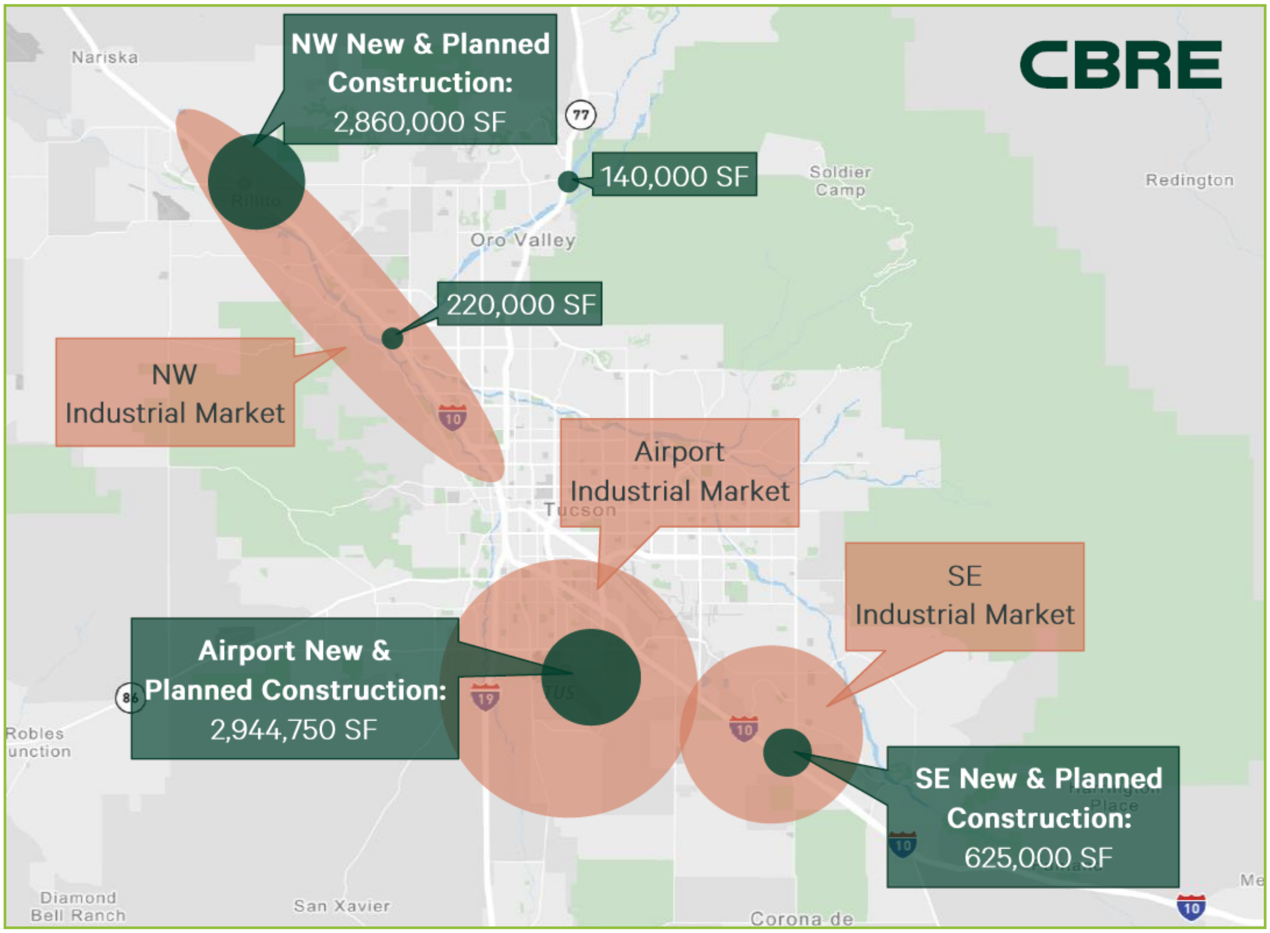
TREND report

JUNE 2022

6.8M SF of Industrial Growth in the Pipeline for Southern Arizona



New & Planned Industrial Construction in the pipeline for Tucson MSA

What is the State of the Industrial Market? Before diving into the Southern Arizona industrial market, I want to highlight the state of the national industrial market and recent trends. Hyper growth due to unprecedented demand has been the main story. The industry leaders in demand based on year-2019 included logistics|distribution and 3PL, 2020 retailers (e-commerce) and 2021 logistics|distribution and 3 PL. Other contenders were construction materials & building fixtures and food & beverage. As a result of all that demand we have seen an influx of capital from wall street, pension funds, and insurance companies. Companies like KKR and Blackstone own large industrial portfolios. Going into COVID-19 we were experiencing strong demand and growth, however 2020 to present we have experienced record setting years in almost all metrics including new construction, rental rate growth, sales, dollar amount of sales and lending, and absorption of space.

There are some major headwinds to keep an eye on as we proceed forward. With a major supply and demand imbalance it is important we bring new product to market as quickly as possible, however due to pricing uncertainty and affordability along with supply chain issues and rationing of materials we are seeing some obstacles.

Why are we here? COVID-19: Two things happened during COVID-19 that drove more demand into industrial versus retail and office. Consumer buying habits changed quickly during COVID-19

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The Industrial Issue

with US consumers turning to online purchasing more frequently and in some cases shopping online for the first time. "From March 2020 through February 2022, US consumers spent $1.7 trillion online, $609 billion more than the preceding two years combined (2018 and 2019)." (Source: Adobe) Due to this shift retailers accelerated their e-commerce fulfillment infrastructure and as result more money was allocated for warehouse acquisition. "The largest online retailer spent an estimated $25.4 billion on leased property and equipment and $5.8 billion on build to suit development of fulfillment centers in 2021. Going forward this company has signaled that it will taper the 30% of capital investment it's been earmarking to expand fulfillment capacity." (Source: GlobeSt.com)

Another factor related to COVID-19 was the severing of supply chains and as a result US companies' ability to deliver goods is and has been compromised. As a result, we are starting to see new manufacturing plants open in the US versus Asia in order to be closer to the end consumer. Another reason for expanding manufacturing in the US is national security and a concern that so many critical parts and materials for our economy and military are being supplied from Asia. Phoenix is a big beneficiary of this expansion with Taiwanese Semiconductor Company (TSMC) investing $12 billion and Intel investing $20 billion in capital for new chip factories. Cardinal stadium would cost approximately $600M in today's numbers, the Equivalent of 53 NFL stadiums being built at one time.

Southern Arizona. There are two stories I want to highlight that include Tucson and Casa Grande.

Tucson The Tucson story is based on new construction with online retail driving a lot of that growth. In addition to the largest online retailer and its developers there are at least 6 other developers with planned large-scale projects (100,000 SF +) in the Tucson metro area. All but one of these developers have entered the market within the last 12 months. Currently we are tracking approximately 6.8 million square feet of speculative and build to suit activity that is planned, in for permit or under construction (PPUC), which far outpaces any development cycle since I've been in the business. For perspective Tucson has about 45 million square feet of existing industrial space so if the current pipeline is all built that will add 15% to the current base during 2022 and 2023.

Approximately 48% of the PPUC is in Northwest metro area and most of that is at the intersection of I-10 and Tangerine Road. Approximately 43% is in the South/Airport area and the remaining 9% is in the Southeast area.

Casa Grande Area The Casa Grande story is corporate locates. Casa Grande is a city of 60,000 people and yet it is seeing more corporate locates than Tucson a city of 1M people. The recent locates include:

1. Lucid (EV car company) built 800,000 square feet and is now adding another 2.7 million square feet for a total of 3.5 million square feet. Tucson's largest office \industrial complex is the UA Tech Park at 2 million square feet.
2. Nikola (EV truck company) just completed 500,000 square foot manufacturing facility between Coolidge and Eloy.
3. Kohler (bath fixture company) is currently building a 1 million square foot manufacturing facility. They expect to employ 400 people.
4. Chang Chun (chemical company) bought 84 acres and is planning to build 540,000 square feet and employ 200 people. Chang Chun is a supplier for TSMC.
5. Rumor is there are two other TSMC suppliers looking in the market.
6. Tractor Supply recently built 895,000 square feet and plans to employ 375 people by end of 2023.
7. Other previous locates include a 1.5M SF cold storage facility, Frito Lay, Abbot Labs, Daisy Foods, National Vitamins and Hexcel Corporation.

Most of this activity is along Thornton Road or within a mile of Thornton Road, just West of Casa Grande.

All this new construction and corporate locate activity in Tucson and Casa Grande bodes well for Southern Arizona's long-term prosperity and for the next 24 months expect to see some great new projects come to market.

Tim Healy joined CBRE in December of 2000. He is involved in the sale and leasing of industrial properties, including manufacturing, warehouse/distribution, back office, research and development. Tim's experience includes acquisition, leasing and disposition of investment properties, tenant representation and corporate lease, purchase and sale representation. He can be reached at tim.healy@cbre.com.

» by Bill Rodewald

These are exciting times for the industrial real estate sector in Tucson. Even with restrictions and delays caused by the pandemic, the sector has performed well over late 2021 and the first half of 2022. The performance of the sector might have even benefited during the pandemic because of the need for so many industries to improve supply chains, locate warehouses closer to customer bases and evaluate markets with less density. Tucson not only fits that bill, but it has the added benefit of a world class university, a pro-business environment and relatively affordable housing. Until late 2020, a limiting factor was the availability of Class A space that would attract new or expanding businesses—but that has changed.

Schnitzer Properties, formerly Harsch Investment Properties, has been leading the way when it comes to industrial development in Tucson with several exciting projects recently completed, under construction and in planning stages. Just recently, after announcing the signing of Home Depot to a 78,000 square foot lease for its appliance distribution operation, we have leased the balance of the 157,000 square foot project to two more high quality distribution tenants.

If you get a chance to drive the Tucson Airport submarket, you'll notice two more large Class A industrial projects under construction by Schnitzer Properties. The first is a spec project known as Tucson Airport Center 2, which is a 230,000 square foot build with abundant loading docks and 32-foot clear height. Delivery is set for the third quarter of this year. 160,000 square feet of that project has been pre-leased to a major logistics company. The second large project in the area is a 100,000-square foot build to suit for Imperial Brown, one of the world's top manufacturers of custom walk-in coolers and freezers with locations in Oregon, North Carolina and Oklahoma. The Imperial Brown lease was significant in that they evaluated several markets including Phoenix and chose Tucson for their fourth location for a variety of reasons. Sun Corridor, City leaders and the local commercial real estate community were instrumental in bringing Imperial Brown to Tucson.

With plans to break ground on three more projects in the Tucson Airport submarket in 2022, totaling over 300,000 square feet, we will be busy helping Tucson grow its employment base and available inventory of industrial space for new or expanding companies. This would not be possible without the local leadership of Batoun Herrington and her team—that includes in house property management, accounting and facilities management in Tucson and Phoenix. Our tenants, who are better described as customers, have appreciated the hands-on property management style and local contacts that help them grow and prosper. Another crucial part of the equation has been Alex Aboud, our Vice President of Leasing, who has been very busy keeping our existing portfolio occupied and filling up the new projects.

Our industry continues to struggle with building materials shortages and permitting timelines, but we are seeing some improvements. Developers are being forced to order steel, roofing packages and mechanical systems well in advance of the start of construction and in some cases before being awarded a permit. Contractors are extremely busy and will decline to bid in some cases because of their pipeline and the shortage of workers. With the pandemic seemingly in the rear-view mirror, we hope that these conditions are temporary and will be resolved in the near to medium future.

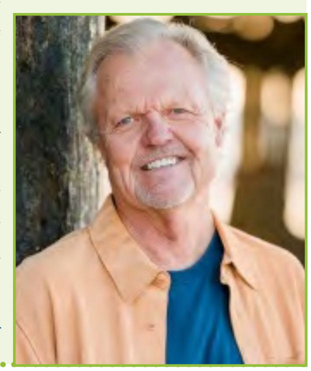
Building C at Tucson Airport Distribution Center (3350 S. Medina Dr.) is scheduled for delivery this year

We certainly are committed to Tucson and look forward to serving the community by building and operating the kind of projects that local business and government leaders tell us they need. We will continue to work closely with local stakeholders to identify opportunities to acquire existing projects and new development sites. The future looks bright!

About Schnitzer Properties

Schnitzer Properties is a privately-owned real estate company that acquires, manages and develops properties for its own portfolio. Headquartered in Portland, Oregon, Schnitzer Properties owns and operates 28 million square feet of office, multi-tenant industrial, multi-family and retail properties in six western states, including Arizona.

