

CENTRAL STATION

300 North Central Avenue
Downtown Phoenix, Arizona

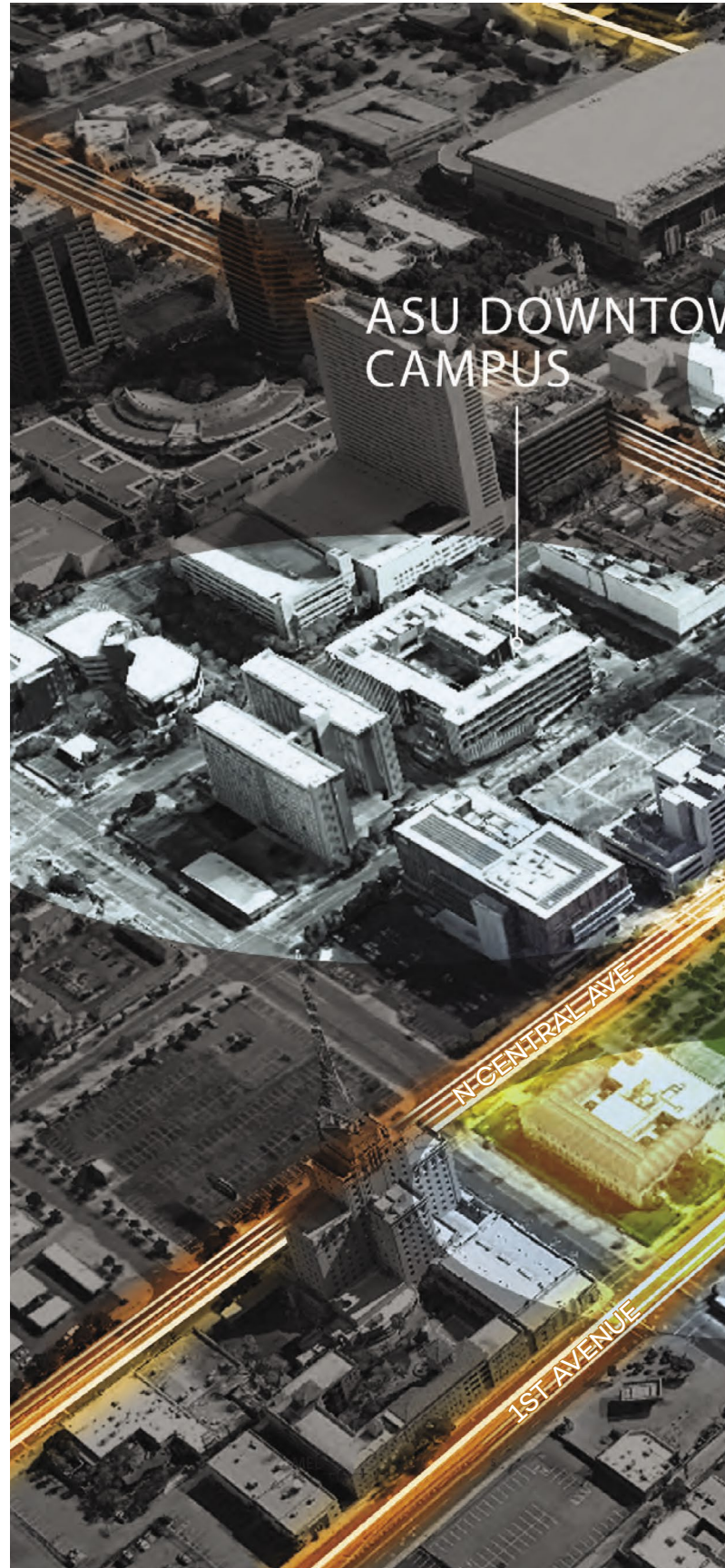


CENTRAL STATION

Central Station is the transformation of Phoenix's bustling primary light rail and bus transit center. Situated on approximately 2.6 acres, the one million square foot sustainable, mixed-use development consisting of luxury apartments, retail, office, and student housing is connected to Civic Space Park in the vibrant heart of Downtown.

