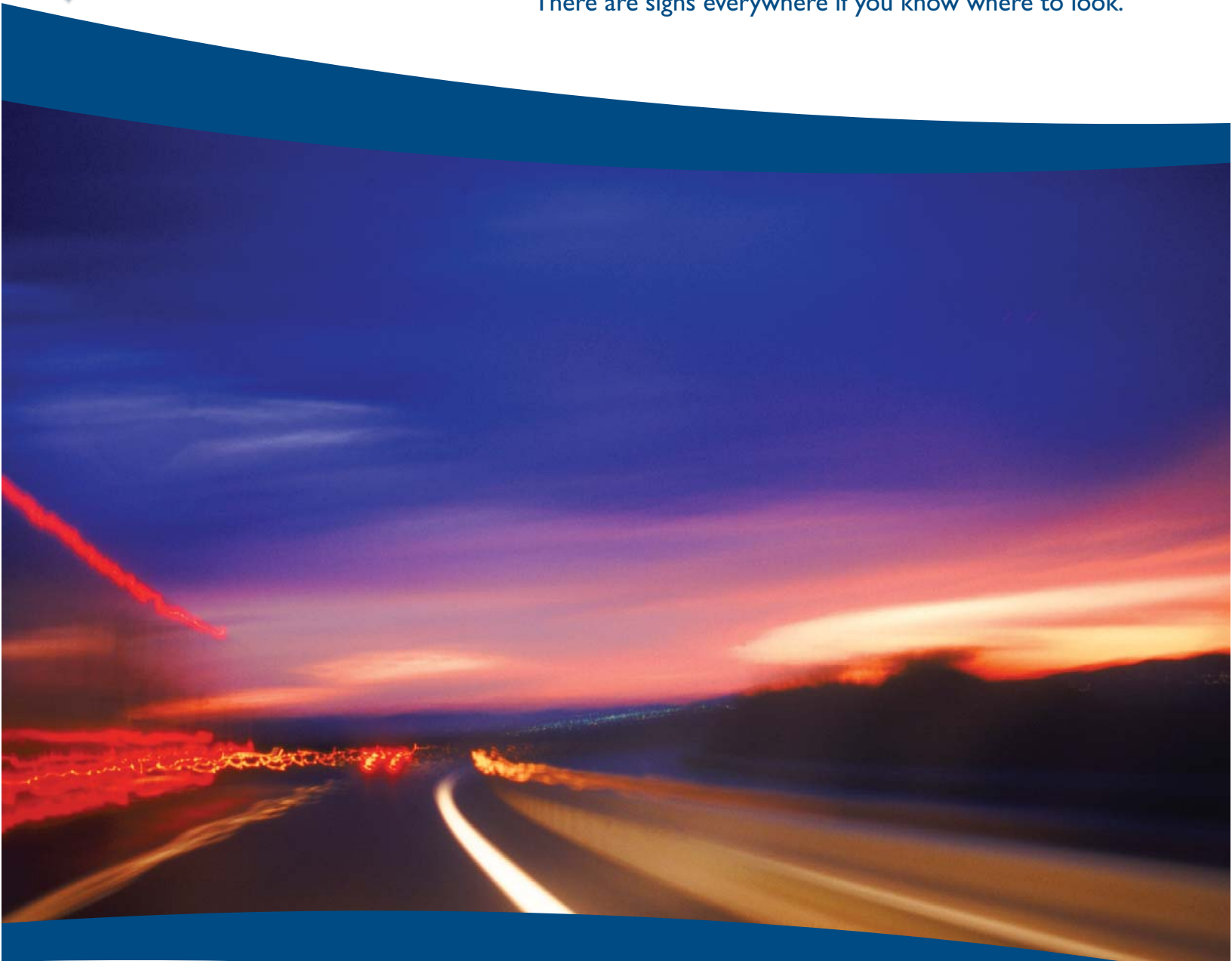




2020
VISION

Forecasting the future

Let us point you in the right direction -
There are signs everywhere if you know where to look.