Bill Rodewald is Senior Vice President and Regional Manager for Schnitzer Properties. He began his commercial real estate career in 1980 as an office leasing specialist with Grubb and Ellis, moving to Colliers International in 1982. Before joining Schnitzer Properties in 2001, he was a member of Colliers' US Board of Directors and served as Executive Managing Director of its Southwest Region. Bill is responsible for managing Schnitzer Properties' San Diego, CA, Salt Lake City, UT, and Phoenix, AZ regions. He earned his marketing degree from San Diego State University and serves on the San Diego SIOR chapter board. He also serves on the Board of Directors for the San Diego chapter of NAIOP. Bill can be reached at billr@schnitzerproperties.com.



big deals

Portfolio $91.25M: 28 Casita-Style Communities with 426 Units

HZ Properties (Ike Isaacson of KDI Management, managing manager) sold 426 casitas in 28 properties portfolio sale in Tucson for $91.25 million ($214,000 per unit) to a Texas REIT, Commerce Capital Partners (ComCapp) of San Antonio. The 1- and 2-bedroom casitas are tucked away in 28 lush communities located around Tucson. Properties included in the transaction:

2941-2971 N Sparkman Blvd.; 3350-3378 E Blacklidge Dr.; 2940-2992 N Edith Blvd.; 4801-4895 E Lee St.; 9230-9284 E Speedway Blvd.; 1700-1750 E Adelaide Dr.; 1444-1492 E Adelaide Dr.; 2715-2735 N Columbus Blvd.; 1030-1062 E Knox Dr.; 1701-1711 E Hendrick Dr.; 314-338 E Calle Arizona; 550-572 E Calle Arizona; 1515-1539 E Fort Lowell Rd.; 3809-3819 E Glenn St.; 1407-1417 N Sycamore Blvd.; 5926 & 6056 E Bellevue; 3640 E Bellevue; 3324 E Flower St.; 3440-3462 E Flower St.; 1921-1933 N Rosemary Dr.; 1617-1639 E Blacklidge Dr.; 303-3021 N Olsen Ave.; 2914-2926 N Mountain Ave.; 3411-3421 E Presidio Rd.; 3013-3038 N Ann Eve Pl.; 3125-3135 N Palo Verde Rd.; 4200-4331 N Vine; and 1440-1450 E Roger Rd. Closed 4/26/2022

Buyer: ComCapp Properties, LLC c/o Commerce Capital Partners of San Antonio, TX

Seller: Z Properties 1, LLC c/o Ike Isaacson, managing member of Tucson; Institutional Property Advisors (IPA) a division of Marcus & Millichap, Art and Clint Wadlund

Sale:
$91,250,000;
$214,201/unit

Size:
426 units

Portfolio $58.488M: Carondelet Micro Hospital 6 Properties

Harrison Street Real Estate sold six medical properties in Tucson for an aggregate total of $58,488,000 to NorthWest Healthcare Properties REIT as part of a larger $600 million medical property portfolio. The Tucson sale included two micro-hospitals and four medical office buildings as follows:

- Micro-hospital at 745 S Wilmot Road in Tucson sold for $20.22 million ($648 PSF)
- Micro-hospital at 5620 W Cortaro Road in Tucson sold for $20.444 million ($676 PSF)
- Medical Office Building at 4892 N Stone Avenue in Tucson sold for $7.13 million ($371 PSF)
- Medical Office Building at 551 W Magee Road in Tucson sold for $3.45 million ($323 PSF)
- Medical Office Building at 1055 La Canada Drive in Green Valley sold for $3.88 million ($162 PSF)
- Medical Office Building at 1704 West Anklam Road in Tucson sold for $3.37 million ($248 PSF)

JLL's Healthcare Capital Markets group announced that it has closed the $600 million sale of a 27-property, best-in-class, core-quality healthcare real estate portfolio totaling 1.2 million-square-feet in Arizona, California, Colorado, Illinois, Indiana, Florida, Massachusetts, Minnesota, Oklahoma and Texas markets. JLL marketed the portfolio on behalf of the seller. The whole portfolio was a mix of 15 medical office buildings, five micro-hospitals, four behavioral hospitals, two inpatient rehabilitation hospitals, and one heart and surgical hospital. Closed 4/14/2022

Buyer: Northwest Healthcare Properties REIT of Toronto, Canada; JLL Healthcare Capital Markets (Chicago) Mindy Berman, Evan Kovac, Andrew Milne and Brian Bacharach, Tim Joyce and Brannan Knott, Trent Jemmett and CJ Kodani

Seller: Harrison Street Real Estate of Chicago, ILL; JLL Healthcare Capital Markets (Chicago), Mindy Berman, Evan Kovac, Andrew Milne and Brian Bacharach, Tim Joyce and Brannan Knott, Trent Jemmett and CJ Kodani

Sale:
$58,488,000

Multifamily Portfolio: 376 Units in two Tucson Properties Closes for $54.85 Million

Mission Creek Apartments with 200-units sold for $28.5 million ($142,500 / unit) and San Marin with 176-units sold for $26.35 million ($149,716/unit) in a two-property portfolio sale. Northmarq's Phoenix-based debt/equity team of Bryan Mummaw, Griffin Martin, Brandon Harrington, Tyler Woodard, and Bryan Liu arranged acquisition financing for both transactions. Both loans were floating rate bridge loans, which allowed the borrower to best execute their business plans. The Mission Creek loan was $21.45 million, while the San Marin loan was $21.31 million, both of which included future funding of their respective capital improvement budgets. The sale of Mission Creek and San Marin demonstrates the momentum of the strong Tucson multifamily market. Closing dates: 4/1/2022 and 4/14/2022

Buyer: Next Round Asset Management c/o Vaibhav Shah, principal, of Chandler, AZ (Mission Creek)

Buyer: Icon on Park Holdings, LLC c/o Icon on Park Preferred Equity of Manhattan Beach, CA (San Marin); Northmarq Multifamily (Phoenix) Trevor Koskovich, Bill Hahn, Jesse Hudson, and Ryan Boyle

Seller: AndMark Investment Fund IV, LLC; Northmarq Multifamily (Phoenix) Trevor Koskovich, Bill Hahn, Jesse Hudson, and Ryan Boyle

Sale:
$54,850,000;
$145,877/unit

Size:
376 units

Multifamily Property 322 Units Sold for $35.5 Million

Tower 16 Capital Partners ("Tower 16") has acquired Nottinghill Apartments at 2660 N Alvernon Way in Tucson, a 322-unit multifamily property in Tucson, AZ in an off-market transaction for $35.5 million. Nottinghill is Tower 16's third investment in Tucson since entering the market in late 2020. The San Diego-based multifamily investment firm has identified Tucson as one of its primary target markets and with the acquisition of Nottinghill, Tower 16 is now halfway to its goal of building a local portfolio of 1,500 units by the end of 2023. Closing date 4/6/2022.

Sale: $35,500,000; $110,248/unit

Size: 322 units

Buyer: Drake T16 Nottinghill Owner, LLC, c/o Tower 16 Capital Partners, Mike Farley of Carlsbad, CA; Newmark Grubb Knight & Frank (Phoenix), Brett Polachek and Chris Canter

Seller: Nottinghill Gate Tucson, c/o Richard Bentley of Agoura Hills, CA

Canyon Heights Apartments 196 Units Sells for $33 Million

Canyon Heights at 550 N Pantano Rd. in Tucson a 196-unit multifamily property in Tucson, Arizona. The property traded for $33 million, or $168,367 per unit. Constructed in 1982 on five-plus acres, Canyon Heights' community amenities include covered parking, a swimming pool and a 24-hour fitness center. Apartments have dishwashers, ceiling fans, and views of the Santa Catalina Mountains. Select units offer private balconies and wood grain vinyl flooring. Closing date: 4/26/2022

Sale: $33,000,000; $168,367/unit

Size: 196 units

Buyer: 550 N Pantano Apartments Owner, LLC, c/o HoH Investment Group, Waseem Hamadeh, Managing Member

Seller: Canyon Heights TIC-1 and TIC-2 c/o South Coast Commercial of San Diego, CA; ; Institutional Property Advisors (IPA) a division of Marcus & Millichap, Hamid Panahi, Clint Wadlund, Steve Gebing and Cliff David

Tucson Net Leased Industrial Flex Building Sells for $9.36 Million

Rhino Realty of Nevada, LLC purchased 99,858 SF of industrial space at Eastside Research Commerce Center, 1800 S. Research Loop in Tucson, from Java Property Investments, LLC for $9,357,692. The property is fully leased with two tenants Grace Pacifica Machining and Anewco Products. Closing date: 4/25/2022

Sale: $9,375,672; $94/SF

Size: 99,858 SF

Buyer: 1800 Research Loop, LLC c/o Rhino Realty of Nevada in Linden, UT; Colliers International (Phoenix) Grant Traub

Seller: Java Properties of Tucson c/o GW & LM Holdings, Inc, Gerald & Linda Goff; Cushman & Wakefield | PICOR, Rom Zimmerman

Haven of Sahuaro Valley Nursing Home 120 Beds Sold for $8.7

Haven of Saguaro Valley Nursing Home, a long-term care facility at 6651 E Carondelet Drive in Tucson sold for $8,664,028. The facility offers services for those recovering from an injury or age-related condition and licensed for 120-beds. Buyer managed the property prior to purchase. Closing date: 4/22/2022

Sale: $8,664,028; $72,200/bed

Size: 120 beds

Buyer: Haven Saguaro Valley Real Estate, LLC c/o Haven Health Group Management of Laguna Beach, CA; Adam Brake, Executive Director

Seller: CCP Villa Campana 0851, LLC c/o Sabra Healthcare REIT of Irvine, CA

Single Tenant Net Leased Cox Corporate Office Sells for $8.15 Million

Cox Communications Corporate Office at 1440 East 15th Street in Tucson sold in a net lease transaction for $8.15 million ($263 PSF). The 30,977 SF building was built on 4.86-acres in 1988 as a built-to-suit for another television station and was later used by a local radio station. The radio tower continues to lease separately to another company. 4/14//2022

Sale: $8,150,000; $263/SF

Size: 30,977 SF

Buyer: 1440 E 15th St, Tucson, LLC c/o Cooley Investments of Irving, TX, Clay Cooley, manager; Colliers International (Phoenix) Mindy Korth

Seller: Net 2 Cox, LLC, c/o LXP Industrial Trust of New York, NY; Colliers International (Phoenix) Mindy Korth

big deals

big deals

Grand Luxe Hotel & Resort 145 Rooms Sells for $6 Million

The Grand Luxe Hotel & Resort is a 145 unit, 2-story hotel located at 1365 W Grant Road in Tucson on Interstate 10 with high visibility and easy access in all directions. This well-constructed hotel boasts a beautiful central courtyard with swimming pool and spa, fitness center, manager's quarters, as well as a large conference center and separate ballroom. The property also includes a restaurant and bar leased out. Additionally, the hotel hosts a significant percentage of business from the Tucson Gem & Mineral Show which is one of the largest shows of its kind in the world. 4/29/2022.

Buyer: Shri Harikrishna, LLC of Tucson, Kirti Patel, Manager

Seller: Khondoker S Salom of Tucson

Sale:
$6,000,000;
$41,379/room

Size:
145 rooms

El Dorado Apartments: 126 Units Sold for $5,475 Million

El Dorado Apartments at 2440 E Glenn Street in Tucson is six 2-story apartment buildings on 2.92 acres with 125-units and a mix of studios (416SF), 1BR/1BA (609SF), 2BR/1BA (936SF) units. Amenities include a clubhouse, pool, and fitness center. 4/27/2022

Buyer: El Dorado of Tucson, LLC c/o Transwest Properties of Tucson, Randall Dix, Manager

Seller: FDJ ELD, LLC of Tucson, Robert Burton, Member

Sale:
$5,475,000;
$43,452/unit

Size:
126 units

Vault Storage & RV: 330 Rentals Spaces Sold for $5.425 Million

Tucson self-storage facility located at 7475 East Old Vail Road in Tucson with small, medium, and large self-storage units ranging from 25 Sq. Ft. to 600 Sq. Ft and RV storage. The asset sold for $5.425 million. Built in 2010, Vault Storage & RV offers covered and uncovered RV spaces as well as storage units. The asset totals 330 units–111 drive up storage units, 128 covered parking spaces, 90 outdoor parking spaces, and one commercial building. Amenities include security fencing, electronic keypad access and after-hours onsite security guards. It is close in proximity to Rita Ranch, Mesquite Ranch, and Groves Lincoln Park communities. 4/19/2022

Buyer: VWSS Vail, LLC c/o Van West Acquisitions of Denver, CO

Seller: Vault at Old Vail Road LLC of Tucson, Ryan M Schoff, Manager; NAI Horizon (Phoenix) Denise Nunez and Victoria Filice, CCIM

Sale:
$5,425,000;
$16,439/space

Size:
330 spaces

Irvington & I-19 Vacant Commercial Pad Sells for $4.8 Million

A vacant retail pad at 4710 S Landing Way at the Irvington & I-19 Commercial Center in Tucson sold for $4.8 million for development. The buyer, a developer, reported that the sale price was for land value and tenant was not ready to announce the built to suit to be constructed on site. 4/22/2022

Buyer: FIP Master Funding VII LLC, c/o Fundamental Income Properties; c/o Jonathan Jaggard

Seller: Irvington Interstate Partners North LLC, c/o Bourn Properties, LLC; Bourn Advisory Services, Alan Tanner

Sale:
$4,800,000
$25.76/SF

Size:
186,331 SF

Net Leased Rio Verde Village Retail Center Pad Sells for $4.75 Million

The retail pad at 5590 E River Road in Tucson sold fully leased to a private investor for $4,750,000. The 6,400-square-foot retail building, constructed in 2021, leased by Wells Fargo Bank and ImmediateCare Arizona both on long-term leases. It has all new state-of-the-art tenant improvements. The thoughtfully designed project offers modern architecture and complementary design features throughout its interior and exterior spaces. The building is situated on an acre of land in the Rio Verde Village at Craycroft and River Roads. 4/15/2022

Buyer: Lucas Revocable Trust, Robert &Rosemary Lucas, trustees; Lee & Associates (Phoenix) Chris Crabtree

Seller: 5590 E River Plaza, LLC c/o Southern Arizona Urgent Care of Tucson, Dr. David Skinner; Colliers International (Phoenix) Mindy Korth

Sale:
$4,750,000;
$742/SF

Size:
6,400 SF

DR Horton Buys 35 SFR Lots at Sahuarita Acres for $4.585 Million

DR Horton starts to build at Sahuarita Acres with a takedown of 35 SFR lots for $4,585,000 or $131,000 per finished lot. The homebuilder has options for 71 SFR lots in this subdivision. 4/28/2022