PROJECT HIGHLIGHTS

- 73,000 RSF of office on 2nd & 3rd floors
- 35,000 RSF of retail on first floor
- 362 luxury apartments in the 32-story tower
- 244 student housing units in the 20-story tower
- Storage lockers and bike room
- Secure, key fob access
- A variety of food-oriented concepts ranging from grab and go to signature fine dining
- 2-level, below-grade parking (430 spaces)
- Valet service parking for hourly visitors





CENTRAL STATION

THE GATEWAY FOR CONNECTIVITY

With two light-rail stops and the main Downtown bus terminal, Central Station is the transit hub and gateway into the Downtown Phoenix part of a broader regional and national transportation network. The demand for this functionally will only intensify with the growth of Downtown Phoenix and future light-rail line extensions.



FLEXIBLE OFFICE SPACE BUILT FOR CREATIVITY

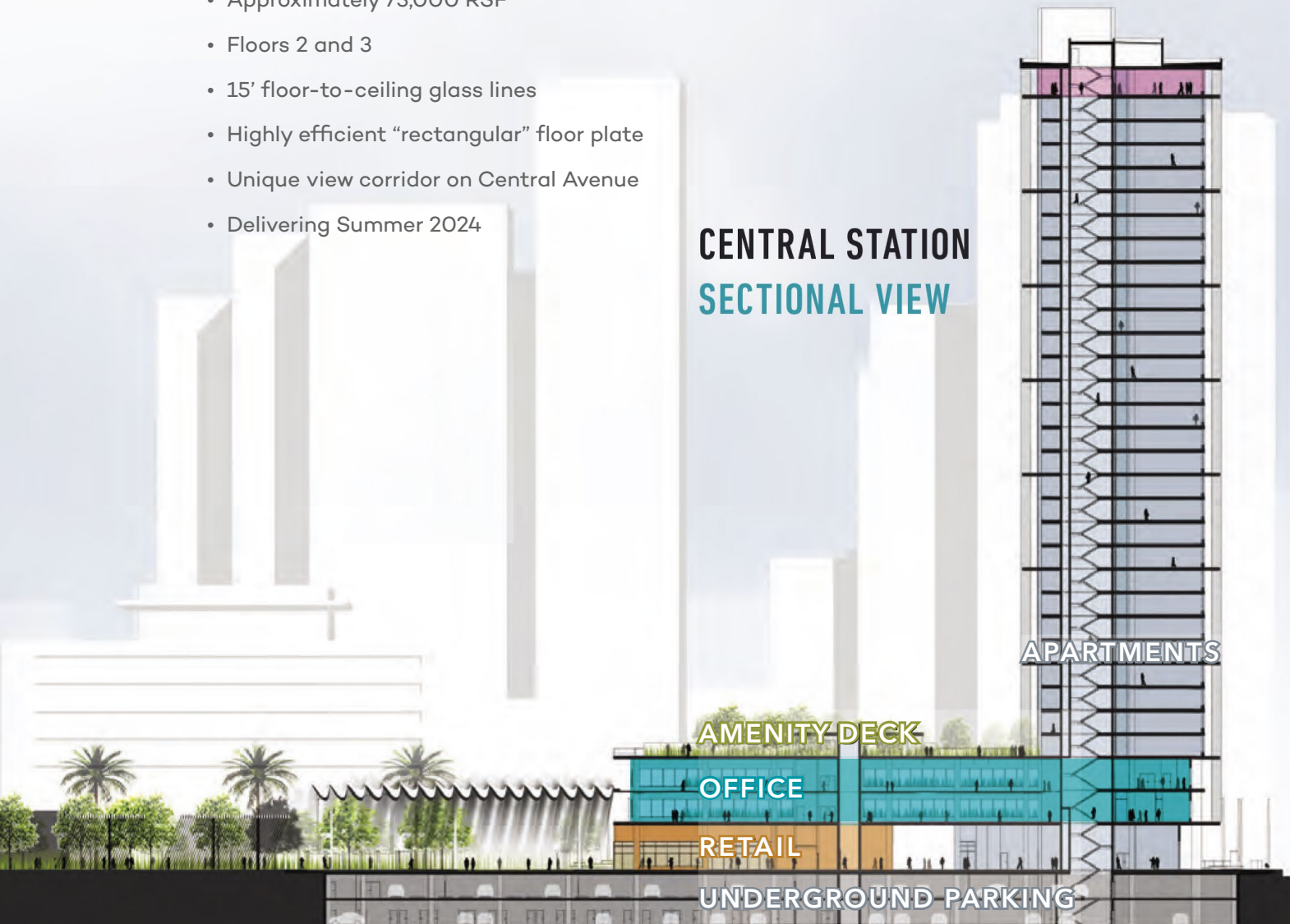
Your company will be front and center at Central Station. The ground floor lobby offers highly visible signage opportunities above the entrance with a clear presence to Van Buren Street. A total of 73,000 RSF of creative office space is available on Floors 2 and 3 and include dedicated elevators located in the East Tower.

