

# **Commercial Real Estate Brokers Forward Looking Survey Results**

April 2021

Forecast for April 2021 – September 2021

**The Center for Real Estate Theory and Practice**



**ASU Commercial Real Estate Brokers Forward Looking Survey  
Forecast for April 2021 – September 2021**

I can see clearly now the rain is gone.  
I can see all obstacles in my way.  
Gone are the dark clouds that had me blind.  
It's gonna be a bright (bright)  
Bright (bright) sunshiny day.  
It's gonna be a bright (bright)  
Bright (bright) sunshiny day.

*Johnny Nash*

**Background**

The ASU Commercial Real Estate Brokers Forward Looking Survey (“Survey”) has been conducted every six months in October and March for seven and one-half (7 1/2 ) consecutive years (fifteen separate surveys). This report documents the results of the Survey conducted in the last 2 weeks of March 2021 asking respondents their opinions about the commercial real estate market between April 2021 to October 2021. The Survey was sent to over 857 real estate salespersons and brokers who work in all segments and product types of the commercial real estate market. There were 176 responses representing a 20.5% response rate. The purpose of the Survey is to track the perceptions, insights and trends in the Phoenix commercial real estate market. The responses are the forward-looking opinions of the professionals who are in the market every day and know it best.

One objective of the Survey is to seek informed opinion and to hopefully achieve consensus on forward-looking key indicators of the commercial real estate market in the Phoenix metropolitan area. Consensus isn’t always possible, but this does give strong indications of sentiment. It is also difficult to make categorical statements about real estate as segments, locations and quality all have an impact

and therefore in many cases responses are a qualified “It depends”. Each Survey builds on previous Survey results and the information gathered is synthesized chronologically to provide an indication of trends and to identify changes in trends. The following charts indicate answers from all respondents. In addition to the survey, respondents provide comments. Their comments are also included and when combined with survey results give the reader an idea of expectation for the market for the ensuing six (6) months. Both the comments and survey results are anonymous.

## Commentary

Lenin said “*There are decades where nothing happens; then there are weeks where decades happen*”. This certainly holds true for the past year and what a difference a year makes. This time last year the full force of the global pandemic was upon us as was the social unrest that flared after the death of George Floyd. The advice at the time was to be cautious and wait to see what happens. At the time I wrote an article titled “*Sailing in fog without radar*” because the future was cloudy - we did not know where we were going. By October 2020 survey results showed a little more clarity but uncertainty persisted due to political environment and the upcoming presidential election. COVID-19 has impacted people’s lives – socially and economically *some severely and others only as a nuisance*. Some lost their jobs, some only moderately impacted by strained finances due to cutbacks. But some prospered. As a result, the divide between the haves and have nots has widened in recent months and will continue to widen in 2021. This remains a problem. But, as the song “*I Can See Clearly Now*” states - the rain is gone, the dark clouds that blinded us have dissipated and we can see all the obstacles in our way, smooth sailing with the wind to our backs – maybe!

The results of the most recent Survey are not surprising even though the effects of the COVID-19 pandemic on the economy and society remain. The local real estate market in all sectors is improving, good or excellent. The year 2021 ended with optimism because of vaccines and prospects for economy opening up. Phoenix metro area employment and population growth has been very strong, projected to continue as such through 2021. When the survey was conducted in October belief in this reality was evident. The most recent Survey results show a very high level of optimism about the Phoenix market and the overall commercial real estate market. We continued with questions that parse the data on sentiment by product segment (Retail, Office, Industrial and Multi-Family). When asked “*In what direction is the Metro Phoenix Market moving?*” 88% of all respondents said “Up”- 12% higher than in October 2020. When the same question was asked of those who work primarily in the Industrial sector 100% said “Up” as was the response for Multi-family. Even the retail segment 78% of respondents said “Up” a 52% increase from October 2020. A clear indication that sentiment is up across all sectors.

Opinions about where we are in the economic cycle have also changed since the October 2020 surveys. This time last year recession fears had faded to the point only 15% of respondents thought that would occur but only 46% believed the market was in Expansion or

Recovery. In March 2021 only 2% thought through Recession and 74% thought Expanding or Recovery. Overall 88% of respondents thought the market was moving “Up”. The last time it was that high was October 2018.