Buyer: DR Horton, Inc. of Tucson, Sam Mills, Division Vice President of Land

Seller: Forestar (USA) Real Estate Group, Inc. of Austin, TX, Bruce Dickson, Chief Real Estate Officer

Sale:
$4,585,000
$131,000/lot

Size:
35 lots

Cold Storage Site near Port of Tucson Sells for $4.5 Million

Tucson-based, Apollo Gardens (Sukhbinder and Jasbir Khangura) purchased 61.95 acres of industrial land at 6701 S Wilmot Road in Tucson and for $4.5 million ($1.67 PSF). The I-2 zoned property is adjacent to the Port of Tucson and has the potential of having a rail spur. The three industrial buildings on the property were obsolete and given no value. The buyers purchased the land for construction of a cold storage facility and other industrial use buildings for sale and for lease. 4/28/2022

Buyer: Apollo Garden, LLC of Oro Valley, Sukhbinder Khangura, manager; Alpha Commercial Real Estate Service, Pat Welchert

Seller: Antonio & Diane Marie Cimetta of Tucson; Tucson Realty & Trust Company, Frank Arrotta & Michael Gross

Sale:
$4,500,000;
$1.67/SF

Size:
61.95 acres

Glenn Medical Village: Pima Heart Net Lease Sells for $4.028 Million

Pima Heart Office Building at 5140 E Glenn St, at Glenn Medical Village in Tucson sold for $4.028 million. The 8,492 SF building is fully leased to Pima Heart and sold in a net lease sale. Build in 2006, the property was refurbished for Tucson Heart Group before the practice merged with Pima Heart. This was the buyer's upleg in a 1031 exchange. 4/28/2022

Buyer: RSK 5140 c/o Kivel Family Trust of Tucson, Robert & Karen Kivel; Cushman & Wakefield | PICOR, Rick Kleiner

Seller: DBS Property Holdings, LLC c/o Tucson Heart Group of Tucson, Dr. Samir Dahal, member; Cushman & Wakefield | PICOR, Rick Kleiner

Sale:
$4,028,000;
$474/SF

Size:
8,492 SF

Westgate Shopping Center Sold to Church Group for $2.9 Million

Victory Assembly of God of Pima County purchased the 47,804 SF shopping center at 1739 W Ajo Way in Tucson. The property sits on a 4.15-acres. 4/22/2022

Buyer: Victory Assembly of God of Pima County, Lamont Nesbitt, officer; VOLK Company Jeramy Price

Seller: Hundredaire Investments LLC of Tucson, Jesus Bonillas, Jr. Manager

Sale:
$2,900,000;
$61/SF

Size:
47,804 SF

Former Pier 1 Imports Building Sold for $2.255 Million

The former Pier 1 Imports store at 5919 E Broadway Blvd in Tucson sold for $2.255 million or $200 / SF for the 11,287 SF retail building. The property, built in 2004, sits on 1.8-acres. The buyer purchased to owner occupy it for Tucson Rubberized Coatings, a local roof coating manufacturer. 4/21/2022

Buyer: TRC Properties XII, LLC c/o Tucson Rubberized Coatings, David Mahmoodi, Tucson; VOLK Company, Joey Castillo

Seller: Barrett Associates d/o Kent Woodell, Castro Valley, CA; Venture West Real Estate, Karen Farrell, and Jordan Simon

Sale:
$2,255,000;
$200/SF

Size:
11,287 SF

Apache Village Mobile Home Park: 41 Spaces Sold for $2.25 Million

The 41-space family mobile home park at 4561 E Rex Street in Tucson is located in an area that is under development with retail and large tract single family homes. The Park has 2-acres of additional land that is zoned C-3 that allows for single family residences on 8,000 SF lots. Utilities include master-metered electric, private water (cost is not passed onto tenants), and septic. Lots of mature trees and greenery throughout. Great upside potential due to vacancies and below market rents. 4/8/2022

Buyer: ZPAZ, LLC c/o Mr. Zev Paloian, managing member, Tukwila, WA

Seller: Alec William Young of Scottsdale, AZ; Delta Group (Denver, CO), Mike Grivas

Sale:
$2,250,000;
$54,878/space

Size:
41 spaces

Former BedRoxx Bowling Building Sells for $1.9 Million for Redevelopment

Larsen Baker, through its affiliate Bedroxx OZ Organization, LLC acquired the 44,354 SF building at 4385 W Ina Rd. in Marana for $1.9 million ($43PSF). The building was vacant and formerly occupied by Bedroxx Bowling Alley and Hooters restaurant and sits on 3.69 acres zoned Heavy Industrial and Village Commercial in the Town of Marana. Larsen Baker plans to reposition the building into industrial/flex space for one or more tenants, and to construct an additional flex building on the site.

Buyer: Bedroxx OZ Organization, LLC c/o Larsen Baker, Melissa Lal; Larsen Baker, Isaac Figueroa, CCIM

Seller: Bedrock Ina, LLC was self-represented by Advisors in Real Estate, Gary Heinfeld, CCIM

Sale:
$1,900,000
$43/SF

Size:
44,354 SF

big deals

big deals

Pima County Existing Sales Activity

Year	Month	New Listings	Pending Sales	Closed Sales	Avg. DOM	Median Sales Price	Average Sales Price	Housing Affordability Index	Inventory of Homes for Sale	Months Supply
2021	April	1,801	1,539	1,606	15	$301,300	$377,968	128	914	0.6
	May	1,584	1,690	1,442	12	$313,500	$391,850	103	848	0.6
	June	1,715	1,577	1,609	12	$325,000	$398,679	101	1,019	0.7
	July	1,748	1,511	1,421	12	$315,000	$381,810	104	1,253	0.8
	August	1,672	1,550	1,309	12	$321,100	$379,965	122	1,366	0.9
	September	1,719	1,475	1,283	14	$327,960	$383,861	119	1,609	1.1
	October	1,784	1,604	1,228	16	$325,000	$384,541	121	1,766	1.2
	November	1,335	1,543	1,385	20	$330,000	$395,299	119	1,574	1.1
	December	1,185	1,322	1,429	24	$338,000	$401,958	116	1,364	0.9
2022	January	1,433	1,687	1,123	24	$334,500	$395,783	117	1,103	0.7
	February	1,392	1,574	1,243	24	$343,900	$411,840	114	989	0.7
	March	1,615	1,688	1,517	21	$349,900	$432,842	112	964	0.7
	April	1,732	1,653	1,428	16	$364,995	$432,936	83	1,118	0.8
	1 mo. change	7.2%	-2.1%	-5.9%	-24%	4.3%	0.0%	-25.9%	16.0%	14.29%
	1 yr. change	-4%	7%	-11%	7%	21%	15%	-35%	22%	41%

Pima County Luxury Sales Activity

Year	Month	Inventory of Homes for Sale	Pending Sales	Closed Sales	Months' Supply	Median Sales Price	Average Sales Price	Avg. DOM	Avg. CDOM
2021	April	111		35	3.2	$1,450,000	$1,494,581	34	50
	May	97		45	2.2	$1,350,000	$1,684,305	46	57
	June	92		45	2.0	$1,310,000	$1,611,604	52	52
	July	91		38	2.4	$1,507,500	$1,558,289	64	104
	August	96		34	2.8	$1,312,500	$1,350,773	21	28
	September	100		29	3.4	$1,200,000	$1,311,527	37	48
	October	107		30	3.6	$1,300,000	$1,511,982	44	55
	November	100		39	2.6	$1,350,000	$1,600,922	34	36
	December	110		38	2.9	$1,237,500	$1,486,367	42	91
2022	January	125	37	34	3.7	$1,285,000	$1,464,032	26	50
	February	115	40	34	3.4	$1,375,000	$1,635,487	88	106
	March	110	35	62	1.8	$1,312,500	$1,507,418	20	29
	April	136	20	46	3.0	$1,349,048	$1,489,016	35	55
	1 mo. change	-4.3%	-12.5%	82.4%	-47.5%	-4.5%	-7.8%	-77.3%	-72.6%
	1 yr. change	23%		31%	-7%	-7%	0%	3%	10%

Source: TARMLS $1+ million Sales

Pima County Rental Activity

Year	Month	Active Listings	Units Rented	Months Supply	Average Rent	Avg. DOM
2021	April	415	185	2.2	$1,490	26
	May	438	132	3.3	$1,562	20
	June	416	188	2.2	$1,544	20
	July	394	210	1.9	$1,706	22
	August	343	239	1.4	$1,610	35
	September	355	150	2.4	$1,680	22
	October	390	162	2.4	$1,613	26
	November	380	180	2.1	$1,610	20
	December	355	135	2.6	$1,622	21
2022	January	359	124	2.9	$1,774	29
	February	359	144	2.5	$1,655	26
	March	392	146	2.7	$1,731	23
	April	371	168	2.2	$1,748	23
	1 mo. change	9.2%	1.4%	7.7%	4.6%	-11.5%
	1 yr. change	-11%	-9%	0%	17%	-12%

source:
Tucson Association of Realtors

» by José D. Dabdoub

One Billion Square Feet: that is the entire Industrial market in Mexico. To put that in perspective, it is roughly equivalent to the entire industrial market in the greater Chicago area. And yet, this seemingly minuscule market will continue to be a major player as companies attempt to solve their manufacturing and supply chain constraints post-pandemic. According to a March 2020 survey by Thomas™, at least 54% of company executives interviewed across the manufacturing and industrial sectors said they were likely to bring manufacturing production and sourcing back to North America. Fast forward two years, and here we are, still wondering when supply chains will go back to normal… and early indications suggest that 2022 will not be that year. It's not surprising that the same Thomas™ poll conducted in March of last year, found that 83% are very likely, or extremely likely, to reshore, and to that effect, North America, and more particularly Mexico, will continue to see a rise in demand for manufacturing space. Whereas during the early stages of the pandemic we saw a sharp increase in demand in space for warehousing and distribution, as a result of the e-commerce explosion, this last year has been, at least in Mexico, mostly about manufacturing and how we bring production and supply chains closer to home.

Having said that, reshoring has challenges of its own. It's not easy to reverse the 40+ year trend of outsourcing and offshoring manufacturing to emerging markets around the globe. If there is anything that we've learned from the pandemic it's that we've relied too heavily on a single country, which has left many exposed and vulnerable. Even today, there probably isn't a supply chain out there that is completely dissociated from China. But again, it's the result of spending so many years manufacturing and sourcing abroad; supply chains are bound to deteriorate here at home, and you inevitably lose talent, expertise and capital. From a labor perspective here at home, it's troubling to learn for example that the median age of manufacturing employees is 55; and even more concerning is the fact that younger generations don't seem interested in entering the manufacturing job market.

And this is where Mexico brings a lot of value, in its ability to immediately provide solutions in those two areas: supply chain and manufacturing capacity, and an affordable and quality workforce. Labor costs in Mexico have remained relatively low and stable over the last few years, however, the availability of skilled labor and high-tech talent is *better than ever*. Not only that, but unemployment rates are still relatively high, making this an "employers-market." When coupled with a fairly robust supply chain that encompasses not only North America, but also Central and South America, and the ease of transportation to and from the United States, it puts you in a highly competitive position. Mexico has more than 14 Free Trade Agreements comprising more than 50 countries, which means that it has access to more than 60% of the world's gross domestic product. However, it is the USMCA that is fundamental to the US and Mexico. This is where the concept of ally-shoring comes in. Ally shoring is a strategic twist to the concept of near-shoring, whereby a country rethinks its manufacturing and supply chains strategy not only in terms of proximity, quality and reliability, but in terms of how you can source essential materials, goods, and services from trusted democratic partners. This means that US companies will become increasingly selective in choosing friends and trusted allies, like Mexico, to source and co-produce with, as a matter of long-term stability and success. According to the most recent publication of Mexico Now, as of February of this year, Mexico is once again the first trading partner of the United States, after being out of said position for almost three years. Exports totaled $32.5 billion in February, which represents a year-over-year increase of 18.6% as compared to 2021.

> "Mexico brings a lot of value...supply chain and manufacturing, and an affordable and quality workforce."

Now, it's important to remember that the concept of nearshoring to Mexico is not new. The first time this came about was back in the 1960's, when the Border Industrialization Program (BIP), commonly referred to as the *maquiladora* program in Mexico, was first implemented. During the war in 1942, the First International Migrant Labor Agreement, better known as the "Bracero Program" was enacted in the US to allow Mexican workers to work temporarily in the US, as a response to the high number of US individuals that were leaving the work force to enlist in the armed services. However, when the Bracero Program was terminated after the war, there were high levels of unemployment in Mexico all along the border region. This gave way to the BIP, started in 1964, which not only solved the unemployment crisis for Mexico, but also provided the US with an alternative manufacturing partner closer to home. So as the saying goes, history is bound to repeat itself, or as Mark Twain put it, "History doesn't repeat itself, but it often rhymes." I believe that the USMCA, signed just prior to the pandemic, came, inadvertently, at the best possible time for all three North American partners, and what we are seeing now is an accelerated implementation of the agreement, and frankly, it's exciting to see it working, and even more exciting to think this is only the beginning.

José Dabdoub brought 10+ years of experience working in the Arizona-Sonora region when he joined Cushman &Wakefield | PICOR in 2019. As a bilingual and bicultural real estate professional, he has a deep understanding of the cultures, the people and the investment opportunities arising in such a rich and dynamic region of the world. His focus is in Industrial Sales and Leasing in Southern Arizona and Sonora, Mexico. He can be reached at jdabdoub@picor.com.

THE CHANGING TRENDS SHAPING SOUTHERN ARIZONA'S INDUSTRIAL REAL ESTATE MARKET

» by Sandra Barton

Southern Arizona is a hotbed of growth and activity, especially in commercial real estate, and particularly when it comes to the industrial segment.

