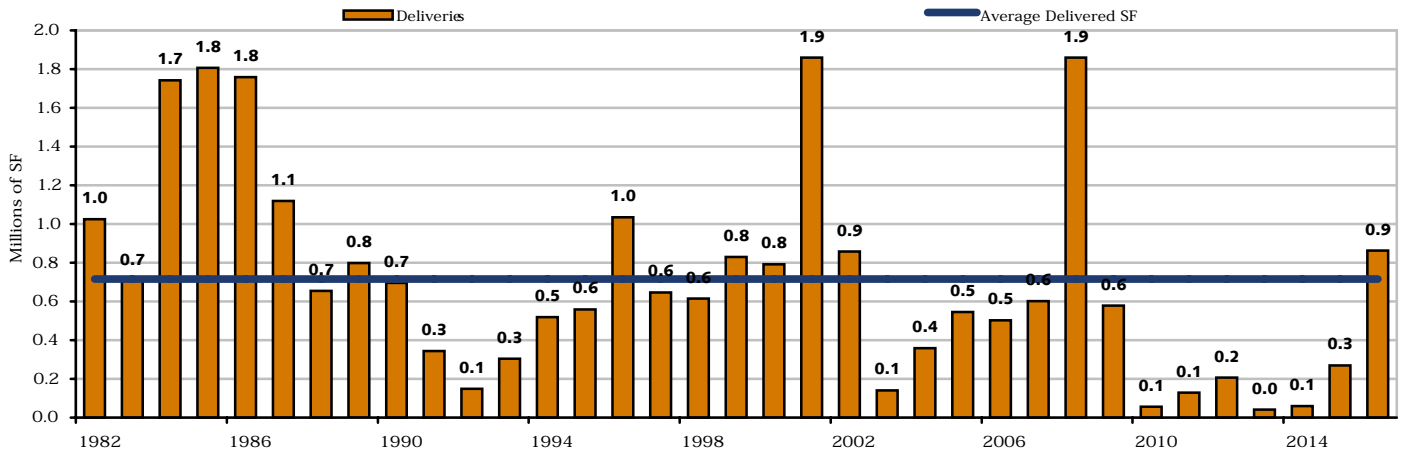
CoStar Submarket Clusters & Submarkets

In analyzing metropolitan areas, CoStar has developed geographic designations to help group properties together, called Markets, Submarket Clusters and Submarkets. Markets are the equivalent of metropolitan areas, or areas containing a large population nucleus, that together with adjacent communities have a high degree of economic and social integration. Markets are then divided into Submarket Clusters, which are core areas within a metropolitan area that are known to be competitive with each other in terms of attracting and keeping tenants. Markets are then further subdivided into smaller units called Submarkets, which serve to delineate a core group of buildings that are competitive with each other and constitute a generally accepted competitive set, or peer group.

Submarket Clusters	Submarkets
Central Ind	Downtown Tucson Ind Palo Verde Ind Park/Ajo Ind
North Ind	Northeast Tucson Ind NW Tucson/Oro Valley Ind
South Ind	S Pima/Green Valley Ind Southeast Tucson Ind SW Tucson/Airport Ind

Historical Deliveries

1982 - 2016



Source: CoStar Property® * Future deliveries based on current under construction buildings.

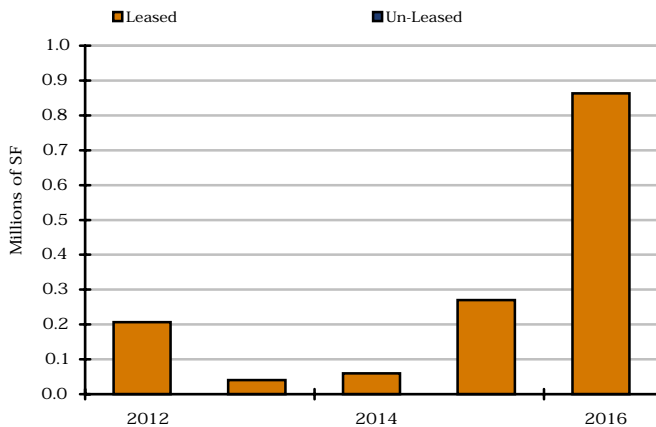
CONSTRUCTION ACTIVITY Markets Ranked by Under Construction RBA

Market	Under Construction Inventory				Average Bldg Size	
	# Bldgs	Total RBA	Preleased SF	Preleased %	All Existing	U/C
South Ind	2	140,160	140,160	100.0%	41,666	70,080
North Ind	1	19,811	19,811	100.0%	12,761	19,811
Central Ind	0	0	0	0.0%	12,042	0
Totals	3	159,971	159,971	100.0%	16,518	53,324

Source: CoStar Property®

Recent Deliveries

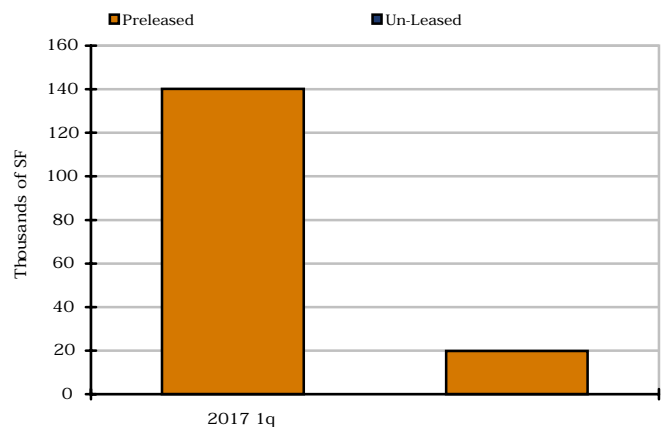
Leased & Un-Leased SF in Deliveries Since 2012



Source: CoStar Property®

Future Deliveries

Preleased & Un-Leased SF in Properties Scheduled to Deliver



Source: CoStar Property®

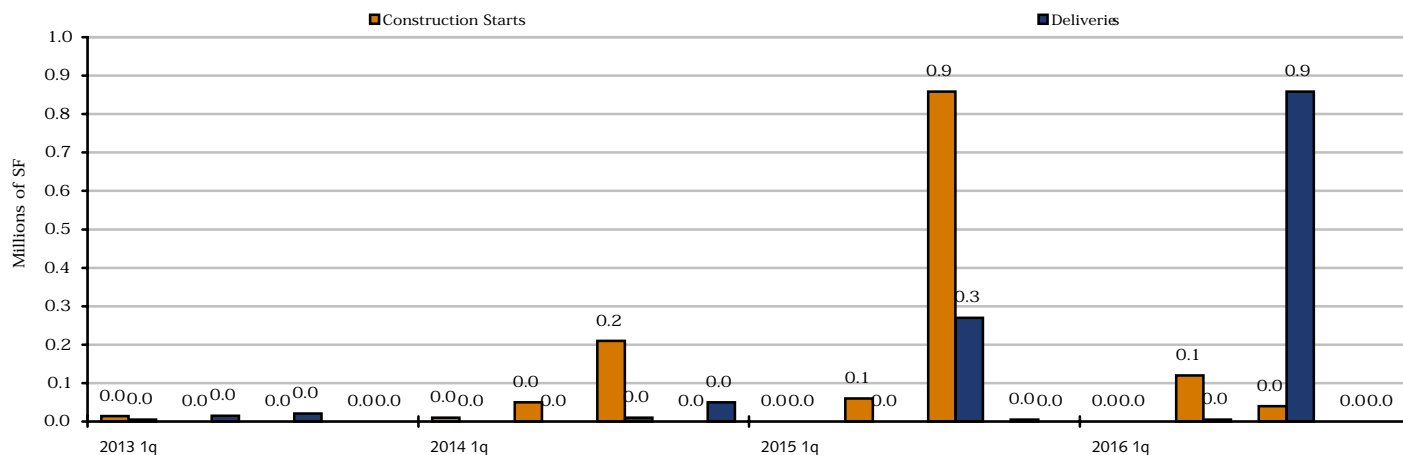
Tucson Industrial Market



Inventory & development

Historical Construction Starts & Deliveries

Square Footage Per Quarter Starting and Completing Construction



Source: CoStar Property®

RECENT DELIVERIES BY PROJECT SIZE Breakdown of Year-to-Date Development Based on RBA of Project