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Our Knowledge is your Property



2020 VISION

FAST FACTS—OFFICE MARKET

► TEMPE

2007 Inventory:	13.8 million sf
2007 Construction:	652,093 sf
Proposed Development:	958,503 sf
2007 Average Rent Rates:	\$24.89 per sf

► CHANDLER

2007 Inventory:	5.4 million sf
2007 Construction:	651,443 sf
Proposed Development:	1.6 million sf
2007 Average Rent Rates:	\$26.54 per sf

► GILBERT

2007 Inventory:	2.6 million sf
2007 Construction:	712,447 sf
Proposed Development:	2.1 million sf
2007 Average Rent Rates:	\$27.31 per sf

► MESA

2007 Inventory:	10 million sf
2007 Construction:	344,308 sf
Proposed Development:	949,747 sf
2007 Average Rent Rates:	\$23.27 per sf

All figures are as of year-end 2007
Source: CoStar

EAST VALLEY—A DRIVE ALONG THE 202

The true East Valley of Metro Phoenix is made up of 16 communities that reach from Cave Creek to the Gila River Indian Community and from Ahwatukee to Apache Junction. In this 2020 Vision report we will take a drive along the Loop 202, discover the “hot spots” in four of the Valley’s major cities, and see what the future holds.

TEMPE—NATURAL BOUNDARIES

What are “urban growth boundaries”? In the year 2000, these words frightened many people with the concerns that Proposition 202 would prohibit the growth of the Metro Phoenix area. The city with the fewest concerns was Tempe, which has its own growth boundaries, as it is landlocked between neighboring cities. Tempe’s solution to their natural boundaries was to become “Upwardly Mobile” for height and density.

Tempe has become a thriving city with more than 40 projects currently being planned or developed. Centered primarily in the Tempe Town Lake area, these projects incorporate a live, work and play environment. Approximately 3,900 new housing units are being developed ranging from luxury condominium sites to student housing. Over 1.5 million square feet of new office projects are slated to begin construction within the year.

In 2005, Tempe’s population was approximately 165,000. By 2020, its population is expected to climb to almost 192,000. All of Tempe’s remaining land will be developed, and Tempe Town Lake will be the city’s most thriving area. There is still a question of what will be required to enable high-powered executives and starving students to exist in the same environment.

CHANDLER— FROM OSTRICHES TO A FIRST-CLASS CITY

From an ostrich farm to a first-class city, Chandler has evolved over its 96-year existence. Although inconceivable, Chandler will soon be out of residential land. Chandler experienced growth of more than 500 people per month over the past few years and city officials expect to reach 95 percent build-out by the year 2010. The 2007 population of Chandler was close to 247,000 and will be at 283,000 by 2020.

The completion of Loop 202 through Chandler has driven development of new business cores along the freeway, with approximately 2.5 million square feet of office under construction. Major commercial development is occurring along the Price Road corridor and the Chandler Airport area. By 2020, redevelopment of Arizona Avenue should be complete. The question we should ask is, “Can Chandler convert a highly diverse core into an urban area of affordable, high-density residential and mixed-use developments?”

GILBERT—FROM HAY CAPITAL TO THE NATION’S FIFTH-FATEST-GROWING CITY

In the 1920s, Gilbert was known as the Hay Capital of the World. Once a sleepy, little farming town, Gilbert was ranked by the U.S. Census Bureau as the fifth-fastest-growing municipality in the nation in 2007. CNN/Money Magazine ranked Gilbert as the 16th-best community in which to live in the country. Gilbert exploded from a mere 5,700 residents in 1980, to 109,000 in 2000, and to 203,000 in 2007. Anticipated population by 2020 is in excess of 285,000.

Previously considered a bedroom community, Gilbert expects to more than double its inventory of retail space. The Loop 202 freeway has created a similar boom in the town’s industrial and employment sectors. More than 39 new projects are on the list for

development, with over 2,000 acres of land being master-planned. While Gilbert still lags behind in development of office properties, the addition of two new hospitals, with a third on the way, have brought with them the planning of over 733,000 square feet in new office development.