Featuring fifteen feet of expansive floor-to-ceiling space, large floor plates, loft-like exposed ductwork and creative lighting, the creative workspace layouts parallel those often found in tech firms, design and engineering studios, and companies that enjoy shared and flexible work-space environments. Highly desirable on-site amenities include coffee bars and bike racks perfectly suited for an active and healthy work/lifestyle.

OFFICE SUMMARY:

- Approximately 73,000 RSF
- Floors 2 and 3
- 15' floor-to-ceiling glass lines
- Highly efficient “rectangular” floor plate
- Unique view corridor on Central Avenue
- Delivering Summer 2024

CENTRAL STATION SECTIONAL VIEW

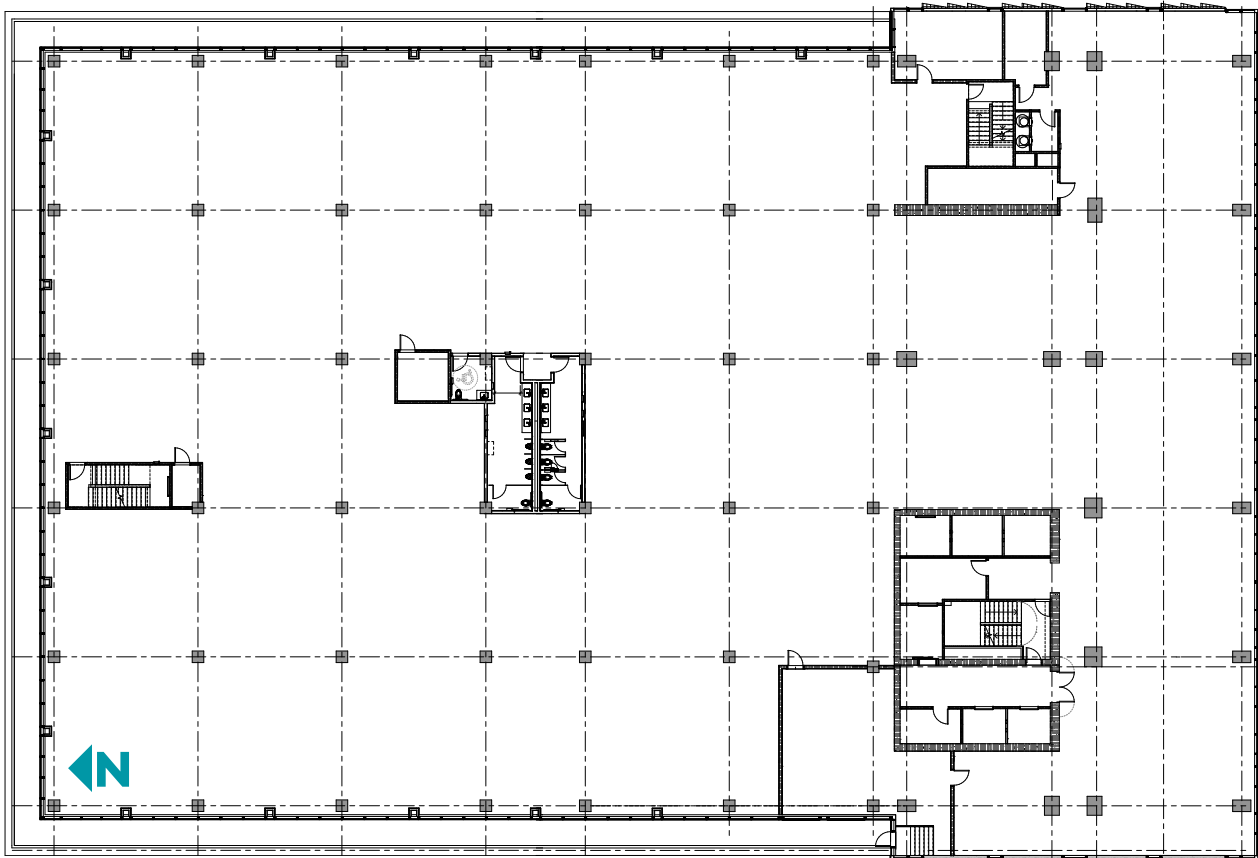


FLEXIBLE OFFICE / LANDSCAPE TERRACES

- Reimagined Office Product
- Maximized Leasing Flexibility
- Direct Park and City Views
- Abundant Lush Landscaping



SAMPLE FLOOR PLAN



A HEALTHY BUILDING FOR A HAPPIER WORKFORCE

Designing an environment for health and well-being has never been more important than it is today. Central Station embodies active design and biodefense technology from Integrated Viral Protection (IVP) that will fulfill or exceed the 9 Foundations of a Healthy Building, as defined by the Harvard T.H. Chan School of Public Health. Meeting these foundations, which mirror those of the WELL Certification, positions Central Station to be designed with system enhancements and operation processes to create the ultimate healthy workplace.

INTEGRATED VIRAL PROTECTION (IVP)

BIODEFENSE INDOOR AIR PROTECTION SYSTEM™

