



Retail Market Report

COMMERCIAL PROPERTIES INCORPORATED

**PHOENIX METRO
1ST QTR. 2012**

VACANCY
FLAT at 12.1%
NET ABSORPTION
+ 491,601 SF

CAP RATES

DOWN - Averaging 8.43%

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TRANSACTIONS

Commercial Properties Incorporated completed 14 Retail transactions for a total of 87,166 square feet in first quarter 2012. The top Commercial Properties Incorporated Retail transactions for the quarter were a 53,267 square foot sale at 1135 N. Recker Road for \$1,450,000 in Mesa, AZ, and a 6,100 square foot sale at 1940 N. Alma School Road for \$550,000 in Chandler, AZ.

VACANCY RATE

The Phoenix Retail market ended first quarter with a vacancy rate of 12.1%. The vacancy rate was flat for first quarter, holding at the 12.1% reported at the end of fourth quarter 2011. The net absorption was positive 491,601 square feet at the end of first quarter, compared to the positive 1,072,778 square feet reported from fourth quarter. The General Retail sector, which is categorized as freestanding retail that is not in a center, also reports a flat vacancy rate of 7.0% at the end of first quarter 2012.

The total sublease space has decreased in Phoenix as shown by the 794,630 square feet currently available, in comparison to the 827,800 square feet of vacant sublease space reported at the end of fourth quarter 2011. The figures above include buildings that are owner occupied as well, which affects the actual vacancy numbers. Check with your CPI broker for an accurate representation of the vacancy rates in the submarket around your properties.

RENTAL RATES

Average Retail rental rates ended the first quarter down slightly at \$14.67 per square foot, from the previous \$14.75 per square foot quoted for fourth quarter 2011. First quarter reports a 0.5% decrease in the average Retail rental rates. Rates have continually declined slightly in 2012.

CONSTRUCTION

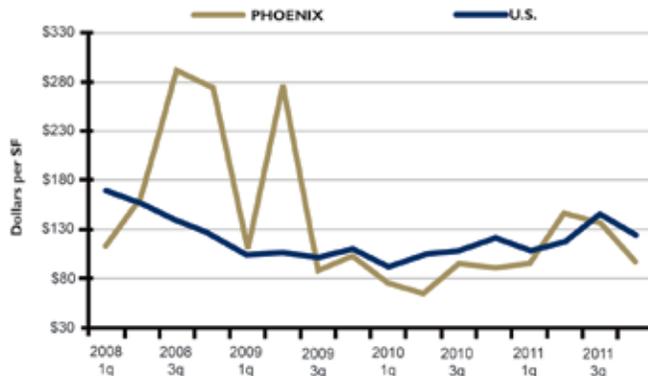
215,844 square feet were reported as still being under construction at the end of fourth quarter in the Retail sector compared to the 275,319 square feet that were under construction in fourth quarter 2011.

INVENTORY

The Phoenix Retail inventory currently consists of 11,859 buildings, and 1,907 centers that make up the 213,333,564 square feet of total retail inventory in Phoenix. Comparatively, this is an increase from fourth quarter's 213,184,091 total square feet which consisted of 11,708 buildings at the end of fourth quarter 2011.

U.S PRICE/SF COMPARISON

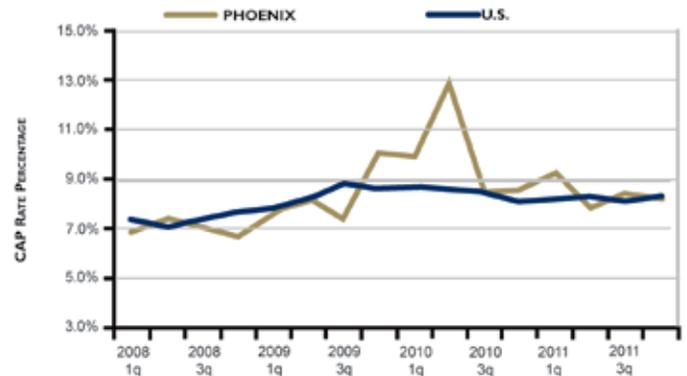
Based on Retail Building Sales of 15,000 SF and Larger



Source: CoStar COMPS®

U.S CAP RATE COMPARISON

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



Source: CoStar COMPS®