By 2020, Gilbert is expected to complete over 15 million square feet of retail and commercial development. The question is whether these numbers will be sufficient to support the increasing number of residents or will those residents have to seek employment elsewhere.

MESA—THIRD-LARGEST CITY IN ARIZONA

When the Hohokam Indians first settled in what is now Mesa, they could not anticipate that it would one day become the third largest city in Arizona.

One of the most notable development sites is the Phoenix-Mesa Gateway Airport area (“Gateway”) located south of the Loop 202 and encompassing more than 52 square miles. Once known as Williams Air Force Base, it was originally established to house American soldiers during World War II and contains runways that can handle all types of aircraft.

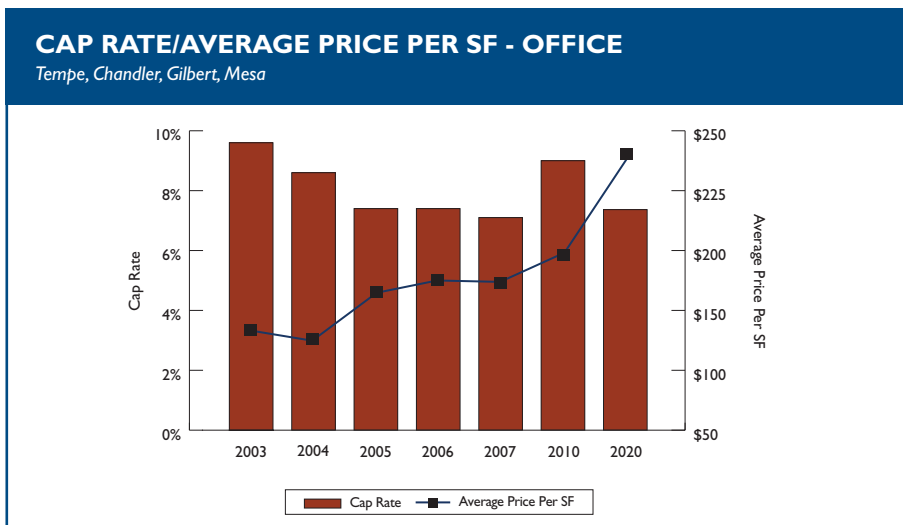
Phoenix-Mesa Gateway is slated to become the future overflow airport for the landlocked Phoenix Sky Harbor International Airport, and is being modeled after the success of the Irvine, Calif., business center. Gateway will include mixed-use development designed to serve the airport’s needs and become Mesa’s second urban center. Plans call for corporate offices in the urban core, with high-density residential, retail, dining and hotels. At present, 2.5 million square feet of office space is planned or under construction.

Mesa’s population in 2007 was approximately 460,000 residents and is anticipated to grow to approximately 566,000 by 2020. The majority of this growth will occur in the Gateway area. The question that remains is, “Will the Phoenix-Mesa Gateway Airport area really take off?”

EAST VALLEY—AN OPPORTUNITY FOR INVESTMENT

As the East Valley continues to grow, there will be ample opportunities for investment. Once the economy stabilizes (in 18-24 months), the area that will likely see the highest rate of return will be Tempe Town Lake. Investors with a long-term hold strategy would be wise to find available land in the Gateway area and hold for at least the next five years.

Apache Junction is considered to be on the outer edge of the East Valley. As we move forward to 2020, it may be that the East Valley will extend well beyond Apache Junction as far east as Queen Valley. One certainty is that boundaries are changing and investors would be wise to watch this area in the future.



