

Commercial Real Estate Brokers Forward Looking Survey Results

October 2021

Forecast for October 2021 – March 2022

The Center for Real Estate Theory and Practice

**ASU Commercial Real Estate Brokers Forward Looking Survey
Forecast for October 2021 – March 2022**

The world is not black and white; there are lots of shades of grey. There are good things and bad things in every era, and I think it is kind of very blindfolded to say one era was wonderful, as it was wonderful, but there were a lot of bad things as well.

Iris Apfol

Background

The ASU Commercial Real Estate Brokers Forward Looking Survey (“Survey”) has been conducted every six months in April and October for eight (8) consecutive years (sixteen separate surveys). This report documents the results of the Survey conducted in the first 2 weeks of October 2021 asking respondents their opinions about the commercial real estate market between October 2021 to April 2022. The Survey was sent to over 900 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. The results are shared and discussed with a small, select group of senior professionals referred to as the “Forum”. The Forum members and their comments are kept confidential so they can speak freely. These discussions are used to interpret the survey results and provide an understanding for the responses.

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

The current and projected sentiment can be summed up by this statement made by a respondent: *“We are in the midst of a historic growth period in the Metro Commercial Real estate market. I have not experienced this type of development and construction in my 40-year career”*. The past 10 months have been some of the best for most segments of the local real estate market. The recovery from impact of the COVID-19 pandemic began at in Q1/21 and resulted in substantial job growth. Some segments were already functioning at a high level as a result of COVID-19 which accelerated threads already underway. Industrial sector is the “poster child” for this phenomenon- online buying increased substantially driving demand for fulfillment and warehousing space. But, as the quote above states – there are good things and bad things in every era. COVID -19 has also caused significant negative impact from which Metro Phoenix has not, as of this writing, fully recovered. It also caused problems with global supply chains resulting in delays and increased costs. Again, these conditions existed prior to COVID-19 but were made much worse because of the effect it has had on the globe. The advice given this time last year was to be cautious and wait to see what happens. The October 2020 survey results showed a little more clarity but uncertainty persisted due to political environment and the upcoming presidential election. COVID-19 impacted people’s lives – socially and economically *some severely and others only as a nuisance*. There are winners and losers in these good times however. It is not black and white – there are defiantly shades of grey. Things are good for those of us in the business of real estate and as the survey results show, these good times are likely to continue well into 2022. But, there are losers as a result of historic price increases in house sales prices and rent that are directly related to the rapid economic expansion and supply chain constraints. Affordability is a real concern. The comments made by Forum members reflect this concern. As it is wonderful, but there are a lot of potentially bad things too and as a market we need to deal with these or risk “killing the goose” of affordability that has helped drive our economic good times.

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. It will be interesting to see how the newest variant impacts opinion in March 2022. The local real estate market in all sectors is improving, good or excellent. The year 2021 will end with a lot of optimism. Phoenix metro area employment and population growth has remained very strong and is projected to continue as such through 2022. The most recent Survey results continue to 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) and added a few new questions to better

understand individual product segments. When asked “*In what direction is the Metro Phoenix Market moving?*” - 95% of all respondents said “Up” which is 7% points higher than March – a clear indication of current confidence in the market. This sentiment is up across all sectors even retail. One respondent commented: “*The market is very hot right now. I do about 50% landlord rep and the other tenant rep. We are signing several leases a week and have a lot of activity on our PADs*”.

Opinions about where we are in the economic cycle have also changed since March 2021 surveys. Sixty Six (66%) of respondents said the market is in an Expansion mode up 24 percentage points from 44%. Those who believed the market was in a Correction mode dropped from 14% to only 3%.

Given inflation and concerns about increasing inflation it was interesting to note response to the question: Where are interest rates on commercial loans headed in the next six months?, 62% said stationary up from 36% in March and 38% said up, which was down from 62% in March – a complete reversal of sentiment. No respondent said “down”.

Concerns about Federal regulation persist and have increased slightly. When asked “*Is Uncertainty in the Federal Government affecting commercial Real Estate?*” There was a 16% increase in respondents answering “Yes”. When asked how changes in Federal Regulation will affect commercial real estate in the next six (6) months 62% said “Negatively” up from 50% in March.

