



8980 EAST RAIN TREE DRIVE
SCOTTSDALE, ARIZONA 85258

INVESTMENT OPPORTUNITY

RAINTREE CORPORATE CENTER BUILDING I

8980 East Raintree Drive Scottsdale, AZ

A premier multi-tenant office investment situated within the in the Scottsdale Airpark, the second largest employment center in Arizona



INVESTMENT CONTACTS

CAPITAL MARKETS

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01

OFFERING SUMMARY





THE OFFERING

Raintree Corporate Center Building I

8980 East Raintree Drive in Scottsdale Arizona 85260

NET RENTABLE AREA

±7,561

SQUARE FEET

YEAR BUILT

1999

PARKING RATIO

WITHIN COMPLEX

±4:1,000

OCCUPANCY

100%



PROPERTY OVERVIEW

Single-story freestanding office building in north Scottsdale.

Prominently situated along 90th Street, just north of Raintree Drive.

Parking is provided at a ratio of ±4 spaces per 1,000 square feet.

Attractive modern curb appeal.

Constructed in 1999 using decorative masonry block with steel accents.

Ideally designed to accommodate small sized tenants that dominate the market.



PRICE

\$1,600,000

IN-PLACE CAP RATE

±7%

Situated in the Scottsdale Airpark, which ranks third out of 22 Valley submarkets with respect to office net absorption since 2013.

LOCATION AND AMENITIES

Located within north Scottsdale's prestigious Scottsdale Airpark submarket, the second largest employment center in Arizona.

Thriving upscale nearby retail amenities with Kierland Commons, Scottsdale Quarter, Scottsdale Promenade and Scottsdale Towne Center all located within a five minute drive.

Immediate trade area houses many of the Valley's finest apartment and condominium properties, as well as affluent residential neighborhoods such as Silverleaf, DC Ranch, McDowell Mountain Ranch, Troon and Estancia.

Excellent freeway access provided by the Loop 101, approximately one-half mile west of the Property.

Scottsdale Municipal Airport lies approximately one mile west and is the highest profile private airport in the Valley for private and corporate clientele.

INVESTMENT HIGHLIGHTS

Rare opportunity to acquire a superbly constructed and highly attractive multi-tenant office building located in the heart of one of the foremost office locations in Arizona.

The combination of this prime location, with a close proximity substantial nearby retail amenities; and coupled with its first class status as a business address, provide long term investment viability.

Situated in the Scottsdale Airpark, which ranks third out of 22 Valley submarkets with respect to office net absorption since 2013.

Superb access to a high-quality Scottsdale labor pool, nationally known for its dense, upscale and highly-educated population.

02

EXECUTIVE SUMMARY





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UP

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EXECUTIVE SUMMARY

INVESTMENT HIGHLIGHTS

THE PROPERTY

- 100% occupied Multi-tenant office property located within the Raintree Corporate Center, in north Scottsdale.
- Modern architecture and curb appeal.
- Configured for multi-tenant use, functional and efficient floor plans accommodate small tenants.
- ±7,561 SF constructed in 1999.
- Masonry construction.



THE SITE

- Prime location within the prestigious Scottsdale Airpark.
- Located along 90th Street just north of Raintree Drive.
- Breathtaking views of adjacent McDowell Mountain Park and Preserve.
- A total of eight (8) covered reserved parking spaces, P185 -P192 are allocated to the Property. Surface parking is first come first served with a total advertised complex ratio of 4:1,000 square feet.
- Excellent freeway access with the Loop 101 Freeway lying approximately one-half mile to the west.



UNPARALLELED RETAIL AMENITIES SURROUND THE PROPERTY

- With respect to premier retail destinations, Kierland Commons, The Scottsdale Quarter, The Promenade, Sonora Village and Scottsdale Towne Center comprise the bulk of surrounding retail amenities.
- Dozens of popular restaurant concepts surround the Scottsdale Airpark Corporate Center including: True Food, Zinburger, Mastro's Ocean Club, Dominick's Steakhouse, P.F. Chang's, Cheesecake Factory, Sol Mexican Cocina, O.H.S.O., Wildflower, Panera Bread, Pei-Wei and Shake Shack.
- Large scale retailers such as Best Buy, Target, Kohl's, Costco, Ross, T.J. Maxx, Home Depot, Staples and Walmart Supercenter are in the immediate vicinity.
- Kierland Commons is a true destination location for retail amenities, housing upscale retailers such as Victoria's Secret, Crate & Barrel, Anthropology, Sur La Table and Michael Kors.
- Notable tenants of Scottsdale Quarter include: an Apple Store, Nike, Restoration Hardware, West Elm, Pottery Barn, True Food and H&M.



EXECUTIVE SUMMARY

SCOTTSDALE AIRPORT

- Scottsdale Municipal Airport lies less than one-mile east of the Property and is undergoing a \$27M renovation.
- One of the busiest single-runway facilities in the country with more than 615 general aviation flights a day.
- Approximately 450 private aircraft are based at Scottsdale Airport.
- Scottsdale Airport is considered the premier airport in the Valley in terms of prestige amongst private and corporate clientele.

SCOTTSDALE AIRPARK SUBMARKET

- The Scottsdale Airpark is one of the premier office submarkets in the Valley with respect to affluence, amenities and employment.
- With over 17.4 million SF of office and industrial space the Scottsdale Airpark is the second largest employment pool in the greater Phoenix area.
- North Scottsdale businesses range from Fortune 500 companies to sole proprietors and represent over 80 different business categories.
- Major employers include ST Microelectronics, Eide Bailly, PayPal, Prudential Insurance, Vanguard, Mass Mutual, Pulte Homes and Thompson Reuters, GoDaddy, Allied Waste, Liberty Mutual, Taser International and Discount Tire Company.
- The average office asking rates in the Scottsdale Airpark submarket grew by over 6% over the past three years—a firm indication of the intense demand office users have for the area.



Scottsdale Airport is considered the premier airport in the Valley in terms of prestige amongst private and corporate clientele.

Major corporations are located in the Scottsdale Airpark include: Pay Pal, Prudential Insurance, Vanguard, Mass Mutual, Pulte Homes and Thompson Reuters, Go-Daddy, Allied Waste, Liberty Mutual, Taser International and Discount Tire Company.



SCOTTSDALE'S UPSCALE DEMOGRAPHICS AND RESIDENTIAL NEIGHBORHOODS

- The City of Scottsdale's annual household income of \$109,302 is amongst the highest in the country.
- Several of north Scottsdale's premier high-end residential communities are directly north and east of the Property, offering immediate access to tremendous density and wealth.
- These include: DC Ranch, Silverleaf, McDowell Mountain Ranch, Grayhawk, Estancia and Troon.
- Homes in these neighborhoods range in pricing from \$650,000 to over \$10,000,000.

03

PROPERTY OVERVIEW





PROPERTY OVERVIEW



LAND SITE SUMMARY

ADDRESS	8980 East Raintree Drive Scottsdale, AZ
ACCESS	Two (2) points of access both along Raintree Circle Drive
LAND TO BE CONVEYED	N/A Condo Plat
PARCEL	217-15-953
ZONING	I-1, City of Scottsdale.
PARKING	A total of eight (8) covered reserved parking spaces, P185 -P192 are allocated to the Property. Surface parking is first come first served with a total advertised complex ratio of 4:1,000 square feet.

BUILDING SPECS

PROPERTY SIZE	±7,561 square feet.
COMPLETION	1999
ROOF	Foam roof. Includes 15-year limited silicone warranty.
MECHANICAL	12 heat pumps.
CEILING HEIGHT	9' from the floor to the grid ceiling.
ELECTRICAL	Electrical service is provided by multiple service panels with 110/220/440 service.
FIRE PROTECTION	Sprinklers are throughout the office building and serviced/radio monitored by Safe Guard Fire monitoring group.
REST ROOMS	Common area restrooms located inside the building.