One interesting outcome was response to the Question: “*Is Uncertainty in the Federal Government affecting commercial Real Estate?*”. Given the divisive nature of politics and the change in administration I thought the answer would have been a high percentage answering “Yes”. Not the case – only 32% answered so, down 27% points from 52% in October 2020. But, when asked how changes in Federal Regulation will affect commercial real estate in the next six (6) months 50% said “Negatively” and only 4% said “Positively”. Obviously there are concerns about the current administrations policies regarding income tax; 1031 Exchanges and environmental regulations.

I believe our diverse economy coupled with excellent economic development programs, low density, relatively affordable business environment and quality open space have made us attractive to shifting demand resilient to economic shocks. My concern is making sure we have an adequate stock of attainable and affordable housing. The housing market, although very good for owners, sellers and investors, is not ideal. Historically low inventory, labor and material costs are making affordability a critical economic concern. When asked what direction the land and housing market was heading 95% of respondents said “Up”. When the same question was asked about the Multi-family market 100% said “Up”. When asked if land prices reached their peak 95% said “No”. The last time it was that high was October 2015. Affordability is a social and economic concern and tight supply with high demand will only cause prices to escalate. When asked if apartment rent will be a concern over the next six (6) months 65% said “Yes” – affordability remains a concern.

We hope this information is not only insightful but useful.

Sincerely

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Director, Center for Real Estate Theory and Practice

\* Some Respondents only answered questions to their specific product type such as Industrial or Retail, while others answered questions about all of the product types. All Respondents answered questions about the Market Overall.

# COMMENTS BY RESPONDENTS

The following are some, not all, of the comments submitted by respondents along with their survey. These are not only interesting but add insight to survey results. All survey responses are anonymous as are the comments. There were many duplicate or substantially similar comments made so some were not included as they did not add to an understanding of respondents' opinion and/or insight. When that was the case, we included one or two that represented the overall opinion or insight. The comments are verbatim.

## **Overall Market**

- Clients are concerned about what changes are in store for 1031 rules
- Industrial is very good, Retail is suffering, multifamily is hot, and office is questionable
- Boom times for the next year
- Phoenix is benefitting from the human flight away from Portland, OR, Seattle, WA, Chicago, IL, Los Angeles, CA, San Francisco, CA, New York, NY.
- I would not want to be anywhere else than Phoenix during this pandemic and beyond!
- The current inflow of new residents is offsetting the loss of office users due to COVID and work-from-home
- Federal policies could be terrible for the industry, however, Arizona on its own will continue to expand
- Retail will probably be relatively resilient for adaptive reuse but office space with higher vacancy and sublease space will take longer to balance
- Fed Regulations are going to depend on what is changed. If EPA is given more authority to place restrictions, this will negatively impact development in the short term.
- Get your shots!
- Adverse federal regulations like negative changes to 1031 rules could have an effect later 2021 and into 2022

## **Office Market**

- The office market is starting to recover from the downturn as a result of the pandemic. Office requirements will shrink in size as companies know they can have some of their workforce work from home
- The market will correct, but it will not crash. This is because we have not overdeveloped

- Small, local, and regional groups are out in the market looking for space, many national groups have put plans for expansion on hold
- 2nd half of the year will be increasingly good for Landlords, next 6 months is a little early to feel the upswing impact
- Many tenants exploring the hybrid work model as full-time, work-from-home does not work for the majority of office tenants
- Healthcare office space is in great demand and will drive up rates for healthcare space
- Plenty of office space available to provide opportunities for tenants. Landlords will not be able to raise rates within 6 months, perhaps toward the end of 2021.
- It is too early to tell about the mid-long-term impact of work-from-home policies. Some positions work really well for work-from-home while others do not.
- Expect to see more hybrid models to bring employees back to offices.

