



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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THE CHANGING FACE OF SOUTHEAST VALLEY DEVELOPMENT

CHANDLER AIRPARK, HERE AND GONE...

In June 2005 the Santan Freeway opened up to Arizona Avenue. By December 2005, it extended to Gilbert Road. What did this mean for the Chandler Airpark? Everything. Vestar was the first commercial developer to break ground in the Airpark, with construction of the Crossroads Towne Center, a 1.3 million square foot retail project including tenants such as SuperTarget, Home Depot and Wal-Mart. In addition to these retailers, many much-needed restaurants came to serve the significant number of future employees.

Developers who have been searching for new Southeast Valley frontiers suddenly saw the gates open to a new promised land of development. The Chandler Airpark area offers excellent freeway access, retail amenities and, most importantly, a healthy employment base. There are currently over 65,000 households within a five-mile radius of the Chandler Airpark. Developers that were able to move quickly and recognize the benefits of the area rapidly absorbed what little land was available.

FAST FACTS

▶ CHANDLER AIRPARK

Boundaries:

North:	Pecos Road
South:	Ocotillo Road
West:	Arizona Avenue
East:	Gilbert Road

▶ ZONING

- Commercial Office
- Industrial
- Retail
- Hotel
- Residential

▶ GEOGRAPHIC AREA

± 5,700 acres total

▶ RUNWAY LENGTH

Currently ± 4,700 ft.
Planned expansion to 5,700 ft.

▶ LAND SALES

2004-2005	2006
309 acres*	430 acres*
	Average Price \$6.97 PSF

*Includes industrial and office land only

WHO'S IN THE GAME?

There was a small window of opportunity before the majority of the available land had been spoken for. In 2006, there were approximately 430 acres of industrial and office land sold in the Airpark that will bring a planned four million square feet to the area. So ... who got in? The following developers purchased land in the Chandler Airpark in the last two years.

The Rockefeller Group
Harsch Investment Properties
DWO Enterprises
Opus West
Panattoni Development Company
The Hewson Company
Mark IV Capital
Biltmore Holdings/LGE Design Build
Irgens Development Partners
First Industrial

Clark Management & Development
Mammoth Equities
Foursite Development
UTAZ
Orsett Properties
Carlson Real Estate Company
Mountain West Industrial Properties
Bill Lund
Silk & Stewart Development Group
Midway Development Company

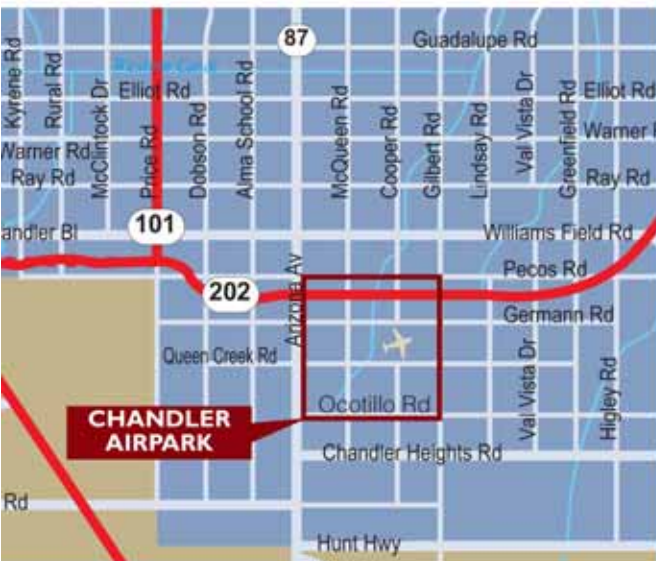
BUILD OUT OF CHANDLER AIRPARK

Cardinal Health was the first user to expand in the Chandler Airpark with the construction of a 250,000 (expandable to 400,000) square foot distribution facility on Ryan Road west of Gilbert Road. The biggest story of 2006 was the acquisition of 50 acres of land by Covance, Inc., a pharmaceutical company. Covance plans to initially build approximately 300,000 square feet, with future plans calling for up to one million square feet. The first phase will initially bring 450 new jobs, eventually bringing approximately 2,000 jobs to Chandler. The post effect of having such a large user in the area will certainly be to bring supporting businesses and jobs to the Airpark as well.