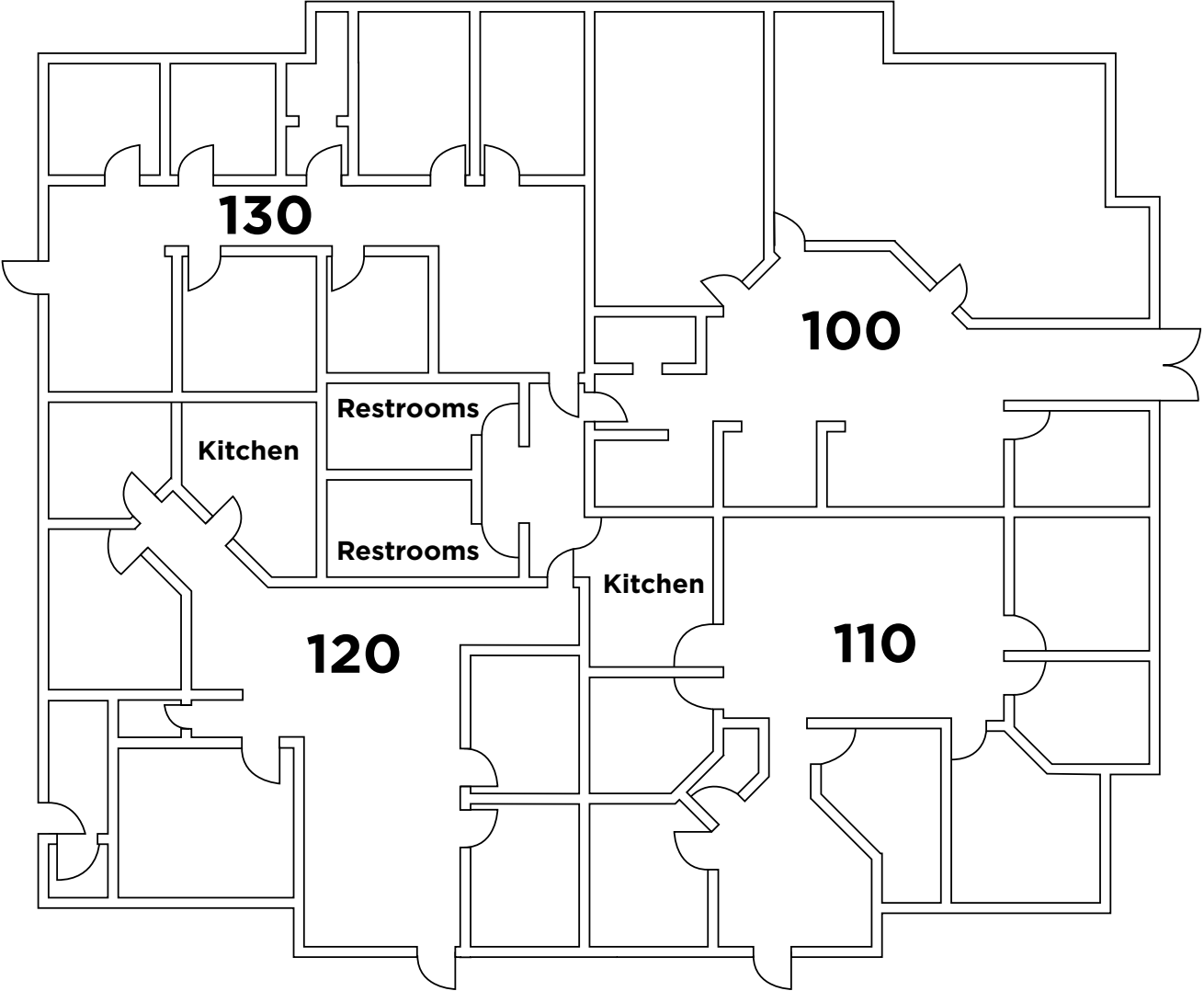


PROPERTY OVERVIEW

Site Plan Overview - The Subject is 8980 East Raintree Drive



Floor Plan



04 AREA OVERVIEW





Nearby
SCOTTSDALE
QUARTER and
KIERLAND
COMMONS



NORTH SCOTTSDALE

UPSCALE RESIDENTIAL

The northern portion of the City of Scottsdale contains the most affluent housing in Scottsdale. The McDowell Mountains provide the only mountainous backdrop in Scottsdale and have served as a canvas for what has evolved into one of the most upscale and high-profile residential areas in Arizona.

The numerous and prestigious master-planned communities that lie in north Scottsdale include: Silverleaf, DC Ranch, Desert Mountain, Troon, McDowell Mountain Ranch, Estancia and Grayhawk. Many of these communities contain signature-designed golf courses that golfers travel from all over the country to enjoy.

FIRST-CLASS RETAIL AMENITIES

North Scottsdale is home to some of the highest-profile and upscale retail shopping centers in the State. The most notable of which are Kierland Commons and Scottsdale

Quarter—both massive, award-winning open-air lifestyle centers.

Kierland Commons: Kierland Commons was introduced in the early -2000s, and at the time, was a pioneering model for the modern-era successful retail shopping center. This award-winning 38-acre mixed-use development combines over 70 shops and restaurants with residential and office space in an outdoor, walkable environment. Tenants in Kierland Commons include: Sur La Table, Crate & Barrel, P.F. Chang's China Bistro, Victoria's Secret, Anthropology, Maestro's Ocean Club, Shake Shack and Michael Kors.

Scottsdale Quarter: Drafting off of Kierland Commons' vast success, Scottsdale Quarter was developed directly across Scottsdale Road. This 370,000 SF mixed-use development combines retail, entertainment office, and multi-family residential. Esteemed tenants of the project include: NIKE, Apple Store, Dominick's Steakhouse, Restoration Hardware, Express, Pottery Barn, and True Food.

The Promenade: With more than 75 stores spread over 569,000 SF, The Promenade is one of the most popular shopping destinations in north Scottsdale. The open air center, conveniently located at Frank Lloyd Wright Blvd. and Scottsdale Road, features shopping, dining and retail including Nordstrom Rack, Saks Off 5th, Pier 1 Imports, Maggiano's, Capital Grille, The Original Chop Shop and Modern Market.

MECCA FOR LUXURY HOTELS & RESORTS

Some of the finest hotels and resorts are located in north Scottsdale, providing a mecca of hospitality options for vacationers and business travelers. The most noteworthy of these are: the Fairmont Scottsdale Princess Resort, the Four Seasons, The Westin Kierland Resort & Spa and the Scottsdale Marriott at McDowell Mountain.

90TH STREET



AREA OVERVIEW



SCOTTSDALE AIRPORT

North Scottsdale is home to one of the busiest single-runway airports in the nation. Given its location, Scottsdale Airport is the highest-profile municipal airport in the greater Phoenix area. Over 400 private and/or corporate aircraft are based at Scottsdale Airport and approximately 200,000 takeoffs and landing operations occur at the airport annually. Several state-of-the-art FBO terminals lie within the airport to accommodate its intense demand. The airport is also renovating several facilities at present.

SCOTTSDALE AIRPARK IS ARIZONA'S SECOND LARGEST EMPLOYMENT CENTER

The tremendous locational qualities of North Scottsdale helped spur tremendous population and employment growth in recent decades. As a result, the Scottsdale Airpark ballooned into the second largest employment center in Arizona. Approximately 17 million SF of office and industrial space is located within the submarket. Further, several million square feet of retail and additional property types are lie within the airpark. It is estimated that 2,900 businesses are located in the Scottsdale Airpark, employing 51,000 people.



NORTH SCOTTSDALE'S SUPERB FREEWAY ACCESS

The Loop 101 Freeway wraps around North Scottsdale providing excellent, multi-directional freeway access to the Scottsdale Airpark submarket. Through its eight interchanges, the Loop 101 Freeway provides easy access to most all labor pools in the Valley, including: South Scottsdale, Tempe, the Southeast Valley and Northwest Phoenix. Within a 10 minute drive a population of over 95,000 is accessed. When increasing the drive time to 20 minutes the accessible population reaches 585,000.