The previous two years have marked the best years on record for the industrial market, and the segment continues to fuel one of the biggest construction pipelines in the U.S. By the end of 2021, there were more than 33 million square feet of industrial space under construction and construction deliveries are projected to hit an all-time high in 2022. The increase in speculative construction demonstrates the strong level of confidence among developers and lenders, a "build it and they will come" philosophy, that developing a spec building will lead to tenants.

Examining Trends

As the old real estate mantra goes—location, location, location. Southern Arizona has long been a sweet spot. It has a marked lower cost of business than neighboring states such as California; limited probability of natural disasters; centralized proximity to California and Mexico making deliveries easier; and easy access to transit networks, to support firms that serve many west coast markets.

Specifically, the south submarket in Tucson, near the Tucson International Airport, is becoming the core of the city's growing industrial market. Exceptionally positioned close to existing infrastructure, including I-10 and I-19, along with Union Pacific, has made it an ideal location for the distribution and logistics industry.

Perhaps the two most notable trends that have emerged in the last two years include employment and spending habits. Specifically, with many more people working remotely and e-commerce becoming significantly more commonplace—a new demand for logistics space was created in Southern Arizona. Many companies, from local shops to big box retailers, have had to adapt to having more stock on hand and providing quicker deliveries. In many cases, competition among companies has distinctly increased consumer's expectations.

How Are These Trends Shaping Southern Arizona's Economy?

Despite disruptions to the supply chain, online ordering and the need for quick delivery and logistics space increases have made Tucson and its surrounding area a boom-town in the industrial sector.

Availability

There are currently approximately 320,000 square feet of industrial construction projects underway in Tucson, according to research from Co-Star. Among the recently completed projects, Tucson has welcomed a 76,230-square-foot project near the airport and a 270,000-square-foot Amazon building, which complements its 857,000-square-foot distribution center at the Port of Tucson.

On the whole, over the previous 12 months, Tucson has absorbed 1.6 million square feet of industrial space, which accounts for a growth rate of more than 132%. Industrial and warehouse vacancies have decreased to 3.5% from the previous 12 months.

As builders and developers look to a financial partner should they need to purchase and close on the land prior to construction, financial institutions with deep roots in Southern Arizona such as Alliance Bank can help. From credit and ground-up construction lending to acquisition lending and more, Alliance Bank's full spectrum of products and knowledgeable bankers can help provide direction on the best options available to move forward.

Affordability

A major demand driver, affordability, is always one of the most important considerations for a company. Co-Star cites asking rents average $9.70 per square foot, which is below the National Index, but also significantly below rents in California markets. In the Port of Long Beach, which is a one-day drive from Tucson, rents are upwards of $15 per square foot. With those figures in mind, rents have grown in Southern Arizona, increasing 6.1% in the past 12 months. Due to limited space availability and demand, rent growth is expected to maintain at a steady pace this year.

Experts anticipate that the logistics segment, which is leading all other sectors in rent growth, is projected to outperform specialized industrial spaces in terms of rent growth as consumers continue to rely on home delivery.

Employment

Arizona's unemployment rate sits at 3.7%, which is the lowest rate for the state since before the Great Recession. Its labor force also expanded, increasing by 57,200 workers since February 2020, a 1.7% increase. That said, payrolls in Arizona's Transportation, Warehousing and Utilities sector increased by 21.7%.

Putting Your Best Foot Forward in Today's Market

As the economic climate continues to evolve in Arizona, in surrounding states and across the nation, many businesses are determining whether the time is right to invest, pull back or stay the course. For builders and developers, that includes three key tenets:

- Knowing your market;
- Being well informed (e.g., leasing to a strong tenant, offering a reasonable length of lease term, determining pricing, etc.); and,
- Knowing your lender and their lending parameters.

In times like these, determining the right next step includes assembling a trusted team that understands a business' short- and long-term goals, has a firm grasp of the current landscape and is equipped with tools and resources to help a business build for a successful future.

Looking Forward

Looking toward the second half of the year, insights from a wide range of economists specializing in commercial real estate point toward the current trend continuing as net absorption, construction and lease rates increase. And as growing numbers of companies take an interest in Southern Arizona's unique position, we can ensure that Tucson is ready to respond.

Sandra Barton is Senior Director, Commercial Real Estate, for Alliance Bank of Arizona, where she funds commercial construction, acquisition and development, term and RLC loans. Based in Tucson, she serves clients throughout southern Arizona. She can be reached at sbarton@alliancebankofarizona.com.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TREND REPORT INTERVIEW WITH INDUSTRIAL BROKER STEPHEN COHEN REVEALS "SECRET SAUCE"

Thank you, for taking the time for this interview. Let's start with what clients are looking for today?

The market has been busier in the last 18 months than at any time in my career. Since January of 2021, I have sold 27 industrial properties, including six land parcels for development, five leased investments and sixteen buildings to buyers who intend to occupy. I currently have eight properties in escrow. I negotiated 32 leases for space as well, plus many lease renewals for buildings that I have represented for many years.

Have you ever seen a market like this current one?

No. The amount of capital chasing leased investments is probably the strongest I have ever seen. One of the escrows is a sale/leaseback of a manufacturing facility at market rent and offered at a market sale price. I received 7 full price offers the first week it was on the market, and we are in escrow at a price that exceeds the asking price by 5%.

How is the large space market in Tucson right now?

Several national retailers and transportation companies are in our market looking for large spaces right now. The warehouse sector of the market is extremely strong, accounting for planned projects of 5 million square feet of planned spec construction in multiple phases. We are anticipating 1.5 million to be built in the next 18 months.

Is Demand outpacing Supply?

At this point, yes. There are concerning factors that could change this (Ukraine war, interest rate increases, difficulty in filling vacant employment positions and getting needed equipment and inventory), but the fundamental shift in purchasing to online will continue to spur warehouse growth.

Are you seeing an uptick in manufacturing demand?

Manufacturing space leases for more than warehouse due to the interior improvements needed. We have several brand-new warehouse buildings at rates in the upper 60¢ to low 70¢ per square foot per month NNN range, which may have driven up warehouse rent asking rents, but if a manufacturer takes that space, the rates would be higher. We have definitely seen an uptick in manufacturing expansion here relative to the general market recently.

What about spec projects under construction?

Two projects, Schnitzer on Country Club and Daybreak on Tucson Blvd. are under construction, plus a small building in Butterfield and one at Miracle Mile and I-10 come to mind. The spec market in Phoenix is hotter than it has ever been, and it is difficult to find land to build spec in Phoenix. Several developers have come to Tucson and purchased or made agreements to purchase land here, as it is clear with a 4.5% vacancy rate and the amount of absorption and interest we have, new construction pricing will not scare away potential tenants. The total square footage planned in all spec projects is a little daunting, but development occurs in phases, so I believe there will be demand for the space that will be built in the next 18 months if the economy does not change significantly.

Can you explain the low vacancy in Tucson industrial buildings?

There is older space in our market with ceilings too low, is in run-down condition, does not have suitable power for an industrial building, or other aspects that make them obsolete. The good spaces are all leased, these obsolete buildings are what is left.

How aggressive are lease rates?

New space in most spec projects are asking 72¢/sf/mo or more, and availability of building components is causing delays that further increase the cost of construction, which will drive up rents. Coupled with the low vacancy, this is impacting rents on existing building(s), driving them up as well.

What are the biggest advantages to our region?

Tucson is a beautiful place to live, with a high quality of life, despite the limitations our government placed on transportation improvements (cross town freeway) in the past thirty years. Employees are difficult to find everywhere, but it is not difficult to get people to move here. While we are seeing expansion from companies who are not here, the majority of growth comes from companies that are.

What are some of the biggest issues facing manufacturing and distribution companies today in the short and long term?

Employee costs and availability, permitting time for new construction or building alterations, and transportation (fuel) costs are the biggest hindrances right now. Hopefully these three issues will resolve, but there is no movement yet. Plus, interest rate increases will eventually raise costs of facilities, inventories, equipment purchases, etc. and if we do not make it easier to get around the city (cross-town freeway and coordinated red-light systems), the quality of life here, and thus our ability to attract and retain employers, will suffer.

Any other trends you see happening for 2022?

Large new warehouse projects will be built and leased. Vacancy will remain low, and rents and sale prices (land and buildings) will continue to increase. This assumes the economy remains as strong as it is right now, which is not assured.

What's the secret sauce to succeeding in industrial real estate today?

Hard work and market knowledge.

A native of Cleveland, Ohio, Stephen Cohen became a Tucson resident in 1983. He joined PICOR and became a Principal in 1995 after 12 years with Grubb & Ellis Company and six years as a partner in an Indiana firm. His areas of specialization are: Industrial, corporate site selection, industrial investment property analysis and marketing and industrial development opportunity analysis and marketing. He can be reached at scohen@picor.com.

THE (METRO*) TUCSON MARKET IN 2022—NOW WHAT?

» by Gordon Wicker

> "The pandemic taught/reinforced our ability to acquire things we wanted or needed…using our thumbs, and most of us don't see much reason to change those behaviors."

Industrial market conditions in Tucson had been improving steadily, with 2019 being one of the strongest years on record. Then there was that whole pandemic thing. 2020 and the first half of 2021 saw vacancies increase by over 40% topping off at just over 8% in the larger metro area by late 2020. With the lockdowns and other restrictions, many of us became far more dependent on on-line shopping than ever before, and distribution warehouse operators certainly noticed.

Things are returning to "normal," whatever that means this week, and we're free to move about. I mean, sure, when I'm out and about I always try to support local, but it feels pretty odd if Jeff Bezos hasn't swung by the house at least twice in a week. Here's a number: five. That's apparently how many Amazon warehouses we need in the area now.

By the second half of 2021, the buildings were starting to go up quickly again, most of which had users, so vacancies continued to decline.

In terms of new construction, we're as active as ever. How active? A million square feet added to the area in the past 12 months 300,000+ square feet under construction, and much more on the way. One of Tucson's more active Industrial areas has long been around the Tucson International Airport, which saw Amazon drop another 280,000-square-foot warehouse and the 76,000 square foot Daybreak facility is wrapping up. Yes, the City of Tucson has seen some significant activity, with more on the way.

Meanwhile, Marana (note the asterisk in the header) has responded with the real estate equivalent of "hold my beer." Another 220,000 square feet underway for Amazon at the Silverbell Gateway Distribution Center, a 400,000-square-foot distribution facility by Cottonwood Properties, a proposed warehouse store for American Furniture Warehouse, and a proposed 1.4-million-square-foot e-commerce distribution facility. And that's not even a complete list.

It's certainly a lot of space, but we're taking a relatively cautious approach down here, with significant portions (if not the entire project) usually inked before the shovels turn the first scoops of earth. Quite calm in comparison to our Maricopa neighbors to the north, which added nearly 19 million square feet of new industrial product in the past year, with another 37 million on the way…enough to even make Marana blush.

As I'm wrapping up this article today, I just got back from inspecting a 25,000-square-foot fully leased office building that had three total employees on site—four if you count the guy fixing the alarm system. The pandemic has changed the face of office demand, as many corporations continue to have a considerable amount of their workforce working remotely, with several large users now seeking to sub-lease significant portions of what is otherwise unused space. Working remotely just can't be done in the warehouse and manufacturing industries.

The pandemic taught/reinforced our ability to acquire things we wanted or needed (a gross of toilet paper, obviously) using our thumbs, and most of us don't see much reason to change those behaviors. With astronomical fuel prices added to the mix, how many of us regularly even visit a grocery store anymore? I'm not saying we're barreling down on the dystopian WALL-E future with Buy n Large stores taking over the landscape and nobody leaving their floating chairs, but I'm not *not* saying it either.

E-commerce is here to stay, and that's not all bad. The adage had always been "retail follows rooftops," which is still true, but now distribution centers are added to the mix. With explosive population and housing growth in the northwestern corner of our metropolitan home, it only makes sense that Marana would be an attractive location for these quasi-retail monsters. In the words of a recent pwc article, "traditional industry classifications will need to be rewritten."

We're changing as a nation, as a world really. And the pandemic taught us real estate sector demand can change on a dime. With big-box retailers vacating space in droves both in a battle with and as a combatant within the growing e-commerce market, these spaces were often put to use with "internet resistant" entertainment uses as consumers began placing emphasis on experiences had over things acquired. Then March of 2020 happened. Non-essential businesses were closed with many of these internet-resistant users not yet even done with their TIs. Then our thumbs really went to work.

With increased pressure on distribution, exorbitant fuel prices and little to no decline in retail demand evident, will we next see an increase in development of manufacturing facilities to shorten the time and distance between makers of goods and their consumers? Micro-manufacturing facilities—tell a friend.

The industrial market right here in the Old Pueblo is not just growing, but changing. It's an exciting time. Perhaps our new version of the industrial revolution is just around the corner.

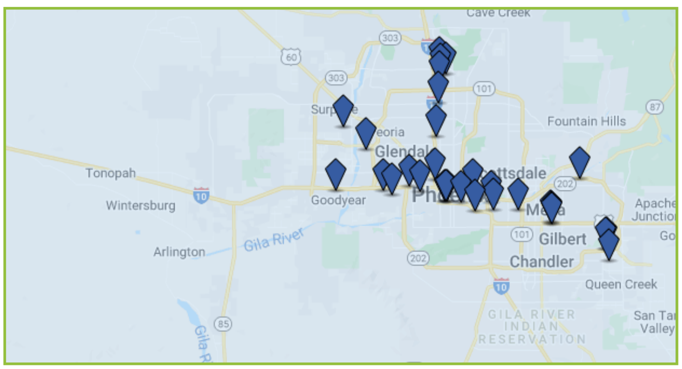
It's a good time to be in industrial real estate in southern Arizona. 2012 is a distant memory. A relic run over by tractor trailers completing "last-mile" deliveries. That's where we are. Where are we headed? Well, I've made my crazy guess. A good time indeed.