Waxie Janitorial Supply purchased just under 11 acres in First Chandler Business Park to construct an approximately 100,000 square foot distribution center.

Other users who have purchased land and are preparing to construct new buildings include Able Engineering, Whitton Companies and Foresight Technologies, which have buildings planned from 40,000 square feet up to 80,000 square feet.

In the year 2020, expect Chandler Airpark to be completely built out with up to 20 million square feet of office, industrial, biotech, aerospace and manufacturing businesses. Estimates vary for the number of employees projected at full build out, with the range of 30,000 to as many as 70,000 people.



WHICH WAY NOW—WILLIAMS GATEWAY AIRPORT ...THE NEXT DEVELOPMENT

The continued expansion of the Loop 202 Santan Freeway to U.S. 60 has opened up several new developable areas in Gilbert and Mesa, most notably, the Williams Gateway Airport (WGA) area. Once known as Williams Air Force Base, this airport is currently situated on approximately 3,000 acres of land, only 400 less acres than the fifth busiest airport in the United States, LAX. With runway lengths of 9,300 to 10,400 feet, it is possible to land every type of plane at this airport. What this means is that Williams Gateway is expected to become a reliever airport to the landlocked Sky Harbor International Airport in Phoenix. Williams Gateway Airport is currently servicing 10 commercial flights a week, from two different airlines, to Gary, Ind., Chicago, Ill., Laughlin, Nev. and Las Vegas, Nev. More importantly, Williams Gateway is expected to become the main airport for all cargo coming in and out of the Phoenix area. When this happens, there will be a strong demand for industrial space in the area.

Many large developers/speculators have already staked their claim in the area, including Paragon Properties, First Industrial, Kitchell, Orsett Properties, Reliance and DMB, among others. The first developer to come out of the ground with buildings is going to be Reliance at the Gateway Research Park, on a ground lease from the airport. There is a 50,000 square foot building planned, divisible to 4,000 square feet. Other than this project, the rest of the developers are looking at land buys or holding for future vertical development.

Because of the anticipated future demand in the area, there are several changes planned for the existing roadways. Most significant is the addition of the Williams Gateway Freeway, which is expected to tie into the Santan Freeway around Hawes Road and head southeast through the southern portion of the GM Proving Grounds (Figure 1, on back page). Ray Road is also going to be realigned to the north and expanded to four to six lanes. Developers such as Kitchell, First Industrial and Orsett, who have positioned themselves in the midst of these new roadways, are certain to be busy in the years to come.

WILLIAMS GATEWAY LAND VALUE & AVAILABILITY

From January 1 to December 31, 2006, land values in the Williams Gateway Area have risen from approximately \$2 per sf to \$5-\$7 per sf for large unimproved tracts. Smaller fully improved lots are selling for \$8 to \$11 per sf.

Plenty of opportunities to acquire land still exist in the Williams Gateway Area for the well-positioned, patient developer (next three to four years). Williams Gateway is a good, long-term investment that will sustain future industrial development.

According to the Urban Land Institute (ULI), in the 50 square mile area surrounding Williams Gateway Airport, there will be demand for 1,575 acres of industrial land, 400 acres of office land and 500 acres of retail land, in the next 25 years. ULI estimates that the area will be able to absorb up to 640,000 square feet of industrial space a year, capturing eight percent of the projected demand for the entire valley.