The Scottsdale Airpark is one of the largest employment centers in the State of Arizona with more than 2,900 businesses and 51,000 employees in over 17 million square feet of commercial space. Strategically located along the Loop 101 corridor, it has access to a workforce of nearly half a million within a 30-minute commute and transportation links include a world-class municipal general aviation airport. Some of the most prestigious business headquarters locations in the western United States can be found here, including PayPal, Prudential Insurance, Vanguard, Mass Mutual, Pulte Homes, Go-Daddy, Allied Waste, and Taser International.

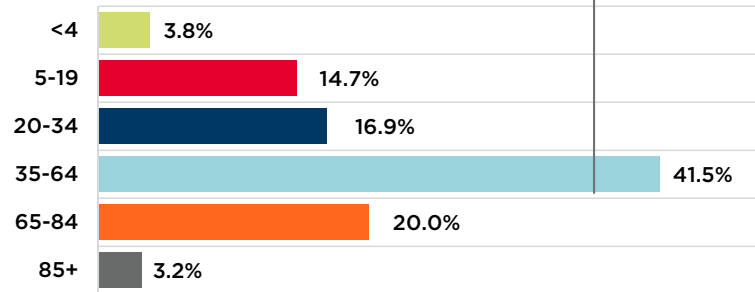
AREA OVERVIEW

CITY OF SCOTTSDALE

Located in the beautiful Sonoran Desert, Scottsdale is bordered by Phoenix to the west and the McDowell Mountains to the east. Scottsdale is a premier community known for a high quality of life with attractive residential, business and shopping areas. One of the most livable cities in the country, Scottsdale is a place to live, learn, work, play and raise a family.

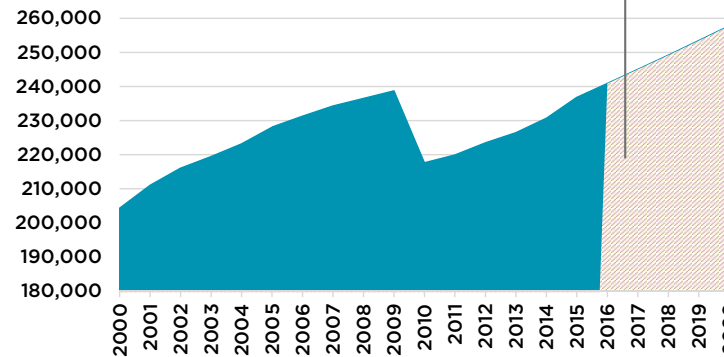
Ranked in TIME's "Best 50 Places to Live 2016" - Scottsdale is the only Arizona city to capture the recognition.

CITY OF SCOTTSDALE
AGE BREAKDOWN



Gen Xers make up the highest percentage of Scottsdale's population. **41.5%**

CITY OF SCOTTSDALE
POPULATION GROWTH



Scottsdale is slated to increase by 7.0% in the next 5 years. **7.0%**

DEMOGRAPHICS

- Stretching 31 miles from north to south, the Scottsdale area encompasses 184.5 square miles. As one of Arizona's ten largest cities, the City of Scottsdale holds a population of more than 231,000.
- A key characteristic of the local population is the concentration of middle aged residents, with a median age of 47. The population boasts comparatively high-earnings, with an average household income of \$113,000.

ECONOMY/EMPLOYMENT

- Scottsdale is one of the state's leading job centers with a diverse economy built on medical research, high-tech innovation, tourism and corporate headquarters. Scottsdale is home to nearly 18,000 businesses, supplying over 150,000 jobs and more than 20% of Arizona corporate headquarters is located in the area. In 2016, Forbes ranked Scottsdale No. 3 in the country for growth in information economy.
- The Scottsdale Airpark is one of the largest employment centers in the State of Arizona with more than 2,900 businesses and 51,000 employees in over 2 million square feet of commercial space. Strategically located along the Loop 101 corridor, it has access to a workforce of nearly half a million within a 30-minute commute and transportation links include a world-class municipal general aviation airport. Some of the most prestigious business headquarters locations in the western United States can be found here, including GoDaddy, Taser, JDA Software, Magellan Health, Nautilus Insurance, Quicken Loans, as well as regional operations for CVS Health and Vanguard.

- The "Cure Corridor" located along Shea Boulevard and Scottsdale Road boasts the city's health care and biotech industry clusters. These medical leaders

Companies in high-growth sectors have elected to locate significant facilities in the Metro Phoenix area, most notably in high-tech, earning the designation of the Silicon Desert.

are working cooperatively on innovative research and treatments that are placing Scottsdale at the forefront of a number of medical breakthroughs. Thirteen percent of all Metro area bio-life sciences employment is located in the City of Scottsdale, at facilities such as Mayo Clinic and Honor Health.

- Downtown Scottsdale is home to a number of corporate users, including YELP, McKesson and Weebly. Technology companies and young professionals are attracted to the area because it provides a mix of specialty retail, art galleries, dining to suit every taste, legendary nightlife, and public art and cultural attractions with broad appeal.
- Only a five minute drive from Downtown Scottsdale is SkySong, the ASU Scottsdale Innovation Center, which is home to a global business community linking technology, research, education and entrepreneurship. This half built 42-acre mixed use development will eventually house 1.2 million square feet of commercial space with on-site luxury residential apartments and retail/restaurant offerings.