IVP is a technology solutions company that specializes in the design of biodefense indoor air protection systems proven to eliminate the airborne transmission of SARS-COV-2. The system at Central Station will employ heated HVAC filters made of nickel foam, based on HEPA-filter technology, but differing in that they kill the virus, not simply trap it.

ACTIVE DESIGN

Active design is a set of building and design approaches that promote physical activity and health.

- » Location promotes a healthy environment within an urban setting
 - » Immediately adjacent to the City's Civic Space Park and ASU Downtown Phoenix Campus
 - » Walkable proximity to downtown retail, entertainment and sporting venues
 - » Storage lockers and bike room available
 - » Outdoor areas for tenant use
-



WALKER'S PARADISE

Central Station has a Walk Score of 92 out of 100. With an abundance of on-site amenities, immediate access to public transportation and Civic Space Park, and nearby shops and restaurants, this location is a walker's paradise.

GREATER PHOENIX: AN OVERVIEW

Phoenix gets its name from Cambridge-educated pioneer Darrell Duppa, who saw the ruins and prehistoric canals of the Hohokam and believed another civilization would rise from the ashes. Phoenix is the United States' fifth-largest city with a population of over 1.6 million. Greater Phoenix (which includes, among others, the cities of Chandler, Glendale, Scottsdale and Tempe) has a population of nearly 4.9 million and covers 2,000 square miles. Maricopa County—where Greater Phoenix is located—covers 9,266 square miles, making it about the size of New Hampshire. Phoenix's elevation is 1,117 feet, and the city's horizon is defined by three distinct mountains: South Mountain, Camelback Mountain and Piestewa Peak.