Things are good for those in the commercial real estate business. Our local economy is strong and growing at historic rates. Forum members did express strong concerns about affordability and the potential impacts on continued economic expansion. That is the downside of this rapid expansion – it is hard for some sectors of the economy and certainly the community to respond at equal rates. Affordable housing and wage growth can’t keep up with price and rent growth. There are certainly shades of grey associated with our current and projected local market.

We hope this information is not only insightful but useful.

Sincerely

Mark Stapp
Fred E. Taylor Professor of Real Estate
Executive Director, Master of Real Estate Development
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

- Though I answered that the overall market was expansive, there are obvious issues with the office sector and the anchor tenant implosion in the retail sector.
- Job growth in Phoenix will continue to fuel certain CRE markets in Phoenix.
- Artificially low interest rates, created by the Federal Reserve's continued buying of treasuries and MBS, will continue to fuel investor demand.
- Arizona's outstanding fiscal position will continue to attract new employment.
- The amount of people moving here and the number of graduates will offset those who quit looking for work.
- Individual state's inept leadership will keep users locating to Phoenix as long as we don't follow suit with California, Oregon, Washington and Illinois. Keep the course going as it is and we will prosper. Follow them and it will die.
- Phoenix is in a great spot, perfect storm for now.
- This market is unique for a number of reasons but with the influx of new people moving into our suburbs continue to build outward it creates a ton of opportunity for continued growth for several years and delaying a possible decline.
- Another good year ahead.
- No top of the market yet in sight.
- Phoenix Metro Market is going up but if it is not well rated, it will collapse
- Things are really upside down in DC, and liberal run states and this is driving our market as bright common-sense people move their families and businesses here.
- The 40 million-person marketplace is logistically close which is an advantage so long as we don't get Woke and liberal I believe we are headed for continued growth.
- We are in the midst of a historic growth period in the Metro Commercial Real estate market. I have not experienced this type of development and construction in my 40-year career

Office Market

- Office activity continues to pick up. Both tenant's expanding in the market and new to the market are focused on Class A space with lots of amenities.
- Employers are struggling to get employees to come back to the office and are using high end office space with high end amenities to help get people back.
- Many companies from other markets are continuing to look at relocating to Phoenix and we anticipate this to only increase in the coming months and years.
- Phoenix is going to continue to see momentum as companies and individuals continue to move here. Net new population is the driver here and we have a long runway unlike many other markets.
- Large floor plate office buildings in the Sky Harbor Airport area and along the I10 (Tempe) will struggle to fill their vacancies.
- The East Valley office market will suffer from the mass exodus of corporate office users to satellite offices in secondary and tertiary markets. I'm seeing it myself in the West Valley; tons of corporate clients trading in their 30,000 square foot office into a 5,000 square foot satellite.
- 2022 should be an interesting year for the Office Market. We have watched as current Tenant's stalled on their space requirement, eventually shrinking their original footprint and signing for shorter term deals.
- With employees set to return to their physical office space throughout 2022, we hope to start seeing a rebound in market vacancy and absorption.
- In general, tenants are downsizing, but moving into higher quality space not because of lower rental rate pricing, but in order to incentivize and encourage their employees to return to the office.

Industrial Market

- We are seeing record breaking new construction but also record-breaking absorption. Combination of expanding tenants and a LOT of inbound new demand from coastal cities, and manufacturing companies based abroad who want a US-based presence.
- Best market I have seen in my 35-year career
- Phoenix is on fire right now and I expect that it will continue for some time. The liberal run states are our best cheerleaders but we need to keep AZ red or we will suffer their same dilemma.
- Future is so bright, got to wear shades! :)
- The absorption is at incredible levels due to our business-friendly environment, the amount of people moving here, the graduates from our universities staying here and affordability. There is a lot of runway in the windshield.
- Historic leasing interest from out of state companies... Especially in the West Valley and far East Valley.

- It's a golden age for the industrial supply chain industry.... we are humble surfers riding the logistics wave!!!!