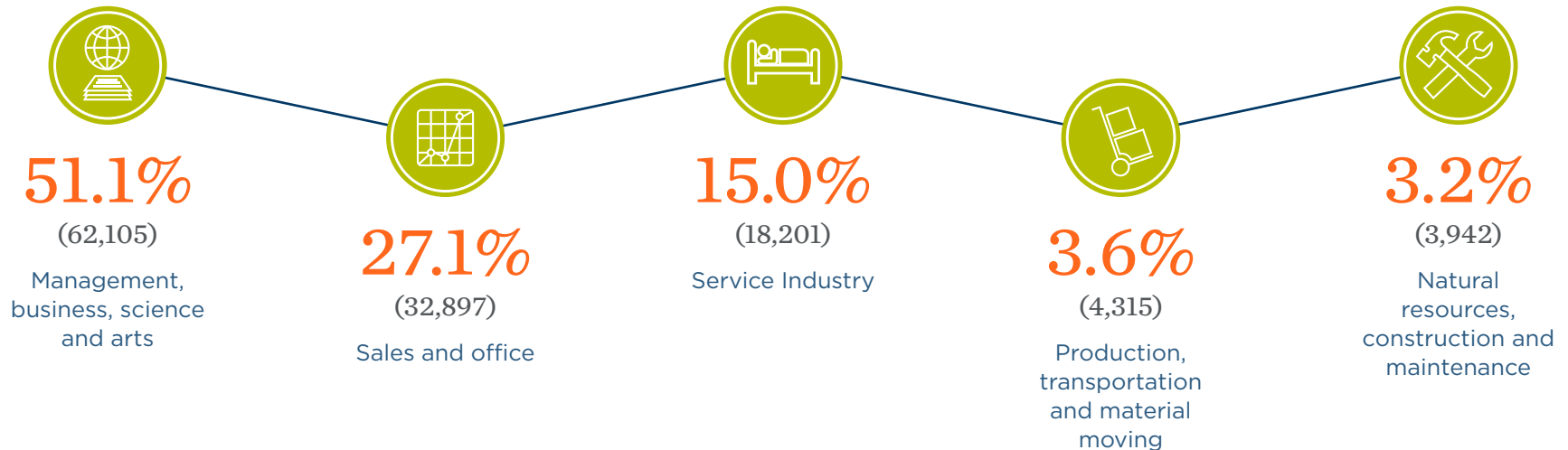


AREA OVERVIEW

TOP SCOTTSDALE EMPLOYERS



OCCUPATIONAL COMPOSITION



SCOTTSDALE BUSINESS DIFFERENTIATORS



Scottsdale

← vs →



Los Angeles



San Francisco

\$89K

AVERAGE TECH SALARIES

\$105K

\$118K

$\$89K \times 300$

60,000 SF @ 200 SF/PERSON
EQUALS 300 PEOPLE

$\$105K \times 300$

$\$118K \times 300$

\$26.7MM

AVG SALARY X HEADCOUNT = TOTAL ANNUAL SALARY COST

\$31.5MM

\$35.4MM

60,000 SF
@ \$35 PSF Gross

REAL ESTATE COSTS
CLASS A RENTS - PER YEAR

60,000 SF
@ \$40 PSF Gross

60,000 SF
@ \$70 PSF Gross

\$2.1MM

\$2.4MM

\$4.2MM

$\$267MM + \$21MM$

TOTAL
10 YEAR SALARY COST
+ REAL ESTATE COST

$\$315MM + \$24MM$

$\$354MM + \$42MM$

\$288M

\$339MM

\$396MM

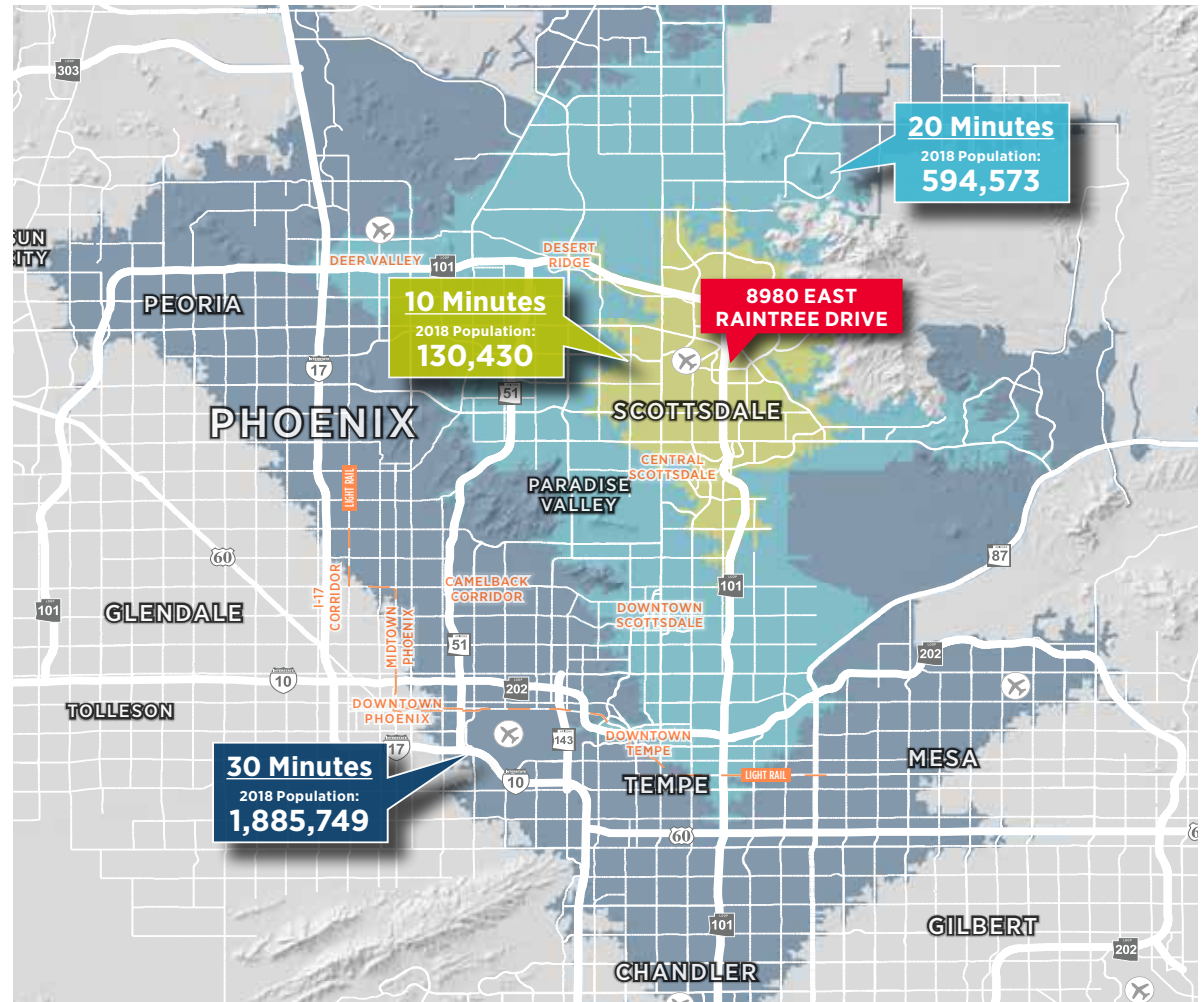
CHOOSING SCOTTSDALE WILL SAVE \$51M - \$108M

in combined labor and real estate costs over a 10-year period

AREA OVERVIEW

COMMUTE/TRANSPORTATION

- Scottsdale's location makes it one of the Valley's most desirable addresses. Accessible by two freeways, Loop 101 carries commuters to and from the north and south and Loop 202 crosses the southern part of the city giving easy access to Phoenix, Tempe and Mesa. Other north-south corridors through the city's greenbelts provide access to the Scottsdale's employment, shopping and entertainment centers.
- Valley Metro operates three express bus routes (510, 511 and 512) to and from downtown Phoenix during peak hours, as well as local bus routes. A downtown trolley also serves the Scottsdale community.
- Scottsdale is near the heart of the Greater Phoenix metropolitan area and minutes from Sky Harbor International Airport, offering easy access to more than 80 domestic locations and 21 international destinations. Close to California, Texas and Mexico, Scottsdale's strategic location offers face-to-face connectivity to a massive customer base within a few hours of travel.



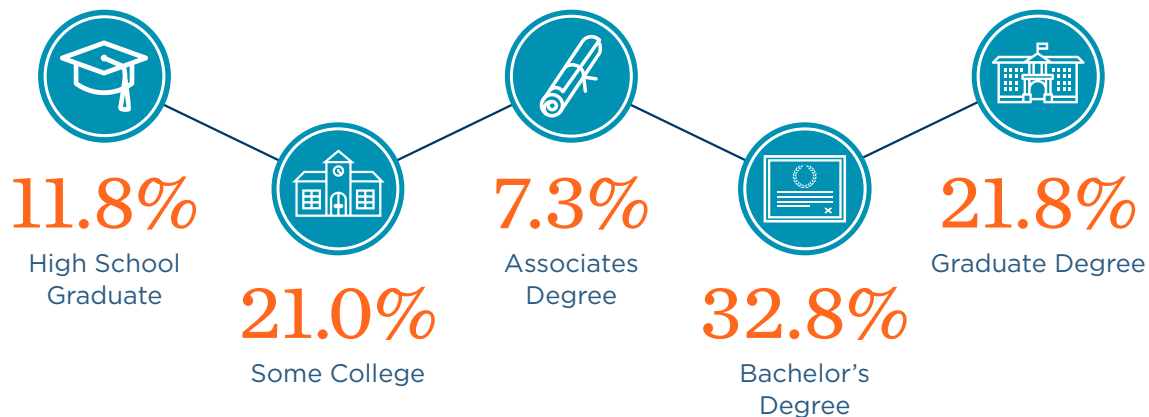
Scottsdale's centralized location in the metropolitan area provides tremendous ease of access to over 1M drivers within 30 minutes.



EDUCATION

- More than 54.6% of the population holds a Bachelor's degree or higher, making this one of the most highly educated areas in Arizona. Within the community there are five colleges that offer Associates Degrees or Certificates and three universities in the community that offer Bachelor's Degree or higher.
- Scottsdale students are served by six different school districts that overlap municipal boundaries. The Scottsdale Unified School District is home to 16 elementary schools, two early childhood learning centers, three traditional (K-8) schools, six middle schools and six high schools. Depending on location in Scottsdale, children may enroll in other school districts. There are also preschools, charter schools, private schools, religious schools and college prep schools for students of various ages.