Building Size	# Bldgs	RBA	SF Leased	% Leased	Avg Rate	Single-Tenant	Multi-Tenant
< 50,000 SF	1	5,200	5,200	100.0%	\$0.00	5,200	0
50,000 SF - 99,999 SF	0	0	0	0.0%	\$0.00	0	0
100,000 SF - 249,999 SF	0	0	0	0.0%	\$0.00	0	0
250,000 SF - 499,999 SF	0	0	0	0.0%	\$0.00	0	0
>= 500,000 SF	1	858,288	858,288	100.0%	\$0.00	858,288	0

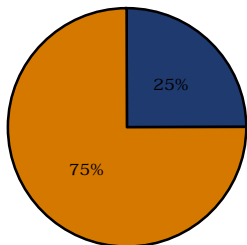
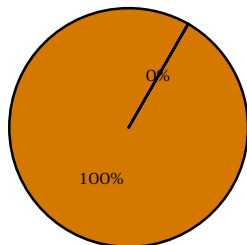
Source: CoStar Property®

Recent Development by Tenancy

Based on RBA Developed for Single & Multi-Tenant Use

2016 Deliveries

Currently Under Construction



■ Multi ■ Single

■ Multi ■ Single

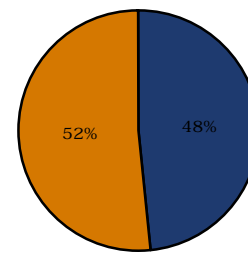
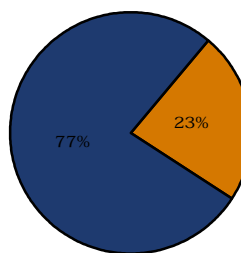
Source: CoStar Property®

Existing Inventory Comparison

Based on Total RBA

By Building Type

By Tenancy Type



■ Flex ■ Warehouse

■ Multi ■ Single

Source: CoStar Property®

Select Year-to-Date Deliveries

Based on Project Square Footage

1. 7000 S Alvernon Way – HomeGoods

Submarket: **South Industrial Market**
 RBA: **858,288**
 Occupied: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Third Quarter 2015**
 Deliv Date: **Third Quarter 2016**
 Leasing Co: **C&WIPICOR**
 Developer: **Layton Construction**

2. 3832 E Kleindale Rd – Cotlow Development

Submarket: **North Industrial Market**
 RBA: **5,200**
 Occupied: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Fourth Quarter 2015**
 Deliv Date: **Second Quarter 2016**
 Leasing Co: **Cotlow Company**
 Developer: **Cotlow Development**

Select Top Under Construction Properties

Based on Project Square Footage

1. Aerospace Pky – World View

Submarket: **South Industrial Market**
 RBA: **120,000**
 Preleased: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Second Quarter 2016**
 Deliv Date: **First Quarter 2017**
 Leasing Co: **Pima County**
 Developer: **Barker Morrissey**

2. 3375 E Corona Rd – Old Dominion Freight Line

Submarket: **South Industrial Market**
 RBA: **20,160**
 Preleased: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Third Quarter 2016**
 Deliv Date: **First Quarter 2017**
 Leasing Co: **Old Dominion Freight Line**
 Developer: **Furst Construction**

3. 2475 N Jackrabbit Ave – Switchgear Solutions

Submarket: **North Industrial Market**
 RBA: **19,811**
 Preleased: **100%**
 Quoted Rate: **N/A**
 Grnd Brk Date: **Third Quarter 2016**
 Deliv Date: **Second Quarter 2017**
 Leasing Co: **Switchgear Solutions, Inc.**
 Developer: **Indevco Construction**

Tucson Industrial Market



Figures at a Glance

Flex Market Statistics

Year-End 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Central Ind	180	2,437,599	224,129	224,129	9.2%	61,759	0	0	\$7.33
North Ind	230	3,452,069	256,954	256,954	7.4%	46,275	0	0	\$8.49
South Ind	61	3,709,305	209,166	209,166	5.6%	125,397	0	0	\$9.49
Totals	471	9,598,973	690,249	690,249	7.2%	233,431	0	0	\$8.77

Source: CoStar Property®

Warehouse Market Statistics

Year-End 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Central Ind	1,027	12,096,631	583,362	619,574	5.1%	114,483	0	0	\$6.42
North Ind	735	8,862,695	337,715	337,715	3.8%	(16,845)	5,200	19,811	\$6.49
South Ind	298	11,248,958	1,626,046	1,626,046	14.5%	949,658	858,288	140,160	\$5.93
Totals	2,060	32,208,284	2,547,123	2,583,335	8.0%	1,047,296	863,488	159,971	\$6.17

Source: CoStar Property®

Total Industrial Market Statistics

Year-End 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Central Ind	1,207	14,534,230	807,491	843,703	5.8%	176,242	0	0	\$6.61
North Ind	965	12,314,764	594,669	594,669	4.8%	29,430	5,200	19,811	\$7.13
South Ind	359	14,958,263	1,835,212	1,835,212	12.3%	1,075,055	858,288	140,160	\$6.85
Totals	2,531	41,807,257	3,237,372	3,273,584	7.8%	1,280,727	863,488	159,971	\$6.83

Source: CoStar Property®



Tucson Industrial Market

Figures at a Glance

Flex Submarket Statistics

Year-End 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Downtown Tucson Ind	49	468,974	8,525	8,525	1.8%	29,575	0	0	\$8.54
Northeast Tucson Ind	74	1,045,993	105,395	105,395	10.1%	12,326	0	0	\$7.81
NW Tucson/Oro Valley Ind	156	2,406,076	151,559	151,559	6.3%	33,949	0	0	\$8.91
Palo Verde Ind	73	1,311,124	156,649	156,649	11.9%	18,133	0	0	\$6.94
Park/Ajo Ind	58	657,501	58,955	58,955	9.0%	14,051	0	0	\$7.31
S Pima/Green Valley Ind	5	53,178	2,200	2,200	4.1%	(2,200)	0	0	\$0.00
Southeast Tucson Ind	13	1,673,852	21,271	21,271	1.3%	97,388	0	0	\$11.71
SW Tucson/Airport Ind	43	1,982,275	185,695	185,695	9.4%	30,209	0	0	\$8.22
Totals	471	9,598,973	690,249	690,249	7.2%	233,431	0	0	\$8.77

Source: CoStar Property®

Warehouse Submarket Statistics

Year-End 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Downtown Tucson Ind	367	3,687,428	164,417	164,417	4.5%	6,492	0	0	\$7.47
Northeast Tucson Ind	160	1,600,517	74,964	74,964	4.7%	(9,520)	0	0	\$6.11
NW Tucson/Oro Valley Ind	575	7,262,178	262,751	262,751	3.6%	(7,325)	5,200	19,811	\$6.56
Palo Verde Ind	460	5,313,523	225,735	261,947	4.9%	13,565	0	0	\$6.42
Park/Ajo Ind	200	3,095,680	193,210	193,210	6.2%	94,426	0	0	\$5.42
S Pima/Green Valley Ind	7	134,505	1,200	1,200	0.9%	(1,200)	0	0	\$0.00
Southeast Tucson Ind	82	4,175,828	481,760	481,760	11.5%	62,800	0	0	\$6.55
SW Tucson/Airport Ind	209	6,938,625	1,143,086	1,143,086	16.5%	888,058	858,288	140,160	\$5.54
Totals	2,060	32,208,284	2,547,123	2,583,335	8.0%	1,047,296	863,488	159,971	\$6.17