Retail Market

- The biggest problem is building costs, box retailers understand and may pay a bit more rent, but will not stretch to make deals. They will just stay with their existing locations
- As far as the last question it is pretty equal. We have a lot of new tenants to the market as well as expansions.
- The market is very hot right now. I do about 50% landlord rep and the other tenant rep. We are signing several leases a week and have a lot of activity on our PADs.
- It is a healthy market for better properties. B & C properties will still see some pain, and possibly transition into alternative uses.
- Recent transactions are really both new and existing tenants moving into area.
- Cost of construction is fueling Ground Lease transactions and suppressing exit CAP rates.
- Retail space demand is being driven by the strong performance of existing retailers in Arizona store base.
- Very stable. Tons of pads being sold and ground leased.
- The retail market is the best I've seen it since starting in 2012. While this is a robust "Super Cycle" the bottle neck to fulfill demand has been Construction Costs and Supply Chain.
- For existing businesses that want to expand, their hurdles are not having enough quality staff to support growth. Also, time to get plans through the city has screwed up how to forecast a Tenant's time needed to get open.
- Class A & B retail will continue to be competitive and have rising rental rates where class C will see itself re-developed, potentially into a different asset class such as multi-family. This will essentially "cut the fat" from the over building that happened in the past. Retail is not dying, but evolving.
- Due to the uncertainty with the Delta variant of Covid-19 things will stay unchanged until such time as the virus is viewed as subsiding.
- Retail is not dead; it is changing but growing at a steady pace.
- Drive-thru retailers have adapted to the new normal. Cities have not adjusted their restrictions on drive-thru pads in shopping centers. They continue to make it difficult for retailers to expand. City process is extremely slow. This impedes the speed of opening for those trying to expand.
- Labor shortages should "fix" themselves when enhanced unemployment benefits stop. Supply chain issues will remain for a while.

Multi-Family Housing Market

- Depends on the submarkets. Large BTR will affect any new garden style projects coming online but not necessarily mid to high rise projects. Those will be more boutique infill deals and will not play a large factor in affecting absorption or rental rates.
- Strong market conditions for the next 6 months.
- The Phoenix MF market is positioned for significant continued rental growth and absorption. Buying a home is even more difficult due to price increases and borrowing requirements of buyers. These are exceptional times.

Land/Housing Market






- You need to expand on the possible answers to some of the questions or rephrase the questions themselves. There are so many varying factors that influence land, homebuilding, and sales that a simple survey with vanilla questions and limited options with which to answer, renders the survey
- Shaky and more suited for a headline to grab click bait.
- Interest rates will be the large factor effecting housing sales
- 2022 should continue the solid housing market - builders can't keep up with demand - rising interest rates may slow things a bit
- BTR is going to impact traditional garden style. Boutique infill BTR will not significantly impact mid-high-rise MF.
- There are too many builders, developers and investors that are chasing too few deals in the marketplace. Homebuilders are having a challenge buying new unentitled land subject to zoning, preliminary plat and final engineered plat approvals.
- It's hard for homebuilders to make the economics work on any parcel. Land comps do not justify new land prices. It's getting harder to get approvals from the municipalities. The municipalities are still
- Slow to grant approvals. Our current administration isn't helping matters on current supply chains. There's too much demand and little supply for the new and resale home-buying market place. One thing that our administration could do to help first time homebuyers that have college debt would be
- to reduce or eliminate the interest rate. Also make the college debt not be an indicator for lenders to use as credit approvals. This would help stimulate a fairly large section of first-time homebuyers.
- The land market is still very active. Cities like Coolidge, Casa Grande, Eloy, Maricopa are seeing a lot of growth, no top of the market yet in sight

Investment Market




- Investors will continue to deploy capital into markets like Phoenix which they deem to be in sustainable growth patterns. In addition, certain investors who are chasing yield will look harder at secondary and maybe tertiary markets to mitigate the risk of losing bids in highly competitive
- markets.
- Growth Cities will capture more investment capital and being positioned adjacent to S. California and Oregon/WA we should continue to receive significant investment capital for some time to come
- Strong capital flows, new buyers to the market, steady availability of debt.