SCOTTSDALE EDUCATION ATTAINMENT



Scottsdale's population is highly educated, with 54.6% holding a Bachelor's degree or higher.

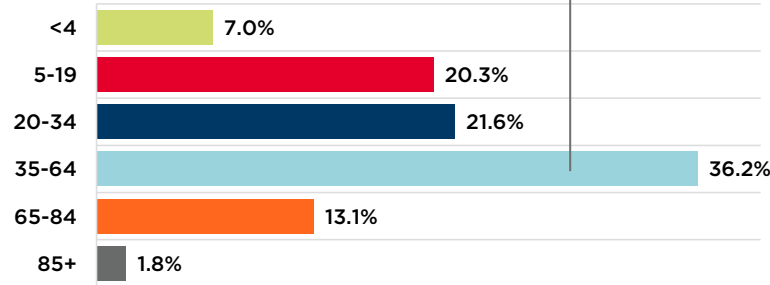
AREA OVERVIEW

PHOENIX

Metro Phoenix is the fifth largest city in the United States and anchors the nation's 12th largest metropolitan area, with 4.7 million residents. Greater Phoenix encompasses 2,000 square miles and more than 20 incorporated cities, including Glendale, Scottsdale, Tempe and Mesa, and is the financial, commercial, cultural, entertainment and government center of Arizona.

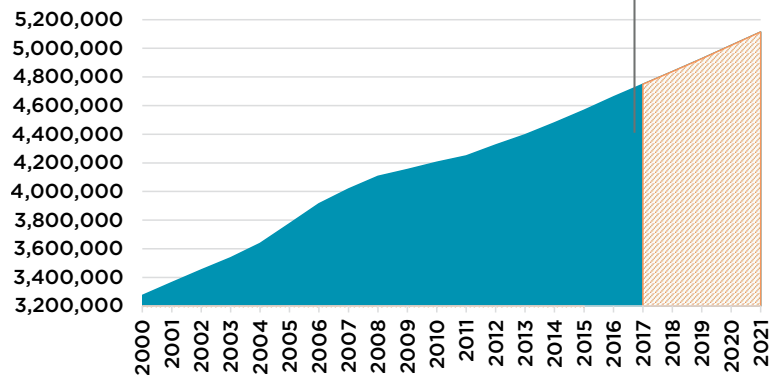
Forbes Named Arizona #1 in Best States for Future Job Growth

CITY OF PHOENIX AGE BREAKDOWN



Gen Xers make up the highest percentage of Phoenix's population. **36.2%**

CITY OF PHOENIX POPULATION GROWTH



Phoenix is slated to increase by 365,599 people in the next 5 years. **7.7%**

DEMOGRAPHICS

- The population of Greater Phoenix is 4.7 million and is expected to grow to nearly 6.4 million in the next 20 years. A relatively young region, Greater Phoenix has a median age of 35.8 – two years younger than the average age nationwide.
- The population boasts comparatively high-earnings, with an average household income of over \$77,596. This is well above the national median average household income, which stands at \$55,775.

ECONOMY/EMPLOYMENT

- The Metro Phoenix employment base has grown rapidly in the past 20 years and currently boasts more than 2 million workers. Projected employment by occupation shows continued strength in the area's professional and technical work force, with service employment increasing as well. Arizona is nationally ranked #2 as a top state for workforce quality and availability, and #1 in higher education degree opportunities. A steady influx of new workers and high graduation levels from the state's largest university, Arizona State University, enrich the quality of labor. Thanks to the variety of universities and technical schools in the area, the pipeline of skilled workers continues to grow.
- Metro Phoenix has a diversified base of industries, led by aerospace, high-tech manufacturing, distribution and logistics, financial services and corporate/regional headquarters. Phoenix has recently seen many companies move or expand from California including Google-Waymo, McKesson, Dexcom, DoubleDutch, Entertainment Partners, Uber, and ZipRecruiter. Major data processing, credit card and customer service companies are also attracted to

Greater Phoenix's telecommunications infrastructure. Phoenix has a predictable climate and low catastrophic risk – no earthquakes, tornadoes or coastal flooding.

Companies in high-growth sectors have elected to locate significant facilities in the Metro Phoenix area, most notably in high-tech, earning the designation of the Silicon Desert.

- Intel, Freescale, Microchip Technology and ON Semiconductor have given Arizona the distinction of being the fourth largest semiconductor manufacturing exporter in the nation. In addition, Metro Phoenix also attracts major software development and internet

employers such as Yelp, GoDaddy, PayPal, Zenefits, Infusionsoft, Weebly and Clearlink.

- Phoenix is ranked among the top in the country for its solar and renewable energy sector, and has a rapidly growing healthcare and biomedical industry. With \$1.3 billion in strategic investments over the past 10 years added into its emerging healthcare enterprise and research capabilities, Greater Phoenix is the place for healthcare opportunities. Arizona is among national leaders with more than 1,400 active clinical trials and is expected to add 43,000 healthcare jobs in the next decade – more than Minneapolis, Philadelphia, San Francisco and Seattle.

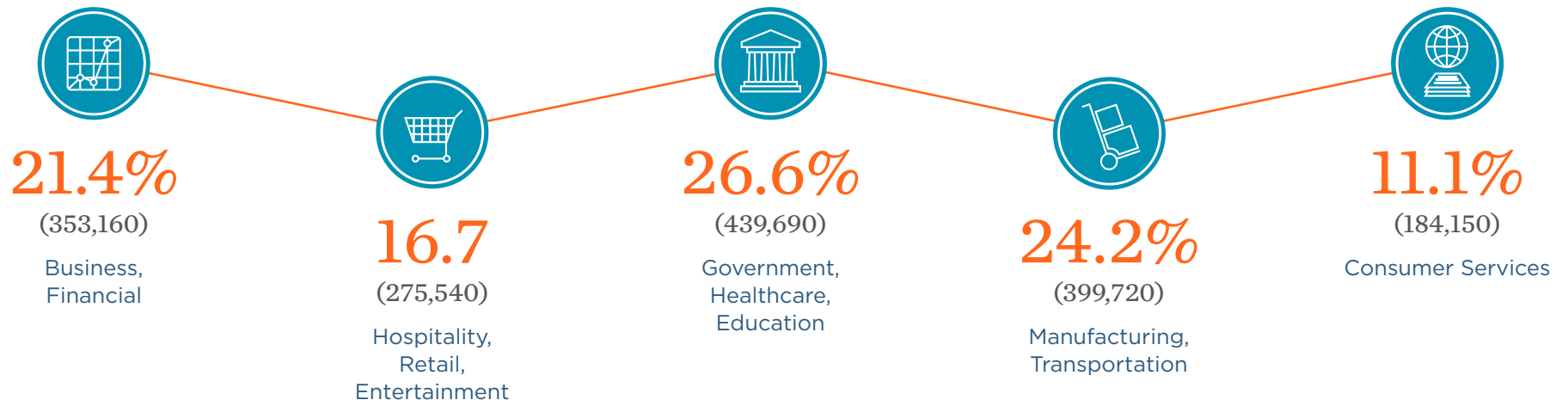


AREA OVERVIEW

TOP PHOENIX EMPLOYERS



OCCUPATIONAL COMPOSITION



PHOENIX BUSINESS DIFFERENTIATORS



Phoenix



Los Angeles



San Francisco

\$85K

AVERAGE TECH SALARIES

\$105K

\$118K

$\$85K \times 300$

60,000 SF @ 200 SF/PERSON
EQUALS 300 PEOPLE

$\$105K \times 300$

$\$118K \times 300$

\$25.5MM

AVG SALARY X HEADCOUNT = TOTAL ANNUAL SALARY COST

\$31.5MM

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60,000 SF
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REAL ESTATE COSTS
CLASS A RENTS - PER YEAR

