



# Office Market Report

## Phoenix - AZ

PREPARED BY



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**OFFICE MARKET REPORT**

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12 Mo Deliveries in SF

**1.5M**

12 Mo Net Absorption in SF

**264K**

Vacancy Rate

**14.5%**

12 Mo Rent Growth

**3.7%**

Many office tenants have become more comfortable locking in long-term leases in the past year, and quarterly leasing volume returned to pre-pandemic levels. Simultaneously, some tenants who found their remote workers performed well during the pandemic will continue to allow various forms of home-based work. These tenants are relinquishing unused office space, and as a result, sublease availabilities have surged to a record high. The concurrent rise in leasing activity and sublease availabilities indicates there is no one-size-fits-all solution for businesses operating post-pandemic. There is still a great degree of uncertainty about the pandemic's long-term effect on office space use.

Several California-based companies have penned new leases in the COVID era, including Robinhood, Align Technology, and PennyMac. Office rents in Phoenix are going up at one of the fastest rates in the nation and may be an indication that sublet space has a minimal effect on the market as a whole. Landlords have been more amenable to concessions in exchange for longer lease terms.

Development has slowed in the past 18 months, partly due to the uncertainty of office demand moving forward. The amount of office space under construction is at its lowest level since 2017, reducing supply-side risk in the near term.

## KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	65,447,681	21.0%	\$33.26	25.6%	(205,672)	0	1,856,518
3 Star	87,745,945	12.9%	\$26.67	15.3%	(129,099)	30,684	349,649
1 & 2 Star	41,178,636	7.2%	\$20.86	8.3%	7,284	0	0
<b>Market</b>	<b>194,372,262</b>	<b>14.5%</b>	<b>\$27.71</b>	<b>17.4%</b>	<b>(327,487)</b>	<b>30,684</b>	<b>2,206,167</b>
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	0.4%	14.6%	14.0%	20.4%	2011 Q2	8.8%	1999 Q3
Net Absorption SF	264K	2,777,896	1,689,953	9,206,117	2006 Q2	(2,881,977)	2009 Q3
Deliveries SF	1.5M	3,783,468	2,116,095	9,052,838	2007 Q4	302,632	2013 Q4
Rent Growth	3.7%	1.3%	3.9%	11.4%	2006 Q3	-12.9%	2009 Q4
Sales Volume	\$3.9B	\$2B	N/A	\$4B	2007 Q3	\$347.8M	2010 Q1



The Phoenix office vacancy rate has risen considerably since the onset of the pandemic, driven by millions of SF of sublet availabilities coming on the market. However, several indicators give reason for optimism. After five consecutive quarters of negative absorption, Phoenix rebounded with nearly 1 million SF of positive absorption in 21Q4. Leasing activity has also picked up in recent quarters and mirrors pre-pandemic levels.

Vacancies have risen roughly 300 basis points since 19Q4 due to numerous move-outs and the addition of speculative office space. Many companies with high-performing remote workers have relinquished unused office space and are subletting all or a portion of their office space to reduce expenses.

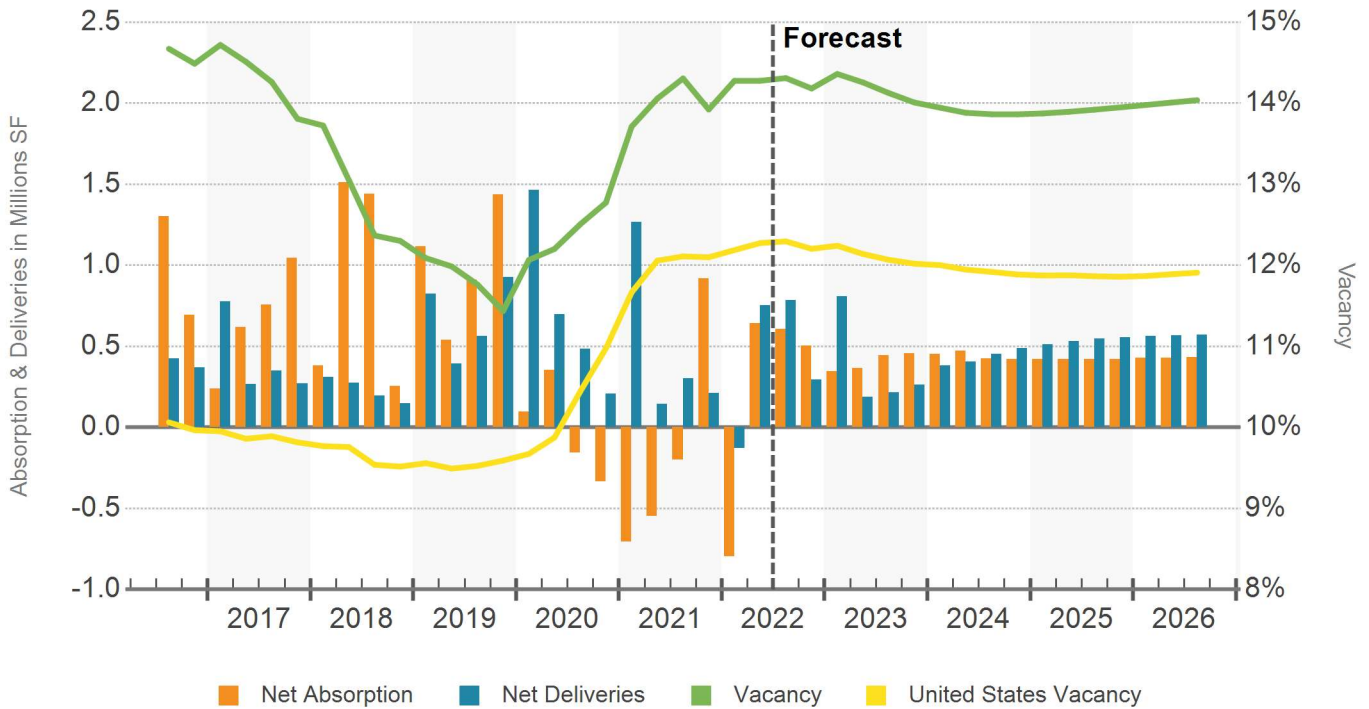
Available sublease space increased from 1.7 million SF IN 19Q4 to 6.4 million SF. One of the largest sublet space availabilities, USAA's Norterra building (149,210 SF) in North Phoenix, has been available since 20Q2. Meanwhile, International Cruise & Excursions 150,000-SF sublease didn't sit vacant for long. JFQ, a Scottsdale-based mortgage lender, subleased 125,000-SF in the building in 21Q1. Other large sublease availabilities include First Solar's Tempe HQ (80,000 SF), Synchrony Financial's office in the Airport Area (68,000 SF), Voya Financial (50,000 SF), and Paypal (47,200 SF) in Chandler. The rise in sublease space has created favorable conditions for tenants who were previously priced out of high-demand submarkets since the space

is offered at a discount.

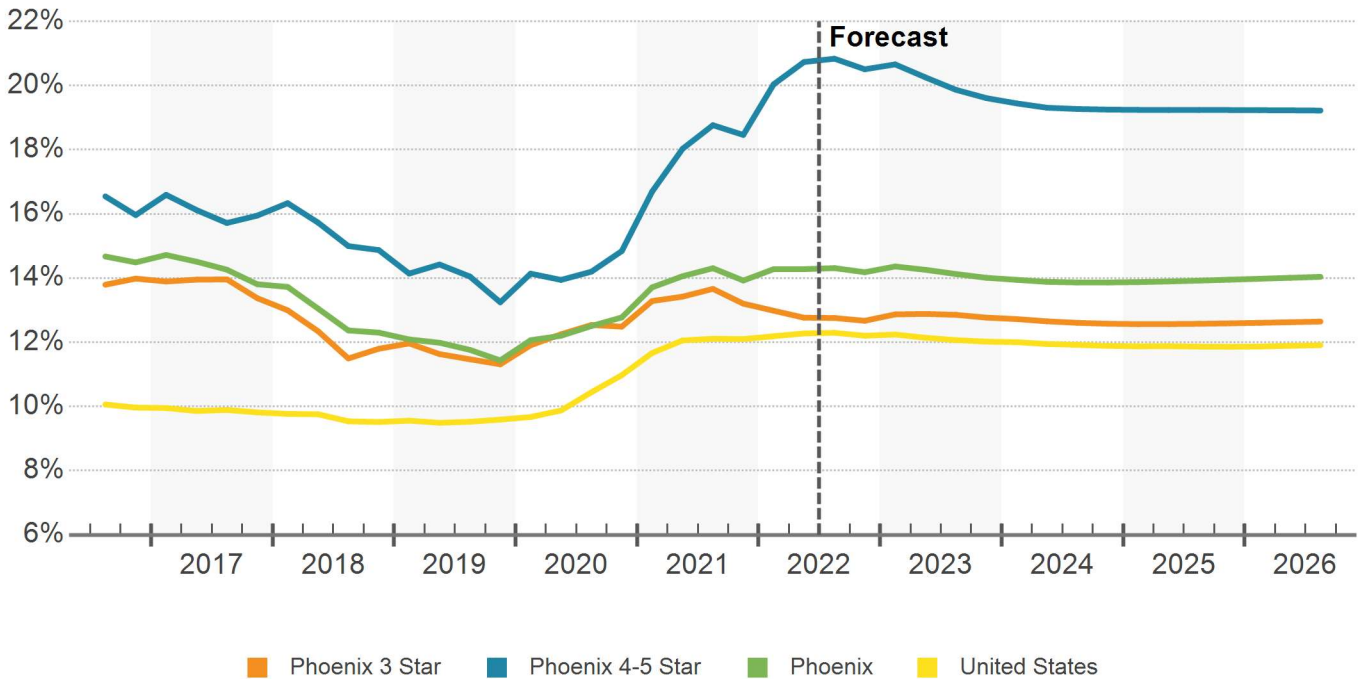
A few companies that signed leases to accommodate large expansions before the pandemic have reevaluated their space needs. Oscar Health, which occupies about 140,000 SF in Tempe, listed 93,000 SF for sublease in 21Q1. A few years ago, the insurance company announced plans to double its workforce by 2020. In Downtown Phoenix, WeWork opened two locations over the past two years, but the co-working operator closed its 33,000-SF location at Block 23 in 21Q1. More office occupiers will likely evaluate their portfolios and consider offering their space for sublease since the pandemic has upended near-term growth plans.

In addition to a rise in sublease space, some move-outs have also weighed on market vacancies. Over the past year, several of the largest occupiers in the market have rightsized or shifted to new buildings, leaving behind vacant space. In 21Q1, Nationwide vacated 250,000 SF across two offices in Central Scottsdale and occupied 282,500 SF at a newly completed office in North Scottsdale. Initially, Nationwide planned to take the entirety of the 460,000-SF building, but its plans changed due to the pandemic. In 21Q2, Cognizant vacated 140,000 SF at Canyon Corporate Plaza in Northwest Phoenix. Earlier in the year, the health care services IT provider moved into 87,000 SF at a newly delivered building in North Phoenix.

