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Too much, too little or just right?

Applying the Goldilocks Principle to the Valley's industrial growth

By KYLE BACKER

Greater Phoenix has earned a reputation as an attractive place for industrial developers thanks to a business-friendly environment, well-built infrastructure and the region's proximity to trade ports in California. These are some of the factors that led Taiwan Semiconductor Manufacturing Company (TSMC) to build a $12 billion chip plant in North Phoenix and Intel to spend $20 billion expanding its operations in Chandler.

"We're in the 11th year of a very strong industrial market, and we just posted the 45th consecutive quarter of positive net absorption," explains Pat Devine, senior vice president of the U.S. region for Artis REIT.

While industrial growth is a boost to the region, there can be too much of a good thing. Does the Valley have a glut of development? Not enough? Or, as Goldilocks says, is it just right?

COVID-19 GROWTH

During the onset of the pandemic, people around the nation hoarded supplies, and headlines concerning the lack of toilet paper were in nearly every newspaper. Prior to the crisis, many companies depended on just-in-time inventories, which meant most locations only kept the bare minimum supply of product on hand before the next shipment arrived. While this corporate model is efficient, some businesses are rethinking the need for having more inventory at the ready in stores in order to be prepared for potential crises.

"We've seen a change in supply chain strategies from just-in-time to just-in-case to hedge against disruptions in a user's supply chain, which leads to the need for more warehouse space," Devine says.

The vulnerability of global supply chains caused businesses to reassess how materials are sourced.

"Companies realized how susceptible they were to international trade when they stopped having access to things that were exclusively produced overseas, which halted certain processes and productions. I think people started immediately looking at ways to mitigate that risk, which for us, luckily, means more domestic manufacturing," comments Nic Fischer, investment officer at Merit Partners.

Bringing manufacturing processes back to the U.S. is becoming more common, with Southern California being a prime destination. Greater

HELLO FRESH: The meal-kit delivery company leased space in the Prologis Logistics Center IV. *(Photo: Hello Fresh)*

Phoenix, however, benefits from the increased competition for limited industrial real estate west of the Colorado River.

"There's a trickle-down effect from the Southern California market because manufacturers are leasing space and taking buildings that other industrial users no longer can occupy," notes Cooper Fratt, senior vice president at CBRE. He points to the current semiconductor chip shortage as an example of how onshoring has benefited the Valley.

The massive investments from TSMC and Intel are drawing other businesses to the region. "In the market today, we're tracking more than 20 companies that are locating here purely to serve either TSMC and/or Intel as part of their construction and expansion, as well as in their future operations. We're seeing that those chip companies are bringing many more businesses and employees to the Valley than you read about in the headlines," Fratt continues.

Another factor exacerbating the need for warehouse space is the rise of e-commerce during the pandemic. Folks who wanted to limit physical contact with others looked to online retailers to deliver products to their front door.

"There was a flight to online retail from a segment of people who, for whatever reason, were not participating prior to the outbreak but were then somewhat forced to because of limited access to brick-and-mortar retail," says Fischer.

Pat Devine

Nik Fisher

Cooper Fratt

Robert Guerena

Amazon is at the top of the heap when it comes to e-commerce, but other traditional retailers are competing for market share.

"Wayfair, Best Buy, Home Depot: What were typically your big box retail stores are now establishing an e-commerce presence in places such as Arizona and other population centers that can support it," notes Robert Guerena, managing partner at GO Industrial. "For example, Walmart just took down 1.2 million square feet along Loop 303 and Glendale Avenue." He contends that the increase in demand from online shopping factored into Walmart's decision-making.

Public safety measures complicated restaurant dining, and many turned to meal prep delivery services, such as Blue Apron, Gobble and Freshly, for dinner. "These food supply chain-related entities had to rethink how they were working and distributing their products," Fischer comments, adding that such services also increased demand for more warehouse space.

Guerena continues, "HelloFresh just leased 440,000 square feet at the Prologis Logistics Center IV. We've seen it across all retail types: food, consumables, luxury, furniture — the whole gamut. Everything continues to migrate toward e-commerce, and the pandemic spurred that acceleration."

GOLDILOCKS RATIO

Even before the COVID-19 crisis changed the commercial landscape, Greater Phoenix was a destination for industrial users. In the northwest region, facilities such as Cives Corporation's steel fabrication plant in El Mirage dot the landscape. In Gilbert, aerospace and defense company Northrop Grumman recently expanded its satellite manufacturing facility by 220,000 square feet. There's no doubt that

NORTHROP GRUMMAN: The company recently expanded its satellite manufacturing facility in Gilbert.

CIVES CORPORATION: Structures such as this steel fabrication plant in El Mirage are common in the northwest region.

industrial development is taking place throughout the Valley, but is there too much or not enough — or is it growing at a sustainable pace?

One key measure of a market's health is vacancy rates. Too high of a percentage can signal undesirability to investors, whereas too low of a number means fierce competition and potentially higher costs for whatever space is available.

"Since 2009, our base has grown from 272 million square feet to 345 million square feet, while net absorption during the same time period was almost 95 million square feet. That's how your vacancy rate drops from almost 15% in 2010 to less than 6% today," Devine comments.

When looking at how much industrial space is being occupied, context is crucial to understanding what constitutes a healthy rate. Southern California's proximity to trade ports make the region desirable for industrial users of all kinds who are willing to pay a premium.

"Vacancy rates mean something different in every market," Fratt explains. "In certain parts of Southern California, they're less than 1%, which is low. At the end of the first quarter, Greater Phoenix's vacancy rate was 5.58%. If you look back historically, that's the second lowest we've had in the last 20 years."

According to Guerena, the current vacancy rate in the Valley is healthy, but it could change. "It's something to keep an eye on as new developers and new competition come into the marketplace and search tenant sites that may not fit the mold for a logistically convenient location," he says. "But for core locations, such as in the heart of the Loop 303 and the southwest Valley, there are very few options for people to tour."

Fischer agrees, adding that the market is seeing historically low vacancy rates paired with record high under-construction numbers, which means anything that is being built is quickly absorbed. "You could probably argue that we're a little underserved," he says. "I've heard recently about users coming to our market and wanting to see five or six different options, but there's only two or three good choices — and those are being looked at by other users at the same time."

"In order for Greater Phoenix to continue attracting these industrial companies and all the jobs that they bring, we need to have options," Fratt argues. "In my opinion, the 5% to 6% vacancy range that we've been in for that for the past several years is a very healthy number. It allows us to have readily available buildings that companies can occupy when they come to tour. But it's also not such a big vacancy that deters developers from continuing to build in the Valley."

GROWTH RUNWAY

Anyone who has lived in Maricopa County for a few years has witnessed the rapid expansion taking place. But development cannot continue unimpeded forever.

"As you look at how far out becomes reasonable for Valley residents, we've proven that people don't mind the sprawl, but I think some of those habits might be changing," Fischer says. "Are we going to run out of good land that people want to occupy? If we can stay ahead of the curve with good infrastructure, I think that we've got a lot of opportunity in front of us. If we as a development community and as a state don't want to make those investments, we could run into an issue where we don't have a whole lot of available land."

Guerena believes that land constraints aren't as big of a roadblock as labor shortages. "As we continue to add large e-commerce and distribution centers, where are the employees that can fill those centers and perform the tasks the company needs coming from? I think that's the biggest question that employers are starting to ask themselves. It's not just about the logistic location, but it's where the employees are."

Fratt concludes, "I think the industrial growth that we're seeing throughout the country — not all of it, but some — was due to the pandemic and its effects. Along with the business-friendly environment that we have in our state, I think those two factors combined give Greater Phoenix a three-to-five-year runway for industrial development at minimum."

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Workplace Disrupted

Following 16 months of remote employment, will the office sector ever return?

By REBECCA L. RHOADES

The coronavirus changed many aspects of our daily work environment. From home offices to Zoom meetings, the pandemic presented companies with new ways to operate and opportunities to rethink safety and comfort. While there have been numerous reports about the office's demise, reality has shown otherwise.

"After the pandemic hit, we saw an immediate reaction on both sides of the Atlantic to send everyone home. Office buildings were empty, apart from a couple janitors and the odd person who needed to come in for printing or scanning," says Martin Winstanley, an investment and asset manager for Holualoa's U.S. and European operations. "That trend carried until the end of 2020. In January, people started getting vaccinated and antsy about sitting at home, and they slowly started heading back to the office."

Mike Garlick, executive managing director at Newmark, notes, "In the beginning of the pandemic, everyone was asking, 'What are we going to do with all of these office buildings?' That's in the rear view. Clearly, there will be an impact on the percentage of office space that becomes available, but I don't think it's going to be anywhere near as great as people initially thought."

GATHERING MOMENTUM

Lease transactions and new builds did slow down beginning in spring 2020, but the sector is picking up steam. According to Colliers Q2 2021 Greater Phoenix Office Market Report, office leasing activity has increased in 2021, and there are multiple projects currently under construction totaling more than 2 million square feet, with almost 30% of the space pre-leased.

"We're seeing more and more leases getting signed," says Amanda Zakharov, senior vice president of acquisitions at Strategic Office Partners. "The turn of the year is when the activity started to trickle back in."

In general, businesses with small numbers of employees were the first to return to in-person work, while larger corporations continue to look to industry leaders for guidance. "A number of our tenants have said they're waiting to see what some of their peers do before making a decision," Zakharov continues. "A lot of big firms have taken a stand one way or the other and made public announcements about what they're going to do."