60,000 SF
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60,000 SF
@ \$70 PSF Gross

\$1.8MM

\$2.4MM

\$4.2MM

$\$250MM + \$18MM$

TOTAL
10 YEAR SALARY COST
+ REAL ESTATE COST

$\$315MM + \$24MM$

$\$354MM + \$42MM$

\$268M

\$339MM

\$396MM

CHOOSING SOUTHEAST VALLEY WILL SAVE \$71M - \$128M

in combined labor and real estate costs over a 10-year period

05

MARKET INFORMATION



LOOP
101

R

**KIERLAND
COMMONS**

**SCOTTSDALE
QUARTER**

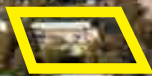
**SCOTTSDALE
PROMENADE**

**TPC SCOTTSDALE
CHAMPIONS
GOLF COURSE**

SCOTTSDALE AIRPARK

**SONORA
VILLAGE**

90TH STREET



MARKET INFORMATION

PHOENIX OFFICE MARKET 4Q 2018

	Q4 17	Q4 18	12-Month Forecast
Phoenix Employment	2,054k	2,137k	▲
Phoenix Unemployment	4.0%	3.9%	▼
U.S. Unemployment	4.1%	3.7%	▼

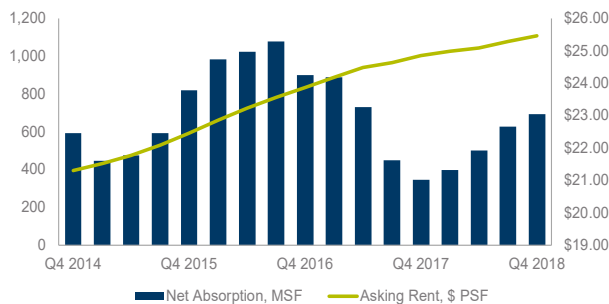
*Q2 data is based on the U.S. Bureau of Labor Statistics, All Employees: Total Nonfarm in Phoenix-Mesa-Scottsdale, AZ (MSA).

Market Indicators (Overall, All Classes)

	2017	2018	12-Month Forecast
Vacancy	17.4%	15.6%	▼
Net Absorption (sf)	1.4m	2.8m	▲
Under Construction (sf)	1.4m	2.7m	▲
Average Asking Rent*	\$25.13	\$25.83	▲

*Rental rates reflect overall gross asking \$psf/year

Overall Net Absorption/Overall Asking Rent 3-QTR TRAILING AVERAGE



ECONOMY

The Metro Phoenix job market continues to show signs of improvement, adding over 82,400 jobs year-over-year through December. During the same time period, the unemployment rate remained at 3.9%. According to the Bureau of Labor Statistics, the Phoenix metropolitan statistical area added 25,000 office sector jobs through the fourth quarter 2018. The three sectors that make up office employment are: business & professional services, information/technology and financial activities.

MARKET OVERVIEW

In the fourth quarter of 2018, vacancy in the Metro Phoenix office market stood at 15.6%, dropping 180 basis-points (bps) from the fourth quarter 2017 rate of 17.4%. This is the lowest vacancy rate since fourth quarter 2007 (14.3%).

The Metro Phoenix office market continued to experience robust demand in fourth quarter 2018, absorbing +640,000 square feet (sf). This brings the 2018 total to +2.8 million square feet (msf), more than double the square footage absorbed in 2017 (+1.4 msf). This marks the seventh largest net gain for a single year going back to 1999. The largest net gain for any single year posted was +4.2 msf in 2005. In fourth quarter 2018, all building classes (A-C) posted positive occupancy growth led by Class B (+333,000 sf), followed by Class A (+295,000 sf)

and Class C (+12,000 sf). For the year, Class B space absorbed over +1.6 msf, followed by Class A with over +1.1 msf and Class C with over +58,000 sf, for a total of +2.8 msf of positive absorption.

Out of Metro Phoenix's 22 office submarkets, 12 experienced positive absorption in the fourth quarter of 2018. Tempe North submarket led with +265,200 sf due in large part to McKesson occupying 177,600 sf in State Farms old buildings. Scottsdale Airpark followed with +153,600 sf with notable move ins such as P.F. Chang's (+53,000 sf) and CVS Caremark (+52,000 sf). The Chandler/Gilbert/202 submarket (+135,500 sf) can be attributed to Deloitte occupying +102,000 sf at the newly developed Commons at Rivulon. Ten of the 22 submarkets experienced negative absorption in fourth quarter 2018, led by the Downtown submarket (-125,800 sf). At the close of 2018, 18 out of 22 submarkets experience positive annual occupancy growth led by Tempe North (+1.0 msf), Price Corridor (+450,000 sf) and Chandler/Gilbert/202 (+325,000 sf) submarkets. The Metrocenter (-168,000 sf) and West Phoenix (-56,000 sf) submarkets experienced negative absorption.

NEW DEVELOPMENT

Throughout 2018, developers delivered just under 1.3 msf of new product to the Metro Phoenix office market. Seven speculative projects introduced over 734,000 sf and three built-to-suits (bts) delivered



SCOTTSDALE AIRPARK SUBMARKET

The Scottsdale Airpark office submarket, with 10.1 million SF, is the second largest submarket in Metro Phoenix. The combination of north Scottsdale’s abundant upscale housing and its high quality demography has helped grow to a commerce park that houses over 17 million SF of office and industrial space, making it the second largest employment center in the Valley. The Scottsdale Airpark is estimated to contain approximately 2,900 businesses and 51,000 employees.

The direct office vacancy rate for the Scottsdale Airpark stands at 10.3% as of the fourth quarter of 2018, 420 basis points lower than the overall Metro Phoenix vacancy rate. The submarket absorbed 259,295 during 2018 and the average asking lease rate stood at \$29.60/SF FSG. Over the past three years asking lease rates have risen by over 6% and over 26% since 2013—highlighting the intense tenant demand for the submarket. The submarket ranks third out of Metro Phoenix’s 22 submarkets in terms of net absorption from 2013 to present.

over 545,000 sf. Currently, Metro Phoenix has 2.7 msf under construction, with 13 speculative projects totaling 2.2 msf and four bts projects totaling 563,000 sf. The Tempe North submarket accounts for six of the 17 projects under construction totaling 1.2 msf, followed by Price Corridor with four projects totaling 623,000 sf. Class A product continues to dominate the entire market with 14 projects under construction accounting for over 2.3 msf. Of the 2.3 msf of Class A product under construction, 2.1 msf is expected to deliver by the end of 2019.

MARKET RENTS

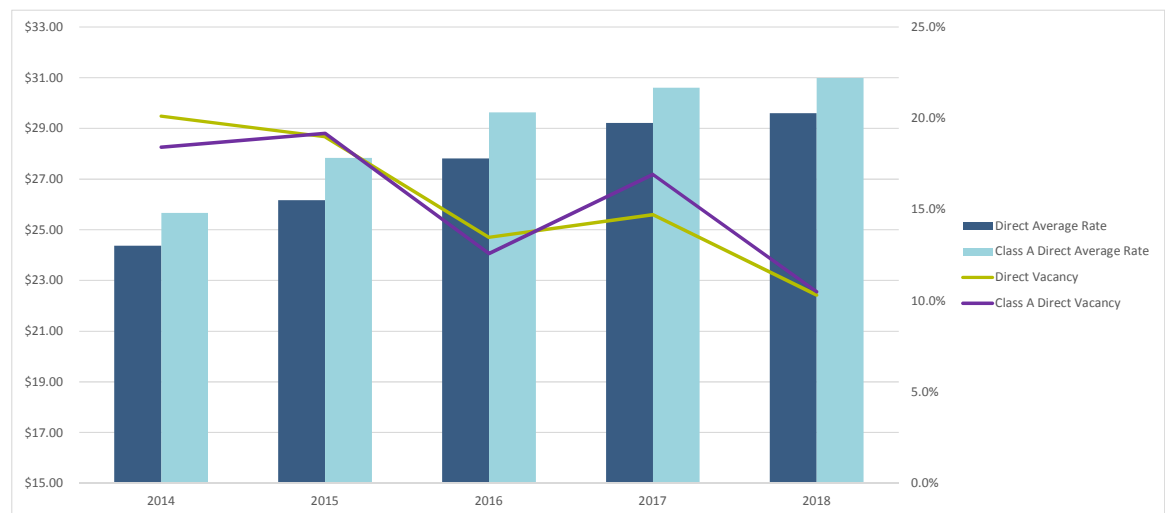
The overall rent in the Metro Phoenix office market increased in fourth quarter 2018, to \$25.83 per square foot (psf) on an annual full-service basis. This accounts for a 2.8% (\$0.70 psf) increase from fourth quarter 2017. The Price Corridor submarket led with a 12.3% increase in overall asking rates, followed by East-Central Phoenix (9.4%) and Deer Valley (8.7%). The Camelback Corridor and South Scottsdale submarkets continue to lead the market in highest rental rates. Glendale/Peoria remains the smallest and least expensive office submarket.