### **Industrial Market**

- It's a super-hot market right now. Little to no inventory in most submarkets.
- Many Californians moving their businesses to Arizona and fleeing California
- Market is on fire by both users of real estate as well as investors
- Average size for industrial transactions will continue to go up, as will land prices and cost of TIs. The new Taiwanese Semiconductor manufacturer will gobble many industrial jobs, making labor scarce and expensive as well
- Hot! Many companies moving to AZ from CA and east coast.
- Vacancy rates are way down throughout the valley, and the sales inventory has drastically decreased in the last 3 months
- I wouldn't use the word "considerable" for spec development. But, we are moving in that direction
- On Fire....
- 2020 was a record year for Phoenix industrial...2021 will be similar based on demographic growth, reshoring of US manufacturing, reliable energy, reasonable regulations, continued growth in eCommerce

### **Retail Market**

- You will see a number of stores close or relocate due to costs and the affects from COVID
- Arizona remains a strong market attracting new regional restaurant groups, dated malls are getting a new life through mixed use

- Positive outlook, but headwinds of inflation in food and energy and new taxes will diminish growth in 2022
- It is important to note that tenant interest is picking back up for sites that are well located here in the hot areas of the Valley
- Cap Rate compression and lender appetite for grocery anchored deals are in the highest desire, whereas things anchored by gyms or entertainment will see the most heartburn over the next few years
- While retail was hit hard with COVID, retailers have adapted to provide additional ways for customers to order, pick up, and interact online
- Some retailers use COVID as an "excuse" to restructure their already unhealthy companies, and will do well coming out of the pandemic
- Shift is away from large power centers and large developments, so small pads on the street with drive-thru's for restaurants and visibility for retailers will be the focus. Convenience is key for the customer.
- With COVID restrictions lifting, expect more restaurants and bars.
- Small businesses need to become marketing savvy to survive.
- New development is landlord market. Phoenix has benefitted from a lack of new construction (especially spec) since 2008
- Housing market is booming which will create demand for retail. Retail follows the roof tops. Until retail gets ahead of the rooftops, I do not see any issues
- Tenant/landlord? depends on the retail product and the location, if 2nd generation restaurant or single tenant drive-thru then it is a landlord market, all other is tenant leverage

### **Multi-Family Housing Market**

- Clients are inundated with calls from prospective residents coming to AZ from Oregon, California, Washington, Illinois, New York. Residents coming to AZ from these areas is intensifying on a daily basis
- Significant renter demand will continue as buying a home will be difficult under \$400k. Strong job growth will continue
- Amazing amount of capital looking to invest in both existing and new construction, absorption and rent growth remain very strong.
- Awesome class A product is being offered at higher finish levels than in past cycles, call it condo quality.
- Higher density product being delivered with somewhat smaller unit sizes to provide a more attractive rental rate.
- These are good times for Phoenix, investors too concerned about politics of the west coast markets and impact on operations.

### **Land/Housing Market**

- A delicate balance currently, Multifamily still buying land in selective areas
- There's too much demand and not enough supply. Municipalities are backlogged with approvals which will continue due to continued COVID guidelines still being implemented at the municipalities
- Concrete and lumber price increases, land owners want more money for their land, they want non-refundable money sooner and are reluctant to give the required time for approvals
- Municipalities are also tightening their development guidelines
- Over time, higher interest rates and materials costs will slow home sales
- The cost of housing will continue to rise. The availability will continue to trail demand. Costs will remain too high to temper either of those situations
- "Single-family for rent" projects will be the hottest sector of the housing market for some time
- The land market for Maricopa and Pinal is still strong and should be as long as rates are low and COVID concerns are mitigated

### **Investment Market**

- With continuous stock market volatility and concern over inflation investors will look to tangible assets like commercial real estate to make investment
- More and more investors are looking at Phoenix as a target market and will continue to do so for the foreseeable future



# THE MARKET OVERALL

Where are we in the cycle?

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Expansion	13%	47%	8%	58%	90%	71%	52%	59%	67%	69%	78%	54%	64%	12%	26%	42%	
Recovery	87%	53%	92%	33%	10%	29%	22%	22%	9%	19%	3%	0%	2%	0%	20%	32%	
Correction	0%	0%	0%	9%	0%	0%	3%	7%	3%	2%	2%	0%	0%	36%	24%	14%	
Maturity	0%	0%	0%	0%	0%	0%	22%	12%	21%	11%	17%	46%	34%	7%	15%	10%	
Recession	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	45%	15%	2%	

In what direction is the metro Phoenix market moving?