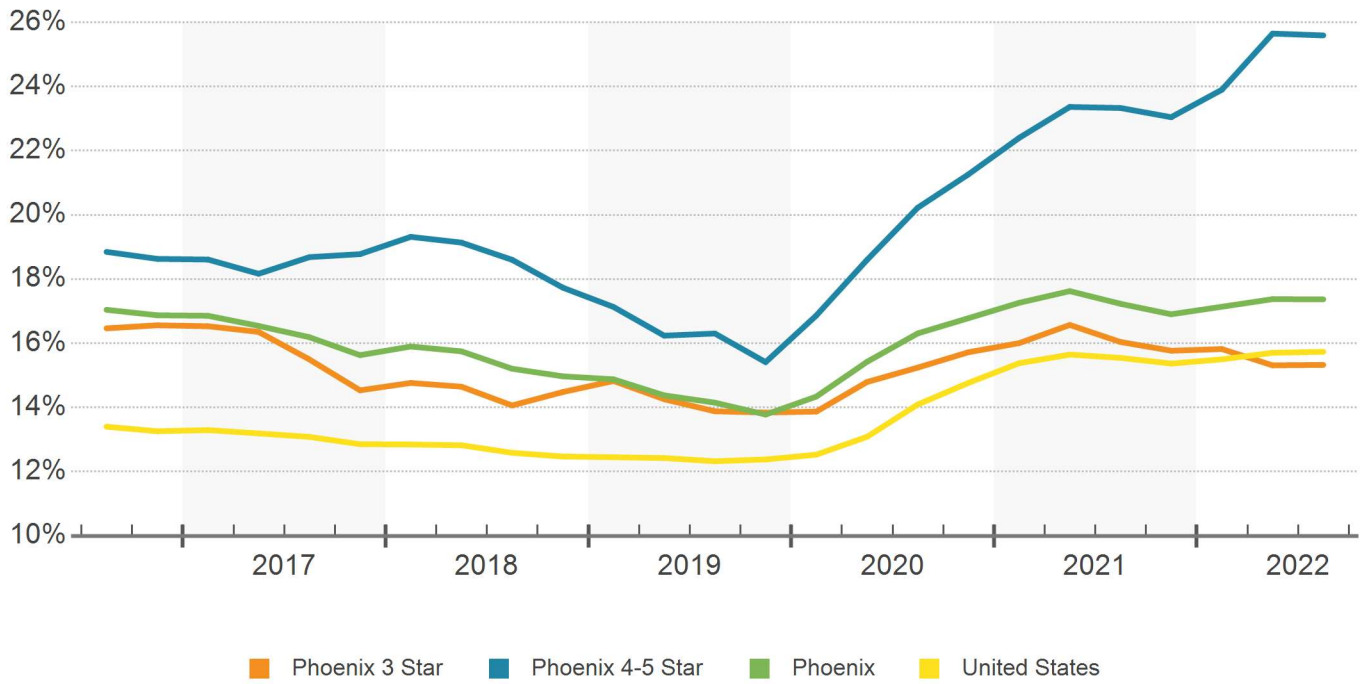
## NET ABSORPTION, NET DELIVERIES & VACANCY



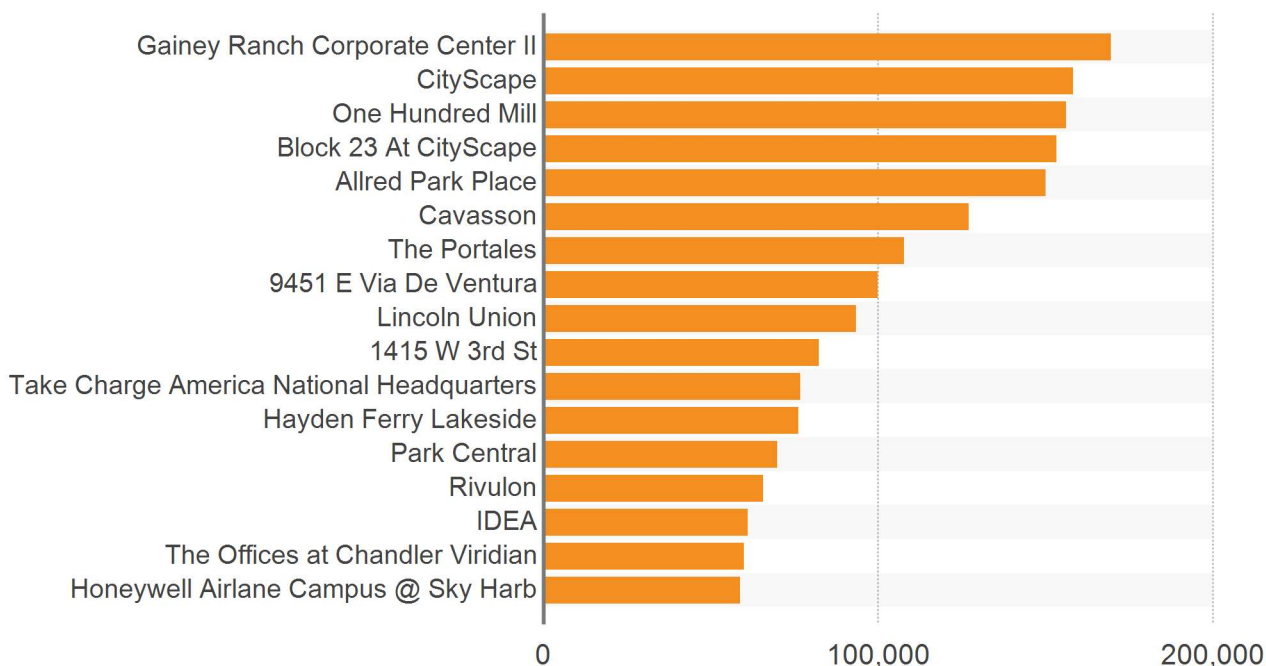
## VACANCY RATE



## AVAILABILITY RATE



## 12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
Gainey Ranch Corporate Center II	Central Scottsdale	200,000	0	0	0	0	0	169,565
CityScope	Downtown	590,371	19,033	161,996	(3,468)	0	0	158,357
One Hundred Mill	Tempe	287,000	130,768	0	156,232	0	0	156,232
Block 23 At CityScope	Downtown	307,030	14,434	59,550	0	0	0	153,390
Allred Park Place	Chandler	150,000	0	0	150,000	0	0	150,000
Cavasson	Scottsdale Airpark	150,000	0	0	0	0	0	127,173
The Portales	Scottsdale South	287,787	39,437	29,531	37,237	0	0	107,708
9451 E Via De Ventura	Central Scottsdale	100,000	0	0	0	0	0	100,000
Lincoln Union	Downtown	93,420	0	93,420	0	0	0	93,420
1415 W 3rd St	Tempe	82,257	0	0	82,257	0	0	82,257
Take Charge America National...	Deer Valley/Airport	118,977	0	0	0	0	0	76,737
Hayden Ferry Lakeside	Tempe	203,113	0	0	76,161	0	0	76,161
Park Central	Midtown	92,000	0	29,280	40,500	0	0	69,780
Rivulon	Chandler	97,248	31,646	0	63,831	0	0	65,602
IDEA	Tempe	185,833	4,841	28,237	32,917	0	0	61,017
The Offices at Chandler Viridian	Chandler	250,630	39,152	(19,997)	919	0	0	59,868
Honeywell Airplane Campus @ S...	Airport Area	69,324	0	0	0	0	0	58,774
<b>Subtotal Primary Competitors</b>		<b>3,264,990</b>	<b>279,311</b>	<b>382,017</b>	<b>636,586</b>	<b>0</b>	<b>0</b>	<b>1,766,041</b>
Remaining Phoenix Market		191,107,272	27,824,759	(1,178,956)	6,042	(327,487)	0	(1,498,136)
<b>Total Phoenix Market</b>		<b>194,372,262</b>	<b>28,104,070</b>	<b>(796,939)</b>	<b>642,628</b>	<b>(327,487)</b>	<b>0</b>	<b>267,905</b>

## TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
Apollo Riverpoint Center	Airport Area	267,962	Q1 22	-	-	JLL
Chaparral Commerce Center	Scottsdale South	124,879	Q4 21	Early Warning Services LLC	Cushman & Wakefield	-
1415 W 3rd St	Tempe	82,257	Q1 22	Carvana	-	JLL
Southwest Jet Center   Mesa-Gateway	Gateway Airport/Loop 202	73,826	Q1 22	AeroCheck	-	Ike
Cavasson 2	Scottsdale Airpark	70,000	Q2 22	Meritage Homes	-	Lee & Associates
Tempe 4	South Tempe/Ahwatukee	65,580	Q4 21	-	-	JLL
Washington Business Park	Tempe Northwest	57,847	Q2 22	-	-	Cushman & Wakefield
Arizona Business Park *	Deer Valley/Airport	55,549	Q1 22	Triwest Healthcare Allianc...	-	-
39808 N Gavilan Peak Pky	North I-17	51,830	Q1 22	-	-	InSite EFS, LLC
Rivulon	Chandler	51,217	Q2 22	Tech Data Corp	-	Lee & Associates
Parkway Fountains	Camelback Corridor	50,913	Q4 21	Willmeng	-	Keyser
1330 W Southern Ave	Tempe	50,000	Q3 21	-	-	Cushman & Wakefield
Rivulon	Chandler	48,624	Q4 21	Morgan Stanley	-	Lee & Associates
AERO Scottsdale	Scottsdale Airpark	46,871	Q4 21	-	-	CBRE
CityScape	Downtown	45,996	Q1 22	Alliance Bank of Arizona	-	Transwestern Real Est...
The Circuit	Tempe	44,603	Q3 21	Peloton Interactive Inc.	CBRE	JLL
Mesa Corporate Center	Superstition Corridor	41,917	Q3 21	Maricopa County	JLL	CBRE
Park Central	Midtown	41,450	Q2 22	EOS Fitness	-	Lee & Associates;The...
Scottsdale Landing	Scottsdale Airpark	40,893	Q3 21	SmartRent	CBRE	Lee & Associates
Galleria	Scottsdale South	39,388	Q2 22	Qwick Media	-	CBRE
18700 N Hayden Rd	Scottsdale Airpark	38,184	Q1 22	-	-	Lee & Associates
Viad Corporate Center *	Midtown	38,000	Q4 21	Dickinson Wright	-	JLL
The Grove	Camelback Corridor	36,054	Q1 22	Clayco	-	JLL
Park Central	Midtown	34,806	Q1 22	-	-	Lee & Associates;The...
Phoenix Gateway Center *	44th Street Corridor	33,770	Q4 21	Mesa Airlines	-	JLL
Galleria	Scottsdale South	33,707	Q2 22	Qwick Media	-	CBRE
3131 E Camelback Rd	Camelback Corridor	33,245	Q3 21	Stewart Title	Transwestern Real...	Lincoln Property Comp...
IDEA	Tempe	32,917	Q1 22	Becton, Dickinson and Co...	-	CBRE
One Hundred Mill	Tempe	31,675	Q4 21	-	-	CBRE
One Hundred Mill	Tempe	31,667	Q1 22	Moov	-	CBRE
One Hundred Mill	Tempe	31,667	Q4 21	-	-	CBRE
One Hundred Mill	Tempe	31,660	Q4 21	-	-	CBRE
Block 23 At CityScape	Downtown	31,500	Q3 21	-	-	JLL
The Grove	Camelback Corridor	31,000	Q2 22	JLL	JLL	RED Development, LLC
Park Central	Midtown	30,300	Q4 21	Radnet	-	Lee & Associates;The...
Kierland II	Scottsdale Airpark	30,206	Q3 21	Handshake Home Loans I...	-	Colliers
Thistle Landing	South Tempe/Ahwatukee	30,037	Q3 21	MHA Systems	-	CBRE
18615 Claret Dr	Scottsdale Airpark	30,000	Q2 22	-	-	Lee & Associates
18615 Claret Dr	Scottsdale Airpark	30,000	Q2 22	-	-	Lee & Associates
Chandler 202 Business Center	Chandler	29,769	Q3 21	Applied Materials	Cushman & Wakefield	-

Renewal



Despite the ongoing recovery in Phoenix's office market, rents have rebounded stronger than many major metros. Annual rent growth currently registers at 3.8%, compared to the national average of 1.1%.

