


PHOENIX RETAIL
BIG BOX REPORT
Q4 2016

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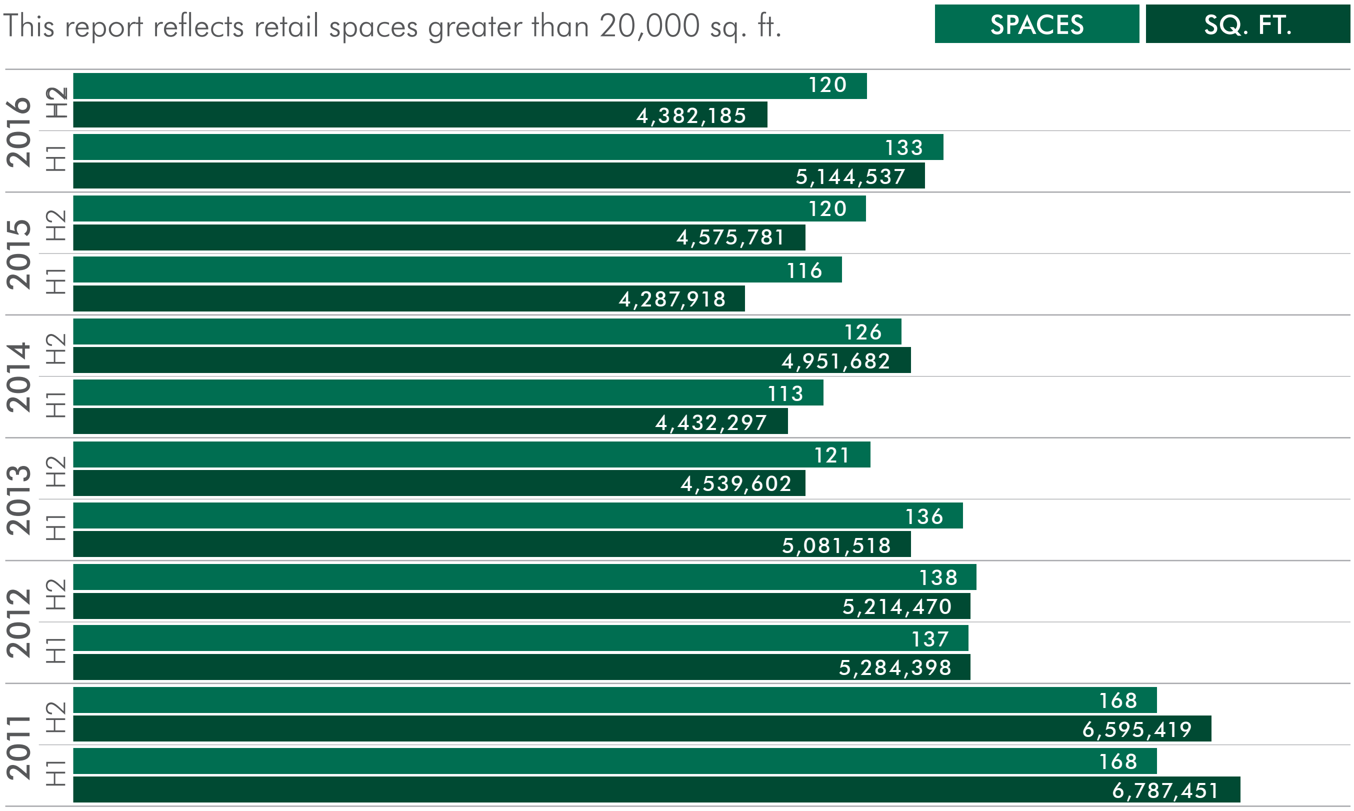
CBRE

HISTORICAL SNAPSHOT

This report reflects retail spaces greater than 20,000 sq. ft.