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Up	33%	27%	84%	100%	100%	100%	88%	92%	90%	98%	98%	84%	82%	26%	76%	88%	
Down	33%	7%	8%	0%	0%	0%	1%	1%	0%	2%	0%	3%	0%	46%	5%	8%	
Stationary	34%	66%	8%	0%	0%	0%	11%	7%	10%	0%	2%	13%	18%	28%	19%	4%	

Will the number of people who have stopped working or stopped looking for work affect commercial real estate markets?

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Absolutely	20%	87%	92%	36%	27%	29%	43%	41%	25%	24%	17%	8%	20%	66%	46%	36%	
Not At All	0%	13%	8%	9%	64%	64%	25%	42%	50%	56%	61%	65%	62%	7%	17%	38%	
Not Yet, But It Will	80%	0%	0%	55%	9%	7%	32%	17%	25%	20%	22%	27%	18%	27%	37%	26%	

**Are local economic development programs and the real estate markets aligned?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Yes</b>							38%	46%	62%	56%	53%	76%	68%	63%	67%	58%	
<b>No</b>							11%	11%	3%	11%	5%	3%	10%	14%	11%	14%	
<b>Not Yet, but Improving</b>							51%	43%	35%	33%	42%	21%	22%	23%	22%	28%	

**Is uncertainty in the federal government affecting the commercial real estate market and hindering our local growth potential?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Yes</b>		100%	100%	83%	82%	71%	57%	37%	46%	43%	22%	16%	36%	59%	59%	32%	
<b>No</b>		0%	0%	17%	18%	29%	43%	63%	54%	57%	78%	84%	64%	41%	41%	68%	

**How will changes in Federal regulations related to commercial real estate lending affect the market over the next 6 months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Positively</b>							6%	56%	31%	35%	37%	40%	26%	61%	61%	4%	
<b>Negatively</b>							53%	18%	24%	30%	22%	14%	22%	16%	16%	50%	
<b>No Change</b>							41%	26%	45%	35%	41%	46%	52%	23%	23%	46%	

**Where are interest rates for commercial loans headed in the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>	93%	0%	25%	18%	45%	36%	48%	81%	52%	85%	83%	19%	4%	18%	7%	62%	
<b>Down</b>	7%	21%	0%	0%	0%	0%	1%	1%	2%	2%	2%	5%	34%	43%	8%	2%	
<b>Stationary</b>	0%	79%	75%	82%	55%	64%	51%	18%	46%	13%	15%	76%	62%	39%	85%	36%	

**Where are investor returns headed in the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>	20%	7%	0%	6%	55%	36%	26%	19%	21%	20%	19%	30%	24%	23%	15%	20%	
<b>Down</b>	47%	14%	8%	13%	9%	14%	23%	29%	22%	33%	24%	16%	22%	57%	35%	38%	
<b>Stationary</b>	33%	79%	92%	81%	36%	50%	51%	52%	57%	46%	57%	54%	54%	20%	50%	42%	

**Has cap rate compression helped effect gains in core real estate values over the past six months (October 2019 – March 2020)?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Yes</b>	60%	80%	100%	100%	100%	86%	86%	75%	75%	76%	73%	78%	78%	84%	65%	84%	
<b>No</b>	20%	20%	0%	0%	0%	14%	14%	25%	25%	24%	27%	22%	22%	16%	35%	16%	
<b>No Opinion</b>	20%																

**Will cap rate compression continue in the next 6 months (April 2020 – September 2020)?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Yes</b>	53%	21%	50%	73%	55%	50%	45%	48%	48%	54%	53%	57%	78%	21%	59%	58%	
<b>No</b>	47%	79%	50%	27%	45%	50%	55%	52%	52%	46%	47%	43%	22%	79%	41%	42%	

**What is the overall feeling about the metro Phoenix commercial real estate market?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Optimistic</b>		100%	100%	100%	100%	100%	94%	97%	98%	98%	98%	100%	96%	68%	98%	96%	
<b>Pessimistic</b>		0%	0%	0%	0%	0%	6%	3%	2%	2%	2%	0%	4%	32%	2%	4%	

# OFFICE MARKET

In what direction is the Metro Phoenix Office Market moving?