Gordon L. Wicker, MAI is President of Quality Valuation, Inc., a Tucson-based commercial real estate appraisal firm. Gordon has more than 30 years of experience, specializing in the appraisal of industrial, office, retail and land as well as specialty properties. He performs a wide array of services including appraisal, appraisal review, consultation, expert witness and other litigation support. He can be reached at (520) 209-2880 or via email at gwicker@QualityValuationInc.com.

I like things simple. The reason I like things simple is because I am not that smart. In essence, I am an unabashed caveman. If I can't boil down an issue or topic to some bullet points, I can easily comprehend, I probably shouldn't be involved in the project. I am a simple Commercial Real Estate Broker who helps small business owners buy, sell and lease commercial properties. In order to advise my clients, I often have to decipher the conditions of the market and articulate it to them both orally and in writing. I will attempt to do the same for the Phoenix Metro Industrial Market from a macro bird's-eye perspective, and in my conclusions, I will add in some of my micro worm's-eye observations as well. The metrics we will be discussing are simple: NNN Asking Rental Rates, Cap Rates/Per Square Foot metrics, and interest rates.

Phoenix MSA NNN Rental Rate Survey

For the purposes of this exercise, we surveyed Costar for existing NNN Industrial Properties that were offering over 10,000 Square Foot in their inventory. The survey consisted of Class A, B, & C Industrial products with heavy zoning in the Phoenix MSA from Goodyear on the West, to Mesa on the East, and from Deer Valley on the North to I-10 Airport Submarket on the South.



This is a good sampler of the submarkets and demonstrates the lack of industrial product for lease in Phoenix MSA. For the purposes of discussion, we will use the metric of Triple Net (Net of Real Estate Taxes, Insurance, and Maintenance) Price Per Square Foot/Month (PSF/Mo) that is the most used convention quoted in the trade area. Roughly 30 properties met the criteria of the survey. I like to bracket things so I can understand them. The table below articulates that the High Asking Rate was $1.35NNN with the low-cost leader on the west side of $.57NNN. The average NNN asking rate was just under $1 PSF/Mo. To translate that into what a 10k industrial user of space would pay, we would add approximately $.25 to the NNN asking price or +/- $1.25 PSF/Mo. * 10,000 Square Foot for a rental payment of roughly $12,500 per month. Not a small chunk of change in my book for a small business.

High	$	16.20		$	1.35
Average	$	11.24		$	0.94
Low	$	6.84		$	0.57

> "(Phoenix) Market Rent Growth Year Over Year is a steep incline at 13%."

The graph below shows Market Rent Growth Year Over Year, which is a steep incline of roughly 13% Year Over Year. This spike has to trickle down to the rise in inflation.

Market Rent Growth Year Over Year

Cap Rates & Price Per Square Foot Metrics

Cap rates continue to compress in the industrial market, pushing values higher and higher. Capitalization Rates are essentially the rate of return an investor will take for a non-financed return on their investment on an annualized basis. So, in our Caveman Brains, we can call it an interest rate that we expect to collect on our investment.

The table below shows the brackets of Cap Rates listed in all Industrial Transactions in the Phoenix MSA of over $1 Million dollars. I would not really focus on the Highs and Lows of this +/- 120 property survey as the goal posts vary greatly. However, the Average is relatively accurate of market conditions of a +/-5.5% Cap Rate and +/- $165 PSF price tag across the valley as of end of Q2 2022.

	Price	Cap Rates	SF	Price/PSF
High	$70,500,000	8.71	620,000	$ 366.10
Average	$8,594,928	5.45	54,216	$ 163.67
Low	$1,000,000	3.42	10,000	$ 57.69

continued on page 19

Interest Rates

Any Caveman would be remiss if he did not know which way the interest rate winds were blowing. For years we have been speculating that interest rates had only one way to go, but still remained artificially low due to government policy. As of January 2022, the Fed has continued to raise rates in hopes of pumping the brakes on inflation.

The graph below shows the precipitous climb in rates over the last several months. I spoke to my primary referral banker at one of the big three national banks to get his perspective on the trends. He said that they are doing deals at 1.5%–2.5% over the Treasury. So that translates into 4.5%–5.5%. As any Caveman knows, interest rates are built into the Cap Rate. So, when Interest Rates go up, so do Cap Rates. Cap Rates go up, then Values Go Down. It's enough to give a Caveman a headache.

US 10-Year Treasury

Conclusions and Observations

This is a great time to be selling your real estate, and a not so great a time to be buying or leasing Commercial Space. A Caveman knows this from the data, and he knows it from doing deals on the street. This is a Seller/Landlord market, and it is likely to be so for quite a while.

The overarching good news is, Phoenix continues to grow in both Net Migration (US Census) and in Job Growth (US BLS). This is, and has always been, stimulated by pleasant weather, good universities, our proximity to the coast, and lifestyle due to the lack of density, despite being the 5th largest city in the US.

> "Phoenix continues to grow in both Net Migration and Job Growth."

Rank	State	County	April 1, 2020 (Estimates Base)	July 1, 2020	July 1, 2021	Numeric Growth
1	Arizona	Maricopa County	4,420,568	4,438,342	4,496,588	58,246
2	Texas	Collin County	1,064,465	1,073,149	1,109,462	36,313
3	California	Riverside County	2,418,185	2,422,764	2,458,395	35,631
4	Texas	Fort Bend County	822,779	828,632	858,527	29,895
5	Texas	Williamson County	609,017	615,266	643,026	27,760
6	Texas	Denton County	906,422	913,900	941,647	27,747
7	Florida	Polk County	725,046	729,233	753,520	24,287
8	Texas	Montgomery County	620,443	624,938	648,886	23,948
9	Florida	Lee County	760,822	764,679	787,976	23,297
10	Utah	Utah County	659,399	663,143	684,986	21,843

Top 10 Counties in Numeric Growth: July 1, 2020 to July 1, 2021

Phoenix metro area employment (number in thousands)	Mar. 2022	Change from Mar. 2021 to Mar. 2022	
		Number	Percent
Total nonfarm	2,269.1	81.9	3.7
Mining and logging	3.0	0.4	15.4
Construction	142.1	4.0	2.9
Manufacturing	141.8	5.4	4.0
Trade, transportation, and utilities	458.7	25.9	6.0
Information	40.3	1.8	4.7
Financial activities	213.5	-2.6	-1.2
Professional and business services	378.1	10.4	2.8
Education and health services	353.7	12.3	3.6
Leisure and hospitality	225.2	21.0	10.3
Other services	70.1	4.1	6.2
Government	242.6	-0.8	-0.3

Source: US BLS, Current Employment Statistics

Ian Turner, CCIM, MRED, specializes in the sale and leasing of Industrial & Office properties at Commercial Industrial Arizona Advisors. Prior to that he was with a National Commercial Brokerage Firm where he was a consistent Top Producer nationally year over year. His approach is that of a Trusted Advisor that guides him throughout his Real Estate practice. He combined his love of learning and love of real estate when he received his Master's in Real Estate Development (MRED) from ASU in 2008. He completed his B.S. in Business and Project Management at the University of Phoenix prior to that in 2007. Mr. Turner received his Arizona real estate broker's license in 2008 and completed his CCIM designation in 2017. He has held an Arizona General Contractors license and is a graduate of the Union Carpenter's Apprenticeship program in New York City. Ian can be reached at iturner@CIA-Advisors.com.

» by Leigh-Anne Harrison

2022 should be a record-breaking year for industrial development and construction in Tucson. Based on provisional estimates, up to 592.5 million square feet of industrial space is currently under construction nationally. Cushman & Wakefield | PICOR reports that the construction pipeline in Tucson will have roughly 1 to 1.5 msf, finishing in the next 18 months. Industrial development is ramping up and demand is high amidst accelerated construction costs and a stressed supply chain.

A combination of major supply chain disruptions, COVID-19, natural disasters, the Ukraine/Russia conflict, significant demand, and shortage of skilled labor and truck drivers, are driving constructions costs up and increasing lead times. The pandemic has caused current production and the supply chain of many materials to fall short of increased demand, and we face a renewed disruption as Ukraine and Russia are critical suppliers of metals, raw materials, chemical products, and machinery.

Imported products and components were subjected to production and shipping shutdowns in the early months of the pandemic. This has specifically affected numerous products from China and Europe, ranging from cabinets, appliances, tile flooring, and pipe fittings. Although production has increased, containers, ships, port space, and trucking capacity are still experiencing congestion further delaying the supply chain. The current gas + diesel prices have added another strain to transportation and materials that utilize petro-chemicals.

Further contributing factors to the higher prices and strained supply chain were the various trade policies imposed in recent years and the recent sanctions on Russia. Tariffs or quotas on steel and aluminum from many countries, along with tariffs on hundreds of parts and materials from China, drove up the cost of many construction products and reduced the number of suppliers, which has led to increased lead times. Although the purpose of these trade actions was to protect and create jobs in the U.S. manufacturing sector, very little capacity has been added so far.

Pricing Update In the past year we have seen elevated construction material prices. The cost of certain materials like softwood lumber, particleboard and oriented strand board, regular gasoline, and diesel fuel, and concrete has more than doubled what they were last year. There were also big jumps in the price of plywood, asphalt, and iron and steel scrap. On a national level, the United States experienced the largest quarter-to-quarter increase in construction costs from the first quarter of 2021 to the second, according to Rider Levett Bucknall's quarterly cost report, which has been studying changes in construction costs for about 20 years. The most recent data from November 2021 shows that inputs to new construction, excluding capital investment, labor, and imports were up 20.54% from a year ago, the construction materials special index was up 34.65%, and final demand construction was up 12.27% from a year prior.

Transportation + Supply Chain The diesel price posted this week is $5.13 a gallon. Although prices dropped slightly in December, the Ukraine/Russia conflict has created a surge in gasoline + diesel prices—the highest we've seen in over a decade. Materials containing petro-chemicals—such as polyiso insulation, epoxy resins, and flooring materials—or in energy-intensive manufacturing will suffer from inflation. Overall, we are experiencing and can expect another stress and increase in freight prices as a result of the Ukraine/Russia conflict and the rising cost of fuel which will impact all sectors of the transportation industry. Many ports are congested as importers are rerouting their goods. Looking across the various modes, the data showed an 18.3% jump in shipping by truck—a 1.6% increase just from January-February 2022—and a 29% surge in ocean freight costs from January of last year, the largest 12-month increase on record.

Most recently, ready mix concrete plants are in allocation due to a cement shortage, making it extremely difficult to get concrete. Contributing factors include increased demand, driver shortages, plants being shut down for maintenance or other issues and lastly, Tucson is experiencing a massive increase in construction.

Material Delivery Lead Times Lead times are double, triple, or higher than they were pre-pandemic and it looks like that will continue through 2022. Supply chain issues will likely continue as demand for materials stays strong and construction is at an all-time high.

Labor Shortages Labor in the construction industry continues to be an additional challenge that is compounding the supply chain disruptions and budgetary challenges. Construction demand has grown at a significant rate and has outpaced the number of new workers entering the market. In 2020 alone, the construction market in Arizona grew by more than 22%. Meanwhile, during that same year the number of new construction workers entering the market did not grow, and instead saw a slight decline. Per AZBEX, in January of 2022 there was an estimated 176,700 construction workers in our market; this was a slight increase from 18-months prior and down more than 27% from the peak in 2006. On a positive trend, construction unemployment is expected to fall below 5% in 2022, down from 5.9% in 2021 and the 7.8% peak in 2020. This has created a significant deficit and therefore labor costs have continuously increased in recent years. Based on the current economic forecasts for the Tucson + Phoenix metro area, it is anticipated that the construction market will continue to see strong growth in the coming years that will further amplify this challenge.

Leigh-Anne Harrison started her career in construction as a receptionist. Literally starting from the bottom, Leigh-Anne worked her way up through roles in pre-construction, project management and learning the ins and outs of all aspects of construction, Leigh-Anne worked her way through an established company, eventually landing a leadership role. Today, Leigh-Anne is the Executive Director for Chasse Building Team's Southern Arizona division and is leading a team of 40 in Tucson. She can be reached at lharrison@chasse.us.

CHANGING TRENDS IN INDUSTRIAL DESIGN

» by Korey Wilkes

Industrial Design has evolved significantly over the past few years. Nearly every facet of today's modern industrial buildings have been impacted in some way, as today's occupants make educated demands about what they need and expect from their facilities. Many factors influence the planning, design, and operation of these facilities including logistics efficiency, workforce attraction and retention, and staying current with technology advancements. Yesterday's industrial designs are simple and unsophisticated by today's design standards. These facilities are at the heart of the supply chain and yet, ironically, developers, architects, and planners must battle that supply chain to operate within it. Let's look at what today's industrial environments demand, and how to fulfill those demands within today's challenging business environment.

> "Well-designed buildings play a huge role in the Valley's reputation..."

Site Selection Site selection is often a primary decision maker for nearly every industrial operation. Businesses are looking for optimum geographic location, access, and circulation as they determine where to locate their facilities. Access to roadways, freeways, and truck routes all influence supply chain efficiency. Time is money, and thus getting products in and out of these facilities in a timely manner is of the utmost importance. This imperative has made new perimeter freeways such as the Loop 303 in the West Valley and the I24 in the Southeast Valley into hot centers for industrial development. At the same time, we continue to see infill industrial, on a slightly smaller scale, in all submarkets of the Valley. Today's industrial occupants are also acutely aware of the importance of onsite circulation. Enabling counterclockwise movements around the building, separating automotive and truck traffic, and accommodating trailer parking are all significant considerations in planning these facilities.