Source: CoStar Property®

Total Industrial Submarket Statistics

Year-End 2016

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# Blds	Total RBA	Direct SF	Total SF	Vac %				
Downtown Tucson Ind	416	4,156,402	172,942	172,942	4.2%	36,067	0	0	\$7.62
Northeast Tucson Ind	234	2,646,510	180,359	180,359	6.8%	2,806	0	0	\$7.02
NW Tucson/Oro Valley Ind	731	9,668,254	414,310	414,310	4.3%	26,624	5,200	19,811	\$7.16
Palo Verde Ind	533	6,624,647	382,384	418,596	6.3%	31,698	0	0	\$6.56
Park/Ajo Ind	258	3,753,181	252,165	252,165	6.7%	108,477	0	0	\$5.76
S Pima/Green Valley Ind	12	187,683	3,400	3,400	1.8%	(3,400)	0	0	\$0.00
Southeast Tucson Ind	95	5,849,680	503,031	503,031	8.6%	160,188	0	0	\$7.83
SW Tucson/Airport Ind	252	8,920,900	1,328,781	1,328,781	14.9%	918,267	858,288	140,160	\$6.25
Totals	2,531	41,807,257	3,237,372	3,273,584	7.8%	1,280,727	863,488	159,971	\$6.83

Source: CoStar Property®

Tucson Industrial Market



Figures at a Glance

Flex Market Statistics

Year-End 2016

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	
2016 4q	471	9,598,973	690,249	690,249	7.2%	68,664	0	0	0	0	\$8.77
2016 3q	471	9,598,973	754,913	758,913	7.9%	119,089	0	0	0	0	\$8.76
2016 2q	471	9,598,973	874,002	878,002	9.1%	47,974	0	0	0	0	\$8.62
2016 1q	471	9,598,973	921,976	925,976	9.6%	(2,296)	0	0	0	0	\$8.39
2015 4q	471	9,598,973	919,680	923,680	9.6%	51,460	0	0	0	0	\$8.44
2015 3q	471	9,598,973	971,140	975,140	10.2%	(52,037)	0	0	0	0	\$8.36
2015 2q	471	9,598,973	923,103	923,103	9.6%	46,753	0	0	0	0	\$8.48
2015 1q	471	9,598,973	969,856	969,856	10.1%	(15,055)	0	0	0	0	\$8.55
2014	471	9,598,973	954,801	954,801	9.9%	131,517	0	0	0	0	\$8.65
2013	471	9,598,973	1,086,318	1,086,318	11.3%	172,788	1	15,000	0	0	\$8.36
2012	470	9,583,973	1,169,273	1,244,106	13.0%	111,594	0	0	1	15,000	\$7.67
2011	470	9,583,973	1,280,367	1,355,700	14.1%	(49,203)	1	32,325	0	0	\$7.68
2010	469	9,551,648	1,152,630	1,274,172	13.3%	(108,745)	0	0	0	0	\$8.47
2009	469	9,551,648	1,028,820	1,165,427	12.2%	(376,831)	2	42,451	0	0	\$8.98
2008	467	9,509,197	740,445	746,145	7.8%	162,720	4	156,664	2	42,451	\$9.79
2007	463	9,352,533	708,431	752,201	8.0%	24,121	5	63,971	2	19,290	\$9.42

Source: CoStar Property®

Warehouse Market Statistics

Year-End 2016

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	
2016 4q	2,060	32,208,284	2,547,123	2,583,335	8.0%	41,259	0	0	3	159,971	\$6.17
2016 3q	2,060	32,208,284	2,585,982	2,624,594	8.1%	836,970	1	858,288	3	159,971	\$6.21
2016 2q	2,059	31,349,996	2,551,864	2,603,276	8.3%	178,908	1	5,200	2	978,288	\$6.21
2016 1q	2,059	31,395,305	2,704,610	2,827,493	9.0%	(9,841)	0	0	2	863,488	\$6.23
2015 4q	2,059	31,395,305	2,684,009	2,817,652	9.0%	(2,813)	0	0	2	863,488	\$6.19
2015 3q	2,059	31,395,305	2,732,608	2,814,839	9.0%	356,838	2	270,000	1	858,288	\$5.95
2015 2q	2,057	31,125,305	2,819,446	2,901,677	9.3%	(6,465)	0	0	2	270,000	\$5.93
2015 1q	2,057	31,125,305	2,818,913	2,895,212	9.3%	322,792	0	0	1	210,000	\$5.86
2014	2,057	31,125,305	3,113,376	3,218,004	10.3%	194,367	2	59,751	1	210,000	\$5.81
2013	2,055	31,065,554	3,305,817	3,352,620	10.8%	453,313	3	25,515	0	0	\$5.75
2012	2,052	31,040,039	3,364,311	3,780,418	12.2%	249,745	6	206,754	2	11,301	\$5.79
2011	2,046	30,833,285	3,419,711	3,823,409	12.4%	(229,178)	4	96,659	3	79,153	\$6.00
2010	2,042	30,736,626	3,052,396	3,497,572	11.4%	(84,598)	10	55,465	1	70,000	\$6.02
2009	2,033	30,699,961	3,295,572	3,376,309	11.0%	(358,836)	29	536,687	8	42,013	\$6.42
2008	2,004	30,163,274	2,396,936	2,480,786	8.2%	568,032	45	1,703,505	12	212,403	\$7.47
2007	1,959	28,459,769	1,268,713	1,345,313	4.7%	125,507	28	538,432	31	1,361,380	\$7.99