Source: CoStar & Colliers International

▶ (continued on back page)

Forecasting the future



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2007 SIGNIFICANT OFFICE TRANSACTIONS

TEMPE

Chase Credit Card
100-150 W. University Drive
300,000 sf
\$53.36 million
Cap rate: N/A

CHANDLER

Palm Plaza
3140 N. Arizona Avenue
61,019 sf
\$9.17 million
Cap rate: 7.25%

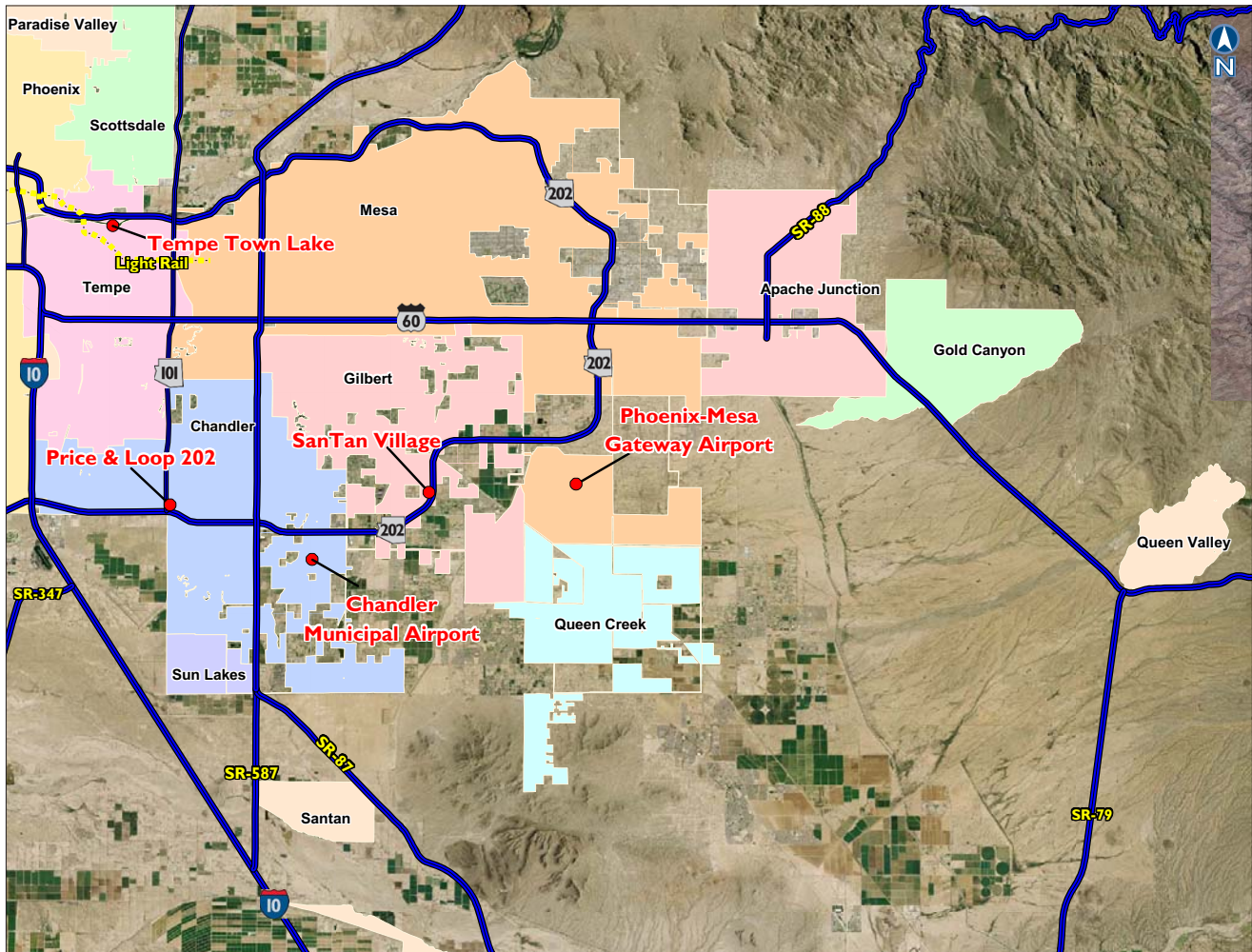
GILBERT

Gilbert Emergency Hospital
5656 S. Power Road
31,452 sf
\$10.49 million
Cap rate: N/A

MESA

Mesa Financial
1201 S. Alma School Road
306,471 sf
\$57.75 million
Cap rate: 4.45%

EAST VALLEY—LOOP 202—TEMPE TO QUEEN VALLEY



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