Operations Large buildings, historically in the 500,000 square-foot range, now commonly exceed 1 million square feet. These buildings are fitted with state-of-the-art retrieval systems, along with automatic, laser guided, and/or drive-in racking. These systems, coupled with conveyors that move and track product, play an increasingly significant role in these operations. Accommodating 40-foot clear height within buildings, which was an innovation a mere decade ago, is now the norm in modern industrial facilities. With this higher clear height comes flatter floor requirements to ensure stability when picking from the taller racking. Heavier loads on the forklifts make the structural slab section critical. Meanwhile users also want to diminish the number of concrete floor joints in the floor while limiting cracking of the concrete. Larger trucks and better packing methods have led to the speed bays at the dock doors going from the typical 60-foot depth to 70-foot depth. Speculative industrial buildings are also deeper, with 590 to 620 feet now common in this market.

Workforce In addition to the technological advancements in operations, industrial customers must make new concessions to the human work force, which includes more highly educated and technically skilled labor. This increasingly educated workforce has higher expectations for job satisfaction, including access to benefits and amenities. With so much education and training invested, companies must do all they can to keep their employees and minimize turnover. Amenities such as fitness centers, walking paths, basketball or sport courts, showers, bicycle storage rooms, and upscale break rooms are now expected. Employees also want to work in attractive buildings that don't feel like warehouses. Branding is important, and building design motifs must reflect the principles and core values of the company. Open offices with ergonomic workstations and boutique coffee machines are no longer just for Class A offices; they are expected perks of Class A industrial spaces.

Architecture All of the above factors influence design decisions, motivating industrial occupants to look beyond basic cost considerations. While municipalities push for enhanced architecture, especially for buildings located near major freeways and roadways, the owners and occupants of these buildings are the major recipients of these improved aesthetics. In many cases, if you were to remove the 'big box' from behind the office, you would be surprised to realize that the site also includes a major industrial complex. Two-story glass facades, tall ceilings, grand entries, and unique materials, textures, and finishes are all contributing to the quality of these industrial environments. Collectively, these well-designed buildings have played a huge role in establishing the Valley's reputation as a preferred distribution destination.

Procurement Due to supply chain constraints, some construction materials have been hard to obtain in a timely fashion over the last few years. Components, materials, and supplies that once took weeks to procure now take months, or sometimes even a year or more. These delays often create bottlenecks within the construction process. Escalation in fuel prices, regulations on the trucking industry, and a lack of truckers contribute to additional delays and costs in development and operations.

Resources Tight labor markets make it difficult to hire and retain workers throughout both construction and supply chain industries. Due to continual technology advancements, shifting design criteria, and constantly evolving codes and regulations, jurisdictional review officials, architects, engineers, operators, and insurance regulators require continuing education to keep up. That level of on-the-job education makes retention even more important. With staffing and resource shortages across all segments.

Korey Wilkes serves as the Principal in Charge of Operations at Butler Design Group, directing day to day operations, schedules, and management of the firm in addition to his project workload. With over 23 years of experience in the industry, 22+ of which at BDG, Korey has an acute knowledge of design and development of office, medical office, industrial, specialty, and retail projects. He can be reached at kwilkes@butlerdesigngroup.com.

» by Eileen Lewis

With the boom in industrial properties over the last several years, the challenges of managing an industrial portfolio have become very interesting. While property management is always about providing a professional work environment for your tenants, cost control and leveraging buying power has never been more important. Rising rents—currently at historical levels—makes it even more important to keep operating costs under control. In my opinion, being prepared for when the market does make a downturn is important. If attention hasn't been paid to the operating costs, that could make things very difficult to adjust during a downturn.

It has been difficult to keep the operating costs under control over the last couple of years for a few reasons. The minimum wage increases over the last few years have left vendors with no choice but to increase their prices. I believe we will continue to see increases from our vendors as the scheduled increases in the minimum wage for the Tucson area will continue until 2025. After 2025, the minimum wage is then tied to the Consumer Price Index. The days of no annual increases from our vendors I believe may be over; they typically just can't afford to absorb the additional labor costs combined with the rising costs in other areas, such as fuel.

The labor shortage has also had a significant impact on our vendors, resulting in a significant impact to our tenants, primarily in service turnaround time. It is key to leverage your relationship with trusted vendors, as that relationship typically results in shorter response times for service calls. While the labor shortage is not a new phenomenon in our business, the pandemic has made this issue much worse. This issue has also forced many smaller companies to re-evaluate their businesses, which means downsizing in some cases. That has exacerbated the problem in that where it was hard to get a plumber the same day, for example, it can now take days or weeks to respond to a service call if there are only one or two plumbers with a company vs. when the same company has double that personnel.

Construction and material costs have continued to climb. New air conditioning units for example, have recorded as many as four to six increases in pricing over the last year. Asphalt costs, always at the mercy of oil prices, are also difficult to predict these days. Being proactive and making decisions quickly can result in cost savings for a project.

A major issue that all property managers are facing has been how to address the homeless population in our city. Unfortunately, our commercial buildings attract those individuals who camp out and vandalize our properties, and it's not limited to after-hours activity. Individuals have become very bold, and sleep and hang out wherever they want as they know that the repercussions are minimal to them. This has become not only a cost issue, where security has to be hired to help curtail the problem, but a security issue for tenants and their employees. This is an issue our city must solve, as the issue has gotten much worse over the last couple of years. The Tucson Police Department has formed a Homeless Protocol Task Force in an effort to assist needy individuals who need help, and they do an outstanding job. The task force is only a few individuals dealing with a very large homeless population, and they do their best.

These issues are not unique to industrial property management; they affect the management of all commercial properties. What is unique to industrial property management is the strength of the industrial market, creating a very low vacancy in the market. That has created what a former client of mine laughingly called "Revenge of the Landlord." After years of struggle from The Great Recession, where landlords were doing everything they could think of to lease their buildings—at a great benefit to many tenants—we are now in a market where the landlords are enjoying higher rents and little to no rent concessions. With the low vacancy rates, we have not seen tenants moving around very much as it is very difficult for them to find another space to lease. That also has resulted in low delinquency rates. As a property manager, we are not having to spend nearly as much time following up with tenants who do not pay timely.

> "After years of struggle from the Great Recession... we are now in a market where the landlords are enjoying higher rents and little to no concessions."

Not only have rents increased substantially over the last couple of years, but purchase prices for industrial property have increased significantly as well. We are routinely seeing purchased prices in the $100+ per square foot prices for industrial property. That number was unheard of just a short time ago in our market. As a result, investors are looking at all potential opportunities to expand their portfolios, including looking at other traditional property types that can be converted to industrial space; whether a full change to a building from retail (for example) to industrial, or conversion of a portion of a property from retail to industrial. Much like what is happening across the country, the retail trade areas and usage have changed, resulting in retail vacancies that can be favorable locations for industrial product. Conversion of former retail locations into industrial projects is a trend that is continuing to happen in our market. Retail locations will typically enjoy larger parking lots, which makes it attractive to industrial building developers, who can use the larger lots to establish loading zones. In addition, the construction type for some retail locations can make it easier to install a traditional industrial warehouse build-out, such as roll up doors and higher ceilings. It is also easy to convert what may have been air conditioned storage space from a retail use into evaporative cooled warehouse, if needed. The current rent levels can support spending the money to make those changes.

The energy conservation and sustainability movement is now reaching into the Tucson industrial market in a much larger way. While I believe many industrial owners have taken steps to take

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ARIZONA ONE OF LEADING STATES TO BENEFIT FROM INDUSTRIAL TRENDS

» by Max Fisher

The industrial market has seen user building and land sales increase by 40-70% since January 2021. Industrial lease rates have also climbed significantly as recent institutional investors have entered the Tucson market, purchasing industrial property and business parks from local investors. Out of state investors are purchasing property at record low cap rates. To justify the low returns, out of state investors are raising lease rates at least 20%. There have even been reports of 80% increases from out of state investors in lease rates for incubator buildings.

Upcoming redevelopment projects of industrial property are also a key factor in the limited existing supply. There are many factors that aren't showing signs of price leveling, especially the energy and housing sectors. The increase in interest rates may make development of rental units more challenging for the developer/investor which can taper new builds. Recent land acquisitions are foreshadowing increased development both in the housing market and industrial market as inventory remains very low.

"In a recent conversation with a Phoenix area industrial developer, the Phoenix industrial land supply is razor thin and Tucson still has some entitled industrial land. These parcels are attractive to Phoenix developers as they feel these new buildings will attract major distributors looking to move their supply chain from overseas, back to the US"

With a handful of 40+ acre industrial parcels recently sold or in escrow, we can expect new to Tucson developers to start breaking ground in the second half of 2022. The vast majority of this new speculative construction will be catered to distributors and manufacturers occupying 20,000 SF + bays. In a recent conversation with a Phoenix area industrial developer, the Phoenix industrial land supply is razor thin and Tucson still has some entitled industrial land. These parcels are attractive to Phoenix developers as they feel these new buildings will attract major distributors looking to move their supply chain from overseas, back to the US.

Recent manufacturing relocations from overseas such as LG's new announcement in Queen Creek are proving that Arizona has the characteristics that national manufacturers are looking for. This trend of supply chain relocating from Asia, to Arizona will

Torch Properties-owned industrial property at 777 E MacArthur, Tucson

become increasingly more popular as China shutdowns continue and supply chain worsens. With more demand from relocations and new speculative development we believe that new, major industry employers will enter the Southern Arizona market in 2023.

Despite strong demand, developers are facing a few challenges. Labor shortages and price increases for materials and commodities doesn't help new supply as key commodities remain high. Copper remains above $4, lumber is up more than 300% over the past 5 years, natural gas has more than doubled in the past year, and gasoline is up 66% in the past year. Cost of materials and labor shortages have put pressure on businesses, especially small businesses. This has created a trend of business owners shutting their businesses down or selling their businesses to larger corporations as larger corporations can pass the increases onto the consumer easier and absorb challenges better than small businesses can.

The war in Ukraine combined with OPEC denying production increases , and the lack of US energy production signals a very challenging future for energy prices and a tough road ahead for those businesses that consume large amounts of gasoline, diesel, natural gas and electricity. The natural gas prices are also affecting the local economy as most of our electricity is dependent on natural gas, not coal. We can expect significant electricity rate increases on a local level due to natural gas price increases and potential shortages.

We can expect quickly rising interest rates to affect the industrial market in a few different ways. Many investors base their purchases off of cash on cash returns so record low cap rates have been justified with low interest rate debt which creates a higher cash on cash return. This is not to say cap rates won't continue to compress as there is still a lot of cash out in the market but over the next few years we can expect interest rates to affect purchase prices.

Recently, we have seen an increase in seller carry back financing and expect to see an increase in private money as cap rates and interest rates near each other. If an investor is buying a property 5.5% cap rate why wouldn't they loan the money instead at 6% and beat the bank's rate? We can expect to see this scenario more and more as holding a note is more hands off compared to buying a leased

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advantage of implementing these types of measures as they can over the years, for the most part, this has not been an area that has been of great concern to local tenants. The newer industrial buildings to our market have implemented sustainability-focused design into their buildings—many obtaining LEED (Leadership in Energy and Environmental Design) certification—which is much easier to do when you're building a new building from the ground up. We have many 40-year old+ buildings in our market, and it can be somewhat tricky (and expensive—if it can even be done) to achieve the same objectives. Mayor Regina Romero has launched an initiative for Tucson to become carbon neutral by 2030. A national consulting firm has been hired to develop a climate action and adaptation plan for Tucson. While this is an overall plan for our city, it will most certainly include the commercial real estate community, with many of our commercial properties having difficulty achieving those goals due to the limitations in their construction. Commercial property managers will be monitoring this very closely and participate in the process so that we can be a part of the solution. Being a part of the solution for energy conservation and sustainability is extremely important. This issue has been at the forefront of our colleagues throughout the country for some time, so we can learn from their successes.

Eileen Lewis, BOMA Fellow, RPA, FMA, is the Director of Property Management for Torch Properties, LLC, and oversees management of a portfolio of locally-owned industrial properties in the Tucson area. She has managed a diverse portfolio of properties, including industrial, office, retail and business park associations over the years. Eileen has over 30 years of commercial real estate property management experience in Tucson, and has served on the boards of BOMA International (Building Owners and Managers Association), BOMA of Greater Tucson (BOMA) and CREW Tucson (Commercial Real Estate Women). Eileen can be contacted at eileen@torchprops.com.

ARIZONA ONE OF LEADING STATES TO BENEFIT FROM INDUSTRIAL TRENDS

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investment but can command the same return or possibly higher within the next year.

More importantly, Tucson's industrial market is heavily dependent on the housing market. As interest rates rise, new home development becomes less and less attractive for the middle class home buyer. If interest rates continue to rise we can expect some home buyers to stay on the sidelines and the new construction will slow.

In addition to new home supply, lower interest rates fueled cash out re-finances. These cash out re-fi's were then used to remodel and improve existing homes. Cash out re-fi's are significantly less attractive to home owners with higher interest rates which will slow down the home improvement market. When the home improvement market slows, it affects the industrial market as the contractors don't have as much work and the supply warehouses don't need as much space anymore.

So what's next? I don't know but I tend to be an optimist. In my opinion, Arizona is one of the best positioned states right now as migration continues, supply chain is moving from overseas to Arizona after COVID-19 shutdowns disrupted the supply chain, copper demand continues to increase as the EV, electronics and solar market grows rapidly. Global stagflation could be next on the horizon but Arizona may offset those effects with the factors listed above.