Source: CoStar Property®

Total Industrial Market Statistics

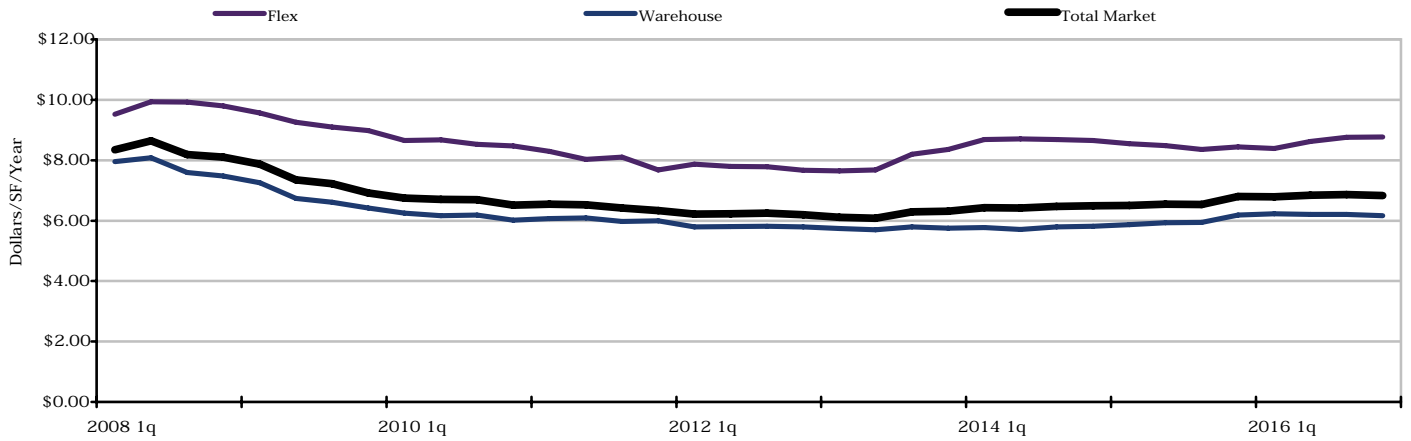
Year-End 2016

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	
2016 4q	2,531	41,807,257	3,237,372	3,273,584	7.8%	109,923	0	0	3	159,971	\$6.83
2016 3q	2,531	41,807,257	3,340,895	3,383,507	8.1%	956,059	1	858,288	3	159,971	\$6.86
2016 2q	2,530	40,948,969	3,425,866	3,481,278	8.5%	226,882	1	5,200	2	978,288	\$6.84
2016 1q	2,530	40,994,278	3,626,586	3,753,469	9.2%	(12,137)	0	0	2	863,488	\$6.79
2015 4q	2,530	40,994,278	3,603,689	3,741,332	9.1%	48,647	0	0	2	863,488	\$6.80
2015 3q	2,530	40,994,278	3,703,748	3,789,979	9.2%	304,801	2	270,000	1	858,288	\$6.54
2015 2q	2,528	40,724,278	3,742,549	3,824,780	9.4%	40,288	0	0	2	270,000	\$6.54
2015 1q	2,528	40,724,278	3,788,769	3,865,068	9.5%	307,737	0	0	1	210,000	\$6.50
2014	2,528	40,724,278	4,068,177	4,172,805	10.2%	325,884	2	59,751	1	210,000	\$6.49
2013	2,526	40,664,527	4,392,135	4,438,938	10.9%	626,101	4	40,515	0	0	\$6.31
2012	2,522	40,624,012	4,533,584	5,024,524	12.4%	361,339	6	206,754	3	26,301	\$6.20
2011	2,516	40,417,258	4,700,078	5,179,109	12.8%	(278,381)	5	128,984	3	79,153	\$6.34
2010	2,511	40,288,274	4,205,026	4,771,744	11.8%	(193,343)	10	55,465	1	70,000	\$6.51
2009	2,502	40,251,609	4,324,392	4,541,736	11.3%	(735,667)	31	579,138	8	42,013	\$6.92
2008	2,471	39,672,471	3,137,381	3,226,931	8.1%	730,752	49	1,860,169	14	254,854	\$8.10
2007	2,422	37,812,302	1,977,144	2,097,514	5.5%	149,628	33	602,403	33	1,380,670	\$8.37

Source: CoStar Property®

Historical Rental Rates

Based on Quoted Rental Rates

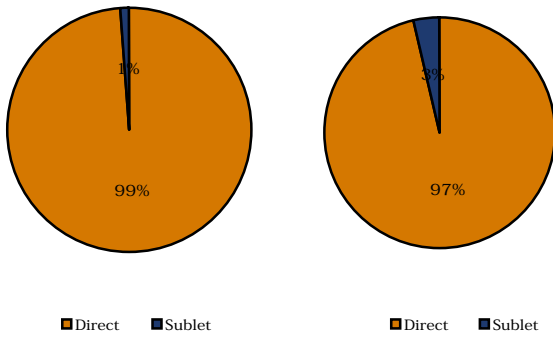


Source: CoStar Property®

Vacancy by Available Space Type

Percent of All Vacant Space in Direct vs. Sublet

Tucson United States

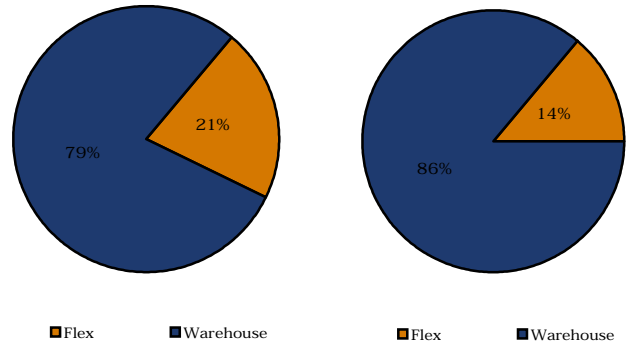


Source: CoStar Property®

Vacancy by Building Type

Percent of All Vacant Space by Building Type

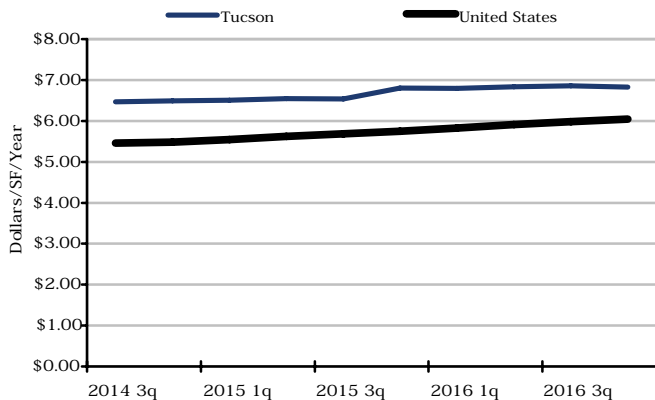
Tucson United States



Source: CoStar Property®

U.S. Rental Rate Comparison

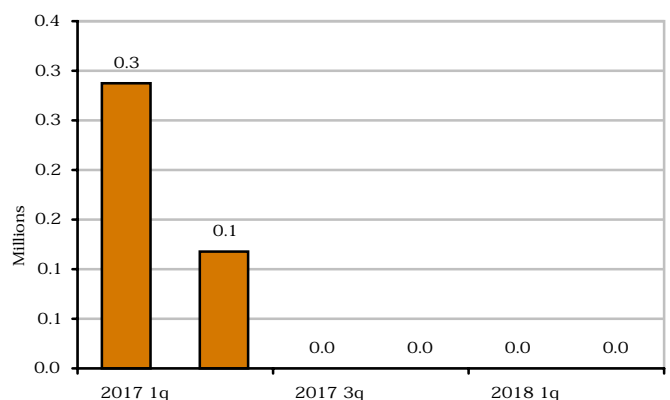
Based on Average Quoted Rental Rates



Source: CoStar Property®

Future Space Available

Space Scheduled to be Available for Occupancy*



Source: CoStar Property®

* Includes Under Construction Space

Tucson Industrial Market



Leasing Activity

Select Top Industrial Leases Based on Leased Square Footage For Deals Signed in 2016