BASIC HISTORY

The Hohokam people inhabited what is now Greater Phoenix until approximately 1450 A.D. They created the first major urban civilization in the Salt River Valley and developed a canal system that is still in use today. In 1865, the U.S. government established Fort McDowell, and settlers such as Jack Swilling began farming the land. The city of Phoenix was established in 1868. Two years later, the first survey and census of the city noted it was about a mile long and a half-mile wide, with 74 dwellings and a population of 250.



POPULATION

One of the fastest-growing regions in the nation, Greater Phoenix has a population of nearly 4.9 million. Greater Phoenix's population increased an average of 2% per year from 2015 to 2020 (compared to the national rate of 0.56%). In 1950, Phoenix proper had a population of about 100,000; today its population is more than 1.6 million, making it the fifth-largest city in the U.S. The average age of Greater Phoenix residents is 36, making it one of the youngest in the nation.

CLIMATE

According to the National Climatic Data Center, Phoenix basks in sunshine more often than any other major metropolitan area in the U.S. The sun shines on Phoenix during 85 percent of its daylight hours—more than 300 days per year. Located in the Sonoran Desert, Phoenix has an average annual rainfall of 8.04 inches, making it one of the wettest and greenest deserts in North America. Phoenix boasts an average low temperature of 63 degrees (Fahrenheit) and an average high temperature of 87 degrees.



SPECTATOR SPORTS

Greater Phoenix annually hosts the PGA Tour's Waste Management Phoenix Open, NASCAR's March and November events and college football's Fiesta Bowl and Cactus Bowl. Phoenix has played host to Super Bowls, the College Football Playoff National Championship Game of the Bowl Championship Series, and the NCAA Men's Basketball Final Four. Phoenix is one of 13 U.S. cities with franchises in all four major



professional sports leagues: Phoenix Suns (NBA), Arizona Diamondbacks (MLB), Arizona Cardinals (NFL) and Arizona Coyotes (NHL).

BUSINESS FRIENDLY CITY

Greater Phoenix is an attractive and cost-effective place to do business. Major industries are (1) high-tech manufacturing, (2) tourism and (3) construction. Arizona is a right-to-work state and mean wages, workers compensation and unemployment insurance are relatively low. These lower operating costs are drawing more corporate headquarters and manufacturers to the state. In 2018, Greater Phoenix welcomed 42 businesses and three corporate headquarters, which represented \$1.2 billion in capital investment and created 8,606 total jobs. Greater Phoenix is the corporate headquarters of five Fortune 500 companies: Avnet, Freeport-McMoRan, Insight Enterprises, Magellan Health and Republic Services,

Greater Phoenix's pro-business climate and skilled labor pool has lured companies, most notably from California, to the Valley. Several Bay Area tech and finance companies have selected the region to expand their operations, dubbing it the "Silicon Desert". Co-working spaces have doubled their Phoenix footprint in the last two years, and the region has also attracted self-driving car pilot programs including Uber and Waymo.

Greater Phoenix's pro-business climate and skilled labor pool has lured companies, most notably from California, to the Valley. Several Bay Area tech and finance companies have selected the region to expand their operations, dubbing it the "Silicon Desert". Co-working spaces have doubled their Phoenix footprint in the last two years, and the region has also attracted self-driving car pilot programs including Uber and Waymo.



EDUCATION



Several top-tier higher education institutions call the Greater Phoenix area home. Arizona State University (ASU), the largest nonprofit public university in the country, has one of the largest undergraduate populations in the U.S. (62,186 students in 2020). ASU was ranked number 1 on U.S. News & World Report's "Most Innovative Schools" list, placing them ahead of Stanford (#2) and MIT (#3). The Maricopa Community College system is one of the most robust and well regarded community college systems in the United States. Lastly, the Thunderbird School of Global Management is ranked by U.S. News & World Report and The Wall Street Journal as the top graduate program for international business, preparing graduates who reside in Phoenix to lead in an economy that is becoming exponentially globalized.