On a national level, investment banking firm J.P. Morgan made headlines in April 2021 when its CEO released a statement saying that 10% of its U.S.-based employees would work from home full-time and others could continue to work remotely part-time — a move that would allow the company to off-load hundreds of thousands of square feet of office space in New York City. He abruptly reversed his decision just a few short weeks later, calling all employees back to the office.

And while Pinterest pulled out of a deal in August 2020 to move into nearly 500,000 square feet of office space in San Francisco, Facebook, on the other hand, signed a lease for almost 800,000 square feet in Manhattan in the middle of the pandemic.

"If the office really is dead, why are companies like Facebook, which are leaps and bounds above everyone else on what remote work looks like, picking up all that space?" asks John Orsak, vice president of real estate development at Lincoln Property Company.

Zakharov comments, "It's tough. I don't think anybody knows exactly what their workforce is going to want when they come back in full swing. There are going to be a lot of growing pains before we figure it out."

DESIGN STRATEGY

The pandemic may have opened people's eyes to technology and ways to work outside of the office, but for most companies, a complete remote workforce isn't sustainable. Executives cite leadership, collaboration and

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training — as well as corporate culture — as the main reasons for bringing employees back to an in-office setting.

"The future of the office is going to focus a little bit more on culture, whereas before there was tendency to focus on density," Orsak remarks.

Some companies are allowing staff to rotate between office and home — a compromise that seems to satisfy both management and staff. "I think hybrid workplaces are going to be popular. It's a smart idea, and it's going to save money," says Garlick. "But being in the office is still a critical component of the employee-employer relationship."

Others are making adjustments to help their workers feel safer while on-site. This includes increasing the distance between desks — or ditching desks altogether and replacing them with conference rooms and lounge areas — developing team suites and open meeting spaces, and adding or upgrading outdoor amenities.

"One of the biggest things that's going to change is not the number people who are working in an office space but instead how that space is configured," Winstanley remarks. "Companies are going to be looking for more open plan offices in which they can create distancing between employees. Removable partitions and flex spaces will replace permanent walls. The hot-desking scenario will go away because that was just too many people crammed into a small space."

Samantha Parker, interior designer at Deutsch Architecture Group, agrees. She notes that while the office itself isn't dead, the future may see the death of benching, a form of workstation in which employees sit shoulder-to-shoulder with only a tiny tabletop partition, if anything, between in individual spaces.

"Benching was really popular for a few years because of the density employers could get from a real estate operational standpoint," she explains. "Given the current needs for social distancing and an emphasis on personal space, I think you're going to see 6-by-6-foot cubicles becoming more of the norm. When we design new spaces, we're using that footprint as a starting point to give people a sense of comfort and physical separation."

> *"One of the biggest things that's going to change is not the number people who are working in an office space but instead how that space is configured."*
>
> – Martin Winstanley

HEALTHY SPACES, HEALTHY WORKERS

In addition to reconfiguring workstations, some companies are upgrading surfaces and fixtures to include touchless doors, light switches and faucets; easy-to-clean and –sterilize stone surfaces that can withstand an array of cleansers and wipes; and even high-tech air-filtration systems.

"There were some folks who, during the height of the pandemic, were interested in ultraviolet lighting for HVAC systems," Parker says. "That's something we usually see in the healthcare environment to kill bacteria in the air, but I don't know of anyone who has followed through with that because it's cumbersome to take on, especially if you have an existing space."

Parker notes that companies that want employees to return to the office need to answer two important questions: How do they make their spaces sanitary and provide a good level of comfort for workers who are concerned about getting sick? And, how do they entice the people who find it more convenient to work at home to take advantage of the collaborative aspects and amenities that have been worked into those spaces?

Deutsch recently completed its first WELL-certified project. Similar to LEED, which focuses on a building's environmental impact and sustainability, WELL protects the health of the employees and work environment. "Being able to say that you have a WELL-certified building, that it's truly a healthy space in which to be, will be a real advantage when it comes to attracting workers who may have heightened concerns about those things," notes David Calcaterra, principal at Deutsch Architecture Group.

With so many changes and uncertainties, it's easy to mourn the premature death of the sector. But this isn't the first time an obituary has been written for the office. Thirty years ago, noted management consultant Peter Drucker wrote, "Commuting to office work is obsolete."

Garlick believes that people want to come back to the office, but it's going to take time. "I think we'll see the market start to gain momentum in 2022," he predicts. "I don't want to say it will return to normal, but by the end of 2022, beginning of 2023, we should be back in full swing."

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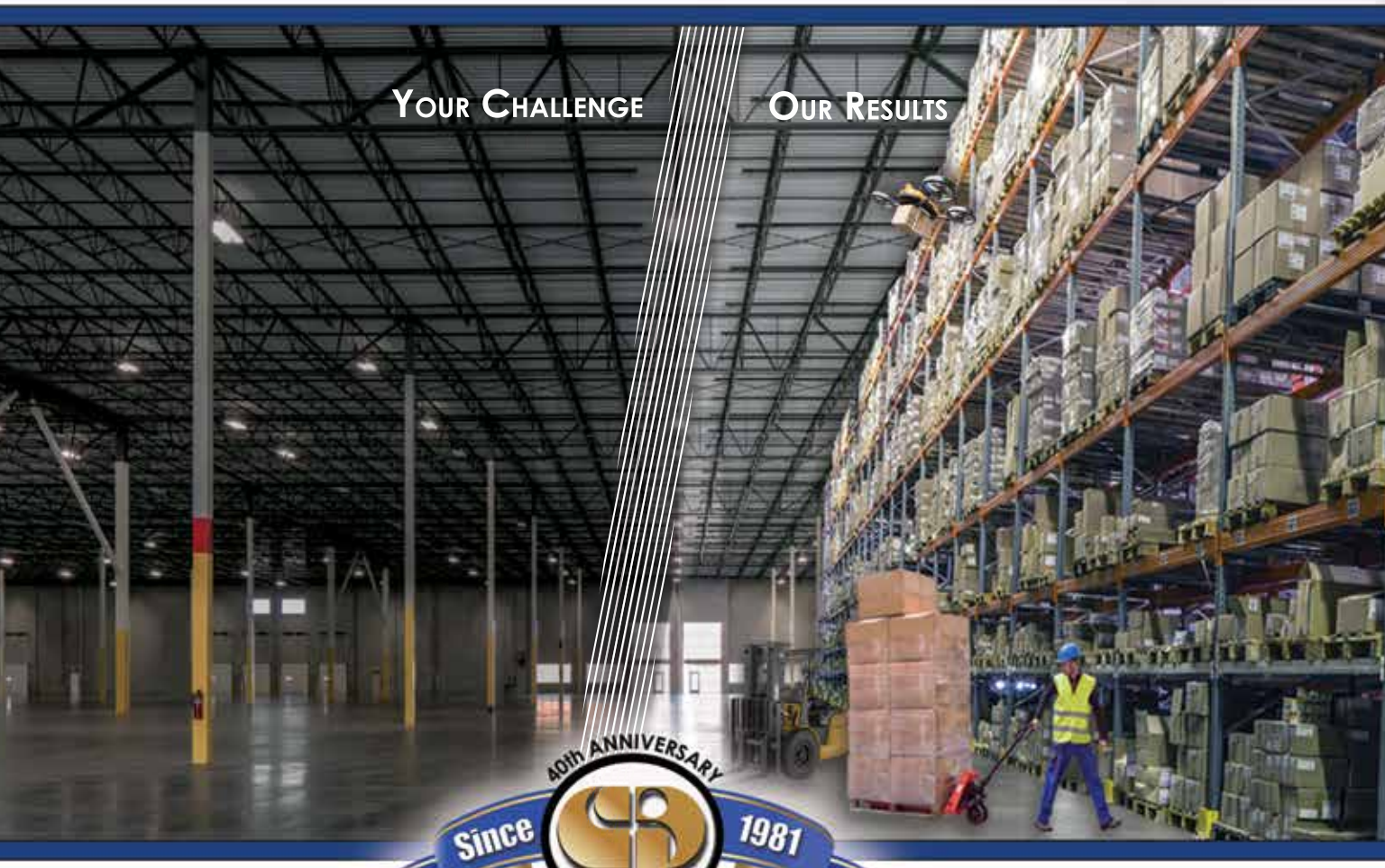

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Diversity and workforce development initiatives prepare the industry for the future

By KYLE BACKER

In recent decades, there has been a shift in the makeup of the U.S. workforce. People of diverse backgrounds have not only filled the ranks of the business world but also represent a growing share of leadership positions. Still, more needs to be done in some industries to diversify their employees and attract future workers. The commercial real estate (CRE) development association NAIOP is actively pursuing these goals through its diversity, equity and inclusion (DEI) efforts and partnering with organizations to promote CRE careers to high school students.

"People have wrapped their heads around the fact that our industry has to change not only to survive but also to thrive," says Steve Jordan, human resources director at Ryan Companies. "We're committed to trying to recruit, grow and retain diverse talent in the commercial real estate industry, which has been largely dominated by Caucasian males over the years. Groups like NAIOP and companies such as Ryan are going to help fuel that growth."

ATTRACTING A DIVERSE WORKFORCE

Commercial real estate is a field historically constituted primarily by white men. As the demographic makeup of the U.S. has shifted over the years, companies are learning that cultivating a diverse workforce is not only a moral imperative but also adds value to the organization.