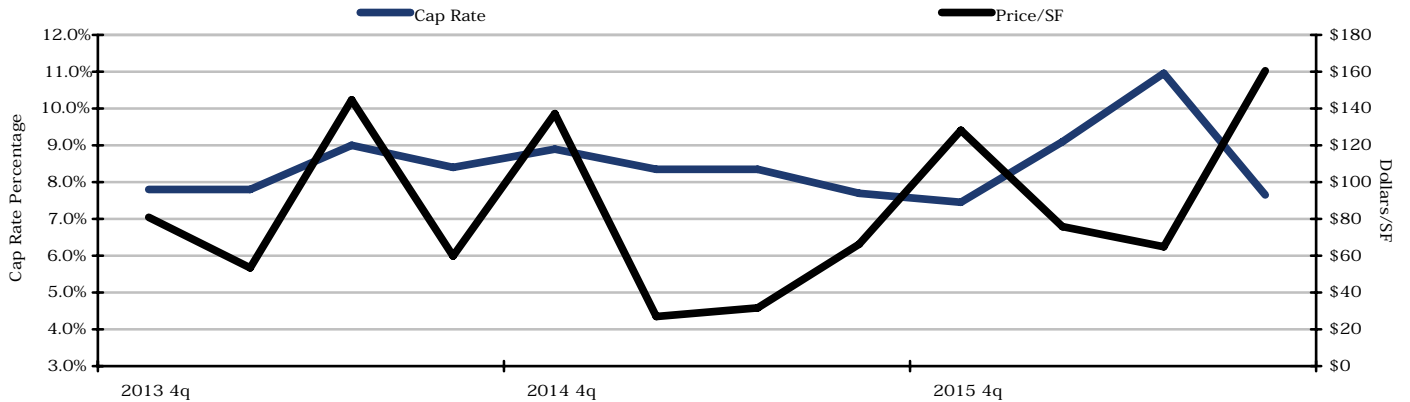
Building	Submarket	SF	Qtr	Tenant Name	Tenant Rep Company	Landlord Rep Company	
1	6978-7000 E Century Park Dr*	Southeast Tucson Ind	360,000	4th	MTD Southwest	Keyser	CBRE
2	2850 E Drexel Rd	SW Tucson/Airport Ind	300,181	4th	The Chamberlain Group, Inc.	Cresa	Cushman & Wakefield PICOR
3	6630 S Memorial Pl	Southeast Tucson Ind	70,000	1st	Wal-Mart	N/A	CBRE
4	9052 S Rita Rd	Southeast Tucson Ind	64,436	2nd	N/A	N/A	Cushman & Wakefield PICOR
5	3301-3321 E Global Loop	SW Tucson/Airport Ind	60,600	3rd	Raytheon	Cushman & Wakefield PICOR	CBRE
6	300 S Toole Ave	Downtown Tucson Ind	60,000	1st	Autobahn Indoor Speedway Tucson	CBRE	Cushman & Wakefield PICOR
7	6020 S Country Club Dr*	SW Tucson/Airport Ind	45,000	4th	The Chamberlain Group, Inc.	Cresa	Cushman & Wakefield PICOR
8	700-702 E Fair St	Park/Ajo Ind	33,797	2nd	Hilliard Creations LLC	N/A	Cushman & Wakefield PICOR
9	2861 N Flowing Wells Rd	NWTucson/Oro Valley Ind	33,169	1st	N/A	N/A	GRE Partners LLC
10	2380 E Medina Rd	SW Tucson/Airport Ind	30,765	3rd	VXI Global	N/A	CBRE
11	9022 S Rita Rd	Southeast Tucson Ind	30,603	1st	N/A	N/A	Cushman & Wakefield PICOR
12	2430-2460 N Flowing Wells Rd	NWTucson/Oro Valley Ind	22,398	1st	Sun Valley Supply, Inc.	N/A	Cushman & Wakefield PICOR
13	1141 W Grant Rd*	NWTucson/Oro Valley Ind	20,391	4th	Carclo Technical Plastics	Cushman & Wakefield PICOR	Cushman & Wakefield PICOR
14	3301-3321 E Global Loop	SW Tucson/Airport Ind	20,000	4th	Raytheon	N/A	CBRE
15	250 S Toole Ave	Downtown Tucson Ind	20,000	1st	Community Bridges, Inc.	Cushman & Wakefield PICOR; Colliers	Cushman & Wakefield PICOR
16	1085 W Grant Rd	NWTucson/Oro Valley Ind	19,790	3rd	CTP Carerra, Inc.	N/A	Cushman & Wakefield PICOR
17	5151 S Bantam Rd*	Palo Verde Ind	18,249	4th	Kaman Industrial Technologies	N/A	Cushman & Wakefield PICOR
18	250 S Toole Ave	Downtown Tucson Ind	18,000	3rd	Community Bridges, Inc.	N/A	CBRE
19	6363 S Country Club Rd*	SW Tucson/Airport Ind	17,219	1st	Raytheon	Cushman & Wakefield PICOR	Cushman & Wakefield PICOR
20	3749-3761 N Romero Rd*	NWTucson/Oro Valley Ind	16,843	1st	Precision Southwest Manufacturing	N/A	Tucson Realty & Trust
21	2155 N Forbes Blvd*	NWTucson/Oro Valley Ind	16,719	2nd	Trane, Inc.	Chapman Lindsey Commercial	Cushman & Wakefield PICOR
22	6000 S Country Club Rd*	SW Tucson/Airport Ind	16,619	2nd	Keystone Automotive	Avison Young	Cushman & Wakefield PICOR
23	3990 S Evans Blvd*	Park/Ajo Ind	16,176	3rd	Delta Airlines	N/A	Cushman & Wakefield PICOR
24	711 S Jacobus Ave	Downtown Tucson Ind	15,820	4th	Premises Park, Inc.	N/A	Cushman & Wakefield PICOR
25	501 S Toole Ave*	Downtown Tucson Ind	15,719	4th	McEwen Lumber Co.	N/A	Cushman & Wakefield PICOR
26	2859 E Elvira Rd	SW Tucson/Airport Ind	15,000	3rd	First Choice Logistics	N/A	CBRE
27	2705 E Medina Rd*	SW Tucson/Airport Ind	13,449	2nd	Caid Industries	Cushman & Wakefield PICOR	Cushman & Wakefield PICOR
28	2810 E Airport Dr*	SW Tucson/Airport Ind	13,000	3rd	Huddleston Trucking	N/A	Direct Deal
29	5455 S Nogales Hwy	SW Tucson/Airport Ind	12,800	2nd	Arizona Turbine Technology, Inc.	Tango Commercial Real Estate LLC	Cushman & Wakefield PICOR
30	2901 E Elvira Rd	SW Tucson/Airport Ind	12,000	3rd	Staples	N/A	CBRE
31	1859 W Grant Rd	NWTucson/Oro Valley Ind	12,000	1st	United Freight Services, Inc.	Cushman & Wakefield PICOR	Cushman & Wakefield PICOR
32	2301 N Forbes Blvd	NWTucson/Oro Valley Ind	11,800	1st	Direct TV	N/A	Tucson Industrial Realty
33	2165 N Forbes Blvd	NWTucson/Oro Valley Ind	11,520	1st	Trane, Inc.	Chapman Lindsey Commercial	Cushman & Wakefield PICOR
34	845 E Ohio St	Park/Ajo Ind	10,000	3rd	XO Windows LLC	N/A	Cushman & Wakefield PICOR
35	5990 S Country Club Rd	SW Tucson/Airport Ind	9,656	3rd	Air Support	N/A	Direct Deal
36	4520 S Coach Rd*	Palo Verde Ind	9,520	2nd	Trane, Inc.	Chapman Lindsey Commercial	Cushman & Wakefield PICOR
37	2550 N 14th Ave	NWTucson/Oro Valley Ind	9,000	1st	Premier Lighting LLC	N/A	Cushman & Wakefield PICOR
38	750 E Ohio St*	Park/Ajo Ind	9,000	3rd	Ameripride	N/A	Cushman & Wakefield PICOR
39	576 W Ventura St	NWTucson/Oro Valley Ind	8,400	2nd	Capital Flooring	Cushman & Wakefield PICOR	Aurora Real Estate & Dev.
40	2401 S 34th Pl	Palo Verde Ind	8,142	1st	Overtone Haircare	N/A	Cushman & Wakefield PICOR

Source: CoStar Property®

* Renewal

The Optimist Sales Index

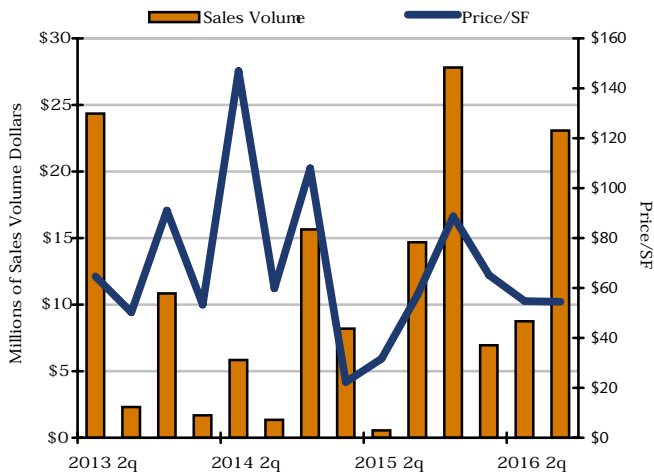
Average of Two Highest Price/SF's and Two Lowest Cap Rates Per Quarter