Source: CBRE Research, Q4 2016

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BIG BOX RETAIL

AVAILABLE

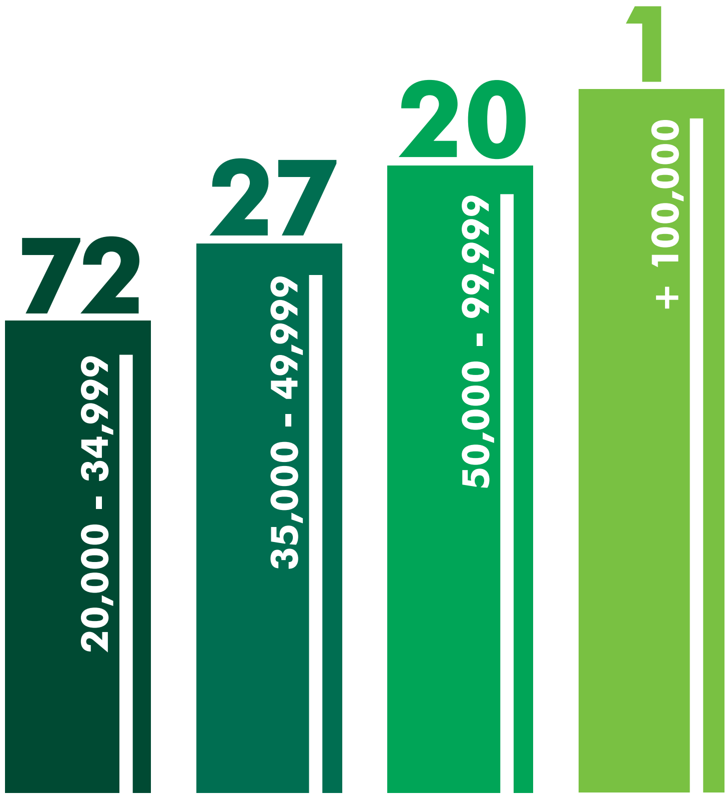
SPACES	SQ. FT.
120	4,382,185

ABSORBED

SPACES	SQ. FT.
17	905,046

Source: CBRE Research, Q4 2016

SPACES BY SIZE (SQ. FT.)



Source: CBRE Research, Q4 2016

CLASS	# OF SPACES	TOTAL SQ. FT.
A	28	953,067
B	53	2,111,720
C	27	819,686
D	12	497,712

Source: CBRE Research, Q4 2016

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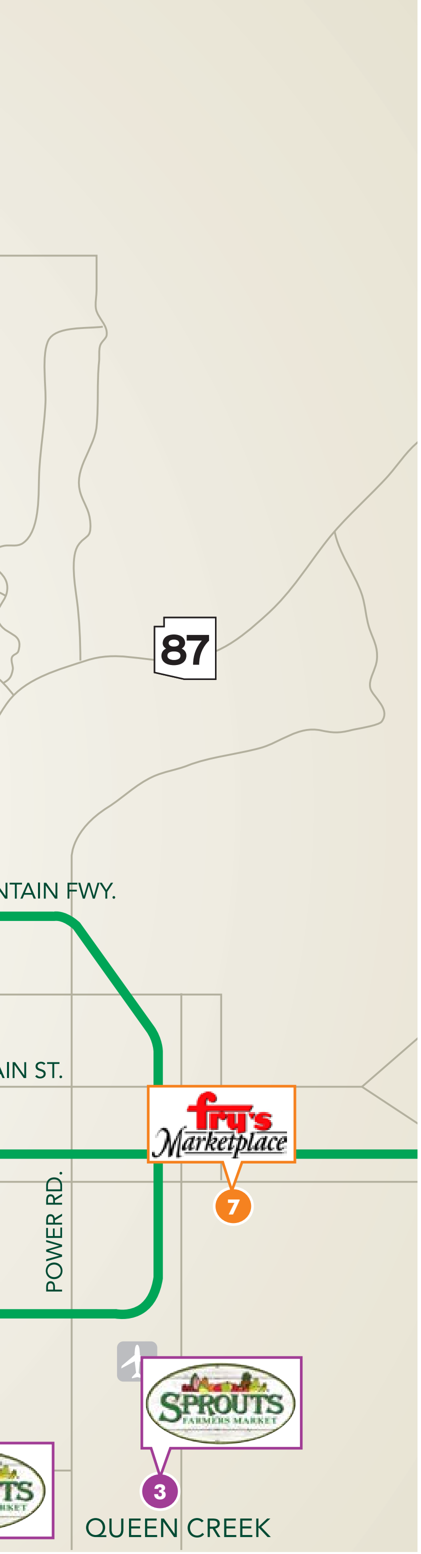
CONSTRUCTION SNAPSHOT