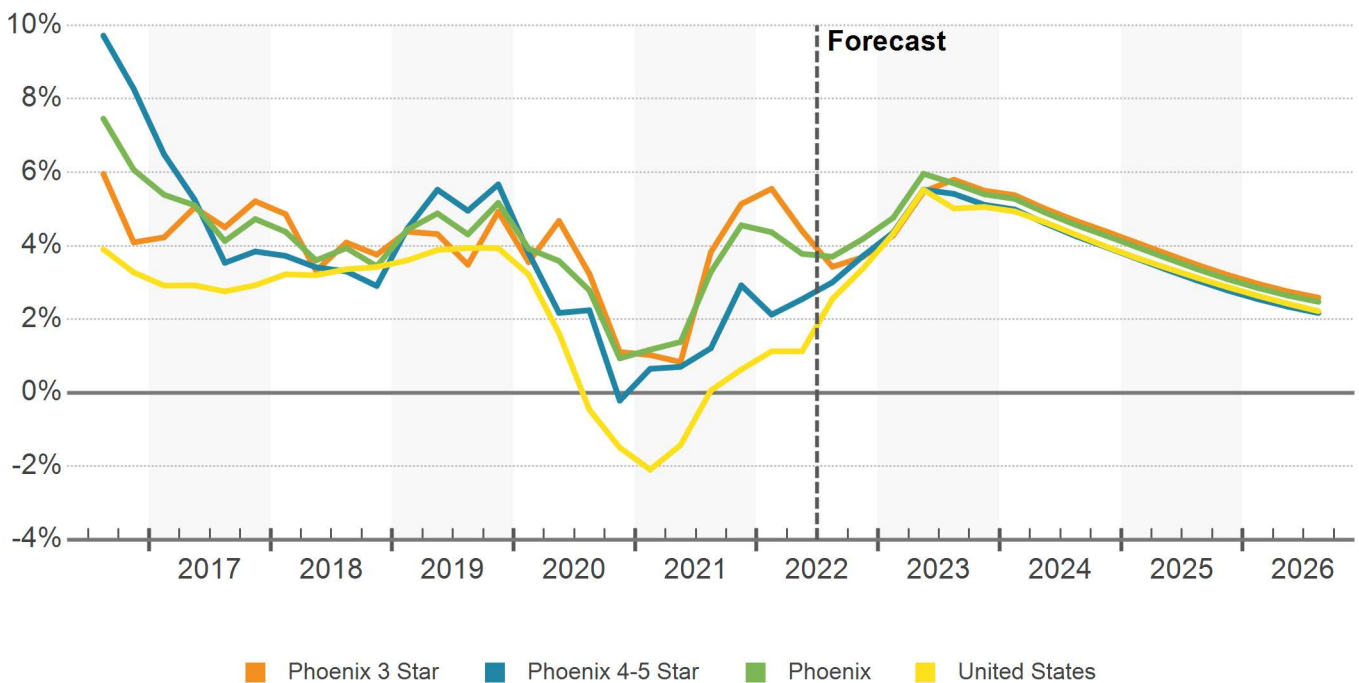
Rents are still facing downward pressure in key submarkets due to a rise in sublease space availabilities. Downtown Phoenix offers some of the highest discounts due to its more than 20% availability rate. At One North Central, sublet space was discounted from \$34/SF to \$24/SF. In Scottsdale and Tempe, sublease space is generally between a 10% and 20% markdown. MUFG Union Bank listed 42,000 SF for sublease in Tempe for \$24/SF, compared to a direct lease at \$32.50/SF. Endurance International Group listed 139,000 SF for sublease at Papago Buttes Corporate Plaza in Tempe for

\$27/SF while direct leases in the building are listed at \$30/SF.

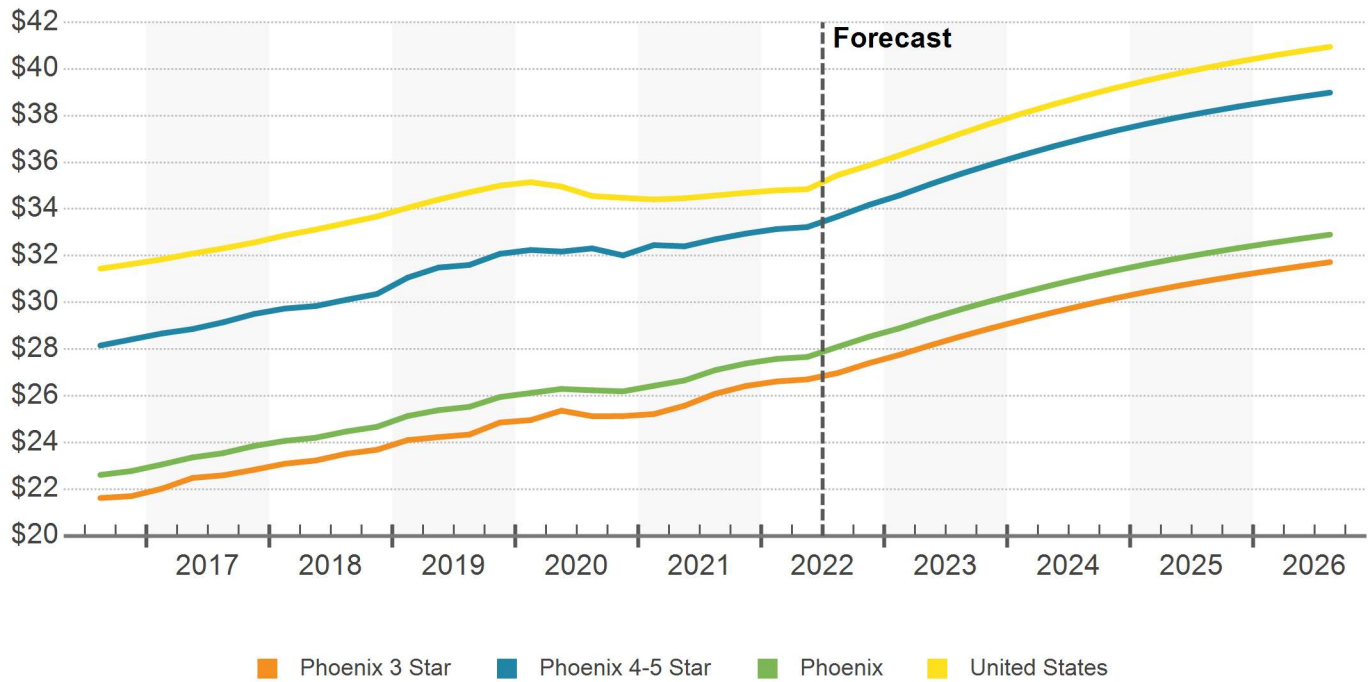
Despite 32 quarters of rent gains, Phoenix maintains its position as an affordable office market. The average office rent in Phoenix is roughly 30% less than the National Index, and the discount relative to West Coast markets is even greater. San Francisco's average rent is about two and a half times that in Phoenix, and Los Angeles' is about 50% higher.

Phoenix's relative affordability will likely continue to attract tenants looking to relocate or expand operations in the western part of the United States without paying exorbitant rents in coastal markets.

## MARKET RENT GROWTH (YOY)



## MARKET RENT PER SQUARE FEET



## 4 & 5 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Phoenix</b>	\$0.66	\$1.06	\$0.20	\$3.71	\$4.30	<b>\$9.93</b>
Airport Area	\$0.69	\$1.29	\$0.18	\$3.82	\$4.06	<b>\$10.04</b>
Central Corridor	\$0.59	\$1	\$0.23	\$2.95	\$8.34	<b>\$13.11</b>
East Phoenix	\$0.55	\$0.90	\$0.17	\$5.04	\$6.59	<b>\$13.25</b>
East Valley	\$0.66	\$1.12	\$0.20	\$3.72	\$3.38	<b>\$9.08</b>
North Phoenix	\$0.57	\$0.94	\$0.22	\$4.14	\$3.93	<b>\$9.80</b>
Northwest Outlying	\$0.70	\$1.13	\$0.18	\$3.49	\$4.24	<b>\$9.74</b>
Northwest Phoenix	\$0.74	\$0.99	\$0.19	\$3.57	\$3.54	<b>\$9.03</b>
Pinal County	\$0.70	\$1.13	\$0.18	\$6.71	\$4.24	<b>\$12.96</b>
Scottsdale	\$0.57	\$0.96	\$0.20	\$3.74	\$3.78	<b>\$9.25</b>
West Phoenix	\$0.89	\$1.19	\$0.19	\$2.92	\$3.69	<b>\$8.88</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

### 3 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Phoenix</b>	\$0.57	\$0.92	\$0.17	\$2.98	\$2.83	<b>\$7.47</b>
Airport Area	\$0.56	\$1.15	\$0.11	\$2.74	\$2.91	<b>\$7.47</b>
Central Corridor	\$0.51	\$0.82	\$0.21	\$2.78	\$4.55	<b>\$8.87</b>
East Phoenix	\$0.55	\$0.65	\$0.16	\$3.27	\$3.69	<b>\$8.32</b>
East Valley	\$0.57	\$0.95	\$0.17	\$2.50	\$2.23	<b>\$6.42</b>
North Phoenix	\$0.50	\$0.85	\$0.24	\$2.74	\$3.66	<b>\$7.99</b>
Northwest Outlying	\$0.65	\$0.96	\$0.18	\$1.52	\$2.76	<b>\$6.07</b>
Northwest Phoenix	\$0.57	\$0.84	\$0.15	\$3.76	\$2.67	<b>\$7.99</b>
Pinal County	\$0.63	\$1.03	\$0.10	\$3.73	\$3.36	<b>\$8.85</b>
Scottsdale	\$0.54	\$0.93	\$0.18	\$2.94	\$3.04	<b>\$7.63</b>
Southwest Outlying	\$0.66	\$1.08	\$0.11	\$0.89	\$3.50	<b>\$6.24</b>
West Phoenix	\$0.70	\$1	\$0.14	\$3.51	\$2.81	<b>\$8.16</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

### 1 & 2 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Phoenix</b>	\$0.52	\$0.72	\$0.16	\$2.67	\$2.37	<b>\$6.44</b>
Airport Area	\$0.60	\$0.85	\$0.11	\$2.65	\$2.26	<b>\$6.47</b>
Central Corridor	\$0.47	\$0.76	\$0.19	\$3.22	\$4.22	<b>\$8.86</b>
East Phoenix	\$0.48	\$0.60	\$0.15	\$2.92	\$3.36	<b>\$7.51</b>
East Valley	\$0.54	\$0.74	\$0.18	\$2.20	\$1.61	<b>\$5.27</b>
North Phoenix	\$0.45	\$0.66	\$0.18	\$2.69	\$2.27	<b>\$6.25</b>
Northwest Outlying	\$0.47	\$0.65	\$0.17	\$1.54	\$2.46	<b>\$5.29</b>
Northwest Phoenix	\$0.52	\$0.65	\$0.15	\$2.79	\$2.04	<b>\$6.15</b>
Pinal County	\$0.57	\$0.84	\$0.10	\$2.08	\$2.13	<b>\$5.72</b>
Scottsdale	\$0.52	\$0.81	\$0.18	\$2.70	\$2.17	<b>\$6.38</b>
Southwest Outlying	\$0.59	\$0.87	\$0.10	\$1.42	\$2.17	<b>\$5.15</b>
West Phoenix	\$0.50	\$0.75	\$0.13	\$3.12	\$2.08	<b>\$6.58</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

Despite a steady stream of new office deliveries since 2015, the pace of completions has moderated from the building boom in the early 2000s. From 2000–08, the market's stock grew by an average of 6.2 million SF each year, but the annual level has slowed to 1.9 million SF over the past five years.