BY THE NUMBERS: Scottsdale Airpark vs. Metro Phoenix

Submarket Property Type	Total Inventory Square Feet	Direct Vacancy	Asking Rent	2018 Net Absorption
Scottsdale Airpark				
Total	10,106,532	10.3%	\$29.60	259,295
Metro Phoenix				
Total	102,920,586	14.5%	\$25.28	2,785,231

Scottsdale Airpark

Net Absorption, Completions & Vacancy



MARKET INFORMATION

METRO PHOENIX OFFICE SNAPSHOT 4Q 2018

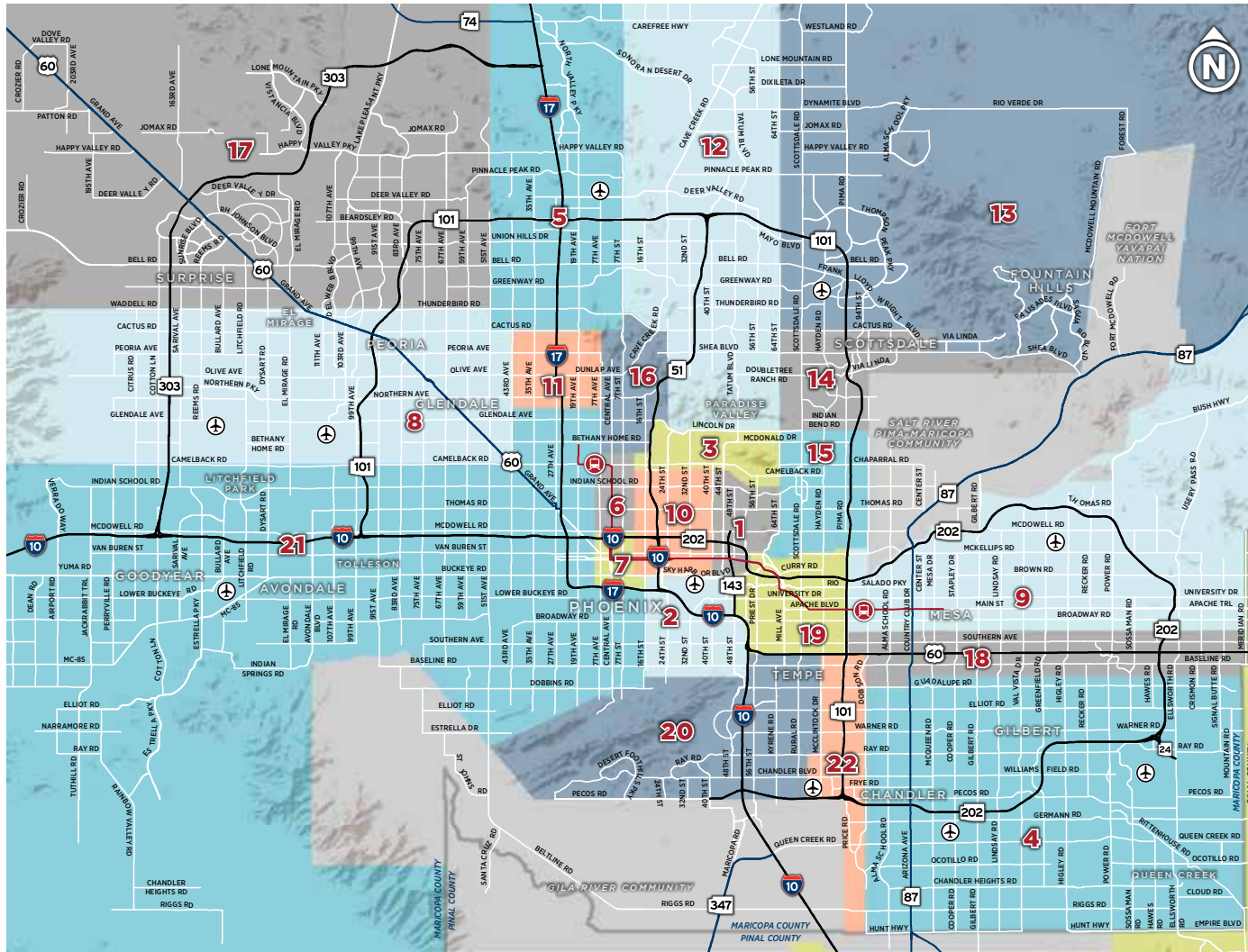
OUTLOOK

- Absorption was positive in all quarter of 2018; and in 18 of 22 submarkets for the year, with no strong winners or losers. With the bulk of development concentrated in just three submarkets (Tempe North, Price Corridor and Downtown), we expect submarket absorption to be more uneven, with higher highs and lower lows, in 2019 and 2020.
- Demand for coworking space increased throughout 2018 with firms such as WeWork, Workuity, Spaces and Industrious increasing their footprints in Metro Phoenix. This trend is expected to continue in 2019 as these firms expand further into large blocks of vacant space and new companies like Serendipity Labs and Novel Coworking enter the market.
- Build-to-suit projects can move very quickly in Metro Phoenix. Phoenix has shorter construction periods than other cities, so the current pipeline for 2020 deliveries is too early to predict.
- Vacancy rates dropped considerably during 2018, finishing at 15.6%—declining over 180 bps since fourth quarter 2017. The vacancy rate is anticipated to drop in 2019. Arizona's low unemployment rate and favorable outlook should yield considerable growth in population and GDP, which outpaces the country as a whole.