12-MONTH BIG BOX COMPLETIONS

Quarter	Tenant	Project / Location	Size
Q1 2016	Main Event Entertainment	– 1 – **Park 10** SEC McDowell Rd/107th Ave	±59,000 sq. ft.
Q2 2016	Living Spaces	– 2 – NWC Williams Field Rd/Santan Village Pkwy	±104,000 sq. ft.
Q2 2016	Sprouts Farmers Market	– 3 – **QC District** SEC Rittenhouse Rd/Ellsworth Rd	±27,500 sq. ft.
Q2 2016	Burlington Coat Factory	– 4 – **The Market at Estrella Falls** NEC McDowell Rd/Pebble Creek Pkwy	±55,000 sq. ft.
Q2 2016	Sprouts Farmers Market	– 5 – **The Plant** SEC Ocotillo Rd/Gilbert Rd	±28,800 sq. ft.
Q3 2016	Fry's Marketplace	– 6 – **Litchfield Marketplace** NEC Camelback Rd/Litchfield Rd	±123,000 sq. ft.
Q3 2016	Fry's Marketplace	– 7 – **Mulberry Marketplace** NWC Guadalupe Rd/Signal Butte Rd	±123,000 sq. ft.
Q3 2016	Fry's Marketplace	– 8 – SEC Bell Rd/12th St	±123,000 sq. ft.
Q3 2016	Sportsman's Warehouse	– 9 – **Gateway Village** SEC McDowell Rd/103rd Ave	±30,400 sq. ft.
Q4 2016	Fry's Marketplace	– 10 – **Artesian Marketplace** SWC Ocotillo Rd/Gilbert Rd	±123,000 sq. ft.
Q4 2016	Harkins Theatres	– 11 – **Estrella Falls** NWC McDowell Rd/Bullard Ave	±78,000 sq. ft.
Q4 2016	BASIS Schools Inc.	– 12 – **Chandler Crossings** NEC Arizona Ave/Chandler Heights Blvd	±69,533 sq. ft.
Q4 2016	Alamo Drafthouse Cinema	– 13 – **Chandler Crossings** NEC Arizona Ave/Chandler Heights Blvd	±35,467 sq. ft.

TOP BIG BOX TRANSACTIONS (SQ. FT.)