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	10/21	Trends
Expansion	13%	47%	8%	58%	90%	71%	52%	59%	67%	69%	78%	54%	64%	12%	26%	42%	66%	
Recovery	87%	53%	92%	33%	10%	29%	22%	22%	9%	19%	3%	0%	2%	0%	20%	32%	21%	
Correction	0%	0%	0%	9%	0%	0%	3%	7%	3%	2%	2%	0%	0%	36%	24%	14%	3%	
Maturity	0%	0%	0%	0%	0%	0%	22%	12%	21%	11%	17%	46%	34%	7%	15%	10%	7%	
Recession	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%	45%	15%	2%	3%	

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	10/21	Trends
Up	33%	27%	84%	100%	100%	100%	88%	92%	90%	98%	98%	84%	82%	26%	76%	88%	95%	
Down	33%	7%	8%	0%	0%	0%	1%	1%	0%	2%	0%	3%	0%	46%	5%	8%	0%	
Stationary	34%	66%	8%	0%	0%	0%	11%	7%	10%	0%	2%	13%	18%	28%	19%	4%	5%	

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

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	10/21	Trends
Yes							38%	46%	62%	56%	53%	76%	68%	63%	67%	58%	57%	
No							11%	11%	3%	11%	5%	3%	10%	14%	11%	14%	10%	
Not Yet, but Improving							51%	43%	35%	33%	42%	21%	22%	23%	22%	28%	33%	

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	10/21	Trends
Yes		100%	100%	83%	82%	71%	57%	37%	46%	43%	22%	16%	36%	59%	59%	32%	48%	
No		0%	0%	17%	18%	29%	43%	63%	54%	57%	78%	84%	64%	41%	41%	68%	52%	

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	10/21	Trends
Positively							6%	56%	31%	35%	37%	40%	26%	61%	61%	4%	2%	
Negatively							53%	18%	24%	30%	22%	14%	22%	16%	16%	50%	62%	
No Change							41%	26%	45%	35%	41%	46%	52%	23%	23%	46%	36%	

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	10/21	Trends
Up	93%	0%	25%	18%	45%	36%	48%	81%	52%	85%	83%	19%	4%	18%	7%	62%	38%	
Down	7%	21%	0%	0%	0%	0%	1%	1%	2%	2%	2%	5%	34%	43%	8%	2%	0%	
Stationary	0%	79%	75%	82%	55%	64%	51%	18%	46%	13%	15%	76%	62%	39%	85%	36%	62%	

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	10/21	Trends
Up	20%	7%	0%	6%	55%	36%	26%	19%	21%	20%	19%	30%	24%	23%	15%	20%	40%	
Down	47%	14%	8%	13%	9%	14%	23%	29%	22%	33%	24%	16%	22%	57%	35%	38%	24%	
Stationary	33%	79%	92%	81%	36%	50%	51%	52%	57%	46%	57%	54%	54%	20%	50%	42%	36%	

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	10/21	Trends
Optimistic		100%	100%	100%	100%	100%	94%	97%	98%	98%	98%	100%	96%	68%	98%	96%	95%	
Pessimistic		0%	0%	0%	0%	0%	6%	3%	2%	2%	2%	0%	4%	32%	2%	4%	5%	

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	10/21	Trends
Up															19%	45%	42%	
Down															48%	29%	25%	
Stationary															33%	26%	33%	

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	10/21	Trends
Up							14%	4%	13%	9%	4%	35%	5%	66%	56%	61%	33%	
Down							65%	77%	67%	74%	79%	45%	65%	17%	19%	19%	30%	
Stationary							21%	19%	20%	16%	17%	20%	30%	17%	25%	20%	37%	

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	10/21	Trends
Up							14%	2%	10%	5%	13%	10%	13%	79%	56%	55%	42%	
Down							68%	82%	72%	75%	65%	57%	78%	4%	26%	23%	25%	
Stationary							18%	16%	18%	20%	22%	33%	9%	17%	18%	22%	33%	




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	10/21	Trends
Up							20%	22%	33%	21%	52%	19%	5%	79%	59%	42%	58%	
Down							30%	29%	15%	29%	4%	19%	30%	0%	11%	23%	25%	
Stationary							50%	49%	52%	50%	44%	62%	65%	21%	30%	35%	17%	



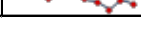
Where are Class A office rents headed in the next six months?