▶ (continued on back page)



FAST FACTS

▶ WILLIAMS GATEWAY AIRPORT AREA

Boundaries:

North:	Guadalupe Road
South:	Queen Creek Road
West:	Higley Road
East:	Meridian Road

▶ ZONING

Commercial Office
Industrial
Retail
Hotel
Residential

▶ GEOGRAPHIC AREA

± 52 square miles

▶ RUNWAY LENGTHS

9,300, 10,200 and 10,400 ft.
(capable of handling all types of aircraft)

▶ LAND SALES

2004-2005	2006
± 500 acres	± 4700 acres

Largest land sale:
GM Proving Grounds to DMB
3,300 acres. Sales price: \$265 million

▶ Forecasting the future



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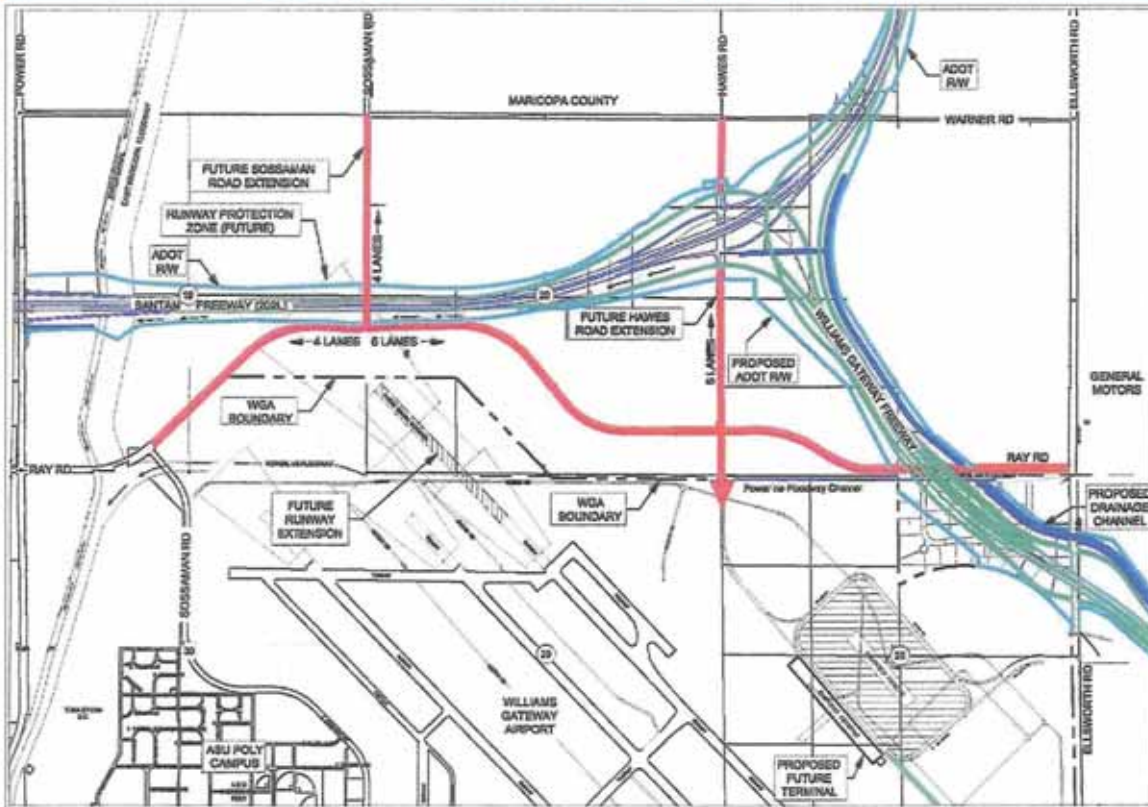
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THE PICTURE OF WILLIAMS GATEWAY AIRPORT IN 2020

Since 2004 there have been a total of 5,700 acres sold in the Williams Gateway trade area. Of those, 4,700 acres were sold in 2006. Expect the rapid pace of land acquisitions by developers/speculators to continue through 2007 and beyond. The rate of vertical development will be much slower due to lengthy entitlement processes. We anticipate development of over 500,000 square feet of industrial space per year, for a total of seven million square feet of industrial space by 2020.

By 2020 it is estimated that there will be 25,000-35,000 jobs created in the Williams Gateway Airport trade area, including all employment sectors.

▶ FIGURE 1: PLANNED WILLIAMS GATEWAY FREEWAY AND RAY ROAD REALIGNMENT



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