Marketwide, 2.2 million SF is under construction and about half of the space is available for lease. Construction is concentrated in Tempe and Scottsdale Airpark, high-demand urban submarkets with a large and high-quality talent pool.

One of the most recent projects to break ground is Mortenson's The Beam on Farmer in Tempe. Construction on the 184,000-SF speculative office building started in 21Q2 after the project was delayed one year due to the pandemic. The developer believes the building's healthy features, including an under-floor air distribution system and touchless features, will attract tenants. The building is slated to deliver in 2022.

Nearby, construction is progressing on 100 Mill Avenue, a 5 Star office tower located in the heart of Downtown Tempe. Hines is the developer behind the 287,000-SF high-rise that is scheduled for completion in 2022. The

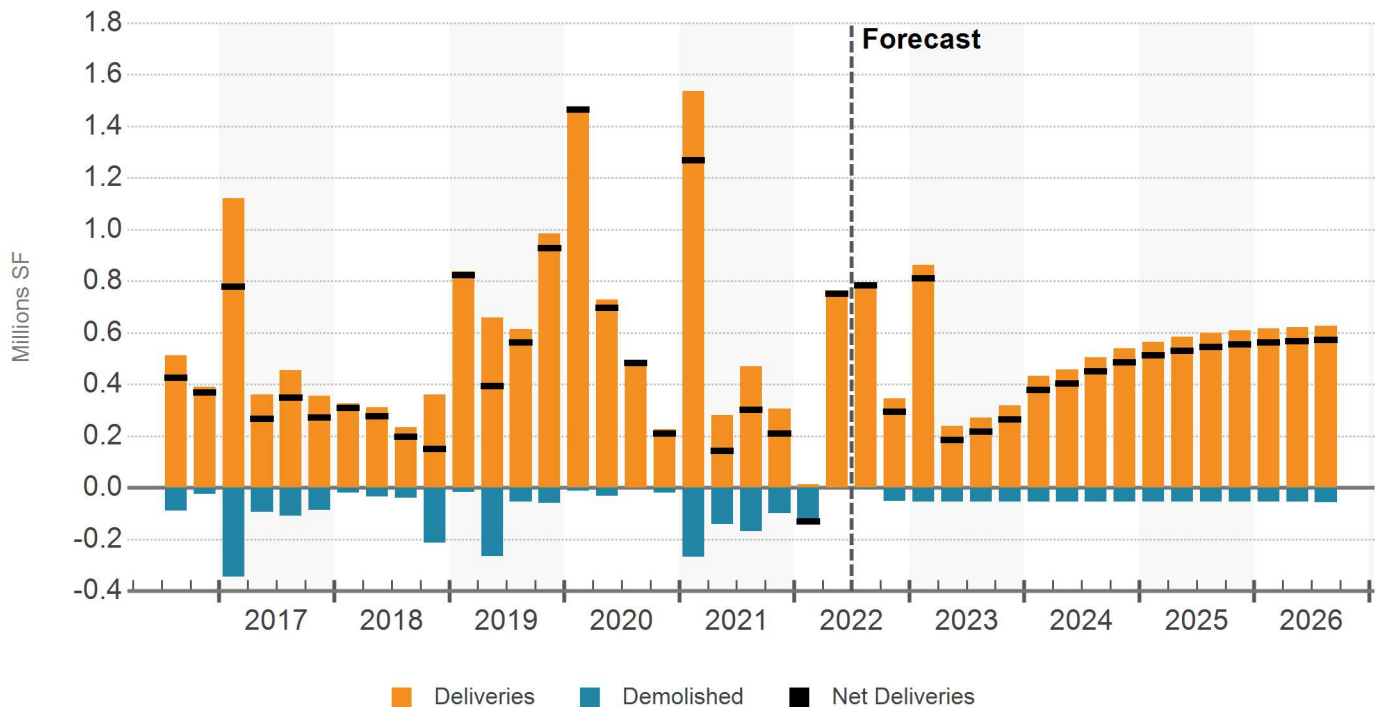
office is 60% leased to multiple tenants, including Amazon and Deloitte, and has the highest asking rents in the market at \$50/SF.

In early 2021, RED Development started construction on two speculative office buildings at The Grove, a mixed-use office project at 44th Street and Camelback Road. Sendoso committed to 60,000 SF and Banner Health signed for 70,000 SF. In addition to the 263,770 SF of office space, the project includes the new Phoenix Suns training facility. Future phases will include retail space and a hotel.

In Goodyear, Globe Corporation started construction on Goodyear City Hall and a 100,000-SF speculative office project in 21Q2. Class A Spec office development is limited in the West Valley, and the space will provide tenants with new options in the region.

DPC Development is nearing completion on the Scottsdale Entrada in South Scottsdale. The spec development is located at a vacant lot in an Opportunity Zone and will include 245,000 SF of office, apartments, and retail space. The project is expected to deliver in 2022. Rents are marketed at \$38/SF FSG.

## DELIVERIES & DEMOLITIONS





## SUBMARKET CONSTRUCTION

No.	Submarket	Under Construction Inventory					Average Building Size		
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Mesa East	2	516	36	7.0%	8	10,544	258,000	2
2	Tempe	3	499	158	31.6%	7	38,993	166,175	3
3	West I-10	8	404	259	64.2%	5	15,934	50,455	6
4	South Tempe/Ahwatukee	1	283	283	100%	1	26,140	282,802	1
5	Camelback Corridor	2	251	228	90.8%	4	42,638	125,747	4
6	Chandler	1	125	125	100%	1	23,840	125,000	5
7	Arrowhead	1	44	0	0%	9	12,042	44,000	7
8	Scottsdale Airpark	1	32	32	100%	1	35,595	32,054	8
9	Gateway Airport/Loop 202	1	26	0	0%	9	9,475	26,032	9
10	Superstition Corridor	2	21	11	51.9%	6	15,912	10,396	10
	All Other	1	6	6	100%		20,352	5,826	
<b>Totals</b>		<b>23</b>	<b>2,206</b>	<b>1,137</b>	<b>51.6%</b>		<b>21,485</b>	<b>95,920</b>	

# Under Construction Properties

Phoenix Office

Properties

Square Feet

Percent of Inventory

Released

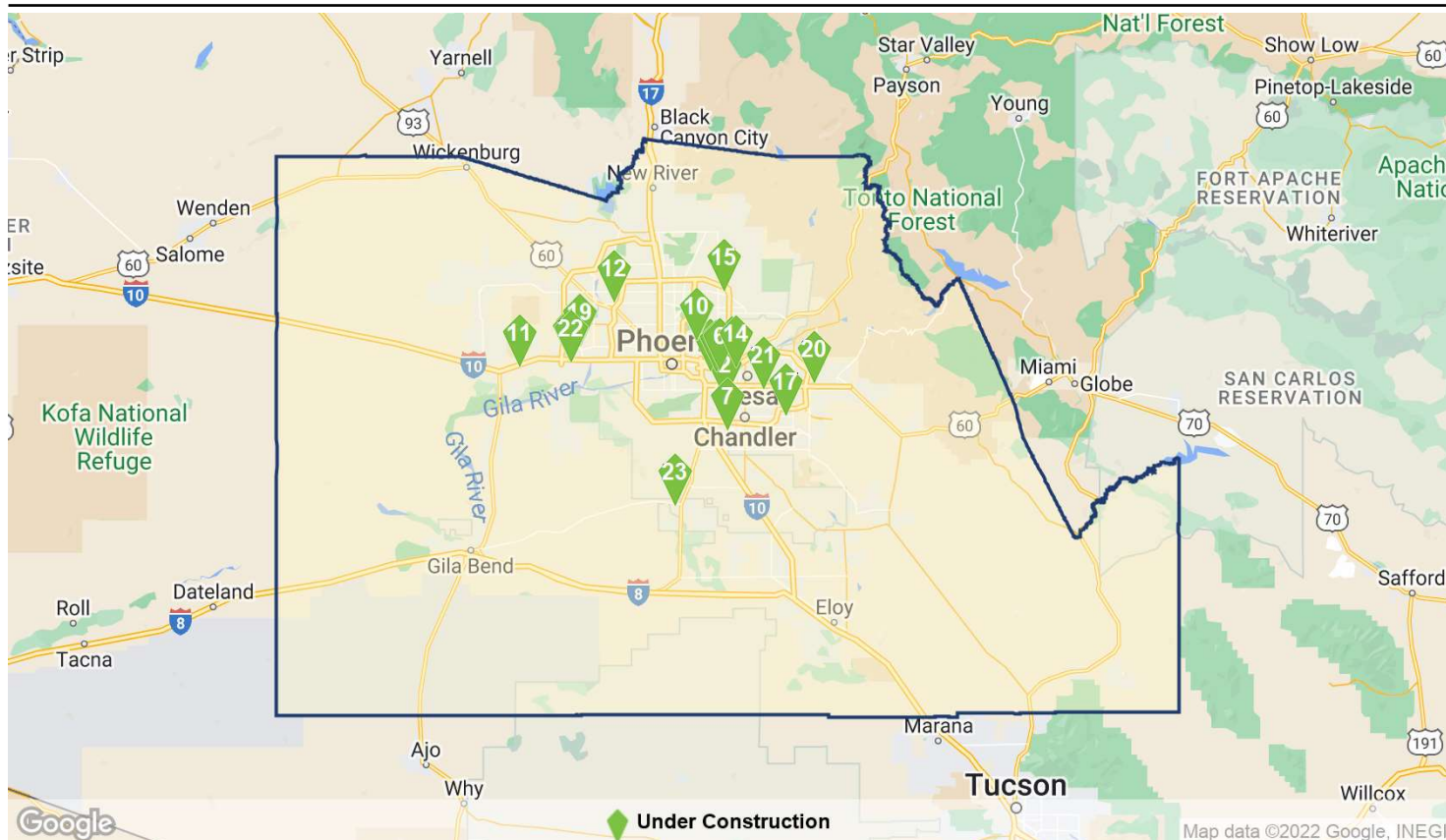
**23**

**2,206,167**

**1.1%**

**51.6%**

## UNDER CONSTRUCTION PROPERTIES



## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 <b>Union- Building 3</b> NEC Riverview Auto Dr	★★★★★	480,000	8	Apr 2022	Dec 2022	Lincoln Property Company Harvard Investments
2 <b>2108 E Elliot Rd</b>	★★★★☆	282,802	2	May 2022	Aug 2022	-
3 <b>The Beam on Farmer</b> 433 S Farmer Ave	★★★★☆	183,526	5	Apr 2021	Aug 2022	M. A. Mortenson Company M. A. Mortenson Company
4 <b>4300 E Camelback Rd</b>	★★★★☆	181,494	4	Feb 2021	Sep 2022	RED Development, LLC RED Development, LLC
5 <b>Rural Rd &amp; University Dr</b>	★★★★☆	165,000	6	Nov 2021	Feb 2023	Ryan Companies Arizona State University
6 <b>Building A</b> SWC McClintock Dr & E R...	★★★★☆	150,000	3	Apr 2022	May 2023	-
7 <b>The District on Price Rd-...</b> 2400 S Price Rd	★★★☆☆	125,000	3	Apr 2022	Feb 2023	Sunbelt Investment Holdings, Inc. Sunbelt Investment Holdings, Inc.