Source: CoStar COMPS®

Sales Volume & Price

Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

Sales Analysis by Building Size

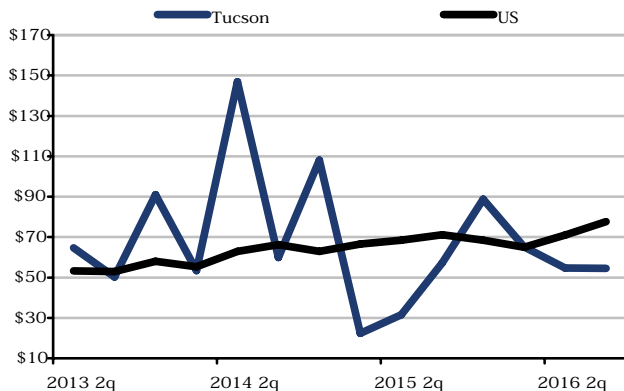
Based on Industrial Bldg Sales From Oct. 2015 - Sept. 2016

Bldg Size	#	RBA	\$ Volume	Price/SF	Cap Rate
< 25,000 SF	22	320,410	\$22,353,116	\$ 69.76	9.33%
25K-99K SF	9	474,919	\$37,565,464	\$ 79.10	7.87%
100K-249K SF	3	329,308	\$15,249,405	\$ 46.31	8.00%
>250K SF	0	0	\$0	\$ -	-

Source: CoStar COMPS®

U.S. Price/SF Comparison

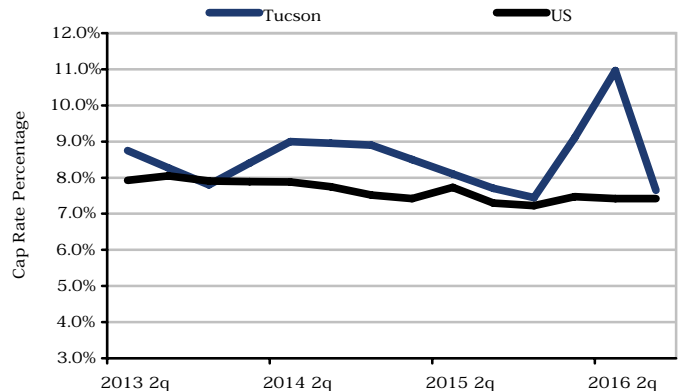
Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

U.S. Cap Rate Comparison

Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

Tucson Industrial Market



Sales Activity

Select Top Sales

Based on Sales from October 2015 Through December 2016

1. Tucson Airport Center



Tucson

Price: **\$9,925,000**
 Price/SF: **\$87.39**
 Cap Rate: **8%**
 RBA: **113,572**
 Date: **10/7/2015**
 Year Built: **1982**
 Buyer: **Harsch Investment Properties**
 Seller: **Holualoa Companies**

2. Ventana Medical Systems



Marana

Price: **\$8,600,000**
 Price/SF: **\$143.33**
 Cap Rate: **6.9%**
 RBA: **60,000**
 Date: **10/6/2015**
 Year Built: **2015**
 Buyer: **Bond Filipenko Commercial**
 Seller: **Cottonwood Properties, Inc.**

3. Butterfield Business Center



Tucson

Price: **\$6,475,000**
 Price/SF: **\$113.07**
 Cap Rate: **N/A**
 RBA: **57,263**
 Date: **10/8/2015**
 Year Built: **1985**
 Buyer: **Harsch Investment Properties**
 Seller: **Holualoa Companies**

4. 4700 S Overland Dr



Tucson

Price: **\$6,080,000**
 Price/SF: **\$133.11**
 Cap Rate: **7.61%**
 RBA: **45,675**
 Date: **9/6/2016**
 Year Built: **1999**
 Buyer: **Edna H Gray**
 Seller: **Legacy Property Management**

5. National Advanced Fire and Rescue



Tucson

Price: **\$4,625,000**
 Price/SF: **\$187.84**
 Cap Rate: **7.7%**
 RBA: **24,622**
 Date: **7/12/2016**
 Year Built: **2004**
 Buyer: **Boyd Watterson Asset Mgmt.**
 Seller: **Syndicated Equities**

6. 9280 E Old Vail Rd



Tucson

Price: **\$4,550,000**
 Price/SF: **\$42.72**
 Cap Rate: **N/A**
 RBA: **106,507**
 Date: **7/21/2016**
 Year Built: **1997**
 Buyer: **Arcadia, Inc.**
 Seller: **Diamond Ventures**

7. Clairemont Plaza



Tucson

Price: **\$3,650,000**
 Price/SF: **\$53.99**
 Cap Rate: **N/A**
 RBA: **67,609**
 Date: **4/27/2016**
 Year Built: **1986**
 Buyer: **Reliance Management**
 Seller: **Foothills Business Ventures**

8. Old West Industrial Village



Tucson

Price: **\$3,000,000**
 Price/SF: **\$88.37**
 Cap Rate: **9.1%**
 RBA: **33,950**
 Date: **2/22/2016**
 Year Built: **2009**
 Buyer: **The Clover Company**
 Seller: **John & Tracey A Gutierrez**

9. Finley Distributing Co.



Tucson

Price: **\$2,244,842**
 Price/SF: **\$45.03**
 Cap Rate: **N/A**
 RBA: **49,853**
 Date: **10/21/2016**
 Year Built: **1996**
 Buyer: **Finley Distributing Co., Inc.**
 Seller: **Citizens Transfer & Storage Co.**