	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	10/21	Trends
Up							80%	83%	77%	84%	82%	81%	70%	4%	7%	6%	30%	
Down							0%	0%	0%	0%	0%	0%	0%	50%	67%	29%	25%	
Stationary							20%	17%	23%	16%	18%	19%	30%	46%	26%	65%	45%	


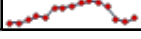
Where are Class B office rents headed in the next six months?

	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	10/21	Trends
Up							68%	77%	77%	77%	52%	62%	78%	0%	11%	10%	21%	
Down							4%	4%	3%	0%	5%	0%	0%	63%	74%	45%	29%	
Stationary							28%	19%	20%	23%	43%	38%	22%	37%	15%	45%	50%	

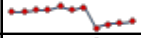

Where are Class C office rents headed in the next six months?

	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	10/21	Trends
Up							25%	29%	18%	40%	9%	19%	52%	0%	0%	6%	17%	
Down							16%	8%	10%	16%	22%	14%	4%	63%	82%	52%	50%	
Stationary							59%	63%	72%	44%	69%	67%	44%	37%	18%	42%	33%	


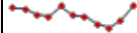

Is this a tenant or landlord office market?

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

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	10/21	Trends
Yes							70%	70%	77%	75%	91%	76%	87%	13%	26%	29%	37%	
No							30%	30%	23%	25%	9%	24%	13%	87%	74%	71%	63%	

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	10/21	Trends
Increase							27%	22%	31%	25%	9%	48%	26%	79%	78%	61%	37%	
Decrease							39%	37%	26%	23%	43%	24%	22%	8%	0%	16%	42%	
No Change							34%	41%	43%	52%	48%	28%	52%	13%	22%	23%	21%	

Where are office absorption rates 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	10/21
Significantly Up																	4%
Up																	62%
Down																	34%
Significantly Down																	0%

Over the next 6 months, on average, Office Cap Rates will...

	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	10/21
Go Up																	9%
Go Down																	22%
Remain the Same																	69%

Do you foresee a potential for overbuilding in the office market in the short term (less than 1 year)?

	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	10/21
Yes																	17%
No																	83%

Do you foresee a potential for overbuilding in the office market in the long term (2-5 years)?

	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	10/21
Yes																	17%
No																	83%

Over the next 6 months, do you see Office tenants...




	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	10/21
Expanding Their Existing Space																	13%
Contracting Their Existing Space																	50%
Staying with Their Existing Space																	37%

In terms of transactions, is the office market being fueled more by

	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	10/21
New Tenants Moving Into the Market for the first Time																	80%
Existing Tenants Expanding their Current Space																	20%

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	10/21	Trends
Up															91%	100%	96%	
Down															0%	0%	0%	
Stationary															9%	0%	4%	

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	10/21	Trends
Up	33%	14%	0%	0%	0%	21%	14%	10%	17%	30%	20%	26%	36%	35%	22%	7%	19%	
Down	27%	7%	58%	36%	40%	58%	50%	71%	63%	41%	48%	42%	48%	22%	59%	63%	58%	
Stationary	27%	79%	42%	64%	60%	21%	36%	19%	20%	30%	32%	32%	16%	43%	19%	30%	23%	
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	10/21	Trends
Up	13%	7%	9%	0%	0%	36%	27%	48%	54%	54%	48%	37%	68%	4%	72%	85%	77%	
Down	27%	13%	36%	8%	30%	7%	5%	7%	0%	0%	4%	5%	0%	61%	0%	0%	0%	
Stationary	47%	80%	55%	92%	70%	57%	68%	45%	46%	46%	48%	58%	32%	35%	28%	15%	23%	
No Response	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	10/21	Trends
Tenant		100%	83%	73%	64%	57%	82%	48%	67%	37%	52%	63%	32%	61%	31%	30%	4%	
Landlord		0%	17%	27%	36%	43%	18%	52%	33%	63%	48%	37%	68%	39%	69%	70%	96%	

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	10/21	Trends
Yes							32%	63%	46%	89%	76%	79%	96%	44%	81%	89%	92%	
No							68%	37%	54%	11%	24%	21%	4%	56%	19%	11%	8%	

Where are Industrial Absorption Rates headed 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	10/21
Significantly Up																	46%
Up																	42%
Down																	12%
Significantly Down																	0%

Over the next 6 months, on average, Industrial Cap Rates will...