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Up															19%	45%	
Down															48%	29%	
Stationary															33%	26%	




Where are office vacancy rates headed in the next six months?

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Up	0%	0%	18%	0%	9%	0%	5%	0%	3%	5%	4%	10%	9%	79%	82%	58%	
Down	67%	21%	73%	73%	64%	79%	75%	84%	82%	75%	79%	43%	74%	4%	11%	19%	
Stationary	27%	79%	9%	27%	27%	21%	20%	16%	15%	20%	17%	47%	17%	17%	7%	23%	
No Response	6%																

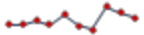


Where are Class A office vacancy rates headed in the next six months?

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Up							14%	4%	13%	9%	4%	35%	5%	66%	56%	61%	
Down							65%	77%	67%	74%	79%	45%	65%	17%	19%	19%	
Stationary							21%	19%	20%	16%	17%	20%	30%	17%	25%	20%	

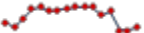


**Where are Class B office vacancy rates headed in the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>							14%	2%	10%	5%	13%	10%	13%	79%	56%	55%	
<b>Down</b>							68%	82%	72%	75%	65%	57%	78%	4%	26%	23%	
<b>Stationary</b>							18%	16%	18%	20%	22%	33%	9%	17%	18%	22%	




**Where are Class C office vacancy rates headed in the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>							20%	22%	33%	21%	52%	19%	5%	79%	59%	42%	
<b>Down</b>							30%	29%	15%	29%	4%	19%	30%	0%	11%	23%	
<b>Stationary</b>							50%	49%	52%	50%	44%	62%	65%	21%	30%	35%	

**Where are office rents headed in the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>	33%	15%	42%	75%	82%	71%	72%	78%	85%	84%	82%	57%	70%	4%	4%	16%	
<b>Down</b>	7%	0%	16%	0%	0%	0%	0%	0%	3%	0%	0%	0%	0%	54%	63%	32%	
<b>Stationary</b>	47%	85%	42%	25%	18%	29%	28%	22%	12%	16%	18%	43%	30%	42%	33%	52%	
<b>No Response</b>	13%																

**Where are Class A office rents headed in the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>							80%	83%	77%	84%	82%	81%	70%	4%	7%	6%	
<b>Down</b>							0%	0%	0%	0%	0%	0%	0%	50%	67%	29%	
<b>Stationary</b>							20%	17%	23%	16%	18%	19%	30%	46%	26%	65%	

**Where are Class B office rents headed in the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>							68%	77%	77%	77%	52%	62%	78%	0%	11%	10%	
<b>Down</b>							4%	4%	3%	0%	5%	0%	0%	63%	74%	45%	
<b>Stationary</b>							28%	19%	20%	23%	43%	38%	22%	37%	15%	45%	

**Where are Class C office rents headed in the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>							25%	29%	18%	40%	9%	19%	52%	0%	0%	6%	
<b>Down</b>							16%	8%	10%	16%	22%	14%	4%	63%	82%	52%	
<b>Stationary</b>							59%	63%	72%	44%	69%	67%	44%	37%	18%	42%	

**Is this a tenant or landlord office market?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Tenant</b>		93%	92%	82%	70%	71%	38%	37%	30%	20%	13%	19%	35%	79%	89%	74%	
<b>Landlord</b>		7%	8%	18%	30%	29%	62%	63%	70%	80%	87%	81%	65%	21%	11%	26%	

**Will we see more Office Spec Development in the next 6 months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Yes</b>							70%	70%	77%	75%	91%	76%	87%	13%	26%	29%	
<b>No</b>							30%	30%	23%	25%	9%	24%	13%	87%	74%	71%	

How will the amount of available shadow space change in the next 6 months?

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Increase							27%	22%	31%	25%	9%	48%	26%	79%	78%	61%	
Decrease							39%	37%	26%	23%	43%	24%	22%	8%	0%	16%	
No Change							34%	41%	43%	52%	48%	28%	52%	13%	22%	23%	

## INDUSTRIAL MARKET

In what direction is the Metro Phoenix Industrial Market heading?

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Up															91%	100%	
Down															0%	0%	
Stationary															9%	0%	

Where are big box industrial vacancy rates headed in the next six months?