# Under Construction Properties

Phoenix Office

## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 <b>Goodyear City Hall - GSQ</b> NWC McDowell Rd & 150t...	★★★★☆	125,000	4	Apr 2021	Aug 2022	- Globe Corporation
9 <b>Gen 1 at GSQ</b> 15150 W Park Pl	★★★★☆	103,628	3	Apr 2021	Aug 2022	- -
10 <b>4200 E Camelback Rd</b>	★★★★☆	70,000	3	Feb 2021	Sep 2022	RED Development, LLC RED Development, LLC
11 <b>SE Quadrant of Watson Rd</b>	★★★★☆	45,000	2	Jan 2020	Aug 2023	- -
12 <b>Desert Harbor</b> 9000 W Thunderbird Rd	★★★★☆	44,000	2	Dec 2021	Aug 2022	- Larry Cherry
13 <b>Phase I - Block A</b> W Wigwam Blvd & Litchf...	★★★★☆	44,000	-	Sep 2021	Dec 2022	- City Of Litchfield Park Arizona
14 <b>CCS Presentation Systems</b> 1426 Bass Pro Dr	★★★★☆	36,000	2	Jan 2022	Dec 2023	- -
15 <b>8399 E Hartford Dr</b>	★★★★☆	32,054	2	Nov 2021	Sep 2022	DBM Ventures LLC -
16 <b>Phase II</b> 740 N Estrella Pky	★★★★☆	28,014	2	Feb 2022	Nov 2022	- Arizona Optometric Charitable Fo...
17 <b>Building F</b> SWC Williams Field Rd &...	★★★★☆	26,032	2	Aug 2021	Sep 2022	Brody Associates, Inc. Brody Associates, Inc.
18 <b>Phase I - Block F</b> W Wigwam Blvd & Litchfiel...	★★★★☆	25,000	-	Sep 2021	Dec 2022	- -
19 <b>Phase I - Block E</b> W Wigwam Blvd & Litchfiel...	★★★★☆	25,000	-	Sep 2021	Dec 2022	- -
20 <b>10032 E Southern Ave</b>	★★★★☆	10,791	1	Sep 2021	Aug 2022	Stave Properties LLC Crown Builders Inc
21 <b>2679 E Baseline Rd</b>	★★★★☆	10,000	1	Apr 2022	Jul 2023	- -
22 <b>Pad 1</b> N Estrella & Van Buren Pky	★★★★☆	8,000	1	Dec 2021	Oct 2022	J. Walters Construction Co. Dental Depot
23 <b>Office A2</b> 45654 W Edison Rd	★★★★☆	5,826	1	Jul 2021	Aug 2022	- -

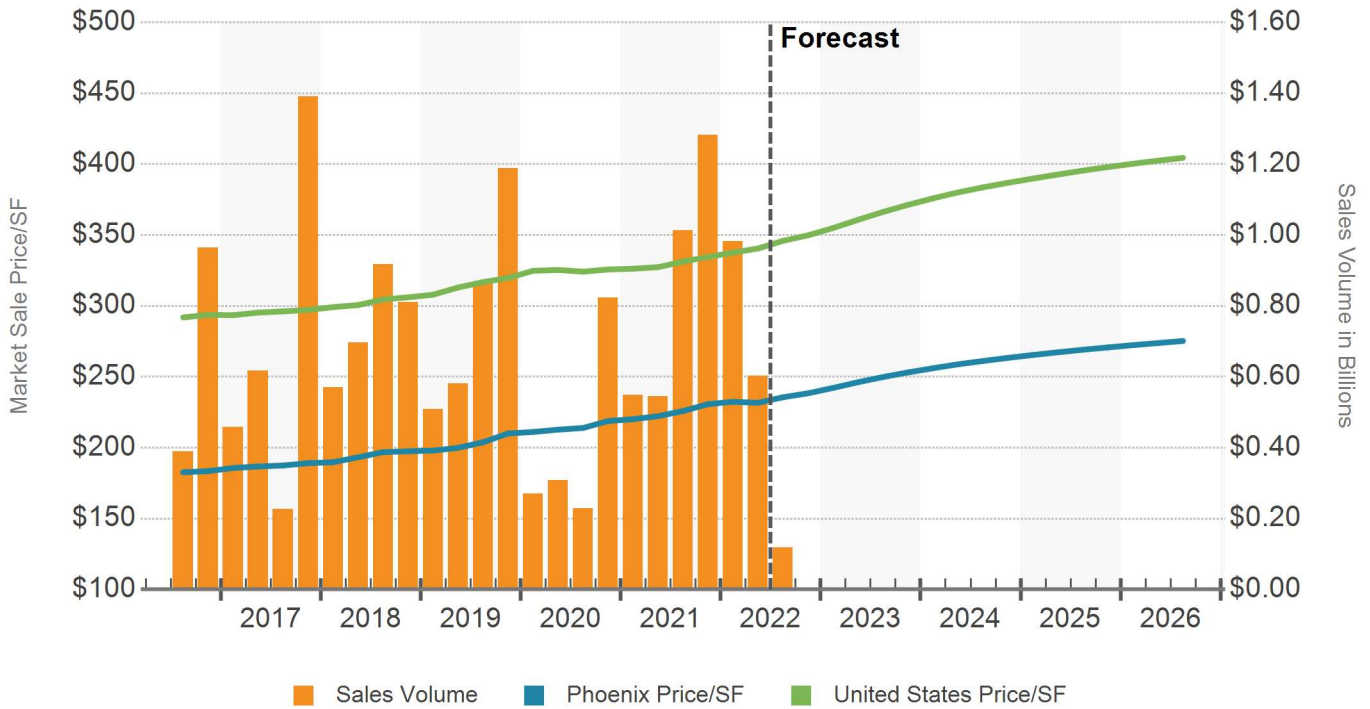
Approximately \$3.8 billion in office assets have traded here in the past 12 months, compared to the five-year annual average of \$2.9 billion. At \$230 per SF, pricing remains well below the national average of \$300 per SF. Despite the rise in vacancies and sublet space, cap rates have remained relatively stable at 6.9%.

Private and institutional investors have targeted single-tenant properties net leased by strong credit tenants that offer stable cash flows and entail limited managerial oversight. In October, Phoenix-based Silver Creek Development acquired the newly completed 144,800-SF Norterra West II office building in North Phoenix for \$48.5 million (\$335/SF) from the developer. The building is 90% leased by Cognizant Technology. Silver Creek Development has been active in the market, targeting single-tenant buildings. Last May, the buyer purchased a newly completed 120,000-SF office building in Gilbert, which is occupied by Northrup Grumman from the developer for \$43 million. Silver Creek also purchased a single-tenant building in Chandler for \$34.2 million (\$262/SF) at a 6.7% cap rate in June. The property was fully occupied by Zovio, a for-profit education services company.

Medical offices are also highly sought after. A joint venture of San Diego-based Cypress Office Properties, along with Birmingham, Alabama-based Harbert Management Corp., bought The Arc, a two-building office complex in Mesa, for \$37 million (\$203/SF) from Buchanan Street Partners. The Arc was 87% leased at the time of the sale with a tenant roster of mostly doctors and other medical-related users.

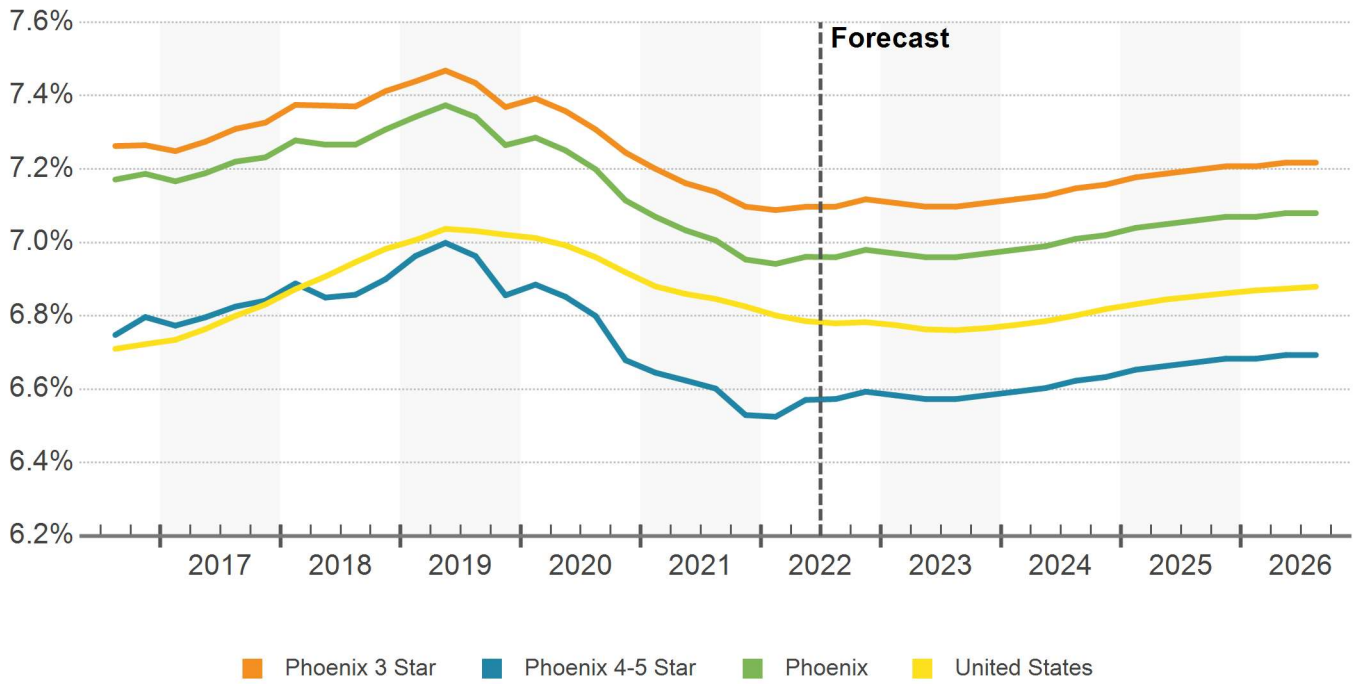
Like many Tier II markets, Phoenix has garnered increased attention from national investors, though the buyer profile is relatively unchanged; private and some institutional interests drive the majority of transaction activity. Foreign investment, particularly from Canada and Asia, has picked up in recent years but still represents a small slice of the market. In August, Australian financial services firm Macquarie Asset Management acquired the CASA office building in Phoenix from the developer, George Oliver, for \$56.5 million (\$312/SF). The building was constructed in 1990 and was renovated in 2019. At the time of sale, CASA was fully leased.