	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	10/21
Go Up																	8%
Go Down																	46%
Remain Steady																	46%

Do you foresee a potential for overbuilding in the Industrial market in the short term (less than 1 year)?

	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	10/21
Yes																	35%
No																	65%

Do you foresee a potential for overbuilding in the Industrial market in the long term (2-5 years)?

	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	10/21
Yes																	69%
No																	31%

In terms of transactions, is the Industrial Market being fueled more by

	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	10/21
First Time New Tenants																	92%
Expansion of Existing Companies																	8%

Are existing industrial tenants moving toward...

	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	10/21
Expanding Their Existing Space																	88%
Contracting Their Existing Space																	0%
Staying with Their Existing Space																	12%

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	10/21	Trends
Up															26%	78%	93%	
Down															30%	0%	0%	
Stationary															44%	22%	7%	

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	10/21	Trends
Up	13%	50%	0%	27%	9%	29%	0%	13%	24%	21%	16%	30%	19%	92%	66%	22%	7%	
Down	61%	7%	64%	46%	55%	42%	75%	56%	64%	36%	58%	41%	31%	4%	17%	30%	79%	
Stationary	13%	43%	36%	27%	36%	29%	25%	31%	12%	43%	26%	29%	50%	4%	17%	48%	14%	
No Response	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	10/21	Trends
Up	47%	20%	42%	45%	80%	64%	50%	48%	36%	38%	52%	41%	25%	11%	9%	44%	77%	
Down	7%	20%	16%	0%	10%	0%	0%	11%	7%	17%	6%	11%	0%	67%	39%	4%	0%	
Stationary	33%	60%	42%	55%	10%	36%	50%	41%	57%	45%	42%	48%	75%	22%	52%	52%	23%	
No Response	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	10/21	Trends
Up	27%	18%	0%	9%	28%	36%	0%	27%	33%	34%	29%	22%	25%	7%	22%	13%	44%	
Down	13%	0%	42%	55%	36%	7%	25%	19%	31%	30%	19%	26%	25%	74%	61%	26%	5%	
Stationary	47%	82%	58%	36%	36%	57%	75%	54%	36%	36%	52%	52%	50%	19%	17%	61%	51%	
No Response	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	10/21	Trends
Up	13%	8%	0%	0%	10%	21%	50%	14%	5%	9%	20%	7%	13%	7%	0%	9%	30%	
Down	7%	46%	25%	70%	60%	29%	25%	30%	45%	47%	32%	41%	37%	74%	65%	26%	7%	
Stationary	67%	46%	75%	30%	30%	50%	25%	56%	50%	45%	48%	52%	50%	19%	35%	65%	63%	
No Response	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	10/21	Trends
Tenant		100%	100%	100%	80%	79%	75%	44%	48%	55%	48%	67%	44%	85%	100%	61%	25%	
Landlord		0%	0%	0%	20%	21%	25%	56%	52%	45%	52%	33%	56%	15%	0%	39%	75%	

Where are Retail absorption rates heading 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	10/21
Significantly Up																	70%
Up																	7%
Down																	23%
Significantly Down																	0%

Over the next 6 months, on average, Retail Cap Rates will...

	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	10/21
Go Up																	2%
Go Down																	36%
Remain the Same																	62%

Will demand by end-users support high dollar Pad Ground Leases 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	10/21
Yes																	88%
No																	12%

Do you foresee a potential for overbuilding in the Retail market in the short term (less than 1 year)?

	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	10/21
Yes																	5%
No																	95%

Do you foresee a potential for overbuilding in the Retail market in the long term (2-5 years)?

	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	10/21
Yes																	30%
No																	70%

Are existing Retail tenants moving toward...