"A lot of business schools require students to read 'Good to Great' by James C. Collins. One section talks about how IBM kept going to the same university to recruit engineers. Those engineers were all trained in a similar way," Jordan explains. "If you can find workers from different backgrounds, that's going to provide a wide range of thought and perspective. Then you'll have people who will challenge the status quo and say, 'Why are we doing it this way? What if we did it like this?' That's where innovation comes from."

Jennifer Villalobos, vice president of business development and marketing at Sharp Construction, agrees. "Many organizations have seen how bringing in people from different backgrounds creates better collaboration that moves ideas forward. Companies can ask, 'If we're targeting a specific community with a message, do we have employees who can speak with and represent that community?' There's a huge benefit from a creative standpoint when you hire a diverse and inclusive workforce."

Part of Ryan Companies' recruiting process includes purposefully seeking out student candidates from a variety of institutions. "We want to include under-represented groups in our searches, so we go to historically Black colleges and universities and Hispanic serving institutions. We've targeted a few of those schools and have partnered with their professors and department heads to create a pipeline of students," Jordan notes. He adds that the demographic trends in the U.S. point to tipping over into a majority-minority population in the next few decades.

Understanding the importance of diversity, NAIOP formed a DEI committee to develop educational resources for companies that want to recruit and retain a more inclusive workforce, connect members from under-represented groups to opportunities for career growth and partner with educational institutions to introduce students from all backgrounds to CRE careers.

One initiative spearheaded by the committee was putting together a speaker series about creating inclusive workspaces, along with providing ideas about how to find and retain multicultural talent. Another project under development is a mentorship program through which students from underserved communities can learn about the CRE industry from professionals.

"We wanted to be able to build a committee that was just as passionate on moving the needle forward to educate the next generation of leaders, so that they want to join this industry," comments Villalobos.

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Sam Alpert


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Jennifer Villalobos

"I think a lot of people don't even know CRE exists, and I speak from my own personal experience."

Villalobos entered the field about five years ago and says that she never realized that a career in CRE was a viable option for her. "It wasn't even something I saw as an opportunity for me as a Latina woman," she recalls. "That's why we felt there was a need for this organization to start educating youth early on."

INVESTING IN NEW TALENT

As the CRE industry makes substantive moves to be more inclusive, another issue looms: construction labor shortages. In the past few decades, construction careers have been looked down upon as a fulfilling career choice for students.

"Skilled craft people are retiring and not a lot of young people are coming in to replace them. There's a huge gap," says Mike Bontrager, vice president and general manager at Alston Construction. "For years, people thought this was just a contractor or subcontractor problem. Developers, bankers, architects — anyone associated with commercial real estate said, 'That's not our problem. You guys figure it out.'"

The biggest effect of the labor shortage, Bontrager explains, is the impact on construction schedules. When there aren't enough employees to fully staff a worksite, project timelines begin to stretch out. "Time is money. You've got bank loans that you're paying interest on. The labor shortage is to the point where it's become everyone's issue."

According to Jordan, for Arizona to develop further, an adequate workforce is essential. "If we're going to continue to grow like this, we need the resources, including human capital," he says. "It's obvious that we need a talent pipeline. Let's start by developing the people who are in the industry, but let's also try to forecast how we can create a pipeline that's going to continue to feed the anticipated growth in this community."

As the steering committee chair for Build Your Future Arizona (BYFAZ), a Greater Phoenix Chamber Foundation initiative, Bontrager saw an opportunity to strengthen the organization's partnership with NAIOP. He met with Suzanne Kinney, president and CEO of Arizona's NAIOP chapter, and realized that the two organizations had a mutual interest in promoting construction careers to students. "We are fighting against a 30-year trend in which construction careers have been looked down upon," Bontrager says. "I've toured training campuses, and nobody would be there. There is a branding problem, not a facility shortage."

> "Arizona's economy is going to depend on the construction and real estate industries to keep it moving. We're not going to be able to do it if we don't have an adequate skilled workforce to get us there." — Mike Bontrager

The mission of BYFAZ is to raise awareness of high-paying construction careers and training opportunities among Arizona residents and create a sustainable pool of skilled craft workers. The BYFAZ website has a career mapping tool to show users how a construction career might advance. "If you're a parent, you can see what the salaries are, what the training is like, hear some success stories and find out what companies are doing internships or earn-to-learn programs," Bontrager notes.

Junior Achievement of Arizona (JA) is another NAIOP partnership designed to address workforce needs. The organization teaches financial literacy, entrepreneurship and career readiness to K-12 students across the state. Junior Achievement also operates BizTown, a mock city where learners spend a day working in a job and experiencing a taste of adult life.

"We've developed curriculum that is specifically designed for high school students to learn about the real estate industry. Once we finalize partnerships with some institutions, NAIOP volunteers will teach the curriculum in the classroom," says Sam Alpert, JA's chief development officer. "The coursework will take students though all the components of getting involved in real estate. How do you build an apartment in Tempe? What kind of financing would you have? What would you charge for rent?" The unit will consist of six lessons spread across six weeks and likely be placed in a business, marketing or finance classroom.

With major companies choosing Greater Phoenix to build, the state is poised to reap substantial benefits from these developments. Without deliberate investments in the future workforce, however, this growth will prematurely slow.

"Arizona's economy is going to depend on the construction and real estate industries to keep it moving. We're not going to be able to do it if we don't have an adequate skilled workforce to get us there," Bontrager concludes. "At least not as fast as we want."

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2021 AND BEYOND

Commercial real estate development in Greater Phoenix continues to move forward

The emergence of the COVID-19 virus in Arizona 18 months ago dramatically transformed almost every aspect of life and work. Retail and restaurants closed their doors, some permanently, and offices emptied as staffers pivoted to at-home employment. One thing the pandemic couldn't stop, however, was Arizona's commercial growth. Brokers, developers and builders reported record numbers in 2020, and 2021 has shown no signs of slowing down. Leading the way is the industrial market. According to a report by Cushman & Wakefield, in the second quarter of 2021, approximately 23.5 million square feet of industrial construction was underway across Metro Phoenix. Leasing activity and construction also remain strong.

What does this all mean for the future? AZRE Magazine sat down with members of NAIOP Arizona and asked for their views on how the pandemic affected the Phoenix market, how the industrial and office sectors are faring, and what their predictions are for the Valley's recovery and continued growth.

AZRE: What do you think about the rapid economic recovery, and how long will it take?

Darren Pitts: I think it's a complicated issue with a number of significant forces that will impact economic growth. Certainly, Arizona will continue to benefit from the relocation of companies that are weary of West Coast business and tax policies and seeking a friendlier place to do business.

Jenna Borcherding: This recovery is unlike any in recent history with businesses and workers emerging with far less financial damage and at a more rapid pace. As a result, the shortages of goods, raw materials and labor are cropping up much sooner in the cycle. We are feeling some of these constraints in construction and development with long material lead times and increasing costs. Some sectors, such as industrial,

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CA - Chris Anderson, senior managing director, Hines

JB - Jenna Borcherding, director of development, VanTrust Real Estate

JM - Jeff Moloznik, senior vice president of development, RED Development

MO - Michael Olsen, chief financial officer, Globe Corporation

DP - Darren Pitts, executive vice president, Velocity Retail Group

WS - Will Strong, executive managing director, Cushman & Wakefield

never slowed down and are surpassing pre-pandemic highs; others such as retail and office are slower to recover as the behaviors of consumers and employees continue to evolve.

Mike Olsen: The V-shaped recovery that was anticipated post-pandemic is occurring. Printing 4 trillion new dollars over the past 18 months has had the desired effect, and asset prices in a number of sectors have doubled — the result of doubling the money supply. The true test will be how the markets adjust to the Fed's tapering. From a longer-term perspective, despite the setbacks related to COVID-19, we are still experiencing the longest economic recovery in history — in year 13 perhaps. Are there still business cycles, or can asset prices rise forever? It appears to me that most asset classes are overvalued, and I don't think that what we are experiencing today is sustainable. But no one knows from where or when the next black swan will present itself.

Chris Anderson: I think the recovery will be uneven for a while until the virus has more treatment options and more data is known about the various treatment's longevity. Until then, we will have inflationary pressure because liquidity is at an all-time high and the supply chain is choppy at best.

Will Strong: It's always hard to speculate on the macro economy, but I do know that Phoenix is the darling of institutional industrial investors across the U.S. and the globe. Abundant labor for corporations, relatively affordable housing, record breaking absorption and even shrinking cap rate spread to Southern California is driving some of that. More and more new investors are calling us for help getting into the market.

AZRE: What are the biggest opportunities that will exist in the Phoenix market over the next three to five years?

JB: Opportunities surrounding advanced manufacturing will be plentiful in the coming years as companies locate to the Phoenix area to support Taiwan Semiconductor Manufacturing Company (TSMC), Intel and others, further diversifying our local economy. The ripple effect will also spur demand for industrial, office, retail and housing developments across the Valley.

DP: The industrial distribution marketplace is a winner for Arizona. I think Interstate 10 and the Loop 303 will continue to be attractive alternatives for Southern California facilities. The technology and semiconductor industries bring high-paying jobs to the region. Intel leads

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the way, while TSMC's new facility on I-17 is a game-changer. Competitors will follow.

MO: The positive net migration into Phoenix will benefit everyone. We have a pro-business environment, a competitive cost of living relative to other metropolitan areas, and a climate that will continue to attract people from around the world. While economic setbacks are inevitable, Arizona is a wonderful place in which invest and, over the long term, those who do so will fare well. Focusing on income-producing investments, industrial properties and for-rent residential, specifically, will continue to benefit investors, but it's time to be very selective given where we appear to be in the cycle.