**SALES VOLUME & MARKET SALE PRICE PER SF**





## MARKET CAP RATE



# Sales Past 12 Months

Phoenix Office

Sale Comparables

Avg. Cap Rate

Avg. Price/SF

Avg. Vacancy At Sale

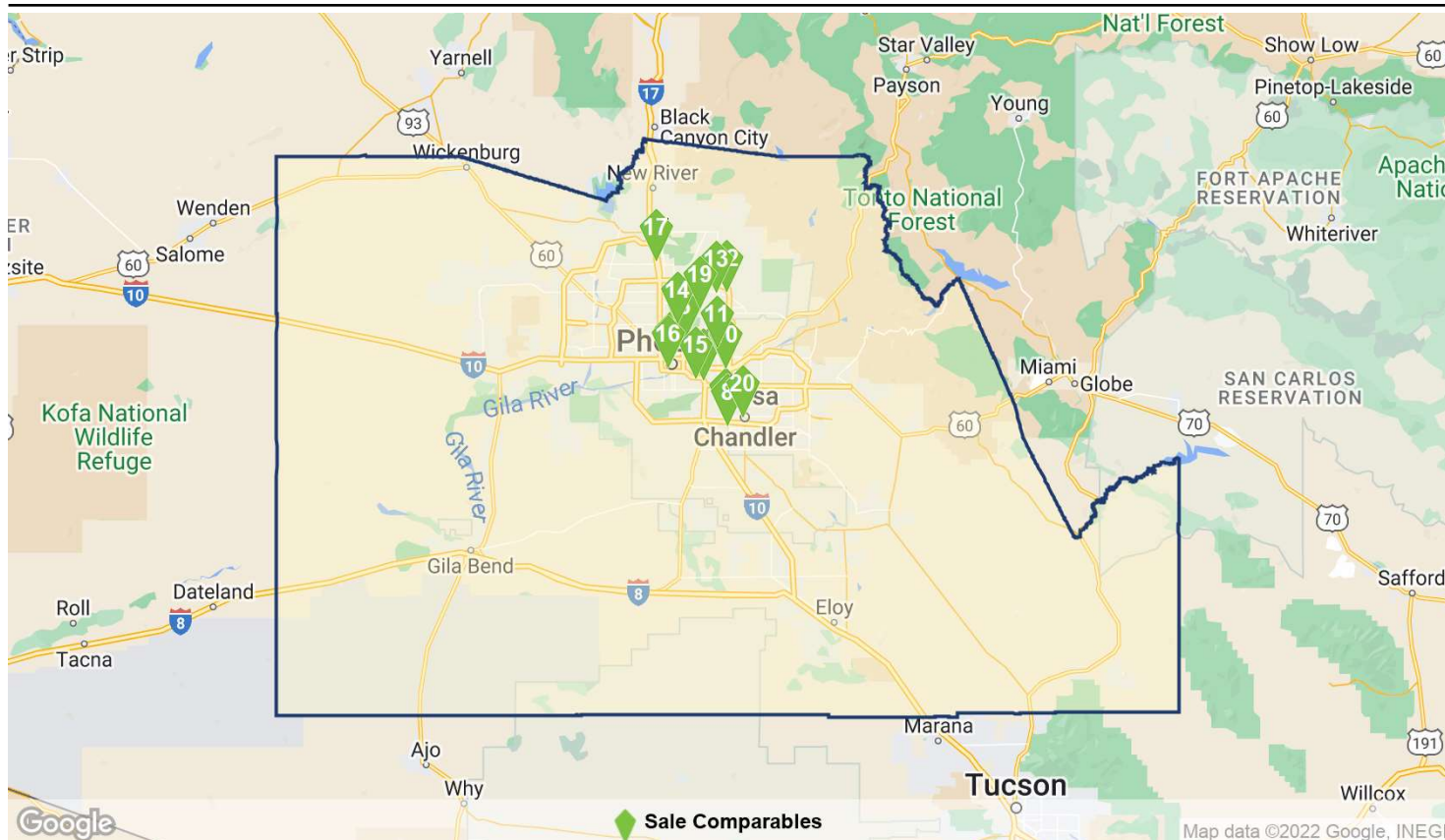
**1,091**

**6.4%**

**\$241**

**14.5%**

## SALE COMPARABLE LOCATIONS



## SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$110,000	\$5,943,944	\$1,650,000	\$150,000,000
Price/SF	\$18	\$241	\$223	\$2,170
Cap Rate	3.1%	6.4%	6.4%	8.5%
Time Since Sale in Months	0.0	6.2	6.5	12.0
Property Attributes	Low	Average	Median	High
Building SF	750	24,655	8,590	307,030
Stories	1	2	1	20
Typical Floor SF	750	12,518	7,182	111,430
Vacancy Rate At Sale	0%	14.5%	0%	100%
Year Built	1897	1986	1986	2022
Star Rating	★ ★ ★ ★ ★	★ ★ ★ ★ ★ 2.5	★ ★ ★ ★ ★	★ ★ ★ ★ ★

# Sales Past 12 Months

Phoenix Office

## RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale			
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate
<b>1</b> Block 23 At CityScape 101 E Washington St	★★★★★	2019	307,030	24.1%	12/7/2021	\$150,000,000	\$489	5.3%
<b>2</b> Camelback Esplanade IV 2575 E Camelback Rd	★★★★☆	1999	264,267	2.1%	3/14/2022	\$111,418,407	\$422	-
<b>3</b> The Offices at Chandler... 3133 W Frye Rd	★★★★☆	2019	250,630	8.0%	12/17/2021	\$102,000,000	\$407	-
<b>4</b> Camelback Esplanade V 2555 E Camelback Rd	★★★★☆	2002	235,773	29.3%	3/14/2022	\$97,035,564	\$412	-
<b>5</b> Esplanade I 2425 E Camelback Rd	★★★★☆	1989	244,924	32.2%	3/14/2022	\$89,352,602	\$365	-
<b>6</b> Camelback Esplanade II 2525 E Camelback Rd	★★★★☆	1990	235,077	3.2%	3/14/2022	\$87,193,426	\$371	-
<b>7</b> Fountainhead Office Pla... 1625 W Fountainhead Pky	★★★★☆	2011	277,545	0%	9/20/2021	\$77,500,307	\$279	-
<b>8</b> 1700 S Price Rd	★★★★☆	2020	151,359	33.3%	12/17/2021	\$68,531,119	\$453	-
<b>9</b> Rio2100 Phase II 2114 S Freedom Way	★★★★☆	2018	150,000	0%	9/30/2021	\$66,000,000	\$440	-
<b>10</b> Rio2100 Phase III 2116 S Freedom Way	★★★★☆	2019	150,000	0%	9/30/2021	\$66,000,000	\$440	-
<b>11</b> HonorHealth Neurology -... 7242 E Osborn Rd	★★★★☆	2021	126,342	30.7%	10/26/2021	\$62,914,775	\$498	-
<b>12</b> Terra Verde I 16767 N Perimeter Dr	★★★★☆	2009	180,000	12.6%	7/6/2022	\$59,158,998	\$329	-
<b>13</b> Kierland One 16430 N Scottsdale Rd	★★★★☆	2000	175,577	10.1%	10/14/2021	\$58,000,000	\$330	-
<b>14</b> CASA 7878 N 16th St	★★★★☆	1990	181,138	9.3%	8/10/2021	\$56,500,000	\$312	-
<b>15</b> Allred Broadway Center 4141 E Broadway Rd	★★★★☆	2017	175,000	0%	5/10/2022	\$52,500,000	\$300	-
<b>16</b> Phoenix Memorial Center 1201 S 7th Ave	★★★★☆	1934	266,927	12.0%	9/14/2021	\$50,668,082	\$190	-
<b>17</b> Norterra West II 25800 N Norterra Pky	★★★★☆	2021	144,802	8.9%	10/12/2021	\$48,500,000	\$335	-
<b>18</b> The Alexander 25 S Arizona Pl	★★★★☆	1987	112,070	13.0%	3/28/2022	\$45,500,000	\$406	-
<b>19</b> PVOP III 11811 N Tatum Blvd	★★★★☆	1986	268,598	36.2%	5/10/2022	\$43,000,000	\$160	-
<b>20</b> The Johnathan 55 N Arizona Pl	★★★★☆	1998	107,510	29.7%	3/28/2022	\$41,000,000	\$381	-

Phoenix remains one of the nation's best-performing markets for job growth. The local economy has been one of the most resilient in the U.S. during the pandemic thanks to a diversified job market. Metro Phoenix lost about 243,000 jobs in March and April of 2020. By September 2021, Phoenix fully recovered those job losses, a stark contrast to its protracted recovery from the Global Financial Crisis.

The competitive advantage and growth drivers that have historically stimulated growth in the Valley of the Sun may be stronger than ever. Affordability and job prospects are attracting people living in dense and expensive cities to Phoenix. The adoption of remote work has given more people mobility and has enticed more people in California or East Coast markets to move to Phoenix. Population growth, a diversifying economy, relative affordability, and business-friendly regulation have strengthened the Phoenix value proposition. These characteristics attract more than 220 people to Phoenix each day, on average.

An influx of residents and the market's large educational institutions and colleges are significant contributors to the local talent pool. Metro Phoenix is home to the country's largest public and private universities: Arizona State University (ASU) and Grand Canyon University (GCU). ASU enrollment surpassed 127,000 students in fall 2020, spread across five campuses and including online students. ASU's primary location in Tempe is the largest, with more than 53,000 students on campus. Beyond producing new graduates, the universities collaborate with local employers on research and classroom curricula.

Businesses are selecting Phoenix to expand because of the extensive labor pool. Numerous employers have

announced expansions and relocations since the pandemic. Amazon recently opened 11 last-mile and fulfillment sites throughout the metro and leased a 95,000-SF office in Tempe, which will generate thousands of new jobs. Zoom, the California-based video conferencing company, revealed plans to open a Phoenix research and development center. TSMC made headlines for its commitment to bring more than 1,600 jobs to the state with a \$12 billion semiconductor factory. Other companies that have added hundreds of new jobs over the past few years include Allstate, Deloitte, DoorDash, OpenDoor, Silicon Valley Bank, Choice Hotels, Mayo Clinic, Wells Fargo, Farmers Insurance, and USAA. Microsoft, Google, and Apple have invested in data centers throughout the metro. While labor is the primary driver behind the market's business attraction success, relative affordability helps tip the scale in favor of Phoenix when companies make their site selection decision.

The number of companies moving to metro Phoenix is noteworthy, but the diversity of industries has helped sustain the region's long-term stability. Phoenix was synonymous with cheap labor and land that attracted call centers and back-office operators more than a decade ago. The economy depended on industries associated with household growth — construction, lending, brokerage, tile and cabinet manufacturers, etc. Because of its past reliance on housing, Phoenix was among the hardest-hit markets during the Great Recession; the market lost more than 300,000 jobs, 25% of which were in the construction industry alone. Phoenix recovered from the Great Recession about two years after the U.S. The companies that Phoenix is attracting have evolved, and the market has emerged as a bustling technology and financial hub. This diversification of industry has helped Phoenix perform best among its peers.