	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	10/21
Expanding Their Existing Space																	35%
Contracting Their Existing Space																	26%
Staying with Their Existing Space																	39%

In terms of transactions, is the Retail Market being fueled more by




	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	10/21
First Time New Tenants																	70%
Expansion of Existing Companies																	30%

MULTIFAMILY MARKET


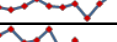

In what direction is the Metro Phoenix Multi-Family Market heading?

	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	10/21	Trends
Up															87%	100%	82%	
Down															0%	0%	0%	
Stationary															13%	0%	18%	

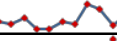
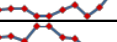
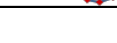
Where are Class A apartment vacancy rates headed in the next six months?

	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	10/21	Trends
Up							29%	67%	56%	42%	33%	14%	50%	68%	33%	29%	36%	
Down							14%	0%	11%	25%	0%	43%	10%	16%	47%	42%	28%	
Stationary							57%	33%	33%	33%	67%	43%	40%	16%	20%	29%	36%	


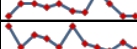

Where are Class B apartment vacancy rates headed in the next six months?

	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	10/21	Trends
Up							14%	11%	22%	0%	0%	42%	10%	67%	27%	7%	18%	
Down							29%	22%	33%	50%	33%	29%	40%	0%	40%	64%	46%	
Stationary							57%	67%	45%	50%	67%	29%	50%	33%	33%	29%	36%	


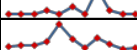

Where are Class C apartment vacancy rates headed in the next six months?

	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	10/21	Trends
Up							14%	11%	22%	0%	0%	14%	10%	50%	40%	7%	27%	
Down							43%	44%	45%	33%	33%	43%	50%	33%	47%	71%	46%	
Stationary							43%	45%	33%	67%	67%	43%	40%	17%	13%	22%	27%	

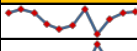
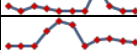

Where are Class A apartment rents headed in the next six months?

	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	10/21	Trends
Up							29%	33%	11%	25%	33%	14%	50%	0%	40%	57%	72%	
Down							0%	33%	33%	25%	33%	14%	10%	67%	33%	0%	0%	
Stationary							71%	34%	56%	50%	34%	72%	40%	33%	27%	43%	28%	

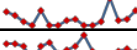


Where are Class B apartment rents headed in the next six months?

	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	10/21	Trends
Up							86%	78%	78%	58%	0%	43%	90%	0%	67%	93%	91%	
Down							0%	0%	0%	8%	0%	14%	0%	50%	7%	0%	0%	
Stationary							14%	22%	22%	33%	100%	43%	10%	50%	26%	7%	9%	

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	10/21	Trends
Up							86%	100%	88%	50%	33%	43%	100%	16%	67%	86%	91%	
Down							14%	0%	12%	8%	0%	0%	0%	68%	13%	0%	0%	
Stationary							0%	0%	0%	42%	67%	57%	0%	16%	20%	14%	9%	

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	10/21	Trends
Class A		33%	25%	9%	0%	36%	0%	0%	12%	17%	0%	0%	10%	67%	13%	14%	37%	
Class B		67%	67%	58%	0%	57%	71%	33%	44%	58%	100%	43%	20%	0%	40%	50%	37%	
Class C		0%	8%	33%	100%	7%	29%	67%	44%	25%	0%	57%	70%	33%	47%	36%	26%	

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	10/21	Trends
Yes							57%	78%	75%	33%	33%	43%	40%	50%	33%	0%	18%	
No							43%	22%	25%	67%	67%	57%	60%	50%	67%	100%	82%	

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	10/21	Trends
Yes							100%	78%	100%	100%	100%	100%	80%	50%	67%	93%	100%	
No							0%	22%	0%	0%	0%	0%	20%	50%	33%	7%	0%	

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	10/21	Trends
Significantly							29%	0%	67%	42%	33%	29%	30%	50%	40%	36%	27%	
Somewhat							57%	78%	33%	58%	67%	57%	70%	50%	40%	50%	46%	
Not At All							14%	22%	0%	0%	0%	14%	0%	0%	20%	14%	27%	

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	10/21	Trends
Yes							57%	55%	67%	75%	67%	71%	60%	67%	67%	65%	72%	
No							43%	45%	33%	25%	33%	29%	40%	33%	33%	35%	28%	

Where are Multifamily absorption rates 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	10/21
Significantly Up																	30%
Up																	60%
Down																	10%
Significantly Down																	0%

Over the next 6 months, on average, Multifamily Cap Rates will...