CA: We have the opportunity to build a world-class community if we can keep our tax base competitive, continue to invest in community infrastructure and be willing to redevelop areas that have fallen into neglect, for example re-using/gentrifying infill neighborhoods.

Jeff Moloznik: I think the biggest opportunities in the coming years will be in all forms of residential real estate. There will also be continued infill of mixed-use redevelopments along with creating flexible and efficient office spaces.

DP: The Valley's demographics are changing. There is an unprecedented bubble of baby boomers retiring, and Arizona is going to be a top destination for them. I predict strong suburban housing growth in Surprise, Goodyear, Buckeye, Southwest Phoenix, Queen Creek and Pinal County. And I agree with Jeff that we're going to see continued redevelopment. Look for many underutilized infill parcels to be redeveloped and for additional density to be added.

WS: Harnessing our rapid rental rate growth sticks out to me, as does paying attention to possible redevelopment opportunities. And, of course, getting out in front of the record-breaking leasing we are seeing take place.

AZRE: How long will expansion in the industrial market continue, and what do you think has the biggest chance of the derailing its positive trajectory?

WS: It's really hard to speculate here, but I would be mindful of supply, construction costs and interest rates. The supply seems to be outpaced by demand with record levels of absorption. We used to do backflips if we hit 5 million square feet annually. Then we did cartwheels once we hit 8 million square feet. And now we just reported 12 million halfway through the year. Construction and interest rates tend to be a function of the market and out of everyone's control at a local level.

MO: As I said earlier, the industrial sector is attractive but likely warrants some caution. West Valley cities, such Goodyear, that are proximate to California have the most attractive opportunity set for industrial development, but land prices are becoming a concern. And there are only so many buildings we can lease to large online retailers.

AZRE: How have the needs of industrial occupiers changed with the acceleration of the e-commerce trend?

MO: Industrial has been the new retail for several quarters. E-commerce has definitely been the main driver, and many believe we have only scratched the surface given the room for continued growth in online sales.

CA: Industrial occupiers continue to want to be closer to the end customer as well as onshore manufacturing to avoid being so dependent on foreign governments' decision-making. E-commerce continues to improve, and the pandemic really made consumers embrace its possibilities a little faster than industry was ready. I expect that we'll see further growth.

JB: For consumers, e-commerce has set an expectation of immediate satisfaction, so as companies evaluate their footprint, they look to be as close to the consumer as possible. This drives demand for last mile facilities and infill sites. Industrial occupiers are often faced with a decision to retrofit older buildings in infill locations versus occupying new buildings that may be farther from their customer base. This will provide even more opportunity for property owners and nimble developers.

WS: It's not just about the consumer. Labor does not show up on a Google Earth map, but users care about workforce availability, wage rates, scalability, retention, union

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activity, housing and amenities. All these attributes of labor are critical in site selection and ultimately, in my opinion, where investors want to place their capital. Our leasing partners work with some of the smartest engineers I have met who quantify these factors with sophisticated studies that all end up pointing to Phoenix as ground zero.

AZRE: What has changed in industrial design to meet the needs of today's tenants?

MO: Industrial buildings have become more technical, and the cost of fixturing some of the e-commerce structures far exceeds the shell cost. Clear heights have increased over time — 36 feet to 40 feet is becoming more of a standard for pure distribution. There are a number of uses that don't require those levels but, to maximize flexibility, it has to be considered in spec environments. Excess land for expansion and storage is also a critical consideration for long-term adaptability.

JB: With demand for industrial space continuing to rise, the increasing cost and limited availability of industrial land forces us to think vertical. We are developing buildings with taller clear heights to increase cubic footage without having to increase the physical footprint. E-commerce tenants and fulfillment centers require far more docks per square foot compared with traditional retail supply chains, which also drives the need for more trailer parking.

AZRE: Are different industrial uses more prominent in certain submarkets? What are they?

MO: Large distribution facilities are more prominent in submarkets that are logical for regional users, such as the West Valley markets that are proximate to the Long Beach port. Last mile uses are prominent for high-density infill areas for obvious reasons. Flex industrial is prominent in areas that have more manufacturing users to accommodate small vendors that want to be close to their manufacturing clients. If you're planning to build spec, the best advice will come from the brokers in those markets who understand the needs of the users relative to what's currently available and what's being planned by other developers.

WS: It does feel as though there is a trend in Sky Harbor and the Southeast Valley for larger users that resemble more bulk buildings, like those you would see in Southwest Phoenix. And Southwest Phoenix is seeing more and more Inland Empire-sized leases larger than 1 million square feet.

AZRE: Do you see industrial cap rates increasing, decreasing or remaining stable over the next year?

JB: Over the past year, we have seen significant cap rate compression in the industrial sector as a flurry of investors, who previously had not invested in the sector, looked to gain exposure. I am optimistic that we will continue to see rates decrease over the next year, but perhaps not at the same level as the prior year.

MO: The conundrum of inflation threats at the same time the 10-year treasury rate has retreated to February 2021 levels is sending a mixed message. In 2013, the market's reaction to impending Fed tapering, known as the "Taper Tantrum," was opposite of what's happening today. Investors are rushing to buy treasury bonds, causing the recent rate drop. With the 10-year essentially being a proxy of where investors think the Fed will set rates over the next 10 years, the market is implying that, despite inflation threats, there is a low probability that cap rates will rise in the near term. At the same time, it's hard to believe there is a lot of room for cap rates to drop. So, the best odds are for a relatively stable cap rate environment.

WS: We have gone on record that Phoenix is a Tier 1 industrial market. The capital markets will reflect this more and more over time, with cap rates continuing to decrease. Investors will see for themselves the long-term value in Phoenix.

AZRE: Many businesses went to alternative work schedules during the COVID-19 pandemic. What impact will this have on demand for office space over the next year or two? How have office layouts changed given the increased attention on social distancing, flex schedules and reduced density?

MO: I think the hybrid work environment is likely here to stay for a lot of positions. At the same time,

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employees stacked on top of each other isn't palatable now. While we have yet to see significant changes in office layouts, the larger national employers are formulating their plans for revised work environments. Some will require more space per head count. Others will move to hoteling to stay efficient while accommodating hybrid work schedules. Overall, it would seem that demand for office space should decline, but things tend to revert to the mean, so at some point the pandemic will be in the rear-view mirror and the pure needs of the business and its culture will be what drives a company's office space needs.

JM: It seems as though this trend is going to be short-lived in our market. Given the lack of density throughout most of the Phoenix area, the extremes that other markets went through didn't occur here. We are actually experiencing a boom in the office sector, which is the result of employers relocating to the Valley from those denser areas.

AZRE: What changes have office landlords had to make to existing product to attract and retain tenants?

MO: Landlords with existing office space can't do much to modify the space their tenants are in, but there's certainly been more attention placed on cleaner surfaces, environments and air circulation. Tenant improvement demands in our buildings with new leases negotiated and signed during the pandemic haven't really changed.

JM: Amenities are critical when it comes to attracting and retaining tenants. It used to be commonplace for employers to want to control all aspects of their employees' workday by providing meals, fitness facilities and entertainment opportunities within their own spaces. This changed rapidly in the past year, and the trend is definitely shifting toward more third-party-provided solutions by way of independent restaurants and fitness options.

JB: We happened to be midway through construction on a speculative office building in Chandler when COVID-19 hit. We huddled up with our team and took advantage of where we were at in the course of construction and incorporated several improvements to the building that we believed would appeal to future tenants. An outdoor amenity area for the health and well-being of employees was added, as were motion-activated doors and touch-free fixtures throughout the building. These seem to be common enhancements landlords are making to existing buildings, as well.

AZRE: Where do you see the office market being in six, 12 or 18 months?

JB: As the hybrid work model is being implemented, and companies look to bring their workforce back to the office, we will see a reduction in the amount of sublease space available on the market. Touring activity continues to increase month over month, and we are seeing a steady uptick in deal size in the office market. I'm optimistic that it will continue to get better over the next year.

MO: While there were large blocks of office space listed for sublease, much of that was a reaction from large employers that were uncertain about the lasting effects of the pandemic. Not all of it was ever intended to be sublet, but companies had to keep their options open given the uncertainty. The office prospect activity in the more popular office markets — Scottsdale, Tempe and Chandler — is surprisingly strong. While certain back-office positions may not return to the office, it's very difficult to foster or maintain a company culture with a remote work force. While cliché, it's true: Humans are social creatures, and most want to work in an office rather than at home. It may take longer than six to 12 months, but the office market will fully recover in a variety of forms.

JM: Monumental growth is ahead in the coming months. Both companies and individuals that never considered Phoenix found themselves here during the pandemic, and they saw the light. This is one of the most lifestyle-centric places to live and work, and now that the cat is out of the bag, the office market will continue to grow exponentially.

AZRE: What office submarkets will lead growth in the next two years?

MO: Scottsdale and Tempe will continue to dominate the Class A office markets, but the suburban office markets, including West Valley cities, will benefit from the impacts of COVID. Markets such as Goodyear, which exports 95% of its workforce to Central Phoenix and some of the East

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Valley cities, will see Class A office users that want to attract high-quality diverse employees who are sick of commuting. Quality of life is driving employment decisions, and employers that understand this will move or expand into markets that, to date, have not had any supply of Class A office.