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Up	33%	14%	0%	0%	0%	21%	14%	10%	17%	30%	20%	26%	36%	35%	22%	7%	
Down	27%	7%	58%	36%	40%	58%	50%	71%	63%	41%	48%	42%	48%	22%	59%	63%	
Stationary	27%	79%	42%	64%	60%	21%	36%	19%	20%	30%	32%	32%	16%	43%	19%	30%	
No Response	13%																

**Where are big box industrial rents headed in the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>	13%	7%	9%	0%	0%	36%	27%	48%	54%	54%	48%	37%	68%	4%	72%	85%	
<b>Down</b>	27%	13%	36%	8%	30%	7%	5%	7%	0%	0%	4%	5%	0%	61%	0%	0%	
<b>Stationary</b>	47%	80%	55%	92%	70%	57%	68%	45%	46%	46%	48%	58%	32%	35%	28%	15%	
<b>No Response</b>	13%																

**Is this a tenant or landlord industrial market?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Tenant</b>		100%	83%	73%	64%	57%	82%	48%	67%	37%	52%	63%	32%	61%	31%	30%	
<b>Landlord</b>		0%	17%	27%	36%	43%	18%	52%	33%	63%	48%	37%	68%	39%	69%	70%	

**Will we see considerable Spec Development in the industrial market over the next 6 months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Yes</b>							32%	63%	46%	89%	76%	79%	96%	44%	81%	89%	
<b>No</b>							68%	37%	54%	11%	24%	21%	4%	56%	19%	11%	

## RETAIL MARKET

**In what direction is the Metro Phoenix Retail Market heading?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>															26%	78%	
<b>Down</b>															30%	0%	
<b>Stationary</b>															44%	22%	



**Where are retail vacancy rates headed in the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>	13%	50%	0%	27%	9%	29%	0%	13%	24%	21%	16%	30%	19%	92%	66%	22%	
<b>Down</b>	61%	7%	64%	46%	55%	42%	75%	56%	64%	36%	58%	41%	31%	4%	17%	30%	
<b>Stationary</b>	13%	43%	36%	27%	36%	29%	25%	31%	12%	43%	26%	29%	50%	4%	17%	48%	
<b>No Response</b>	13%																

**Where are retail — anchored center rents headed in the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>	47%	20%	42%	45%	80%	64%	50%	48%	36%	38%	52%	41%	25%	11%	9%	44%	
<b>Down</b>	7%	20%	16%	0%	10%	0%	0%	11%	7%	17%	6%	11%	0%	67%	39%	4%	
<b>Stationary</b>	33%	60%	42%	55%	10%	36%	50%	41%	57%	45%	42%	48%	75%	22%	52%	52%	
<b>No Response</b>	13%																

**Where are retail - unanchored center rents headed in the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>	27%	18%	0%	9%	28%	36%	0%	27%	33%	34%	29%	22%	25%	7%	22%	13%	
<b>Down</b>	13%	0%	42%	55%	36%	7%	25%	19%	31%	30%	19%	26%	25%	74%	61%	26%	
<b>Stationary</b>	47%	82%	58%	36%	36%	57%	75%	54%	36%	36%	52%	52%	50%	19%	17%	61%	
<b>No Response</b>	13%																

**Where are retail — big box (over 25K square feet) rents headed in the next 6 months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>	13%	8%	0%	0%	10%	21%	50%	14%	5%	9%	20%	7%	13%	7%	0%	9%	
<b>Down</b>	7%	46%	25%	70%	60%	29%	25%	30%	45%	47%	32%	41%	37%	74%	65%	26%	
<b>Stationary</b>	67%	46%	75%	30%	30%	50%	25%	56%	50%	45%	48%	52%	50%	19%	35%	65%	
<b>No Response</b>	13%																

**Is this a tenant or landlord retail market?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Tenant</b>		100%	100%	100%	80%	79%	75%	44%	48%	55%	48%	67%	44%	85%	100%	61%	
<b>Landlord</b>		0%	0%	0%	20%	21%	25%	56%	52%	45%	52%	33%	56%	15%	0%	39%	

**Will we see an increase/decrease in Big Box Absorption over the next 6 months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Increase</b>							50%	49%	33%	34%	42%	52%	37%	0%	13%	44%	
<b>Decrease</b>							25%	24%	23%	34%	29%	19%	25%	89%	65%	26%	
<b>No Change</b>							25%	27%	44%	32%	29%	29%	38%	11%	22%	30%	

# MULTIFAMILY MARKET

In what direction is the Metro Phoenix Multi-Family Market heading?