	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	10/21
Go Up																	0%
Go Down																	64%
Remain Steady																	36%

Do you foresee a potential for overbuilding in the Multifamily market in the short term (less than 1 year)?

	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	10/21
Yes																	18%
No																	82%

Do you foresee a potential for overbuilding in the Multifamily market in the long term (2-5 years)?

	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	10/21
Yes																	45%
No																	55%

How large of an impact will Single-Family Build to Rent projects have on 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	10/21
Significant																	18%
Modest																	72%
None																	10%

How large of an impact will Single-Family Build to Rent projects have on absorption rates?

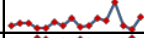

	10/13	04/14	10/14	04/15	10/15	04/16	10/16	04/17	10/17	04/18	10/18	04/19	10/19	04/20	10/20	04/21	10/21
Significant																	18%
Modest																	82%
None																	0%

LAND/HOUSING MARKET

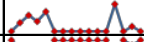

In what direction is the Metro Phoenix Land/Housing Market heading?

	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	10/21	Trends
Up															94%	95%	73%	
Down															0%	0%	0%	
Stationary															6%	5%	27%	

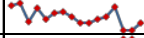

Have land prices reached their peak?

	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	10/21	Trends
Yes		14%	18%	18%	6%	7%	22%	14%	33%	10%	14%	33%	27%	71%	13%	5%	36%	
No		86%	82%	82%	94%	93%	78%	86%	67%	90%	86%	67%	73%	29%	87%	95%	64%	


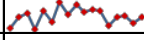
Have homebuilders stopped buying land?

	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	10/21	Trends
Yes		0%	9%	17%	10%	21%	0%	0%	0%	0%	0%	0%	0%	29%	0%	5%	0%	
No		100%	91%	83%	90%	79%	100%	100%	100%	100%	100%	100%	100%	71%	100%	95%	100%	

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

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	10/21	Trends
Yes	40%	33%	50%	45%	27%	42%	22%	54%	27%	48%	40%	45%	82%	58%	56%	75%	59%	
No	13%	40%	50%	10%	55%	29%	78%	46%	73%	52%	60%	55%	18%	42%	44%	25%	41%	
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	10/21	Trends
Yes							33%	64%	28%	19%	32%	33%	27%	71%	6%	35%	32%	
No							67%	36%	72%	81%	68%	67%	73%	29%	94%	65%	68%	

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	10/21	Trends
Land Prices							0%	0%	0%	0%	5%	11%	0%	14%	14%	10%	5%	
Labor Costs							33%	21%	17%	19%	23%	11%	37%	0%	0%	5%	5%	
Material Costs							0%	0%	6%	19%	9%	22%	9%	0%	0%	30%	9%	
All of the Above							67%	79%	77%	62%	63%	56%	54%	86%	86%	55%	81%	

How will competition from Single-Family Build to Rent projects impact home sales?

	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	10/21	
Significantly																		32%
Minimally																		59%
Not at All																		9%

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	10/21	Trends
Up															59%	100%	93%	
Down															6%	0%	0%	
Stationary															35%	0%	7%	

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	10/21	Trends
Increase							29%	60%	46%	67%	70%	100%	69%	14%	76%	90%	93%	
Decrease							6%	0%	8%	0%	0%	0%	0%	72%	6%	0%	0%	
Stay the Same							65%	40%	46%	33%	30%	0%	31%	14%	18%	10%	7%	

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	10/21	Trends
Tier 1 Markets							63%	43%	20%	10%	40%	0%	19%	42%	35%	50%	33%	
Tier 2 Markets							37%	57%	80%	90%	50%	100%	81%	58%	65%	50%	67%	
Tier 3 Markets							0%	0%	0%	0%	10%	0%	0%	0%	0%	0%	0%	