CA: I agree with Michael. For the most part, suburban office markets will lead the growth as employers will want to be closer to their workforce. With employers needing to embrace some flexibility in the work week, there is still a need to have employees in the office most of the week to maintain culture and competitiveness.

AZRE: How has the COVID-19 pandemic changed the retail market, and what do you think recovery will look like over the next one to two years?

CA: The retail market was changing rapidly prior to the pandemic and will continue to evolve. Neighborhood retail will remain generally the same as consumers still need basic services. Big box, other than home improvement, will get redeveloped and need to densify with other uses, such as last mile industrial, housing and charter schools. Malls are the biggest challenge because of the way they were developed with anchors owning large swaths of the site and onerous CC&Rs (Declaration of Covenants, Conditions and Restrictions). It will take a lot of patience and capital to fix.

MO: The pandemic devastated the brick-and-mortar retail market but, with a lot of government assistance, many restaurateurs were able to hang on and re-open. There were definitely winners and losers, and that was particularly visible in the retail sectors. But overall, the tenant delinquencies have not been as bad for most retail landlords as originally projected. Subject to the unknown impact of new COVID variants, we should be back to normal within the next 18 to 24 months. Things have a tendency to revert to the mean, and I think that will be the case in this situation.

JM: The change to the retail market has been tremendous and is ever-evolving. It's shifting more frequently than ever before. Currently, we are seeing retail sales eclipse pre-pandemic levels, which wasn't necessarily anticipated. In the next two years, we can expect retail to continue to flourish.

DP: For many retailers, the pandemic accelerated changes in operating models, store design, online ordering and product distribution. Some retailers right-sized their fleets, while some closed their operations. Some expanded. Overall, the retail industry was extremely affected by COVID both positively and negatively. On the positive side, retailers proved to be very innovative and quick to adjust to the rapidly changing social distancing rules. An example is restaurants. Whether they are fast casual, fast food or sit-down, they were suddenly forced to service customers in their vehicles. Drive-thrus were packed, and parking lots were converted to waiting areas as store personnel delivered food to customers' cars. From a technology standpoint, nearly every major brand modified, simplified or created online apps for customers. The result is that consumers now have many options to get what they want, when they want and where they want it. Overall, brick-and-mortar retail is alive and well, and we have confirmed that the experience of shopping in a store is not going away.

AZRE: What categories of retail tenants expanded during the pandemic, and what do you see for the next two years?

DP: In 2020, retailers in Greater Phoenix added nine grocery stores, 50 free-standing restaurants and 14 automotive buildings. Some of the larger additions include the Costco in Surprise, two Fry's Marketplace stores and one Safeway in the East Valley, Lifetime Athletic at the Biltmore, Sprouts in Laveen and four Aldi locations throughout the Valley.

For the future, we will see more free-standing retail buildings with personal services and restaurants. The categories of home improvement, home decor and remodeling, and furniture are all experiencing gains in sales. The development of sizeable shopping centers has largely curtailed, except for two areas: In Surprise, along the Loop 303 corridor near the Costco, a large power center is planned with other land parcels also attracting new retail development. Queen Creek will also be expanding with a Costco and accompanying retailers planned at Queen Creek Road and Ellsworth Road.

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NAIOP member projects

From a 6,500-square-foot restaurant and retail addition that will enhance the already popular Park Central development in Central Phoenix to multimillion-square-foot industrial parks along the Loop 303, commercial real estate showed no signs of slowing down during the pandemic. In fact, NAIOP Arizona members were busier than ever delivering an abundance of high-tech, high-style product to the market — with many more showstopping buildings under construction or renovation. The following pages showcase 32 projects, small and large, that NAIOP members are producing throughout Arizona.

10 WEST COMMERCE PARK

DEVELOPER: Creation
GENERAL CONTRACTOR: LGE Design Build
ARCHITECT: LGE Design Group
LOCATION: Lower Buckeye and Miller roads, Buckeye
SIZE: 958,382 SF
VALUE: $37.4 million
START/COMPLETION: Q1/2021-Q2/2022
SUBCONTRACTORS: Suntec Concrete, Stoll Masonry, Rikoshea Contracting, Specialty Roofing, Valley Exterior Painting
PROJECT DESCRIPTION: This best-in-class industrial product meets the market's demand for functional, flexible cross-dock distribution solutions. Careful consideration was given to circulation, maneuverability and building design, with special attention paid to critical features, such as clear height, loading configuration and enhanced parking/yard availability.

2625 AT CHANDLER FREEWAY CROSSING

DEVELOPER: Mark IV Capital
GENERAL CONTRACTOR: Venn Construction
ARCHITECT: Balmer Architectural Group
LOCATION: 2625 W. Geronimo Place, Chandler
SIZE: 159,030 SF
BROKERAGE FIRM: JLL
VALUE: $34 million
START/COMPLETION: 1/2018-3/2021
SUBCONTRACTORS: Ace Acoustics, Adobe Drywall and Paint, Arcadia Glass Company, Beach Products, Bernie's Brass, CDS Framing, Contemporary Flooring, Den-Mark, Desert Services, Desert Sky Surfaces, Diversified Interiors, Gen3, Hawkeye, Hersey, Aerni & Associates, Intertwine, J&M Glass, JD Sun, Kone, LaForce, Magnum Steel, McKeon, Mister Bugman, Nickle Contracting, Noding Doors, One Way Final Cleaning, RCI Systems, Re-Create, Rite-Way, Ryan Mechanical, Special Electronics Systems, Southwest, Suntec Concrete, Westar, Won-Door.
PROJECT DESCRIPTION: This three-story Class A office features 50,790-square-foot floor plates, high 14-foot ceilings and a collaborative 10,000-square-foot VIP roof deck for private tenant use.

4141 SCOTTSDALE

DEVELOPER: Mass Equities
ARCHITECT: Krause
LOCATION: 4141 N. Scottsdale Road, Scottsdale
SIZE: 160,000 SF
BROKERAGE FIRM: Cushman & Wakefield
VALUE: $17 million
START/COMPLETION: Q1/2021-Q1/2023
SUBCONTRACTORS: Caruso Turley Scott, MP+E, Greey|Pickett, Larson Design Group
PROJECT DESCRIPTION: Looking toward the future with a modern design, this project will provide a new anchor to the city where it pursues the region's passion for place, nature, history, craft and the future — five attitudes essential to the design's core. This renovation will replace the existing brick facade with new contemporary glazing. A grand three-story atrium volume for the main entrance will unite the two separate buildings. The interiors will also be upgraded, with new signage and wayfinding throughout. The final product will add 15,426 square feet of new leasable area.

999 PLAYA DEL NORTE

DEVELOPER: Irgens Partners
GENERAL CONTRACTOR: A.R. Mays
ARCHITECT: WORKSBUREAU
LOCATION: 999 Playa del Norte, Tempe
SIZE: 94,311 SF
BROKERAGE FIRM: Lee & Associates
START/COMPLETION: 02/2020-04/2021
PROJECT DESCRIPTION: Playa, which sits on 2.32 acres of land next to Tempe Town Lake, is Tempe's newest technology-centric, high-profile Class A office building. The six-story structure, which comprises a lobby level, two stories of structured parking and three floors of office with impressive visibility, is ideally positioned at the gateway to ASU's main campus with a full-diamond freeway interchange at Scottsdale Road and Loop 202.

AIRPARK LOGISTICS CENTER

DEVELOPER: Creation
GENERAL CONTRACTOR: LGE Design Build
ARCHITECT: LGE Design Group
LOCATION: Bullard Avenue and Yuma Road
SIZE: 2,741,336 SF
VALUE: $155 million
START/COMPLETION: Q4/2021-Q2/2025
SUBCONTRACTORS: Suntec Concrete, Triad Steel, Desert Structures, New Millenium, Phoenix Commercial Electric
PROJECT DESCRIPTION: Airpark Logistics Center, located in a federally approved Foreign Trade Zone, will consist of 2.7 million square feet of industrial space upon full build out, meeting the market's demand for both cross-dock and rear-load product. Constructed in two phases, with special attention paid to clear height, loading configuration and enhanced parking/yard availability.

AIRPORT 48

DEVELOPER: ViaWest Group
GENERAL CONTRACTOR: Stevens-Leinweber
ARCHITECT: McCall & Associates
LOCATION: 3232 S. 48th St., Phoenix
SIZE: 146,526 SF
BROKERAGE FIRM: NAI Horizon
START/COMPLETION: 10/2021-Q3/2022
PROJECT DESCRIPTION: This Class A multitentant industrial building will sit on a rectangular-shaped 9.98-acre parcel located south of Sky Harbor Airport. The property is within a Federal Qualifed Opportunity Zone and is extremely well-situated with visibility and access to State Route 143.

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ALLRED PARK PLACE BUILDINGS 7 & 8

DEVELOPER: Douglas Allred Company
GENERAL CONTRACTOR: Willmeng Construction
ARCHITECT: Balmer Architects
LOCATION: 1375/1475 S. Price Rd., Chandler
SIZE: 300,000 SF
BROKERAGE FIRM: Cushman & Wakefield
VALUE: $110 million
START/COMPLETION: 5/2020-9/2021
SUBCONTRACTORS: Bowman Engineering, Coreslab, Hardrock Concrete, Hawkeye Electric, Apache Pipelines, Milam Glass, Pioneer Roofing
PROJECT DESCRIPTION: The sister 150,000-square-foot office buildings, each with +-50,000 square-foot floor plates, feature dramatic three-story skylit lobby atriums with contemporary finishes and sculptural staircases, as well as open workspaces with high ceilings and an abundance of natural lighting. A shared outdoor space between the two buildings includes a covered patio and barista coffee bar, a sunken patio and scattered benches for employee enjoyment, and artificial turf areas ideal for lawn games.