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Up															87%	100%	
Down															0%	0%	
Stationary															13%	0%	

Where are apartment vacancy rates headed in the next six months?

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Up	34%	20%	36%	18%	0%	29%	0%	22%	22%	33%	33%	14%	10%	100%	13%	7%	
Down	0%	40%	28%	10%	20%	14%	14%	11%	11%	33%	33%	29%	40%	0%	53%	57%	
Stationary	53%	40%	36%	72%	80%	57%	86%	67%	67%	34%	34%	57%	50%	0%	34%	36%	
No Response	13%																

Where are Class A apartment vacancy rates headed in the next six months?

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Up							29%	67%	56%	42%	33%	14%	50%	68%	33%	29%	
Down							14%	0%	11%	25%	0%	43%	10%	16%	47%	42%	
Stationary							57%	33%	33%	33%	67%	43%	40%	16%	20%	29%	

**Where are Class B apartment vacancy rates headed in the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>							14%	11%	22%	0%	0%	42%	10%	67%	27%	7%	
<b>Down</b>							29%	22%	33%	50%	33%	29%	40%	0%	40%	64%	
<b>Stationary</b>							57%	67%	45%	50%	67%	29%	50%	33%	33%	29%	

**Where are Class C apartment vacancy rates headed in the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>							14%	11%	22%	0%	0%	14%	10%	50%	40%	7%	
<b>Down</b>							43%	44%	45%	33%	33%	43%	50%	33%	47%	71%	
<b>Stationary</b>							43%	45%	33%	67%	67%	43%	40%	17%	13%	22%	



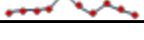
**Where are apartment rents headed in the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>	34%	0%	45%	75%	50%	43%	100%	67%	67%	58%	33%	71%	70%	0%	73%	100%	
<b>Down</b>	0%	13%	0%	8%	0%	7%	0%	0%	0%	8%	0%	0%	0%	50%	7%	0%	
<b>Stationary</b>	53%	87%	55%	17%	50%	50%	0%	33%	33%	33%	67%	29%	30%	50%	20%	0%	
<b>No Response</b>	13%																


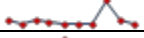

**Where are Class A apartment rents headed in the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>							29%	33%	11%	25%	33%	14%	50%	0%	40%	57%	
<b>Down</b>							0%	33%	33%	25%	33%	14%	10%	67%	33%	0%	
<b>Stationary</b>							71%	34%	56%	50%	34%	72%	40%	33%	27%	43%	


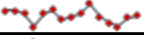

**Where are Class B apartment rents headed in the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>							86%	78%	78%	58%	0%	43%	90%	0%	67%	93%	
<b>Down</b>							0%	0%	0%	8%	0%	14%	0%	50%	7%	0%	
<b>Stationary</b>							14%	22%	22%	33%	100%	43%	10%	50%	26%	7%	


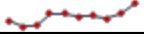
**Where are Class C apartment rents headed in the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Up</b>							86%	100%	88%	50%	33%	43%	100%	16%	67%	86%	
<b>Down</b>							14%	0%	12%	8%	0%	0%	0%	68%	13%	0%	
<b>Stationary</b>							0%	0%	0%	42%	67%	57%	0%	16%	20%	14%	

**Which multifamily property class will realize the greatest rent growth over the next six months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Class A</b>		33%	25%	9%	0%	36%	0%	0%	12%	17%	0%	0%	10%	67%	13%	14%	
<b>Class B</b>		67%	67%	58%	0%	57%	71%	33%	44%	58%	100%	43%	20%	0%	40%	50%	
<b>Class C</b>		0%	8%	33%	100%	7%	29%	67%	44%	25%	0%	57%	70%	33%	47%	36%	