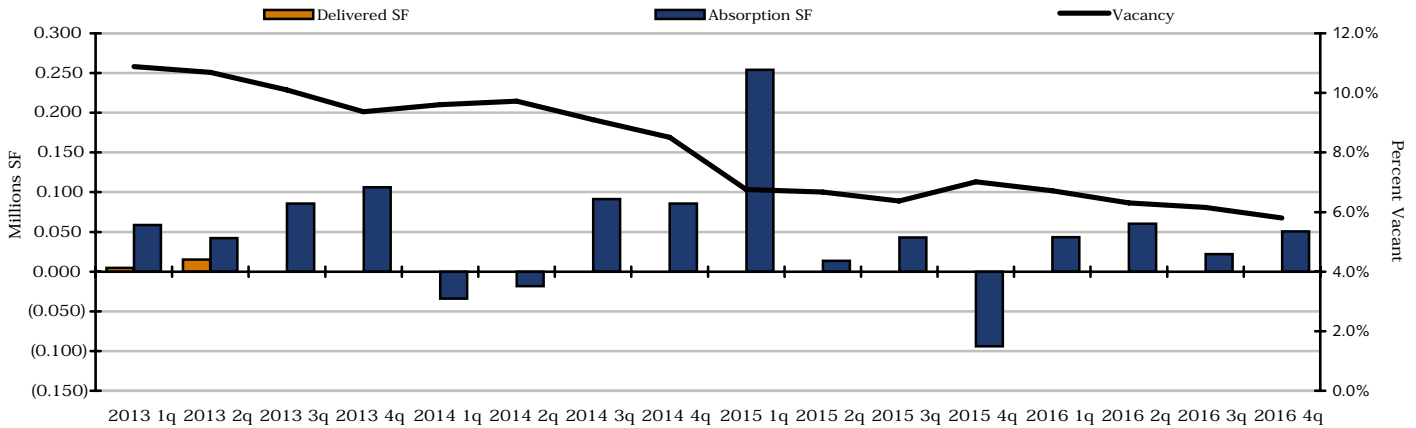
Tucson Industrial Market

Central Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

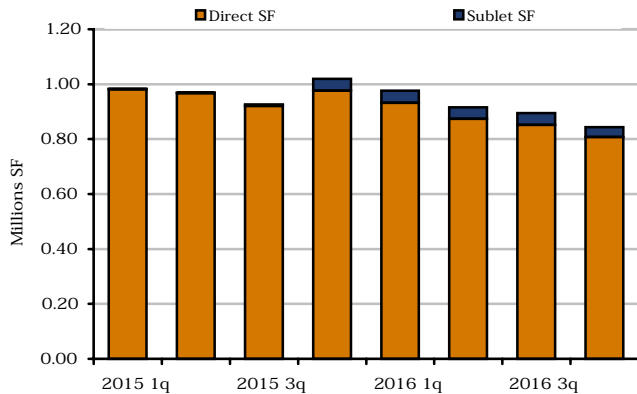
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

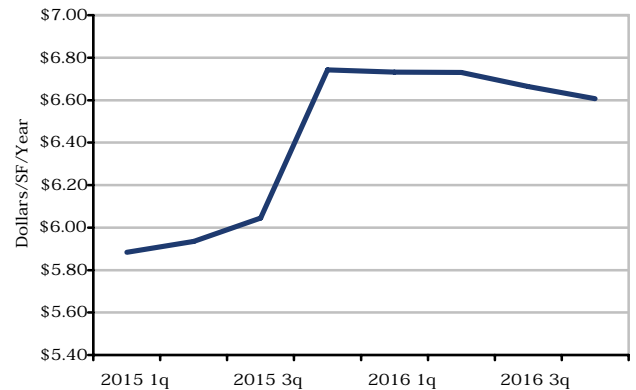
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 4q	1,207	14,534,230	843,703	5.8%	50,483	0	0	0	0	\$6.61
2016 3q	1,207	14,534,230	894,186	6.2%	22,089	0	0	0	0	\$6.66
2016 2q	1,207	14,534,230	916,275	6.3%	60,185	0	0	0	0	\$6.73
2016 1q	1,207	14,534,230	976,460	6.7%	43,485	0	0	0	0	\$6.73
2015 4q	1,207	14,534,230	1,019,945	7.0%	(93,914)	0	0	0	0	\$6.74
2015 3q	1,207	14,534,230	926,031	6.4%	43,010	0	0	0	0	\$6.05
2015 2q	1,207	14,534,230	969,041	6.7%	13,742	0	0	0	0	\$5.93
2015 1q	1,207	14,534,230	982,783	6.8%	254,197	0	0	0	0	\$5.88
2014 4q	1,207	14,534,230	1,236,980	8.5%	85,487	0	0	0	0	\$5.87
2014 3q	1,207	14,534,230	1,322,467	9.1%	91,362	0	0	0	0	\$5.76
2014 2q	1,207	14,534,230	1,413,829	9.7%	(18,281)	0	0	0	0	\$5.73
2014 1q	1,207	14,534,230	1,395,548	9.6%	(34,109)	0	0	0	0	\$5.69
2013 4q	1,207	14,534,230	1,361,439	9.4%	106,273	0	0	0	0	\$5.61
2013 3q	1,207	14,534,230	1,467,712	10.1%	85,738	0	0	0	0	\$5.55
2013 2q	1,207	14,534,230	1,553,450	10.7%	42,249	1	15,000	0	0	\$5.26
2013 1q	1,206	14,519,230	1,580,699	10.9%	58,507	1	4,800	1	15,000	\$5.30

Source: CoStar Property®

Tucson Industrial Market

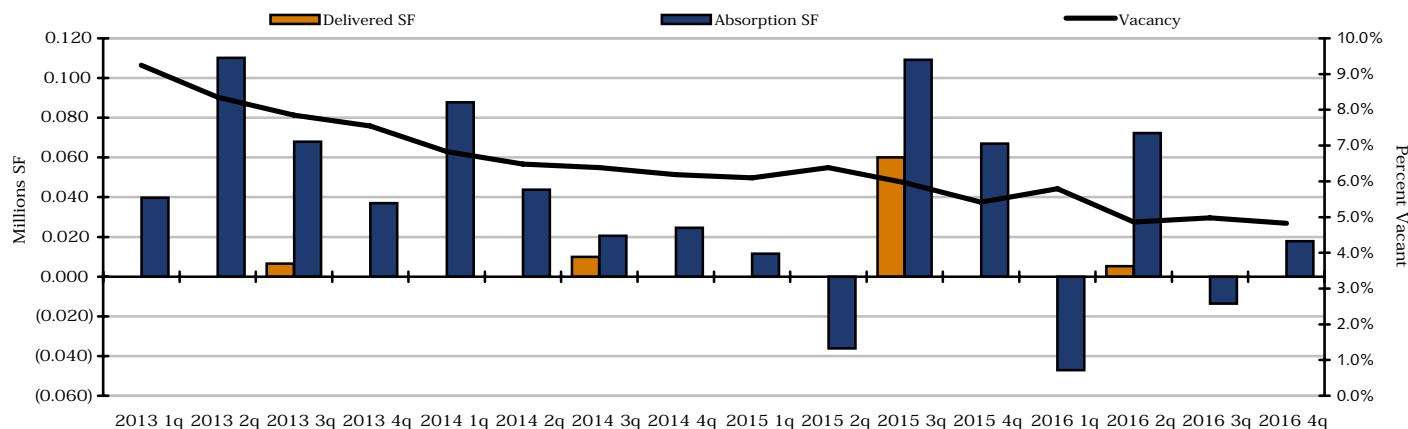


North Market

MARKET HIGHLIGHTS - Flex & Warehouse

Deliveries, Absorption & Vacancy

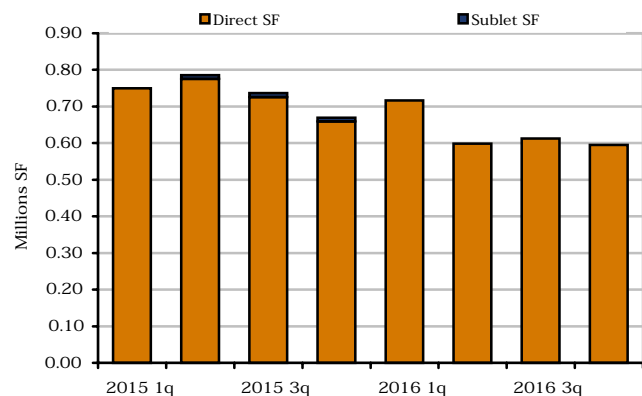
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

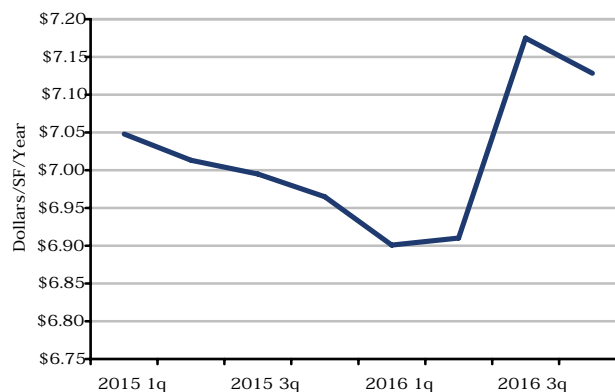
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



