

# PHOENIX INDUSTRIAL

## Target Market Spotlight

*The Phoenix metro, an economically diverse hub, offers strong demand for our targeted small- and shallow-bay assets, driven by rapid population growth, a pro-business environment, and lower costs.*

### WHY PHOENIX

The Phoenix metro area is a thriving economic hub, ranking as the 11<sup>th</sup> largest and second-fastest-growing population. The city boasts a strong talent pool, high quality of life, low cost of living, and business-friendly policies. Post-pandemic, many California-based businesses relocated to Phoenix, drawn by lower operating costs and proximity to industrial hubs, further bolstering the market for Class-A industrial assets, aligning with the Rectangle Private Capital Core Strategy.

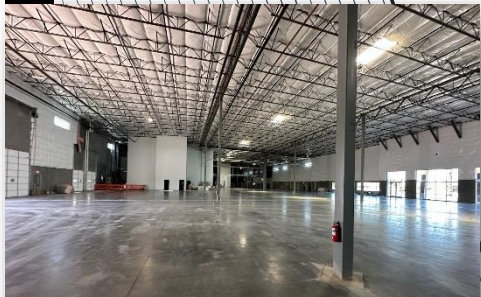
### STRONG DEMAND FOR TARGET ASSETS

Tenant demand for our targeted small- and shallow-bay assets is strong, with only 5.3% vacancy compared to 16.4% for bulk assets. These SSB spaces take almost half as much time to lease (4.5 months) as bulk (8.6 months), helping the asset class generate more consistent cash flows with fewer risks. Smaller tenants that fill small- and shallow-bay spaces dominate in Phoenix, accounting for over 80% of recent leases, as demand for big-box space tapers. As more major corporate investments take place, such as TSMC and Intel's expansions, demand for small industrial space from supporting vendors will increase in turn.

### RECTANGLE'S INVOLVEMENT

Since developing a 2000,000 SF Class-A industrial asset in the Chandler submarket, we have integrated ourselves in the city, purchasing a high-quality 40,000 SF asset in the Tolleson submarket for our Private Capital Core Fund in 2024. This fully leased asset is located in a highly infill area with strong tenant demand, excellent freeway access, and a land-constrained, low-vacancy submarket, making it ideal for last-mile distributors or light manufacturers.

As one of our four target markets, we are dedicated to leveraging Phoenix's growth and long-term potential to advance our Private Capital Core Strategy.



PRO-BUSINESS



STRONG LABOR TALENT POOL



LOW-COST ALTERNATIVE TO CA