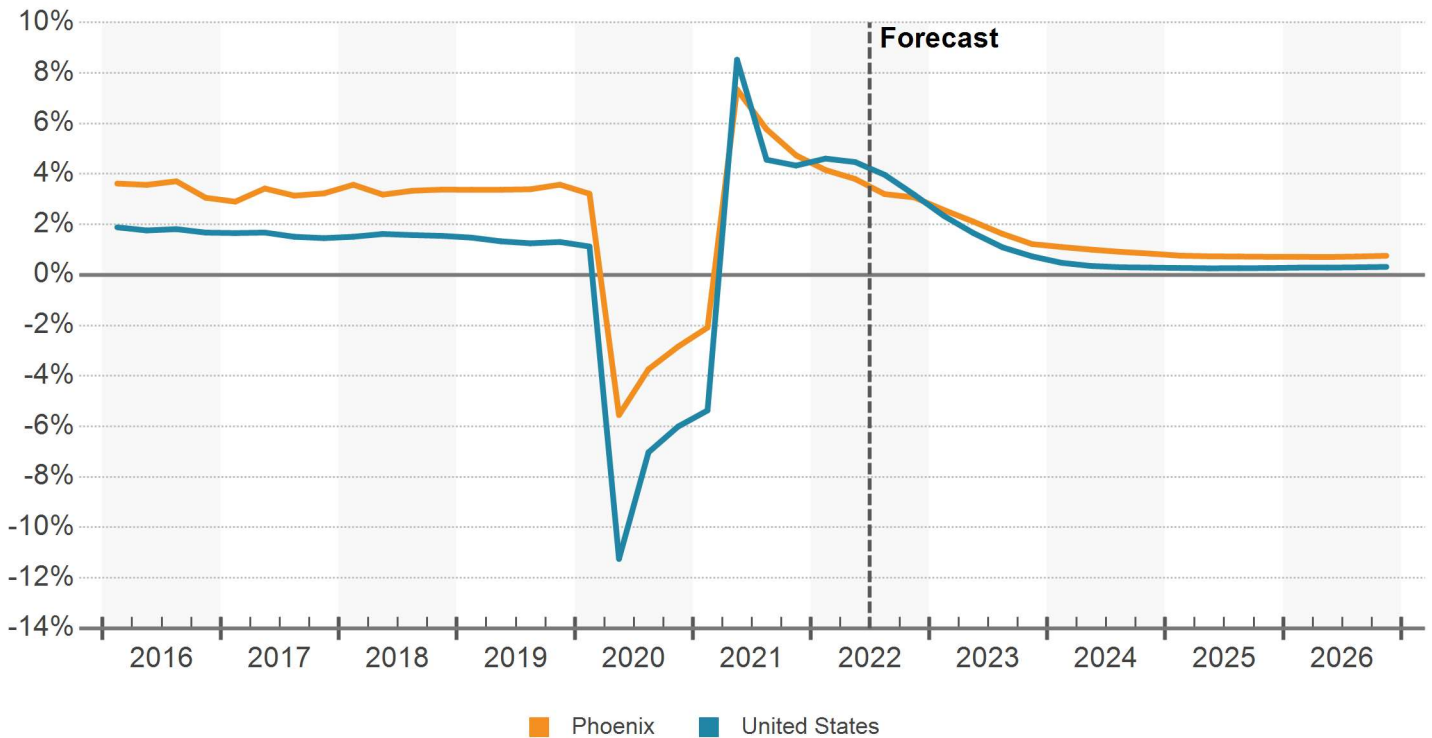


## PHOENIX EMPLOYMENT BY INDUSTRY IN THOUSANDS

Industry	CURRENT JOBS		CURRENT GROWTH		10 YR HISTORICAL		5 YR FORECAST	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	139	0.7	2.46%	3.57%	1.79%	0.64%	0.26%	0.22%
Trade, Transportation and Utilities	454	1.1	3.62%	3.47%	2.59%	1.20%	0.38%	0.20%
Retail Trade	250	1.1	2.23%	2.63%	1.91%	0.61%	0.31%	0.15%
Financial Activities	219	1.6	0.28%	2.07%	3.83%	1.39%	0.85%	0.29%
Government	238	0.7	-0.53%	1.33%	0.53%	0.16%	1.05%	0.54%
Natural Resources, Mining and Construction	148	1.2	3.54%	4.27%	4.96%	2.51%	1.75%	0.42%
Education and Health Services	356	1.0	3.59%	2.60%	3.30%	1.57%	1.76%	0.75%
Professional and Business Services	386	1.2	4.81%	4.99%	3.11%	2.11%	1.09%	0.49%
Information	44	1.0	12.55%	4.85%	3.37%	0.97%	1.20%	0.42%
Leisure and Hospitality	233	1.0	9.68%	14.80%	2.48%	1.55%	1.56%	1.53%
Other Services	71	0.8	3.69%	5.64%	1.12%	0.54%	0.52%	0.70%
<b>Total Employment</b>	<b>2,286</b>	<b>1.0</b>	<b>3.70%</b>	<b>4.39%</b>	<b>2.69%</b>	<b>1.26%</b>	<b>1.06%</b>	<b>0.56%</b>

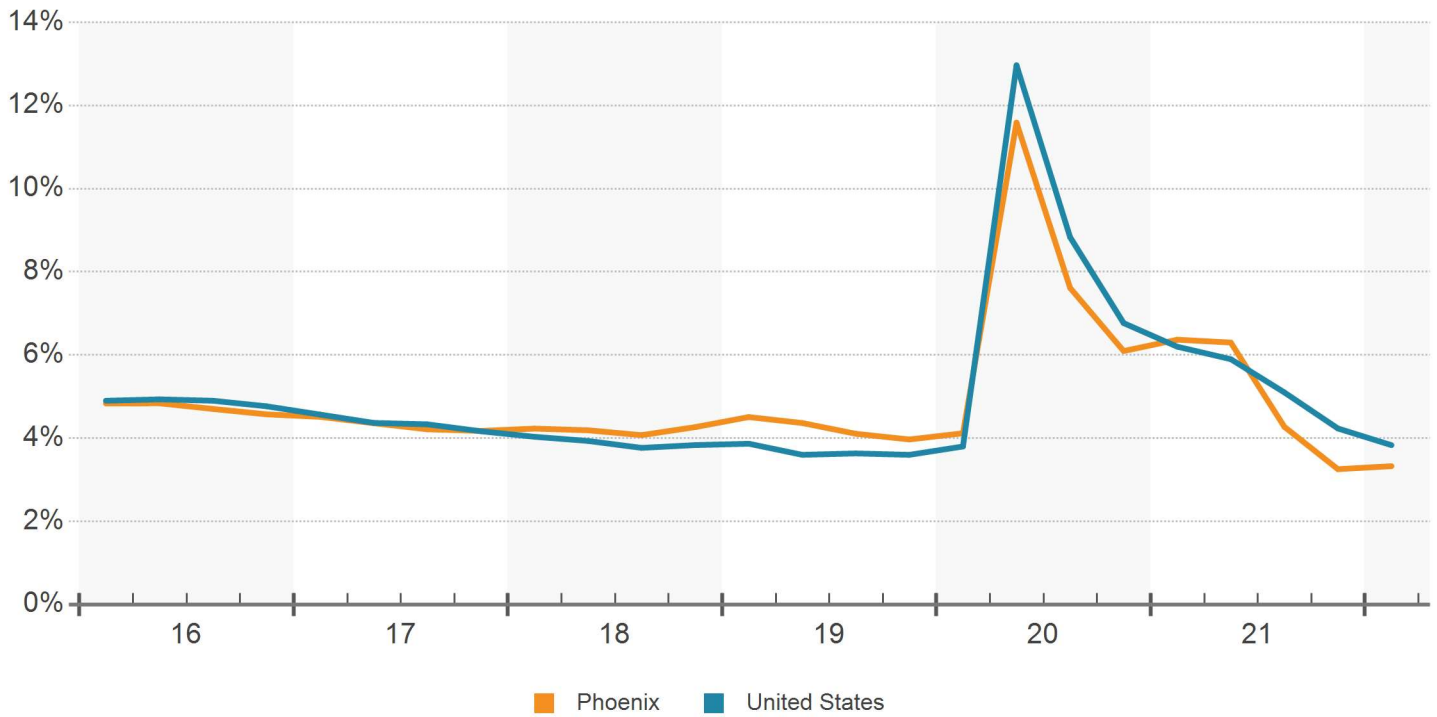
Source: Oxford Economics  
LQ = Location Quotient