BUCKEYE85

DEVELOPER: Lincoln Property Company
GENERAL CONTRACTOR: Layton Construction
ARCHITECT: Butler Design Group
LOCATION: SW corner of 103rd Avenue and Buckeye Road, Buckeye
SIZE: 321,873 SF
BROKERAGE FIRM: Lincoln Property Company
VALUE: $65 million
START/COMPLETION: 4/2021-12/2021
SUBCONTRACTORS: AME, Hardrock, Desert Structures
PROJECT DESCRIPTION: Midsize industrial users will enjoy amenities often found only in the largest industrial projects, including a 36-foot clear height, full concrete truck courts, a 94-door cross-dock configuration and state-of-the-art freezer/cooler capabilities, as well as touchless technology throughout, generous use of clerestory windows and an employee-centric outdoor amenity space. The Class A location supports omichannel users, successfully positioning them near clusters of suppliers, manufacturers and warehouses.

CENTRAL LOGISTICS CENTER

DEVELOPER: ViaWest Group
GENERAL CONTRACTOR: Nitti Builders
ARCHITECT: Deutsch Architecture Group
LOCATION: 111 E. Buckeye Road, Phoenix
SIZE: 439,000 SF
BROKERAGE FIRM: CBRE
START/COMPLETION: Q1/2021-Q4/2021
PROJECT DESCRIPTION: The project includes more than 12-acres of vacant, developable land; a fully leased 30-foot clear height, 196,672-square-foot cross-dock warehouse; and a 76,301-square-foot freezer storage facility that underwent a floor-to-ceiling renovation, including an upgraded state-of-the-art freon system. New construction consists of a 32-foot clear height, 94,146-square-foot Class A industrial building, and a 71,555-square-foot industrial warehouse adjacent to the cold-storage facility.

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CHANDLER CORPORATE CENTER, PHASE II

DEVELOPER: VanTrust Real Estate
GENERAL CONTRACTOR: Stevens-Leinweber
ARCHITECT: Butler Design Group
LOCATION: 4100 W. Chandler Blvd., Chandler
SIZE: 118,000 SF
BROKERAGE FIRM: JLL
START/COMPLETION: 1/2020-1/2021
SUBCONTRACTORS: Stone Cold Masonry, Spectrum Mechanical, Aero Automatic Fire Protection, Bell Steel, Progressive Roofing, Riggs Contracting, ABCO West Electrical
PROJECT DESCRIPTION: Chandler Corporate Center is a 26-acre office and retail development positioned just 1 mile west of the Loop 101. Phase 1 included a spec-built 118,000-square-foot office building that was leased to Allstate. Phase 2 is a spec-built "sister" building. Future phases will include retail and additional office.

CHANDLER CROSSROADS

DEVELOPER: ViaWest Group
GENERAL CONTRACTOR: Willmeng Construction
ARCHITECT: Deutsch Architecture Group
LOCATION: 2800 S. Gilbert Road, Chandler
SIZE: 116,083 SF
BROKERAGE FIRM: Lee & Associates
START/COMPLETION: 10/2021-Q3/2022
PROJECT DESCRIPTION: This new building, with a fenced truck court that is screened from the road, will feature a 30-foot clear height, clerestory windows and outdoor common area patio space. The front elevation has been dressed up to echo the appearance of an adjacent office product. The initial build-out will include one 2,396-square-foot spec suite of office, but the structure is divisible from 29,000 square feet to 116,000 square feet.

CONVERGE LOGISTICS CENTER

DEVELOPER: ViaWest Group
GENERAL CONTRACTOR: Willmeng Construction
ARCHITECT: Butler Design Group
LOCATION: Interstate 10 and Chandler Boulevard
SIZE: 510,832 SF
BROKERAGE FIRM: Cushman & Wakefield
START/COMPLETION: Q3/2021-Q2/2022
PROJECT DESCRIPTION: ViaWest Group has a 77-year ground lease with Kyrene School District on 28.6 acres on which it will develop the Converge Logistics Center. The project will consist of three general industrial buildings with interstate visibility. The multitenant buildings feature divisibility to 23,500, 39,800 and 52,000 square feet; 32-foot clear heights; and a combination of dock-high and grade-level doors.

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-Ted Chapman, Chapman Automotive Group

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-Jay Donkersloot, Phoenix Pavers

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DOORDASH

DEVELOPER: Lincoln Property Company
GENERAL CONTRACTOR: Holder Construction
ARCHITECT: McCarthy Nordburg
LOCATION: 1033 W. Roosevelt Way, Tempe
SIZE: 197,500 SF (Phases 1-2)
BROKERAGE FIRM: Cushman & Wakefield
VALUE: $17,775,000
START/COMPLETION: 7/2019-6/2021 (Phases 1-2)
SUBCONTRACTORS: Energy Systems Design, AZ Restaurant Supply, Airpark Signs
PROJECT DESCRIPTION: The main objective was to design a dynamic new office that supports the organizational needs of DoorDash and represents its brand and culture. The Grand 2 provided the ideal location, and DoorDash will occupy the entire nine-story building. Broken into sales and support floors, the office includes a reception on the first floor, a variety of collaboration and meeting spaces, a technology bar, training rooms and two large break rooms that support catered food. Polished concrete floors, exposed concrete columns and wood ceiling details reinforce the company's focus on natural materials.

GATORADE/PEPSI DISTRIBUTION

DEVELOPER: Merit Partners
GENERAL CONTRACTOR: Stevens-Leinweber
ARCHITECT: Butler Design Group
LOCATION: NCW 75th Avenue and Buckeye Road, Tolleson
SIZE: 750,000 SF
BROKERAGE FIRM: CBRE
START/COMPLETION: 3/2021-2/2022
SUBCONTRACTORS: Suntec Concrete, Integrity Electric, Pro-Low
PROJECT DESCRIPTION: The new warehouse and distribution center will more than double the beverage company's Metro Phoenix industrial footprint. Building features include 40-foot clear heights, cross-dock loading and generous power. The project is 1.5 miles from I-10 and served by a full-diamond interchange at 75th Avenue.

GOODYEAR CROSSING INDUSTRIAL PARK

DEVELOPER: ViaWest Group
GENERAL CONTRACTOR: Willmeng Construction
ARCHITECT: McCall & Associates
LOCATION: 165520 W. Commerce Drive, Goodyear
SIZE: 411,026 SF
BROKERAGE FIRM: Lee & Associates
VALUE: $20.9 million
START/COMPLETION: 2/2021-9/2021
SUBCONTRACTORS: Hawkins Design Group, Mechanical Designs, Riggs Companies, Bell Steel, Panelized Roof Structures, Global Roofing, Summit Fire Protection, AE Concrete, ELS Landscaping

PROJECT DESCRIPTION: This project, located in a Qualified Federal Opportunity Zone, comprises three buildings designed for office, warehouse and light industrial uses. Each is constructed with concrete tilt-up walls, storefront glazing, and metal trellises with flat, wood panelized roofing systems. The largest building, at 284,107 square feet, will feature a 36-foot clear height cross-dock design, while the smaller two will be front-loaded with 28-foot clear heights.

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GSQ GOODYEAR

DEVELOPER: Globe Corporation
GENERAL CONTRACTOR: Ryan Companies
ARCHITECT: Butler Design Group
LOCATION: 15150 W. Park Place & 1860 N. Civic Square, Goodyear
SIZE: 228,629 SF
BROKERAGE FIRM: CBRE
VALUE: $125 million
START/COMPLETION: 4/2021-6/2022
PROJECT DESCRIPTION: GSQ introduces a modern, forward-thinking city hall destination designed to grow with Goodyear. The project features a two-acre civic park surrounded by Class A office building Gen1, a four-level parking structure, library and Goodyear's city hall.

KEHE DISTRIBUTORS BUILD-TO-SUIT

DEVELOPER: Becknell Industrial
GENERAL CONTRACTOR: Becknell Industrial
ARCHITECT: Ware Malcomb
LOCATION: 17510 W. Thomas Road, Goodyear
SIZE: 468,182 SF
BROKERAGE FIRM: Colliers International
VALUE: $68 million
START/COMPLETION: 10/2020-9/2021
SUBCONTRACTORS: AAA Landscape, ABS Floor Covering, ALTA Refrigeration, D.H. Pace, Delta Diversified Enterprises, Diamond Painting, FE Moran, FREEZ Construction, HACI Mechanical Contractors, Indiana Steel Fabricating, Integrated Masonry, Lazzaro Companies, Performance Contracting Inc., Precision Glass & Aluminum, Roofing Southwest, Scott's Diversified Construction, Suntec Concrete, Systems LLC, Western Fence, Western Underground
PROJECT DESCRIPTION: Specialty food provider KeHE Distributors is growing its national footprint into the greater Phoenix market. This state-of-the-art tri-temp facility, which is expandable by 150,000 square feet, contains freezer, cooler and dry storage space.