Shoppers Supply — **53,910**
SEC APACHE TRL/IRONWOOD DR

Target — **50,428**
SEC CAMELBACK RD/16TH ST

Burlington — **42,332**
SEC LOOP 202/DOBSON RD

Dick's Sporting Goods — **41,276**
SWC LOOP 101/SCOTTSDALE RD

Pet Club — **36,825**
SEC APACHE TRL/MERIDIAN RD

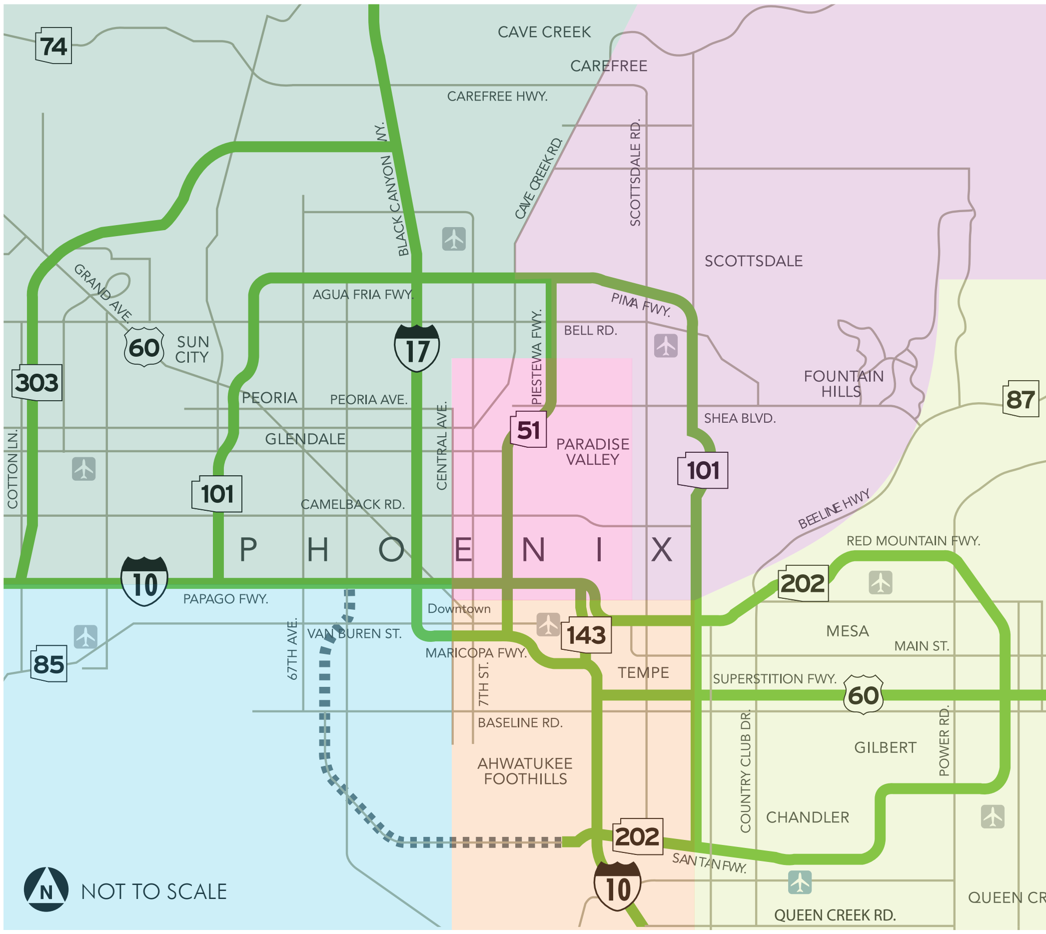
Source: CBRE Research, Q4 2016

NEW SPACE ON THE MARKET

FORMER TENANT	SQ. FT.	LOCATION
Hobbytown USA	94,500	SEC Greenway Rd/35th Ave
Currently Occupied	62,605	SWC Apache Trl/Idaho Rd
Currently Occupied	26,835	SWC Thunderbird Rd/40th St
Staples	23,942	SEC Southern Ave/Power Rd
Staples	20,390	SWC U.S. 60/Signal Butte Rd

Source: CBRE Research, Q4 2016

SUBMARKETS



Source: CBRE Research, Q4 2016

N/NW PHOENIX
39 SPACES **1,568,377** SQ. FT.

S/SW PHOENIX
14 SPACES **527,140** SQ. FT.

CENTRAL PHOENIX
8 SPACES **212,076** SQ. FT.

SCOTTSDALE
12 SPACES **461,120** SQ. FT.

TEMPE/AHWATUKEE
14 SPACES **506,083** SQ. FT.

SE VALLEY
33 SPACES **1,107,389** SQ. FT.

MARKET RECAP

The Phoenix big box market performed well in 2016, despite several big box retailer bankruptcies earlier in the year. Big box space continued to be in demand as tenants expanded their footprint in the Valley. Meanwhile, several longtime vacant and obsolete spaces were demised or repurposed to suit occupier's needs. Given a positive economic and demographic outlook, Phoenix's big box market is expected to remain healthy through 2017.

- **The supply and demand balance** remained healthy as four big box spaces totaling over 300,000 sq. ft. were delivered—all 100% preleased.
- **Former Sports Authority** space in high demand; three Class A spaces were absorbed in Q4 2016.
- **Target** signed a lease for a "flexible-format" store—roughly 50,000 sq. ft. of fresh groceries, beauty items, home goods and more—the first of this store type in the Phoenix Valley.

CLASS DEFINITIONS

CLASS A: This space represents the highest quality/most marketable space available, excellent daytime and nighttime demographics, strategic/appealing location and identity, attractive building improvements, likely positioned near key major tenant(s) or retail hub as in the case of regional malls, power centers or community centers.

CLASS B: These spaces are generally located in a neighborhood or community center context and may be older than 20 years in age but offers great identity, stable residential and nighttime demographics.

CLASS C: This product type is generally located in lower income and older areas of cities having less-desirable retail synergy resulting in significantly 'higher-vacancy' blight. This box may represent a more difficult size, a challenging configuration/bay depth, or be part of a project with an inefficient site plan as compared to newer product types.

CLASS D: The lowest/most challenged class can generally be considered functionally obsolete given its much older age, architecture and quality deficiencies. Finding alternative/non-retail uses for or demolition of, this box is warranted.

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