Max Fisher is the Director of Leasing and Sales for BRD Realty, the sales and leasing division of Torch Properties. Max specializes in the leasing and sale of industrial land and business park properties, including flex/research and development, warehouse and distribution, and manufacturing space. As a native Tucsonan, Max inherently understands what makes the community thrive. He has been active in the Tucson real estate market since 2012, and his strong community ties and industrial focus make him a standout in the commercial/industrial arena. He is known for his niche focus on industrial real estate, tenacious work ethic, and commercial real estate technology. Max completed has consistently closed over 75+ transactions per year for the past 4 years. Most of these transactions were a result of online marketing. Email Max at MaxFishh@live.com.

WHAT IS HAPPENING WITH AG AND INDUSTRIAL LANDS IN ARIZONA?

» by Barbara Jackson

For decades, Arizona school children have been taught the five Cs: Copper, Cattle, Cotton, Citrus, and Climate. Three of those "C's" are agriculture. It has been said, "If it wasn't for Copper and Cattle, Arizona wouldn't be here." Miners and ranchers settled this state. And thanks to major rivers such as the Gila, Salt, and Santa Cruz, agriculture thrived in the region long before Arizona was a state and before there was a United States. Agriculture's history in the Grand Canyon State stretches back more than 4,000 years. Archaeological records show Indigenous people growing gardens to sustain their families. When explorers traveled through the state in the early 19th century, they found one of the most amazing irrigation systems, one that is still in use today. The Hohokam people built canals to move water from the Gila and Salt Rivers to their fields.

Ag land in Arizona is still farmland, cattle ranches and dairies. Agriculture in Arizona contributes more than $23.3 billion to the state's economy. One study puts the number of jobs supported by agriculture at approximately 138,000; the number of workers employed at 162,000. The animal industry, led by cattle ranching and dairy, is the largest agricultural sector. These farms and ranches are about 26 million acres. Arizona also has the highest proportion of land allocated to Native American reservations, at 28%. Tribes, state and federal government own 81.8 percent of all Arizona land, leaving just 18.2 percent open to private owners.

But the farmlands are going away—very fast; more than an acre of farmland is lost per minute in the United States and over 1 million acres are being developed annually. Between 1997 and 2017, 36% of all farmland in Maricopa County was lost.

Another major loss to ag is foreign ownership. Anyone can buy US farmland. China currently owns almost 200,000 acres of U.S. farmland. Major investment companies are buying farmland for the water rights and re-selling the water to the highest bidder. A 1978 law was supposed to ensure that foreign-owned farmland is tracked through the USDA, but the data collection associated with that law appears to be incomplete.

How to stop that loss of land is a major problem for Ag. One tool being widely used today is putting land into conservation easements.

We always talk about the highest and best use for a property. Approximately 29% of the land in the US is too wet, rocky, steep, or arid to support cultivated agriculture. Cattle ranching is the perfect example of "upcycling." They are "upcyclers" that take otherwise useless materials, add nutritional and environmental value, and transform them into high-quality protein and essential micronutrients. In fact, the U.S. beef industry produces more than three times more high-quality protein for the U.S. food supply than cattle consume.

The real "elephant" in the room: WATER, or the lack thereof. During the construction of the Central Arizona Project (CAP), farmers all along the route of the canal were encouraged to "deed over" their wells and use cheaper CAP water. Most of them did so. Fast forward to 2022 and in the major central valley irrigation districts, the farmers received a 30% decrease in their CAP waters. In 2023, the other 70% will go away. Meanwhile the government is providing millions to drill wells to replace that water loss.

Today, approximately 70% of the state's water goes to agriculture, but—one needs to remember—when it goes on a crop, it soaks into the ground allowing that plant to grow, and most of that water is being returned to the aquifer below. It comes back to us, unlike water used for residents or industrial.

Here at Tango, we believe it is hard to draw trend conclusions regarding industrial properties other than that the supply/demand for industrial SPACE indicates there should be increased industrial land. When you think about it, most of the industrial space in Tucson is OLD! Much of it was built in the 1970s and 1980s. Additionally, the spaces are obsolete for the way business is done today. We need more properties configured with climate-controlled vs. swamp cooled, and that have access to high-speed data. You can argue the case that instead of increased sales of land to build more industrial facilities, with existing properties strategically positioned, but obsolete, these need to be torn down and replaced with something useful. This supports the saying, "Tucson isn't overbuilt, it's under demolished!"

A fellow commercial/ag realtor in the Phoenix area said: "Commercial and Residential land is hot in Maricopa County. Here in the East Valley Dairies are going to both and several have been sold for Industrial sites. Mesa converted a large part of former Industrial to Residential. Most of the valley has CAP or Salt River Water, so water is not an issue. Even Maricopa County has lots of development again with the State selling a half section for about $300,000/acre. Except for land close to Casa Grande, there is not much rural activity for farming or industrial. Farmer-to-Farmer sales are almost non-existent."

Today in Marana, farmland is selling for $60,000 to $65,000/acre. No one will farm that land; it will be developed. Farmland in Arizona that will be farmed—if it has water—is $10,000 to $30,000/acre. Farmland in the heart of the mid-west is auctioning for over $10,000/acre.

So, the age-old trend continues: ag lands are being used for residential or industrial development. Needless to say, the transition of farmland to industrial is driving the price of farmland up as well as the price for industrial use.

Barbara Jackson, Vice President Agricultural & Industrial Properties at Tango Commercial Real Estate, is a seasoned agribusiness and life science professional. She literally grew up in the agribusiness and has a passion for bovines and the cattle industry! A native Tucsonan, she was raised on a commercial feed yard and her family pastured cattle where Green Valley is today. Barbara graduated from Washington State University in Pullman, Washington, with a BS in Animal Science, minor in Ag Economics. Email Barbara at barbara@tangocommercial.com.

Over 1.4 billion dollars of legalized cannabis was purchased in Arizona in 2021, with nearly $650 million attributed to 21+ sales according to the Arizona Department of Revenue. As one of the newer states to legalize and implement adult-use sales, Arizona continues to make headlines with new records. In March of 2022, Arizona collected more tax revenue from cannabis than alcohol and tobacco sales combined. With these numbers in play, it's time to get serious about one of the world's largest asset-classes, commercial real estate, and specifically how cannabis commercial real estate is becoming a mainstream topic.

The Standard for Cannabis Commercial Real Estate

With increasing dispensary sales comes a demand for more properties and buildings that grow, cultivate, process, store and sell cannabis. As any emerging market, the commercial real estate industry in Arizona has seen a mad dash to help newly licensed operators find adequately zoned properties (also known as being in a "green zone") that municipalities have deemed compliant and with correct zoning. As the market becomes more saturated due to municipalities neglecting to create appropriate zoning codes, finding a zoned property that adheres to current cannabis regulations is a time consuming and budget draining process.

Many do not realize that after finding a cannabis property there is still a meticulous project timeline that needs to be executed, requiring constant communication. In addition to the mainstream complexities involved in the design and development of traditional commercial real estate, the evolving rules, technologies, and necessary expertise required in cannabis operations is influencing how these developments are designed and developed. For example, security requirements, odor mitigation, light pollution mitigation, and set-back requirements may seem like unique development needs to the untrained eye; however, even experienced professionals who are well versed in these necessities and have a traditional commercial development background will likely not have entertained other specifics that may be required by various compliance authorities for that cannabis operation. As CRE professionals, we must adapt our knowledge-base and re-focus the lens to best approach the design and development of cannabis facilities.

Funding and permitting allows these projects to move forward, but all are beholden to state and local rules and regulations. It's a domino effect, often with a lot of hurry up and wait involved. For example, a new multi-million-dollar cannabis cultivation project may go to bid and get preliminary approvals (having already selected and engaged a variety of AEC professionals with paid deposits), but any number of delays or unforeseen changes in state and local regulatory procedures could lead to a long-term pause or cancellation of project progress and delivery. These risks can greatly impact our businesses as CRE professionals.

Social Equity Licensing in Arizona

In November of 2020, Proposition 207 legalized adult-use cannabis and created 26 social equity licenses for those impacted by the war on drugs. On April 8, 2022, the Arizona Department of Health Services held the lottery for these licenses which were each worth millions of dollars. This is because the state is a limited license cannabis market and will not be issuing anymore cannabis licenses for the foreseeable future. After being awarded, these social equity license holders now have 18 months to open their adult-use (only) dispensaries and unlock the ability to open cultivation and processing operations.

The first step for these winners is to navigate the current real estate landscape in Arizona with limited properties that are both available and also zoned for adult-use only dispensaries. When adult-use licenses passed in 2020, many of the municipalities in Arizona redrafted their ordinances to specifically allow "Dual Licensees" that represent both medical and adult-use dispensaries. Some municipalities have updated their regulations to now include adult-use only licenses (e.g. the classification for Social Equity Licenses) but there are two major municipalities that are still stuck in limbo… and the clock is running

Tucson's Take on the New Social Equity Licenses

With the quick turnaround set for social equity winners to begin the opening of their dispensaries, many were concerned zoning had not been updated in some Arizona communities such as the City of Tucson. In a Tucson City Council meeting around this time, it was unanimously decided there would be special exception zoning for the social equity licenses, but that process would likely take six months or more to complete and approve. This was a surprising move considering the 18-month timeline to have a social equity dispensary up and running. Many are saying with this delay, Tucson may not be a viable option for many of the social equity license winners unless an emergency hearing is held, and the zoning is updated sooner.

What We Can Learn from the Social Equity Licenses in Arizona

From the social equity process in Arizona and even from the legalization of adult-use, the cannabis and commercial real estate industry has learned how badly we need education and communication from the state-level down to the individual localities as it relates to the rules, regulations, and objectives of regulated cannabis. These restrictions significantly impact planning, zoning, and commercial real estate in the sector. Due to a lack of understanding about the Social Equity program and its objectives, individual localities, including Tucson, may have unintentionally banned and limited social equity license winners from "setting up shop" in those towns. The purpose of the Social Equity Program is to both serve the largest number of social equity license operators and also create an Arizona state cannabis program that can service the greatest number of community members in an equitable manner. The reason this happened is directly connected to the complexity of the Arizona cannabis regulatory system and its layers of licensing (Medical vs. Adult; Dual License vs. Social Equity License, State vs. Local).

To accomplish these goals, the state and its localities (counties, cities, towns) need to follow the will of the voters who enacted the program into law, the direction of the regulators who established the program, and the spirit of the industry. We must have solid education,

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TAXABLE Sales (Estimated) to date

PERIOD COVERED	ADULT USE-420	MEDICAL- 203	EXCISE TAX
Jan-21	$7,386,617	$42,300,568	$11,384,004
Feb-21	$32,410,633	$54,209,268	$39,819,348
Mar-21	$50,439,146	$72,882,345	$58,438,108
Apr-21	$53,358,795	$72,573,789	$60,469,535
May-21	$52,925,468	$70,296,816	$59,724,611
Jun-21	$51,024,443	$64,989,159	$57,422,975
Jul-21	$54,620,299	$71,516,234	$60,285,859
Aug-21	$51,999,619	$65,549,327	$58,613,792
Sep-21	$52,690,889	$63,377,979	$58,512,571
Oct-21	$60,731,311	$66,370,151	$64,504,794
Nov-21	$60,623,527	$61,066,977	$64,234,637
Dec-21	$70,005,947	$57,457,328	$70,085,963
Jan-22	$64,325,771	$56,158,111	$67,598,857
Feb-22	$66,324,298	$53,680,100	$70,095,532
Mar-22	$66,181,326	$49,421,213	$72,326,362
Apr-22	$772,770	$0	$762,500
Dec-22	$0	$0	$37,500
	$795,820,860	**$921,849,366**	**$874,316,950**

Excise taxes for March recreational cannabis sales have reached a record-breaking $72.3 million in Arizona. Arizona Dept of Revenue was still accounting for the excise tax totals for April at time of publication.

communication, and policy to accomplish these goals. For those of us that work as advocates for and professionals within the cannabis industry, we fear the time is quickly arriving when the remedy will be too little too late. The locality representatives who are enacting local regulatory rules and codes may be doing so with the best intention (we hope, in most of the cases), but can lack the up-to-date information, facts, and knowledge. This often leads to irrational and unreasonable restrictions on the cannabis industry and in this case: restrictions on the best part of the cannabis industry, the social equity component.

Time is of the Essence

The license winners are on the clock and have a limited amount of time to get the retail dispensary component open under their vertical license. If they do not accomplish this, it is possible their license and the expansion of social equity within the cannabis industry is at risk. Additionally, the longer it takes for these 26 social equity operators to open their facilities, the longer the entire Arizona community will be penalized by limiting access to legal and regulated cannabis products. This also means limiting the potential growth and economic impact of the marketplace as a whole, which could significantly limit the positive prosperity metrics that often accompany regulated cannabis adoption including but not limited to increased tax dollars, job opportunities, and rising property values that impact the local economy.

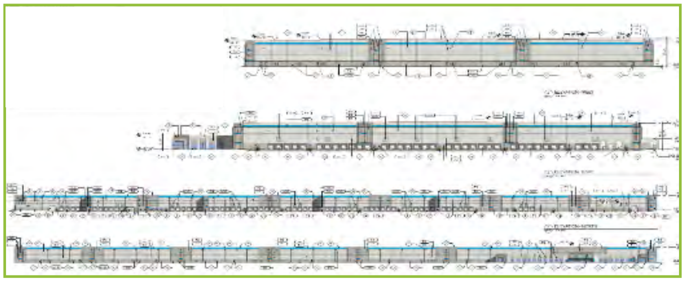
Commercial real estate is one of the largest components required for the successful creation of a regulated cannabis marketplace in our local communities. Localities that restrict, ban, or opt-out of allowing Social Equity Operators are materially, and likely irreparably, harming Social Equity Operators and the Social Equity component of the Arizona cannabis marketplace as a whole.