LOTUS PROJECT PHASE II

DEVELOPER: Conor Commercial Real Estate
GENERAL CONTRACTOR: McShane Construction Company
ARCHITECT: DLR Group
LOCATION: 6575/6636/6685 W. Frye Road, Chandler
SIZE: 292,098 SF
BROKERAGE FIRM: CBRE
VALUE: $45 million
START/COMPLETION: 1/2021-12/2021
SUBCONTRACTORS: Suntec, Structures Group, Pueblo Mechanical & Controls, Denny Clark Masonry, RMJ Electric, Ikon Steel, Specialty Roofing, Redpoint Contracting
PROJECT DESCRIPTION: This centrally located

Class A industrial project with prominent Loop 202 freeway frontage consists of three highly visible industrial building designed for manufacturing, research and development, and technology-centric users. Buildings 5 (144,321 square feet) and 6 (106,875 square feet) will feature 32-foot clear heights, while building 7 (48,786 square feet) offers a 28-foot clear height. All will include dock-high and grade-level doors, ample parking and elevated design elements.

MESA HANGARS AT FALCON FIELD PHASE 1

DEVELOPER: Davcon Companies/Mesa Hangar/Davcon Aviation
GENERAL CONTRACTOR: GCON Inc.
ARCHITECT: ADM Group
LOCATION: 2559 N. Greenfield Road, Mesa
SIZE: 400,000 SF
BROKERAGE FIRM: Leading Edge Real Estate
VALUE: $56 million
START/COMPLETION: 5/2020-7/2021
SUBCONTRACTORS: Arizona Corporate Builders, Riggs Concrete, RMJ, Wall Assemblies, Aspen Interiors, Pueblo Mechanical, Iron Horse, Markham, Carters, Aero, Amber Steel, Arizona Glass and Glazing, Envision, Otis, Recreate, Progressive Roofing, Premier Underground, Reiber, Integra Engineering, Sportsmans Concrete
PROJECT DESCRIPTION: This new aviation development in an Opportunity Zone consists of office space mixed-use hangars that can accommodate various aircraft types, including large business jets and helicopters. Proposed uses for the S-1 occupancy hangars include FBO

operations, corporate aircraft storage, helicopter operations, aircraft maintenance, light aviation manufacturing and assembly, and aerospace industry.

NEW SQUARE CHANDLER

DEVELOPER: Spike Lawrence Ventures/HCW
GENERAL CONTRACTOR: Layton Construction/Crossland (Hilton Garden Inn)
ARCHITECT: Whitneybell Perry
LOCATION: 130/150/180 S. Arizona Ave., Chandler
SIZE: 129,000 SF
BROKERAGE FIRM: Cushman & Wakefield
VALUE: $36 million
START/COMPLETION: 11/2019-12/2020
SUBCONTRACTORS: Progressive Roofing, ResComm Plumbing, BTS Heating and Air, Clayton Flooring, Integrity Electric, Aspen Technology, Precision Glass, European Pavers, Concrete Finishing Professionals, Sigler Controls, Schindler Elevators
PROJECT DESCRIPTION: This multiuse commercial/Class A office development in historic downtown Chandler brings an

impressive list of popular eateries, including DC Steak House, The Stillery and JINYA Ramen Bar, and such notable companies as Great Western Bank and WellSky to the area. The center courtyard stage is equipped with lighting and state-of-the-art sound for concerts and events. The project also includes a 111-room Hilton Garden Inn, and Phase 2 will add luxury multifamily residential.

ORTHO AZ

GENERAL CONTRACTOR: LGE Design Build
ARCHITECT: LGE Design Group
LOCATION: 8405 N. Pima Center Parkway, Scottsdale
SIZE: 50,000 SF
VALUE: $14.3 million
START/COMPLETION: Q1/2020-Q1/2021
SUBCONTRACTORS: Rosendin Electric, Re-Create Masonry, Ace Asphalt, Arc Steel, Milam Glass
PROJECT DESCRIPTION: The two-story workspace is the largest medical office building in the area. It features a surgery center and onsite imaging services. The design is focused on improving efficiency and providing doctors and patients with a convenient and comfortable experience. The contemporary building showcases glass and concrete elements, allowing for plenty of natural light.

PARK CENTRAL RETAIL AND RESTAURANTS

DEVELOPER: Plaza Companies
ARCHITECT: Butler Design Group
LOCATION: 3112 N. Central Ave., Phoenix
SIZE: 6,500 SF
BROKERAGE FIRM: Plaza Companies/Cushman & Wakefield
VALUE: $3.2 million
START/COMPLETION: Q4/2021-Q2/2022
PROJECT DESCRIPTION: The new restaurant and retail buildings will be home to three significant hospitality tenants: Poolboy, a concept to be named later, and a relocated Starbucks with drive-thru access. A midcentury modern design complements the overall aesthetic of the revitalized Park Central development.

PARK LUCERO EAST

DEVELOPER: Artis REIT
GENERAL CONTRACTOR: Willmeng Construction
ARCHITECT: Butler Design Group
LOCATION: 410/430/450 E. Germann Road, Gilbert
SIZE: 562,920 SF
BROKERAGE FIRM: JLL
VALUE: $60 million
START/COMPLETION: Q1/2021-Q2/2022
SUBCONTRACTORS: Kearney Electric, Summit Fire Protection, Universal Piping, Riggs Concrete, Atlas Masonry, Progressive Roofing, Pro-Low Joint Venture
PROJECT DESCRIPTION: This Class A industrial development consists of three buildings along the south Loop 202 with 202 and Germann Road frontage. A joint venture partnership between Artis REIT and Nuveen Real Estate, it is located adjacent to Park Lucero, a multiphase industrial complex.


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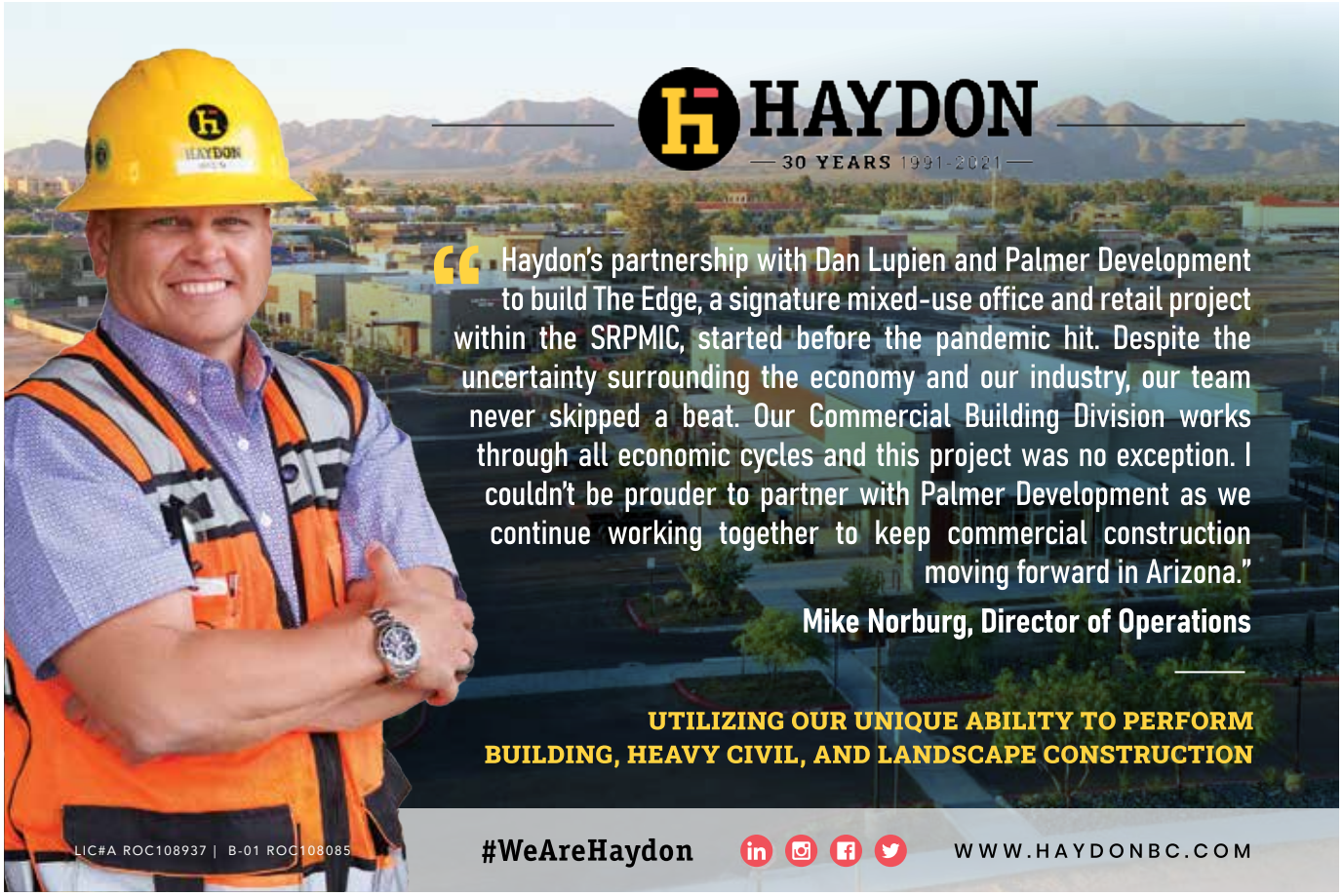
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PARK303 PHASE II

DEVELOPER: Lincoln Property Company
GENERAL CONTRACTOR: Willmeng Construction
ARCHITECT: Butler Design Group
LOCATION: Directly fronting the east side of Loop 303, with buildings spanning the north and south sides of Glendale Avenue
SIZE: 2.2 million SF
BROKERAGE FIRM: Lincoln Property Company
VALUE: $400 million
START/COMPLETION: 9/2021-11/2022
PROJECT DESCRIPTION: Phase II adds four new state-of-the-art industrial buildings to the 210-acre Park303 industrial park. In addition to Class A building features, Phase II includes a health- and wellness-focused outdoor space with sports courts, game areas and shaded dining and barbeque stations for a best-in-class tenant experience. Building amenities include a 40-foot clear height, steel moment frame shear bracing, oversized clerestory windows on all elevations, generous power, ESFR sprinklers, 25-foot-tall glass entries and touchless technology throughout. The site is Foreign Trade Zone capable.

