



INDUSTRIAL REAL ESTATE REPORT

A Survey of the Phoenix Metropolitan Area's Industrial Marketplace



AVAILABLE FOR SALE
Estrella Business Center
3673 S. Bullard Ave.
Goodyear, AZ
Multi-Tenant Industrial
46,758 SF
\$3,316,000 (\$70.92 PSF)
Assumable Financing
20% Yield on Equity

Significant Drop in Sales Volume

The Phoenix industrial market recorded just six investment sales and twelve owner/user sales (over \$1 million) in the first quarter of this year, representing a 21% and 33% decrease (respectively) from 2008 first quarter figures. We have also witnessed an upward swing in cap rates which increased 128 basis points, averaging just under 8% compared to 6.7% for the same period (1st quarter) last year. As the lending market continues to remain challenging, properties with assumable financing in place offering favorable terms are becoming more attractive to buyers. Many sellers are also getting more creative offering carryback or second note financing. Increasing vacancy (13.9%) and negative net absorption (1,912,146) add to the continued cautious attitude by prospective buyers in the Phoenix market.

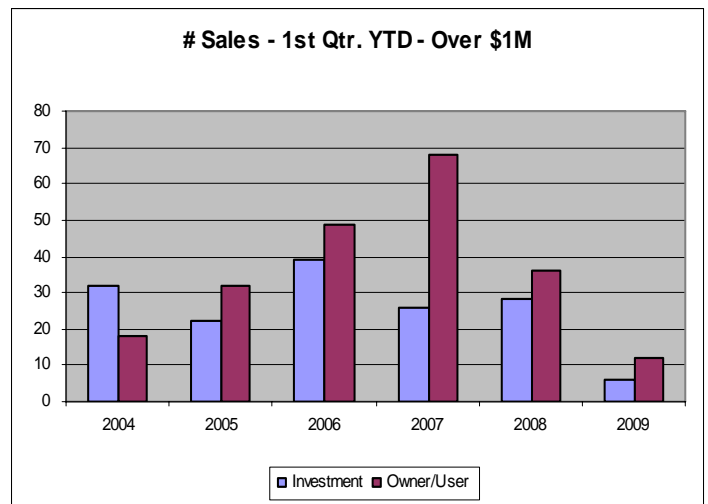
The recent construction boom and new existing buildings seem to be fairing well when compared to older buildings as the vast majority of the new leasing activity occurred in more modern buildings aged 2000 and newer. The majority of move-outs occurred in buildings built in the 1990s and older. This leasing activity indicates tenants are moving to new high quality buildings which offer efficiencies, convenience and affordable lease rates.



AVAILABLE FOR SALE
3550 W. Clarendon Ave.
Phoenix, AZ
Multi-Tenant Industrial
59,610 SF
\$1,975,000
\$33.13 PSF
9% Cap Rate

The current quarter negative net absorption is nearly equal to the entire year of 2008. All of last year the market experienced a net decline in occupancy of roughly 2.2 million square feet.

Currently there is only 1.5 million square feet under construction, which demonstrates a sharp decline in construction activity. The bulk of the remaining supply will deliver in 2009 and it is unlikely that construction levels will increase for the next few years.



FOR SALE/LEASE
7879 E. Beck Lane
Scottsdale, AZ
Single Tenant Industrial
\$3,700,000 (\$175.46 PSF)
\$12.00 NNN
Lender Owned
Potential Hangar Conversion



AVAILABLE FOR SALE
9838 N. 19th Avenue*
Phoenix, AZ
Multi-Tenant
17,720 SF
\$1,645,000
\$92.83 PSF
Major Street Frontage



AVAILABLE FOR SALE
14698 N. 78th Way
Scottsdale, AZ
Single Tenant Industrial
10,397 SF
\$1,000,000
\$96.18 PSF
Lender Owned



AVAILABLE FOR SALE
2951-2953 N. Norfolk
Mesa, AZ
Owner/User Opportunity
8,000 SF - Industrial
Divisible in half
\$1,100,000
\$137.50 PSF

*Some of the members of the selling entity are licensed real estate agents in the State of Arizona and are acting as owner/agents.

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**AVAILABLE FOR
SALE/LEASE**

1700 W. Drake Dr.
Tempe, AZ
Single Tenant Industrial
20,867 SF
\$2,337,104
\$0.52 PSF, NNN Lease Rate



AVAILABLE FOR SALE

Pima Door Facility
9012 W. Bloomfield
Peoria, AZ
Sale/Leaseback Opportunity
64,000 SF
\$5,100,000
\$79.69 PSF



FOR SALE/LEASE

3131 W. Thomas Rd.
Phoenix, AZ
Single Tenant Industrial
22,440 SF
\$1,750,000
\$0.42 PSF, NNN Lease Rate
Large Outside Yard Area

1st Quarter 2009 Investment Sales Over \$1M

PRODUCT	AVERAGE SIZE	SALES	AVERAGE PRICE/FOOT	AVERAGE CAP RATE
Multi-Tenant	31,807	4	\$80.16	8.25%
Single Tenant	11,054	1	\$370.91	7.10%
Distribution	N/A	0	N/A	N/A
Back Office/R&D	120,800	1	\$166.72	8.30%
TOTAL/AVERAGE	43,180	6	\$132.93	7.98%
Owner/User	31,073	12	\$88.92	N/A

2008 Investment Sales Over \$1M

PRODUCT	AVERAGE SIZE	SALES	AVERAGE PRICE/FOOT	AVERAGE CAP RATE
Multi-Tenant	56,983	22	\$80.02	6.9%
Single Tenant	47,889	36	\$95.52	7.4%
Distribution	437,941	12	\$61.20	6.6%
Back Office/R&D	100,856	8	\$120.40	7.0%
TOTAL/AVERAGE	115,894	78	\$75.64	7.1%
Owner/User	27,266	119	\$101.44	N/A



AVAILABLE FOR SALE

2915-2927 N. 35th Ave.
Phoenix, AZ
Owner/User Opportunity
35,005 SF
\$2,250,000
(\$64.28 PSF)
21,813 SF Available



AVAILABLE FOR SALE

316 S. Price Rd.
Tempe, AZ
Single Tenant Industrial
8,283 SF
\$1,340,000
\$161.78 PSF
±8.48% Cap Rate



AVAILABLE FOR SALE

2142 W. Van Buren St.
Phoenix, AZ
Single Tenant Industrial
\$1,035,000
6,000 SF Building
2.18 Acres
Lender Owned

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