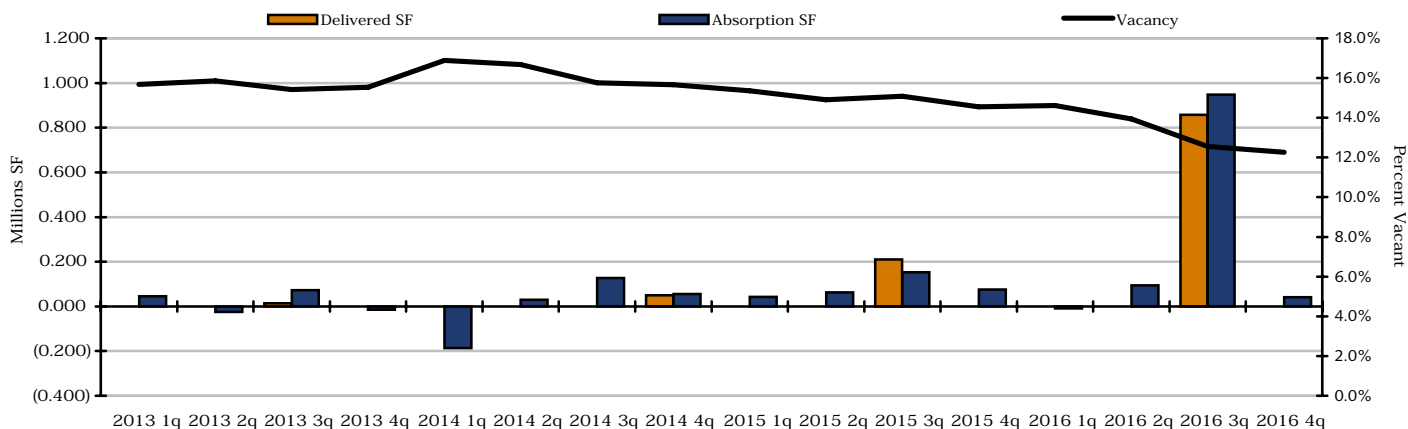
Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 4q	965	12,314,764	594,669	4.8%	17,776	0	0	1	19,811	\$7.13
2016 3q	965	12,314,764	612,445	5.0%	(13,653)	0	0	1	19,811	\$7.17
2016 2q	965	12,314,764	598,792	4.9%	72,368	1	5,200	0	0	\$6.91
2016 1q	965	12,360,073	716,469	5.8%	(47,061)	0	0	1	5,200	\$6.90
2015 4q	965	12,360,073	669,408	5.4%	67,011	0	0	1	5,200	\$6.96
2015 3q	965	12,360,073	736,419	6.0%	109,214	1	60,000	0	0	\$6.99
2015 2q	964	12,300,073	785,633	6.4%	(36,122)	0	0	1	60,000	\$7.01
2015 1q	964	12,300,073	749,511	6.1%	11,485	0	0	0	0	\$7.05
2014 4q	964	12,300,073	760,996	6.2%	24,661	0	0	0	0	\$7.04
2014 3q	964	12,300,073	785,657	6.4%	20,582	1	10,000	0	0	\$6.92
2014 2q	963	12,290,073	796,239	6.5%	43,734	0	0	1	10,000	\$6.96
2014 1q	963	12,290,073	839,973	6.8%	87,725	0	0	1	10,000	\$6.90
2013 4q	963	12,290,073	927,698	7.5%	37,008	0	0	0	0	\$6.93
2013 3q	963	12,290,073	964,706	7.8%	67,992	1	6,501	0	0	\$6.89
2013 2q	962	12,283,572	1,026,197	8.4%	110,137	0	0	1	6,501	\$6.75
2013 1q	962	12,283,572	1,136,334	9.3%	39,799	0	0	1	6,501	\$6.88

Source: CoStar Property®

Deliveries, Absorption & Vacancy

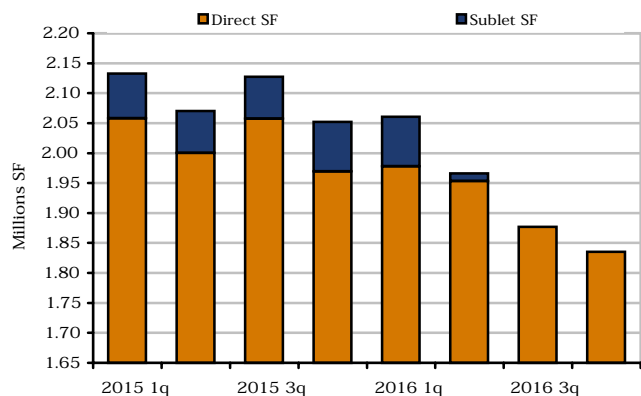
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Vacant Space

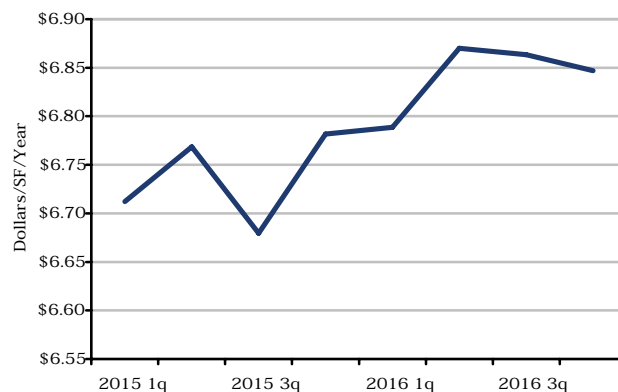
Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Quoted Rental Rates

Historical Analysis, Flex and Warehouse



Source: CoStar Property®

Period	Existing Inventory		Vacancy		Net Absorption	Delivered Inventory		UC Inventory		Quoted Rates
	# Bldgs	Total RBA	Vacant SF	Vacancy %		# Bldgs	Total RBA	# Bldgs	Total RBA	
2016 4q	359	14,958,263	1,835,212	12.3%	41,664	0	0	2	140,160	\$6.85
2016 3q	359	14,958,263	1,876,876	12.5%	947,623	1	858,288	2	140,160	\$6.86
2016 2q	358	14,099,975	1,966,211	13.9%	94,329	0	0	2	978,288	\$6.87
2016 1q	358	14,099,975	2,060,540	14.6%	(8,561)	0	0	1	858,288	\$6.79
2015 4q	358	14,099,975	2,051,979	14.6%	75,550	0	0	1	858,288	\$6.78
2015 3q	358	14,099,975	2,127,529	15.1%	152,577	1	210,000	1	858,288	\$6.68
2015 2q	357	13,889,975	2,070,106	14.9%	62,668	0	0	1	210,000	\$6.77
2015 1q	357	13,889,975	2,132,774	15.4%	42,055	0	0	1	210,000	\$6.71
2014 4q	357	13,889,975	2,174,829	15.7%	55,046	1	49,751	1	210,000	\$6.69
2014 3q	356	13,840,224	2,180,124	15.8%	127,413	0	0	2	259,751	\$6.77
2014 2q	356	13,840,224	2,307,537	16.7%	29,125	0	0	1	49,751	\$6.68
2014 1q	356	13,840,224	2,336,662	16.9%	(186,861)	0	0	0	0	\$6.76
2013 4q	356	13,840,224	2,149,801	15.5%	(14,942)	0	0	0	0	\$6.53
2013 3q	356	13,840,224	2,134,859	15.4%	72,495	1	14,214	0	0	\$6.52
2013 2q	355	13,826,010	2,193,140	15.9%	(25,050)	0	0	1	14,214	\$6.38
2013 1q	355	13,826,010	2,168,090	15.7%	45,895	0	0	1	14,214	\$6.37

Source: CoStar Property®