PLC TWO

DEVELOPER: Merit Partners
GENERAL CONTRACTOR: Stevens-Leinweber
ARCHITECT: Ware Malcomb
LOCATION: 1515 S. 91st Ave., Phoenix
SIZE: 481,600 SF
BROKERAGE FIRM: JLL
START/COMPLETION: 12/2020-10/2021
SUBCONTRACTORS: RMJ Electrical, Riggs Companies, Panelized Structures
PROJECT DESCRIPTION: The fully speculative PLC Two is designed for major manufacturing use. Amenities include a 40-foot clear height and generous dock doors, and auto and trailer parking, with all of the efficiencies needed to operate a state-of-the-art warehouse, distribution or manufacturing operation. The building is less than 3 miles from a full-diamond I-10 interchange, less than 30 minutes from Sky Harbor Airport and within a 30-minute drive to 1.9+ million residents.

PROJECT 201: PHX REIMAGINED

(TALKING STICK RESORT ARENA RENOVATIONS)

DEVELOPER: Phoenix Arena Development Limited Partnership
GENERAL CONTRACTOR: Okland Construction
ARCHITECT: Hellmuth, Obata & Kassabaum (HOK)
LOCATION: 201 E. Jefferson St., Phoenix
SIZE: 15,000 SF
VALUE: $10 million
START/COMPLETION: 8/2019-8/2021
SUBCONTRACTORS: Comfort Systems USA Southwest, Climatec, Preferred, Able Balance
PROJECT DESCRIPTION: The Talking Stick Arena renovations enhance the fan experience by creating a modern, open environment with areas that will be used to socialize and enjoy the game experience. Behind-the-scenes infrastructure upgrades, such as HVAC, keep guest comfort in mind. The heart of the arena cooling system was overhauled, including installation of three 1,200-ton Carrier Chillers to maximize efficiency and allow the arena to cut-over to a self-sustaining cooling system.

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SOLLID CABINETRY

GENERAL CONTRACTOR: LGE Design Build
ARCHITECT: LGE Design Group
LOCATION: 2615 E. Germann Road, Chandler
SIZE: 251,000 SF
VALUE: $25.1 million
START/COMPLETION: 4/2020-8/2021
SUBCONTRACTORS: Phoenix Commercial Electric, Hardrock Concrete, TriMega Mech Heating & AC, Sharp Creek Contracting, Jonic Glass
PROJECT DESCRIPTION: This custom cabinetry office, warehouse and manufacturing facility, which is situated on 17 acres, features 50,000 square feet of Class A office space; an expansive two-story lobby with lush finishes; and manufacturing equipment imported from around the world. Equally as impressive is the 4,600-square-foot dust control system from Germany that is enclosed in its own yard and screened with two-story structural steel and a perforated metal skin.

THE GROVE

DEVELOPER: RED Development
GENERAL CONTRACTOR: Okland Construction
ARCHITECT: Nelsen Partners
LOCATION: 4300 E. Camelback Road, Phoenix
SIZE: 750,000 SF
BROKERAGE FIRM: JLL/RED Development
VALUE: $300 million
START/COMPLETION: 3/2021-Q3/2022
SUBCONTRACTORS: Suntec Concrete, Blount, Levake, Sun Valley Masonry, Cutting Edge Fabrication, Progressive Roofing, Airpark Signs, Otis, Irontree Plumbing, Comfort Systems Southwest, JFK Electic, AME Landscape
PROJECT DESCRIPTION: This creative, sophisticated mixed-use campus features 180,000+ square feet of Class AA office space, a boutique hotel by restauranteur Sam Fox, luxury residences and unique upscale dining and retail venues. Guest and tenant perks include VIP valet service, lavish amenities and breathtaking views of Camelback Mountain. The Grove is also home to the new state-of-the-art Phoenix Suns & Mercury training facility.

TOLLESON 107 LOGISTICS CENTER

DEVELOPER: Trammell Crow Arizona Development Inc.
GENERAL CONTRACTOR: Wespac Construction
ARCHITECT: Butler Design Group
LOCATION: 10601 W. Van Buren St., Tolleson
SIZE: 332,160 SF
BROKERAGE FIRM: Cushman & Wakefield
VALUE: $16,204,177
START/COMPLETION: 5/2021-1/2022
SUBCONTRACTORS: DP Electric, Ryan Mechanical, Integrated Masonry, S&S, Riggs, Progressive Roofing
PROJECT DESCRIPTION: This large-scale Class A industrial project comprises logistics and retail space. The cross-dock facility will feature 36-foot clear height, concrete truck courts, four points of access, 52-by-52-foot column spacing with 60-foot speed bays, 266 car parking stalls, 54 trailer parking stalls, 78 dock-high positions, and four grade-level doors.

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VT 303 BUILDING 2

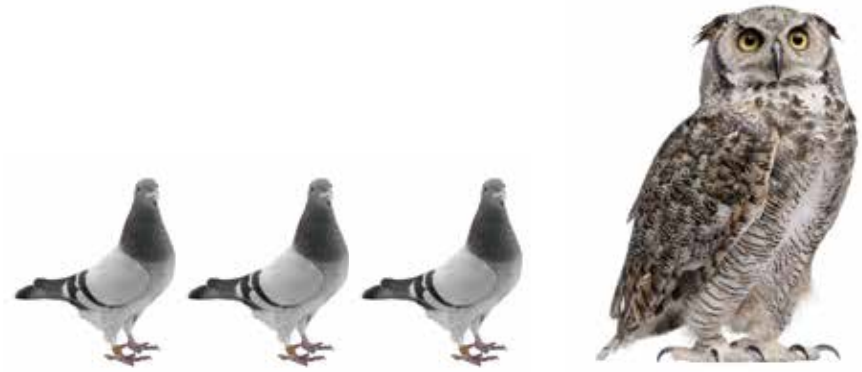
DEVELOPER: VanTrust Real Estate
GENERAL CONTRACTOR: Layton Construction
ARCHITECT: HPA Architects
LOCATION: 6390 N. Alsup Avenue, Glendale
SIZE: 542,974 SF
BROKERAGE FIRM: Cushman & Wakefield
START/COMPLETION: 4/2021-12/2021
SUBCONTRACTORS: Suntec, Gunsight, Castle Steel, Olympic West Fire Protection, Panelized Structures, Ricor, Progressive Roofing, Tekstar, AME Electrical
PROJECT DESCRIPTION: VT 303 Building 2 is a cross-dock structure with a 40-foot clear height, 409 automobile spaces, 216 trailer parking spaces and multiple points of ingress and egress by way of Sarival Road and Alsup Avenue.

VT TUCSON

DEVELOPER: VanTrust Real Estate
GENERAL CONTRACTOR: Catamount Constructors
ARCHITECT: HPA Architects
LOCATION: 3550 E. Corona Road, Tucson
SIZE: 278,670 SF
BROKERAGE FIRM: Cushman & Wakefield/PICOR
START/COMPLETION: 1/2021-8/2021
SUBCONTRACTORS: Markham Contracting, Central AZ Civil Construction, Suntec Concrete, Global Roofing SW, Olympic West Fire, JAX Refrigeration, Sturgeon Electric
PROJECT DESCRIPTION: This cross-dock build-to-suit, situated on 46 acres, features a 36-foot clear height, 454 automobile parking stalls and 392 trailer stalls. Constructed in fewer than eight months, it is VanTrust's first project in Southern Arizona.

VA OUTPATIENT CENTER

DEVELOPER: Phoenix VA LLC
GENERAL CONTRACTOR: Jacobsen Construction Company
ARCHITECT: Hoefer Welker
LOCATION: 400 N. 32nd St., Phoenix
SIZE: 281,543 SF
VALUE: $95 million
START/COMPLETION: Q1/2019-Q4/2021
SUBCONTRACTORS: Graef Construction, Suntec Concrete, Cives Steel Company, TPAC, Harris, Complete Fire Protection, Rosendin Electric, Southwest Integrated Solutions, Pete King Construction, Wholesale Flooring, Stone Finish, Western Millwork, Western Acoustics, DH Pace, Gen3, Walters & Wolf, Sun Valley Masonry, Progressive Roofing, Schindler Elevator, Sunland Asphalt, Keystone Concrete, Chacon Landscaping
PROJECT DESCRIPTION: This Veterans Affairs clinic will offer patients primary care, mental health treatment, radiology services, OB-GYN care, pharmacy services and more, ensuring the best possible care for those who have selflessly served their country. An open office bullpen configuration will enhance collaboration and communication in support of the VA's Patient-Aligned Care Teams initiative. This facility will be one of the VA's largest and busiest clinics, taking more than 500,000 patient visits annually in 360 exam and consult rooms.



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