SUBMARKET	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	VACANCY RATE	Q4 NET ABSORPTION	2018 NET ABSORPTION	UNDER CONSTRUCTION	OVERALL AVG ASKING RENT	DIRECT ASKING RENT
Downtown	42	7,217,776	92,824	1,076,346	16.2%	-125,834	129,830	328,402	\$30.16	\$30.87
Midtown	82	10,518,389	48,139	2,388,330	23.2%	-10,891	8,592	0	\$22.59	\$23.15
CBD Total	124	17,736,165	140,963	3,464,676	20.3%	-136,725	138,422	328,402	\$25.07	\$25.59
44th Street Corridor	42	3,389,155	22,083	457,975	14.2%	89,757	145,243	0	\$25.78	\$26.34
Arrowhead	23	1,448,463	2,114	67,508	4.8%	30,320	63,915	0	\$23.72	\$23.69
Camelback Corridor	72	7,364,794	94,211	1,268,928	18.5%	-79,809	-31,890	0	\$33.09	\$33.33
Chandler/Gilbert/202	43	2,762,651	7,000	864,668	31.6%	135,482	324,880	166,888	\$25.56	\$25.56
Deer Valley	73	7,742,376	3,346	939,370	12.2%	-5,800	142,741	150,000	\$24.60	\$24.63
East-Central Phoenix	44	2,020,173	0	215,116	10.6%	38,419	34,713	0	\$21.59	\$21.59
Glendale/Peoria	14	831,080	0	67,354	8.1%	-4,856	9,546	0	\$17.73	\$17.73
Mesa	24	1,239,068	20,816	133,934	12.5%	14,336	61,346	0	\$20.79	\$20.76
Metrocenter	67	4,584,900	11,904	1,266,548	27.9%	-49,850	-167,888	0	\$20.38	\$20.45
N Phoenix/Desert Ridge	36	2,534,993	47,085	309,369	14.1%	24,521	-18,194	0	\$25.22	\$25.07
Piestewa Peak Corridor	32	1,972,910	39,534	372,814	20.9%	19,526	38,839	0	\$20.76	\$21.21
Price Corridor	59	6,332,824	3,333	487,138	7.7%	65,690	450,677	623,370	\$28.07	\$28.60
Scottsdale Airpark	145	10,106,532	406,512	1,042,487	14.3%	153,629	259,295	0	\$28.92	\$29.60
Scottsdale Central	67	5,257,817	65,009	484,129	10.4%	-28,557	38,353	0	\$27.21	\$28.32
Scottsdale South	37	4,011,416	45,653	651,168	17.4%	-26,306	10,474	274,338	\$31.25	\$32.05
Sky Harbor	54	4,902,235	40,098	900,954	19.2%	114,667	255,041	0	\$22.99	\$23.53
South I-10/Ahwatukee	56	3,181,548	48,048	326,634	11.8%	53,918	13,999	0	\$21.49	\$21.69
Superstition Corridor	45	2,425,915	13,051	326,704	14.0%	-12,962	59,445	0	\$20.50	\$21.10
Tempe North	98	11,407,422	164,674	957,125	9.8%	265,257	1,011,984	1,169,628	\$27.93	\$28.12
West Phoenix	37	1,668,149	0	295,202	17.7%	-20,709	-55,710	0	\$18.83	\$18.83
Suburban Total	1,068	85,184,421	1,034,471	11,435,125	14.6%	776,673	2,646,809	2,384,224	\$26.03	\$26.18

CLASS	TOTAL BLDGS	INVENTORY	SUBLET VACANT	DIRECT VACANT	VACANCY RATE	Q4 NET ABSORPTION	2018 NET ABSORPTION	UNDER CONSTRUCTION	OVERALL AVG ASKING RENT	DIRECT ASKING RENT
Class A	266	42,520,988	689,727	5,075,625	13.6%	295,039	1,141,002	2,339,256	\$30.30	\$30.99
Class B	741	53,053,521	449,736	8,720,432	17.3%	333,019	1,586,059	373,370	\$23.59	\$23.83
Class C	185	7,346,077	35,971	1,103,744	15.5%	11,890	58,170	0	\$18.69	\$18.67
Grand Total	1,192	102,920,586	1,175,434	14,899,801	15.6%	639,948	2,785,231	2,712,626	\$25.83	\$26.05

METRO PHOENIX OFFICE SUBMARKET MAP



- 1 - 44th Street Corridor
- 2 - Sky Harbor*
- 3 - Camelback Corridor
- 4 - Chandler/Gilbert/202
- 5 - Deer Valley
- 6 - Midtown
- 7 - Downtown
- 8 - Glendale / Peoria
- 9 - Mesa
- 10 - East-Central Phoenix
- 11 - Metrocenter
- 12 - N Phoenix/Desert Ridge
- 13 - Scottsdale Airpark
- 14 - Scottsdale Central
- 15 - Scottsdale South
- 16 - Piestewa Peak Corridor
- 17 - Arrowhead
- 18 - Superstition Corridor
- 19 - Tempe North
- 20 - South I-10/Ahwatukee
- 21 - West Phoenix
- 22 - Price Corridor

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FINANCIAL INFORMATION

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FINANCIAL INFORMATION

NET OPERATING INCOME

	Static In-Place Forward Looking Year 1	PSF
Property Size	7,561	SF
Occupancy	100.0%	
INCOME (1)		
Scheduled Rental Income	\$161,474	Avg. Base Rent \$21.36
Reimbursement Income	\$0	
Parking & Other Income	\$2,400	
EFFECTIVE GROSS INCOME	\$163,874	\$21.67
OPERATING EXPENSES (4)		
Repairs & Maintenance	\$2,700	\$0.36
Utilities	\$19,227	\$2.54
Association Fee	\$10,552	\$1.40
Insurance	\$1,250	\$0.17
Management 4.0%	\$6,459	\$0.85
Real Estate Taxes	\$12,446	\$1.65
Janitorial (common area)	\$2,915	\$0.39
TOTAL OPERATING EXPENSES	\$55,548	\$7.35
Net Operating Income	\$108,325	\$14.33
Price	\$1,600,000	\$212
Leasing Costs (TI / LC)		
Capitalization Rate	6.8%	

RENT ROLL

Occupied Suites:

Suite	Tenant Business Lines	Size	Term		Rent/SF	Rent/Yr	Increases		Stop	Comments:	
100	Banking & Trust	2,185	See Comments Month-to Month		\$22.00	\$48,070				Owner's suite. Will sign a new lease for up to 2 years at \$22.00/SF FSG. Willing to vacate for a user buyer .	
110	Law Firm	1,880	4/15/18	4/30/21	\$21.50	\$40,420	5/1/20	\$22.00		Tenant pays own janitorial. Utilities are included in lease rate. Lease guaranty.	
120	Financial Services	1,746	1/1/17	1/31/20	\$19.00	\$33,174				Tenant pays own janitorial. Utilities are included in lease rate. Three 1-year optio to renew at market with notice.	
130	Mortgage Firm	1,750	6/1/18	6/30/20	\$22.00	\$38,500	7/1/20	\$23.00		Tenant pays own janitorial. Utilities are included in lease rate. If tenant renews lease, rate will be \$23/SF	
Occupied Total:		7,561	Sq. Ft.								
Percent Occupied:		100.00%									

FINANCIAL INFORMATION

STATIC CASH FLOW IN PLACE LOOKING FORWARD 1 YEAR

Existing Tenants	Suite	Mkt Rate	Sq. Ft.	2019								2020				Total
				May	June	July	August	September	October	November	December	January	February	March	April	
Banking & Trust	100	\$22.00	2,185	\$4,006	\$4,006	\$4,006	\$4,006	\$4,006	\$4,006	\$4,006	\$4,006	\$4,006	\$4,006	\$4,006	\$4,006	\$48,070
Law Firm	110	\$22.00	1,880	\$3,368	\$3,368	\$3,368	\$3,368	\$3,368	\$3,368	\$3,368	\$3,368	\$3,368	\$3,368	\$3,368	\$3,368	\$40,420
Financial Services	120	\$22.00	1,746	\$2,765	\$2,765	\$2,765	\$2,765	\$2,765	\$2,765	\$2,765	\$2,765	\$2,765	\$3,201	\$3,201	\$3,201	\$34,484
Mortgage Firm	130	\$22.00	1,750	\$3,208	\$3,208	\$3,208	\$3,208	\$3,208	\$3,208	\$3,208	\$3,208	\$3,208	\$3,208	\$3,208	\$3,208	\$38,500
<i>Existing Tenant Total:</i>			7,561	\$13,347	\$13,347	\$13,347	\$13,347	\$13,347	\$13,347	\$13,347	\$13,347	\$13,347	\$13,784	\$13,784	\$13,784	\$161,474

Available Suites	Suite	Mkt Rate	Sq. Ft.	2019								2020				Total
				May	June	July	August	September	October	November	December	January	February	March	April	
Available Suite		\$0.00	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Vacant Suite Total:</i>			0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ESTIMATED TOTAL:			7,561	\$13,347	\$13,347	\$13,347	\$13,347	\$13,347	\$13,347	\$13,347	\$13,347	\$13,347	\$13,784	\$13,784	\$13,784	\$161,474

* Shaded areas indicate an expiration yielding a renewal or a releasing of the suite.





RAINTREE
CORPORATE CENTER



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CAPITAL MARKETS

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