Bryan McLaren is the Chairman and Chief Executive Officer of Zoned Properties, a leading real estate development firm for emerging and highly regulated industries including legalized cannabis. Mr. McLaren has a strong professional background in the social, economic, and environmental development of complex business organizations. Over his professional career, he has successfully implemented large-scale projects for corporate and community organizations. Most recently, McLaren was named as a top "People & Projects to Know" in AZRE magazine. Bryan can be reached at bryan@zonedproperties.com.

Leonardo Electronics US Inc. Semiconductor Laser Manufacturing Facility

Location: Innovation Park, Oro Valley
Project Size: 120,000 sq ft on 12-acres
Developer: TBD
Timing: 2023

In December 2021, Leonardo Electronics US Inc.(LEI) purchased 12 acres in Innovation Park and is planning the construction of a new state-of-the-art semiconductor laser manufacturing facility. LEI has been present in the Tucson region since 2009, through Lasertel, and the company has outgrown its current facility. The new Innovation Park location will comprise approximately 120,000 square feet of manufacturing and administrative offices. The total capital investment will be approximately $100 million, resulting in a total economic impact of $374 million over the next 10 years.



Tangerine Distribution Center

Location: 9825 W. Tangerine Road, Marana
Project Size: 1,366,561 sq ft
Developer: VanTrust Real Estate LLC
Timing: 2023

A development plan package and building permit for development of a new distribution facility on 81.27 acres located northwest of the Tangerine Rd and Crossroads Trail intersection.

Southern Arizona Logistics Center

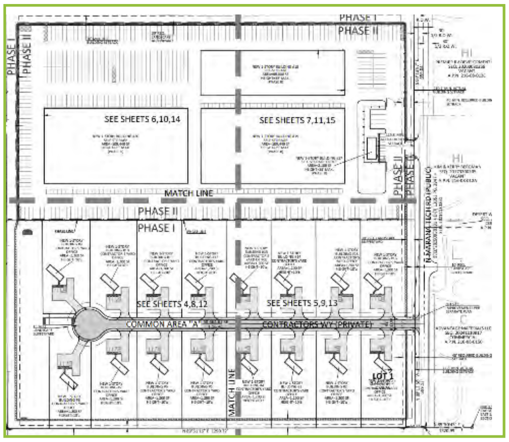
Location: NW Tangerine Road & Crossroads Trail, Marana
Project Size: 948,012 sq ft
Developer: Flint Development
Timing: 2023

A development plan package for development of a new distribution center on 68.76 acres located at the Crossroads at Gladden, near I-10 and Clark Farms Boulevard.

Ventana Logistics Expansion

Location: 9821 W. Tangerine Road
Project Size: 62,755 SF
Developer: Tangerine/I-10 LLC + Flint
Timing: 2023

A development plan package for construction of a new storage and office facility on a 5.64-acre site located west of the Tangerine Rd. and I-10 intersection. Building permits in review.



Breakers 40

Location: 11651 North Marana Tech Road
Project Size: 17 lots on a 39.07-acre site
Developer: MC Tangerine Property Owner LLC
Timing: 2023

Preliminary plat review for a proposed mixed-use commercial/industrial development south of the intersection of Marana Tech Rd and Tangerine Rd. The developers are planning a contractors' yard, self-storage facility and office.

Marana Air Commerce Park

Location: 11246 W. Avra Valley Road
Project Size: 64 acres
Developer: Town of Marana
Timing: 2023+
The Town of Marana intends to develop the rezoned area into a commercial-industrial park. The subject area will be platted and lots will become available for purchase to potential buyers for development. The HI zoning district allows manufacturing, wholesaling and warehousing, along with office and limited commercial uses. All development will be subject to strict FAA guidelines.

Prince 10 Planned Area Development

Location: 3455 N. La Cholla Blvd, west of Interstate-10 between Prince Road and Miracle Mile
Project Size: 110 acres
Developer: Prince Interstate Commerce Campus, LLC (BFL & ABOR)
Timing: 2023+
The developers are rezoning this 110 acre site to PAD zoning. The Prince 10 PAD proposes nine planning blocks or development areas with the potential to accommodate high-tech industrial and office uses. The PAD allows 10 to 12 story office buildings, and may include supplemental land uses such as hospitality, restaurants, other commercial uses, and multi-family housing.

Sky West Airlines MRO Facility

Location: Tucson International Airport
Project Size: 200,000 sq ft on 14-acres
Developer: MacAlvain Construction, Boise, ID
Timing: start June 2022
In February 2021, SkyWest announced the signing of a ground lease for 14 airside acres, part of the Aeronautical Way 50 site at TUS, and build a nearly 200,000-square-foot MRO (maintenance, repair, overhaul) facility. The total capital investment over the next five years will be approximately $41 million, resulting in a total economic impact of $105 million.

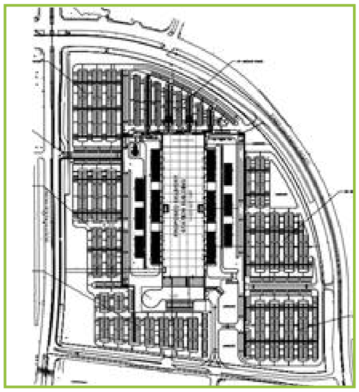
Becton-Dickinson Sterilization Facility

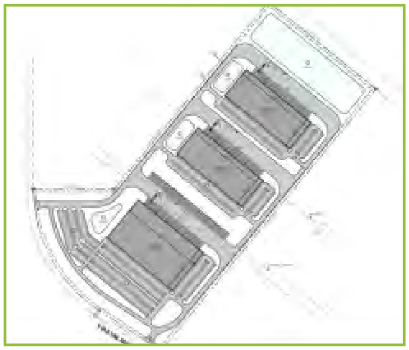
Location: 7345 E Valencia Road
Project Size:146,309 sq ft on 32-acres
Developer: Primus Design Services
Timing: 2023
BD (Becton, Dickinson and Company, a leading global medical technology company, announced in April it would invest $65 million to construct a state-of-the-art facility in Tucson, Arizona to be a hub for the company's supply chain, serving as a final-stage manufacturing and sterilization center. The new facility is being built on approximately 32 acres and is planned to be operational by mid-2023.

Amazon Delivery Station

Location: SEC Kolb and Valencia
Project Size: 1220,820 sq ft on 51acres
Developer: VanTrust Real Estate
Timing: 2023

In January, an affiliate of Amazon, Amazon.com Services, purchased 51 acres north of its current Fulfillment Center at 6701 South Kolb for $7.5 million ($146,000 per acre). The developer VanTrust Real Estate will develop a 220,820 SF delivery station building on the site.





Sunbelt Industrial Center

Location: 8065 E Old Vail Road
Project Size: 400,000 SF
Developer: Sunbelt 2, LLC
Timing: 2023

In November 2021, Sunbelt 2, LLC purchased 60.92 acres of industrial land at Sunbelt Industrial Center, Rita Ranch Lot 2, E. Old Vail Road in Tucson, from JKKAP, LLC for $1.35 million. Max Fisher with BRD Realty represented the purchaser and has the property listed for sale for $9.2 million. The property is zoned for cannabis cultivation.

Butterfield Business Center

Location: Contractors Way
Project Size:194,800 SF
Developer: TPA Group
Timing: 2023

Atlanta developer TPA Group, through its affiliate Tucson Logistics Land LLC paid a combined $1,956,289 for two industrial parcels totaling 11.36 acres located at Butterfield Business Center, Lot D. They paid $1,561,289 for the 9.07-acre parcel to Butterfield Tucson Limited Partnership; and they paid $395,000 for the 2.296 acre parcel to Gebs Investment Company and Stewart Family Limited Partnership. The buyer plans to build a 194,800 SF industrial building for lease on the site.

Tucson Airport Center (TAC2)

Location: NWC Elvira and Country Club
Project Size:141,000 SF
Developer: Schnitzer Properties
Timing: 2022

The first phase of this project included a new concrete tilt-up shell warehouse building totaling 229,320 SF on a 27.76-acre site to be completed in August 2022. The second phase includes a proposed 141,000 SF warehouse building planned to commence July 2022.

Tucson Airport Commerce Center

Location: Drexel Road, East of Tucson Blvd.
Project Size:12 AC
Developer: Schnitzer Properties
Timing: 2023

Schnitzer Properties paid $1,668,615 for the 12-acre Block 4 at the Tucson Airport Commerce Center. Harsch plans to hold the property to develop into spec industrial space.

Ajo Way Commerce Center

Location: 3761 E. Ajo Way
Project Size: 151,840 SF on 14.19-acres
Developer: Schnitzer Properties
Timing: 2023

Schnitzer Properties plans to construct a new concrete tilt-up shell warehouse building totaling 151,840 SF and associated site work in the first phase of this project on a 14.19-acre site.

Littletown & Wilmot Industrial Park

Location: 6702 S. Wilmot Road
Project Size: 27 acres
Developer: Sepp and Affiliates, LLC
Timing: 2023

Monument, Colorado based Sepp and Affiliates, LLC purchased the 27.4-acre industrial parcel at Littletown and Wilmot Industrial Park for $950,000. The parcel was platted into 24 one-acre industrial lots plus common areas. Sepp intends to offer developed industrial lots, build and lease to suit user properties to industrial and manufacturing users. The property is listed for sale for $3.5 million.

Vail Crossings

Location: I-10 and US 83
Project Size: 400 acres
Developer: RMG Vail II LLC
Timing: 2023+

The development plan calls for 600 residential lots and 150 acres of commercial/industrial use. The property is currently in escrow.

Airpark 10

Location: 4150 E Los Reales Road
Project Size: 80 acres/1,000,000 sq ft
Developer: Lincoln Property Company
Timing: 2023

The current Owner is under contract to sell the property to Lincoln Property Company, Inc. (LPC) with the intent to develop the property for uses that may include manufacturing, distribution, and warehousing, as well as any other uses allowed in Pima County CI-2 zoning. LPC plans to develop approximately one million square feet of spec buildings with the intent of meeting current market demand for industrial uses. The agreement provides economic incentives to encourage public improvements by the developer and attract future tenants.

» by Lucinda Smedley

To quote Sandra Barton of Alliance Bank, "Southern Arizona is a hotbed of growth and activity, especially in commercial real estate, and particularly when it comes to the industrial segment. According to Tim Healy, "we are tracking approximately 6.8 million square feet of speculative and build to suit activity that is planned, in for permit or under construction (PPUC), which far outpaces any development cycle since I've been in the business." This represents an additional 15% of inventory coming on line in 2022 and 2023. On pages 28–31, this issue features 18 planned industrial projects totaling over 5 million square feet of proposed industrial space. Kansas developer Flint Development recently paid $21.2 million ($164,286 per acre/$3.77 PSF) for 129 acres at Crossroads at Gladden, Blocks 1 and 2. The transaction closed on May 12, 2022. Flint plans to develop over 1,700,000 square feet of Class "A" industrial space, with the first two spec buildings totaling nearly 1,000,000 square feet kicking off construction immediately as part of its Southern Arizona Logistics development. More details on this significant transaction can be found here.

In a recent exchange with Sun Corridor Inc., they report that they have never been busier. Over the past 12 months, they have seen a strong increase in automotive related projects. Additionally, they indicated they have seen more semiconductor manufacturing and supplier projects in the past nine months than in the last five years prior. Projects from California continue to dominate their pipeline and 95% of current projects are looking for industrial real estate. Over half of their projects are considering BTS opportunities.

A big thanks to all the contributors in this jam-packed industrial issue including Tim Healy, CBRE; Bill Rodewald, Schnitzer Properties; Jose Dabdoub, Cushman & Wakefield | PICOR; Sandra Barton, Alliance Bank; Stephen Cohen, Cushman & Wakefield | PICOR; Gordon Wicker, Quality Valuation Inc.; Ian Turner, Commercial Industrial Arizona Advisors; Leigh-Anne Harrison, Chasse Building Team; Korey Wilkes, Butler Design Group; Eileen Lewis, Torch Properties LLC; Max Fisher, BRD Realty LLC; Barbara Jackson, Tango Commercial; and Bryan McLaren, Zoned Properties.

Second Quarter 2022 Industry Events

Eller College of Management's Breakfast with the Economists | Thursday, May 26, 2022 | 7:30AM–9:00AM |The Westin La Paloma Resort & Spa, 3800 East Sunrise Drive Join Eller's George Hammond and Anthony Chan, former Chase chief economist, as they offer analysis and insights on what to expect for the global, state, and local economies in the future. Register here.

MPA's Cocktails and Connections | Thursday, May 26, 2022 | 5:00PM–7:00PM| One South Church Avenue, Suite 1500 MPA's Cocktails and Connections is back, and they are pleased to announce the first one of 2022 will be hosted by Snell and Wilmer. Register to join us at the free, open to anyone event.

CCIM Chapter's monthly meeting | Tuesday, June 14, 2022 | 11:30AM–1:00PM | Doubletree by Hilton Tucson Reid Park, Bonsai Room Southern Arizona CCIM Chapter's monthly meeting focuses on important issues impacting real estate developers, property and business owners. The program speakers are Allyson Solomon, Executive Director of Metropolitan Pima Alliance and Rory Juneman, Board Chair of MPA. Register here.

Lucinda Smedley
Publisher and Editor
lucinda@trendreportaz.com

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