GETTING HERE

Phoenix Sky Harbor International Airport is located four miles from Downtown. It is served by more than 20 carriers. Thoughtful touches at Sky Harbor include free wireless Internet access, a shaded dog park for four-legged fliers, and an audio-visual paging system that allows travelers to call for assistance with the push of a button. The airport offers more than 30 local restaurant options that satisfy any craving. Sky Harbor serves about 40 million passengers a year and is ranked overall 3rd best airport in a Wall Street Journal study of "The Best of the Biggest Airports" 2018.

Source: www.VisitPhoenix.com

INFRASTRUCTURE & TRANSPORTATION

Metropolitan Phoenix benefits tremendously from world-class infrastructure. The area's comparatively new and well-maintained highways and roads enable efficient movement of goods and people every day. Quality of life is enhanced in a large city that benefits from lack of congestion. Employers investing in the market understand that Phoenix's state-of-the-art network of highways and freeways enable employees to choose among the market's numerous desirable and affordable communities and avoid long commutes typical of similarly sized MSA's.

Two major interstates pass through the region: Interstate 10, a major trucking route connecting Phoenix directly with Los Angeles to the west and the southeast US to the east; and Interstate 17, which runs north-south through Greater Phoenix to Flagstaff where it connects to Interstate 40 along with commercial markets in the Midwest. Interstate 19 connects Phoenix with Mexico via Interstate 10 in Tucson. Phoenix is also served by other controlled access freeways, including Interstate 8, U.S. Route 60, and Arizona State Routes 101, 202, 303 and 51. Many freeways are planned to be built by 2025 by either upgrading existing routes (including State Routes 85, 303 and parts of US 60) or designing new freeways where no road existed before.

Uniting parts of the Valley is the Metro Light Rail, a ±26-mile light rail system with seven high-capacity extensions planned or under construction to create a 66-mile system by 2034. Additionally, the PHX Sky Train provides access between the main Valley Metro Light Rail and Phoenix Sky Harbor International Airport. Ridership goals have been exceeded every year since it was completed in 2008. In Fiscal Year 2019, the Metro Light Rail averaged almost 48,000 riders per weekday and over 15.8 million annually. Source: Valley Metro



MAJOR EMPLOYERS



CORPORATE HEADQUARTERS



FINANCIAL SERVICES



WELLS FARGO



AEROSPACE & AVIATION



HEALTHCARE & BIOTECH



E-COMMERCE



HIGH-TECH MANUFACTURING



Source: Phoenix Relocation Guide

DOWNTOWN PHOENIX SNAPSHOT

Downtown Phoenix is a cultural, entertainment, and educational mecca for Arizona. Over the past decade, \$5 billion of public and private investment have poured in, going toward projects such as the Phoenix Convention Center expansion, the Metro Light Rail, and the Phoenix Biomedical Campus. Arizona State University's move to Downtown Phoenix brought 1,300 students on campus in 2013, and enrollment has grown to over 19,000 students today. Most recently, the Phoenix Suns Arena went under a \$230-million renovation.



DOWNTOWN MULTIFAMILY MARKET

While the coronavirus outbreak has created some headwinds for Downtown Phoenix multifamily, fundamentals have since recovered. Overall vacancy has dropped to 7.8%, representing a 40-basis point decrease from Q1 2020. Additionally, rent growth remained positive throughout 2020, which is even more impressive when compared to similar market CBDs. The robust supply pipeline of luxury units has made Downtown more vulnerable than other areas of the metro. The submarket's stock is expected to expand by 16.2% once the 5,140 units that are under construction are completed.