**Have apartment rents for newly constructed projects reached their peak given the current market conditions?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Yes</b>							57%	78%	75%	33%	33%	43%	40%	50%	33%	0%	
<b>No</b>							43%	22%	25%	67%	67%	57%	60%	50%	67%	100%	

**Will the availability of labor be an issue in the development of Apartment projects over the next 6 months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Yes							100%	78%	100%	100%	100%	100%	80%	50%	67%	93%	
No							0%	22%	0%	0%	0%	0%	20%	50%	33%	7%	

**How much has the cost of materials impacted rental rates?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Significantly							29%	0%	67%	42%	33%	29%	30%	50%	40%	36%	
Somewhat							57%	78%	33%	58%	67%	57%	70%	50%	40%	50%	
Not At All							14%	22%	0%	0%	0%	14%	0%	0%	20%	14%	

**Will apartment affordability be a concern over the next 6 months?**

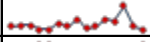

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Yes							57%	55%	67%	75%	67%	71%	60%	67%	67%	65%	
No							43%	45%	33%	25%	33%	29%	40%	33%	33%	35%	

## LAND/HOUSING MARKET



**In what direction is the Metro Phoenix Land/Housing Market heading?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Up															94%	95%	
Down															0%	0%	
Stationary															6%	5%	



**Have land prices reached their peak?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Yes		14%	18%	18%	6%	7%	22%	14%	33%	10%	14%	33%	27%	71%	13%	5%	
No		86%	82%	82%	94%	93%	78%	86%	67%	90%	86%	67%	73%	29%	87%	95%	



**Have homebuilders stopped buying land?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Yes		0%	9%	17%	10%	21%	0%	0%	0%	0%	0%	0%	0%	29%	0%	5%	
No		100%	91%	83%	90%	79%	100%	100%	100%	100%	100%	100%	100%	71%	100%	95%	

**Are homebuilders backing out of land deals?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Yes		93%	100%	33%	82%	43%	67%	69%	50%	29%	32%	43%	50%	86%	6%	5%	
No		7%	0%	67%	18%	57%	33%	31%	50%	71%	68%	57%	50%	14%	94%	95%	

**Is the tight inventory for homes on the market affecting the commercial side at all?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Yes	40%	33%	50%	45%	27%	42%	22%	54%	27%	48%	40%	45%	82%	58%	56%	75%	
No	13%	40%	50%	10%	55%	29%	78%	46%	73%	52%	60%	55%	18%	42%	44%	25%	
Not Yet, But It Will	40%	27%	0%	45%	18%	29%											
No Response	7%																

**Will the difficulty for buyers to qualify and get financing have a great impact on homebuilding over the next 6 months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Yes							33%	64%	28%	19%	32%	33%	27%	71%	6%	35%	
No							67%	36%	72%	81%	68%	67%	73%	29%	94%	65%	

**What will have the greatest impact on homebuilding over the next 6 months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Land Prices							0%	0%	0%	0%	5%	11%	0%	14%	14%	10%	
Labor Costs							33%	21%	17%	19%	23%	11%	37%	0%	0%	5%	
Material Costs							0%	0%	6%	19%	9%	22%	9%	0%	0%	30%	
All of the Above							67%	79%	77%	62%	63%	56%	54%	86%	86%	55%	

## INVESTMENT MARKET

**In what direction is the Metro Phoenix Investment Market heading?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
Up															59%	100%	
Down															6%	0%	
Stationary															35%	0%	



**Will the flow of investment capital into the Phoenix market grow over the next 6 months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Increase</b>							29%	60%	46%	67%	70%	100%	69%	14%	76%	90%	
<b>Decrease</b>							6%	0%	8%	0%	0%	0%	0%	72%	6%	0%	
<b>Stay the Same</b>							65%	40%	46%	33%	30%	0%	31%	14%	18%	10%	

**Where is the capital investment emphasis heading to over the next 6 months?**

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	Trends
<b>Tier 1 Markets</b>							63%	43%	20%	10%	40%	0%	19%	42%	35%	50%	
<b>Tier 2 Markets</b>							37%	57%	80%	90%	50%	100%	81%	58%	65%	50%	
<b>Tier 3 Markets</b>							0%	0%	0%	0%	10%	0%	0%	0%	0%	0%	