

GLOBAL SPOTLIGHT

Phoenix, Arizona



One's loss is another's gain. Phoenix remains the place for opportunity.

- Phoenix is home to world-class hotels and resorts, trendy shopping, modern nightlife and enriching culture. Local, national and international businesses find Phoenix has an excellent transportation infrastructure, with frequent non-stop air connections to all major cities, easy freeway access and rail service destined to major ports, with a blend of high-tech, manufacturing, agriculture, trade and service industries in the area.
- The industrial market continues to benefit as a strong distribution hub due to its proximity to delivery routes throughout the Southwest. A direct route from southern California and the Port of Los Angeles makes Phoenix the perfect distribution center. Despite the current market slowdown and negative absorption for the first time since 2001, the rebound of the industrial market will be quick once the leveling of the national economy begins.
- The office market has suffered with vacancy rates increasing and corresponding declines in rental rates, presenting tenants with lease extension/relocation opportunities like never before. Delivery of 10 million square feet of new office product in 2008 will make Phoenix a tenant market for the next several years. This will cause stress for landlords as tenants remain in the driver's seat throughout the recovery period.
- Well-tenanted retail centers in good locations are and will continue to do well. Slowed economic growth, job growth and housing markets will result in the retail sector being hardest hit. Tenants who are expanding in the current economy are finding greater choices at some of the lowest rents in years. Nearly 9 million square feet of new retail product will be delivered in 2008, adding to the softening market conditions.
- The next 18-24 months represent a tremendous opportunity for investors to acquire all property types. The downturn in the national economy, the potential for increased foreclosures in commercial sectors and the impending "right valuing" of properties due to economic challenges could cause a 1990s-type redistribution of wealth and ownership in commercial assets. Buyers with cash will benefit most.

Phoenix At A Glance

Population	3.9 million
Location	Central Arizona
Interest	3.8% (US 10 year treasury note)
Unemployment	4.6%

Property	Rent/SF/Year Low	High	Vacancy Rate
Downtown Office Class A	\$27.00	\$31.00	12.9%
Metropolitan Office Class A	\$24.00	\$30.00	19.3%
Industrial Bulk Warehouse	\$5.25	\$9.00	12.4%
Retail (Multi-Tenant)	\$18.50	\$28.00	7.8%

NAI Horizon offers local expertise in Phoenix, Arizona, as well as Tempe, Mesa-Chandler-Gilbert, Scottsdale, the West Valley and surrounding cities.

About NAI Global

NAI Global is one of the world's leading providers of commercial real estate services. We bring together people and resources wherever needed to deliver outstanding results for our clients.

At A Glance

325	Offices
55	Countries
5,000	Professionals
\$45 billion	Annual Transaction Volume
200	MSF of Property Management

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