DOWNTOWN OFFICE MARKET

The Downtown Phoenix office market has shown its resilience over the past 12 months. In the face of a global pandemic, vacancy has only increased a modest 2.5% from this time last year. Additionally, rents have remained essentially unchanged. Before the pandemic hit, there were some notable occupancies in Q4 2019 - Block 23 delivered in October, and the mixed-use office building was heavily pre-leased, with tenants including Ernst & Young (19,460 SF). CVO signed a 30,000-SF lease and will move from a similarly sized office some time in Q2 2021.

The tenant mix in Downtown Phoenix has diversified over the past few years. Historically, the submarket was home to a concentration of law firms, government, and financial institutions. Over the past few years, co-working operators and tech firms have expanded in the submarket. Some notable occupancies include Novel Coworking, Uber, Galvanize Inc, Upgrade Inc., and Quicken Loans.



PHOENIX OFFICE MARKET

OVERVIEW

Reason for optimism entering 2021

Local health officials have altered COVID-19 closure benchmarks to avert business closures - maintaining the state's business-friendly reputation. While some positives have emerged, it remains tough sledding for the Valley. Plagued by large tenant move-outs and another quarter of negative job growth, the demand for office space has proven underwhelming. Conversely, sales volume was up significantly in Q4 when compared to the rest of the year, providing much needed momentum for 2021. While Phoenix did deliver a robust 1.6 million square feet of new space in 2020, heavy pre-leasing will help offset the pressure of the additional supply.

ECONOMY

Arizona's economy outperforms national average

The Phoenix economy has fared better than other markets with regard to unemployment numbers, reclaiming roughly 80% of all jobs lost between February and April. Nationally, just over half the jobs lost have been recovered over the same period. The unemployment rate has dropped to 7.5%, outperforming the national average by 150 basis points.

DEMAND

Phoenix maintains a healthy pipeline

The Phoenix market had zero construction starts in Q4, signaling that developers are poised not to repeat their mistakes from the last recession. This is the first time since Q3 2012 that the Phoenix market had no construction starts in a quarter.

The optics seem worrying, but the situation represents a healthy evolution of the real estate cycle, where rising vacancy and declining rents halt demand for additional stock, preventing large-scale erosion of market fundamentals. Currently, the Phoenix market has 2.3 million square feet under construction, with 1.4 million square feet thereof being vacant and available. Notable properties include Cavasson in Scottsdale, a mixed-use project featuring a 470,000-square-foot regional HQ for Nationwide Insurance, and Axis Raintree, a 175,111-square-foot Class-A office in North Scottsdale, which is expected to deliver January 2021.

VACANCY

Phoenix market remains well below its 10-year average of 17%

Overall market vacancy for Q4 was 14.6%, which is an increase of 150 basis points from Q4 2019. Despite this uptick, vacancy in the Phoenix market remains well below its 10-year average of 17%. The three Scottsdale submarkets - Airpark, Central, and South - have an average vacancy of 13.5%. While vacancy for Tempe has increased 3.6 points from Q4 2019, 2020 levels have remained static, with an average vacancy rate of 10.1%. Leasing momentum from 2019 helped Tempe cushion itself for the rest of 2020, providing a hedge against large Q4 move-outs. Class-A vacancy has been unwavering even during a global pandemic, with quarter-to-quarter vacancy never deviating more than 50-basis points for the year. Although class-B vacancy is still well below its 10-year average, it has increased nearly 2 points from this time last year.



PHOENIX METRO 2020 DEMOGRAPHICS

CITY POPULATION
1.69M

METRO POPULATION
5.05M

MEDIAN AGE
33.8

MEDIAN HOUSEHOLD INCOME
\$67,896

BACHELOR'S DEGREE OR HIGHER
38.4%

MEDIAN PROPERTY VALUE
\$283,500

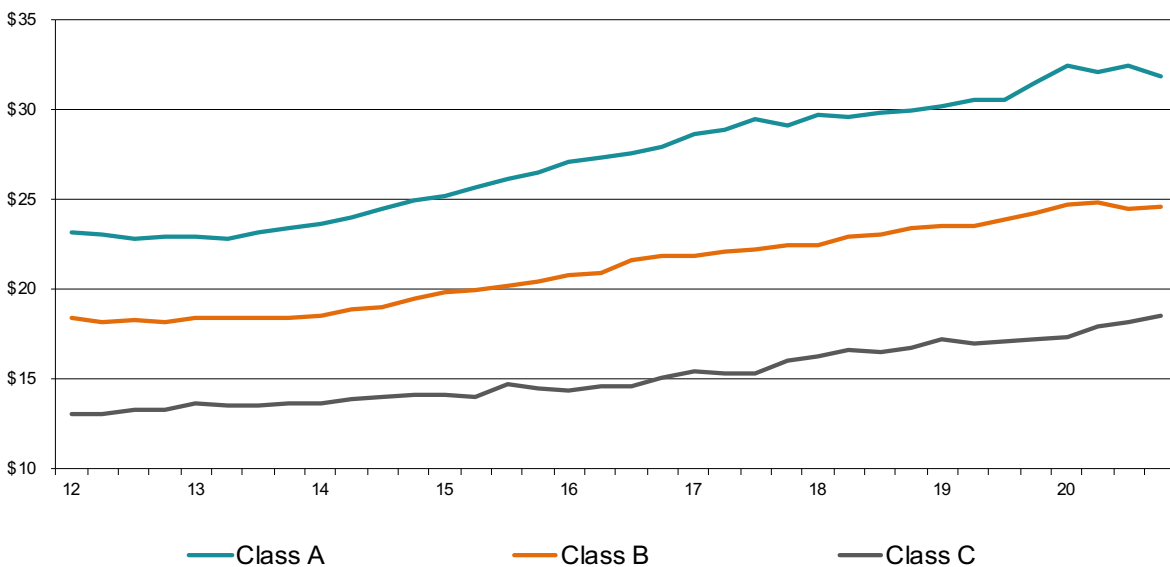
Source: US Census Bureau, Census Reporter

SALES

Phoenix has high yield potential and impressive fourth quarter

The immediate aftermath of COVID-19 shutdowns made underwriting new deals near impossible for investors, causing transaction volume to plummet to record lows. However, things have changed in the fourth quarter, as investors have honed back in on Phoenix's high yield potential. Dollar volumes accelerated in the fourth quarter to \$410 million, up 180% from Q3 and 68% from Q1. Q4 accounted for 39% of the yearly transaction volume. The most notable sale of the quarter was the Grand II, which sold for \$187,500,000, or \$522.58 per square foot. The property was fully leased to DoorDash at the time of sale.

METRO PHOENIX RENTAL RATES



Source: Transwestern Research Dept & CoStar




LEASING CONTACTS:

JIM FIJAN
Executive Managing Partner
602.538.3338
jim.fijan@transwestern.com

JACK FIJAN
Director
602.509.2308
jack.fijan@transwestern.com

MARK STRATZ
Senior Vice President
602.386.1186
mark.stratz@transwestern.com

SCOTT BAUMGARTEN
Senior Vice President
602.386.1187
scott.baumgarten@transwestern.com

 **TRANSWESTERN** 2501 E Camelback Rd, Suite 1 | Phoenix, AZ 85016 | T 602 956 5000 | F 602 956 5333

The information provided herein was obtained from sources believed reliable; however, Transwestern makes no guarantees, warranties or representations as to the completeness or accuracy thereof. The presentation of this property is submitted subject to errors, omissions, change of price or conditions, prior sale or lease, or withdrawal without notice. All other marks displayed on this document are the property of their respective owners. Photos herein are the property of their respective owners and use of these images without the express written consent of the owner is prohibited. Copyright © 2021 Transwestern.