## JOB GROWTH (YOY)

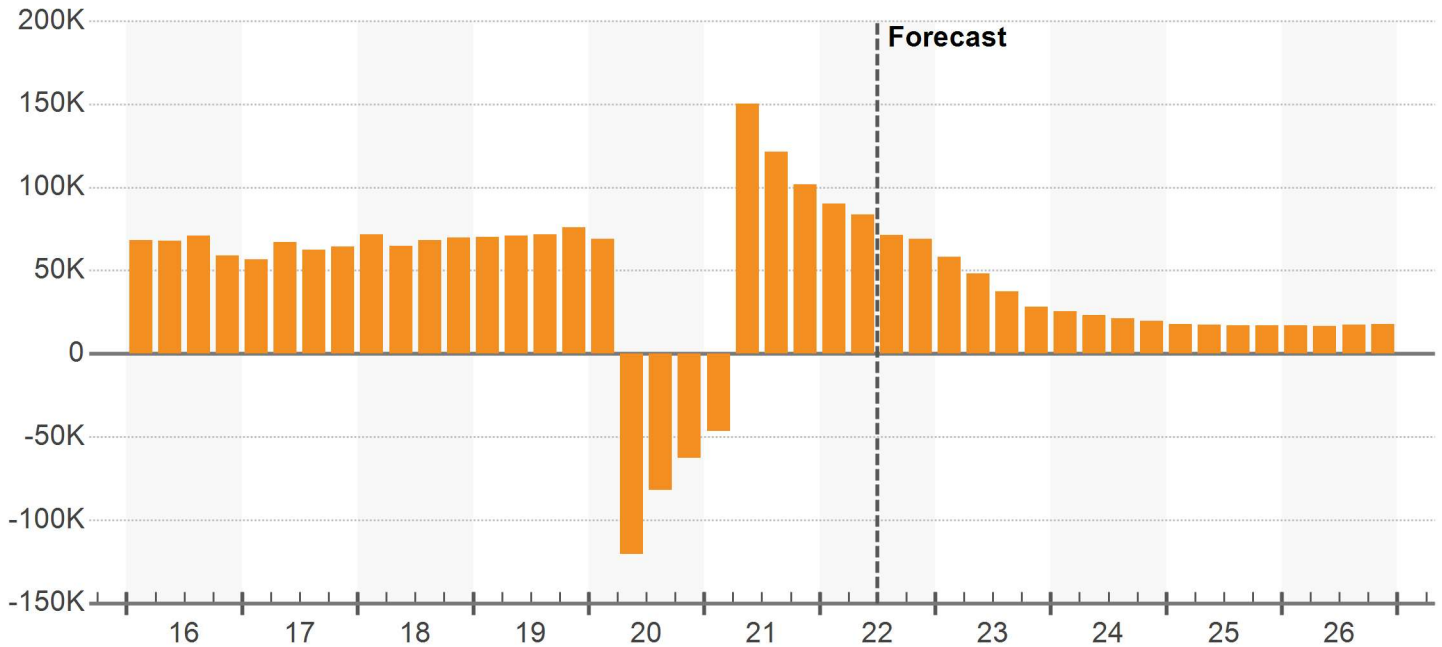


Source: Oxford Economics

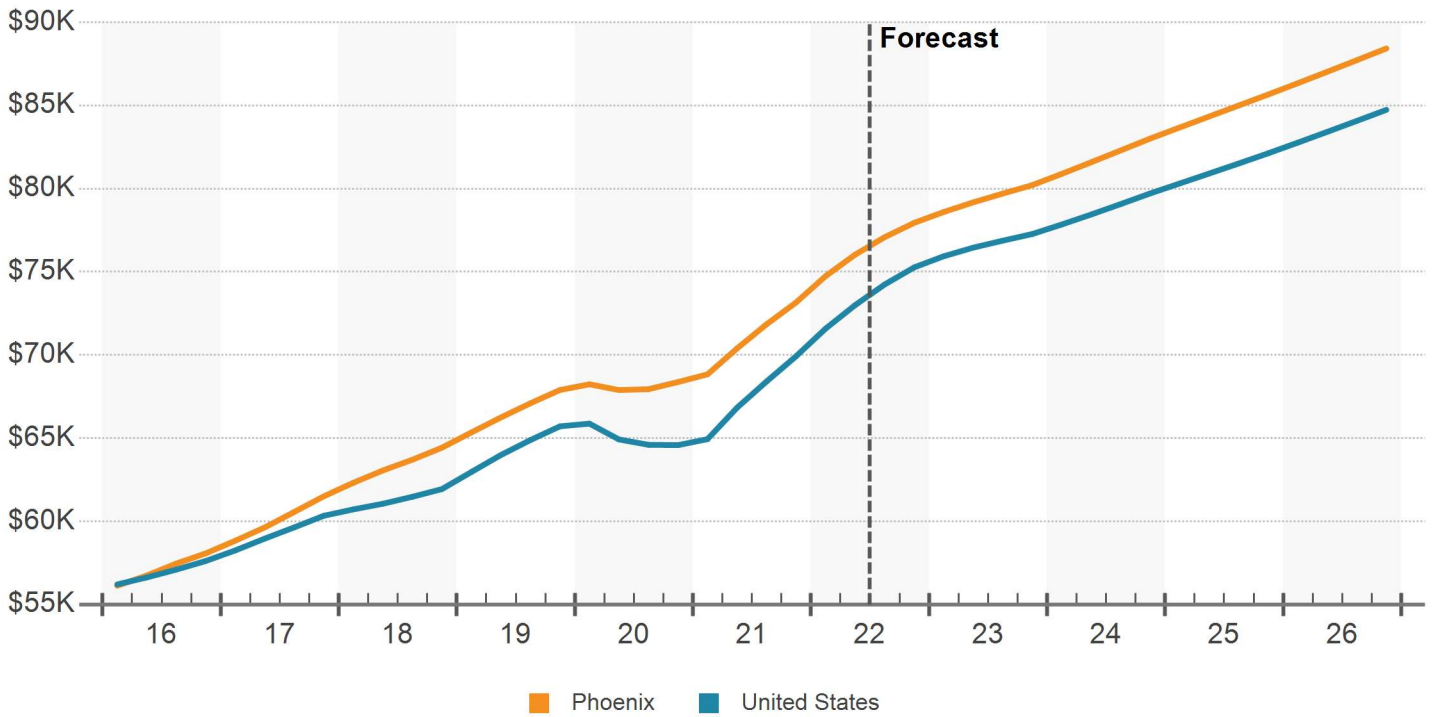
## UNEMPLOYMENT RATE (%)



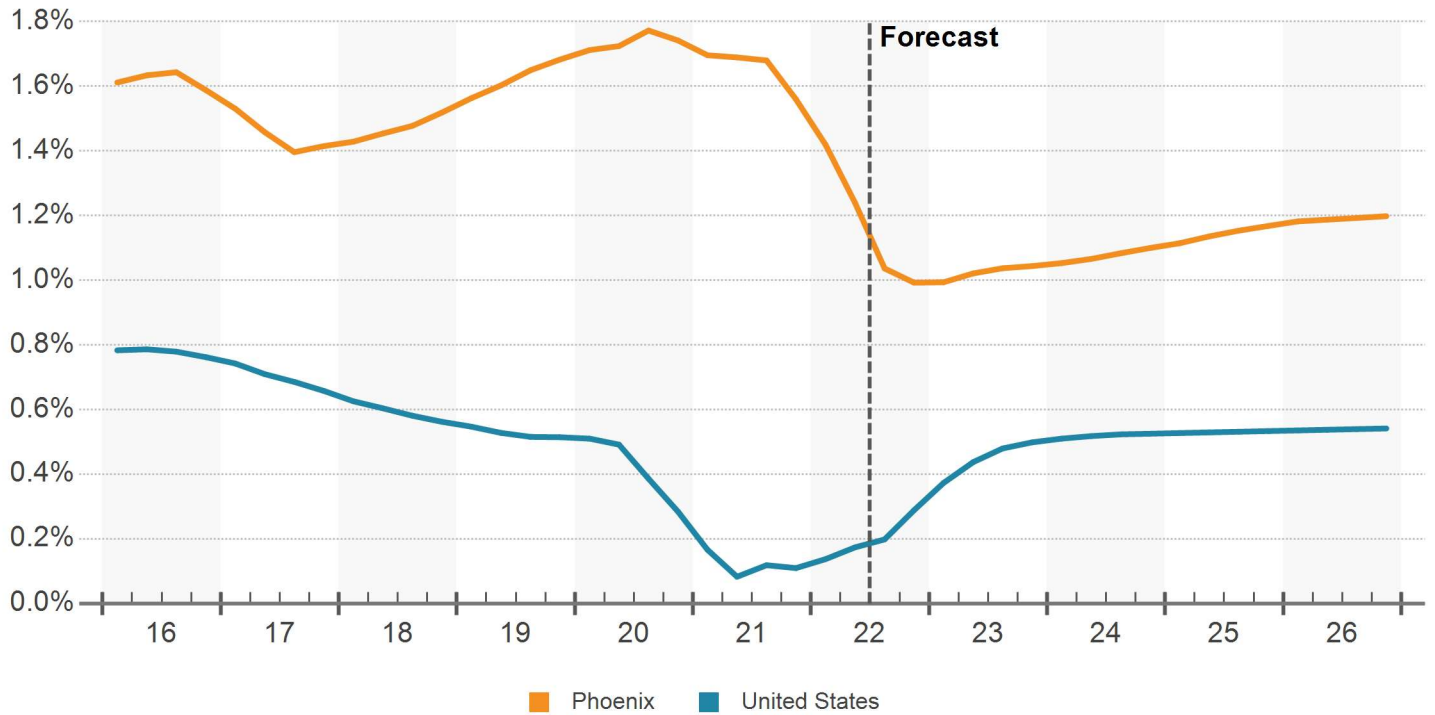
## NET EMPLOYMENT CHANGE (YOY)



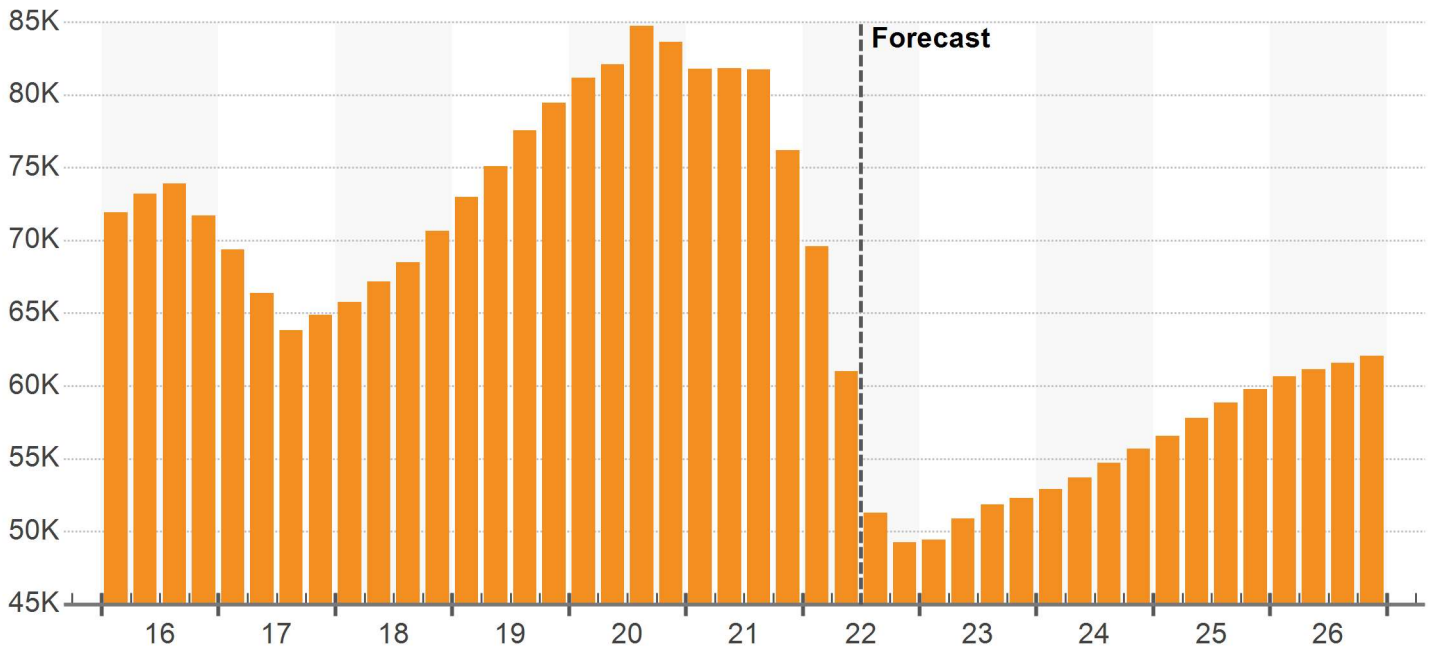
## MEDIAN HOUSEHOLD INCOME



## POPULATION GROWTH (YOY %)



## NET POPULATION CHANGE (YOY)

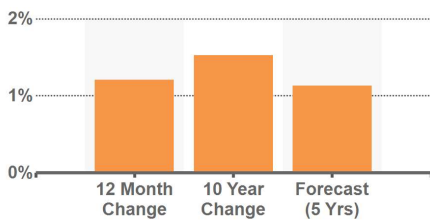


## DEMOGRAPHIC TRENDS

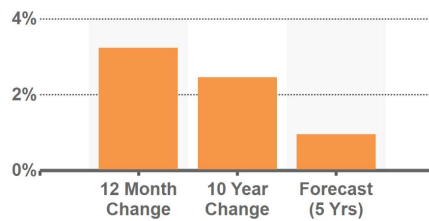
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	4,990,688	332,346,094	1.2%	0.2%	1.5%	0.6%	1.1%	0.5%
Households	1,775,276	124,075,984	1.2%	0.1%	1.4%	0.7%	1.1%	0.5%
Median Household Income	\$76,207	\$73,203	7.9%	9.1%	4.2%	3.7%	3.4%	3.3%
Labor Force	2,616,903	164,711,250	3.2%	2.3%	2.5%	0.6%	1.0%	0.5%
Unemployment	3.3%	3.8%	-2.6%	-1.9%	-0.4%	-0.4%	-	-

Source: Oxford Economics

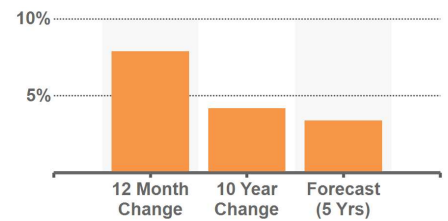
### POPULATION GROWTH



### LABOR FORCE GROWTH



### INCOME GROWTH

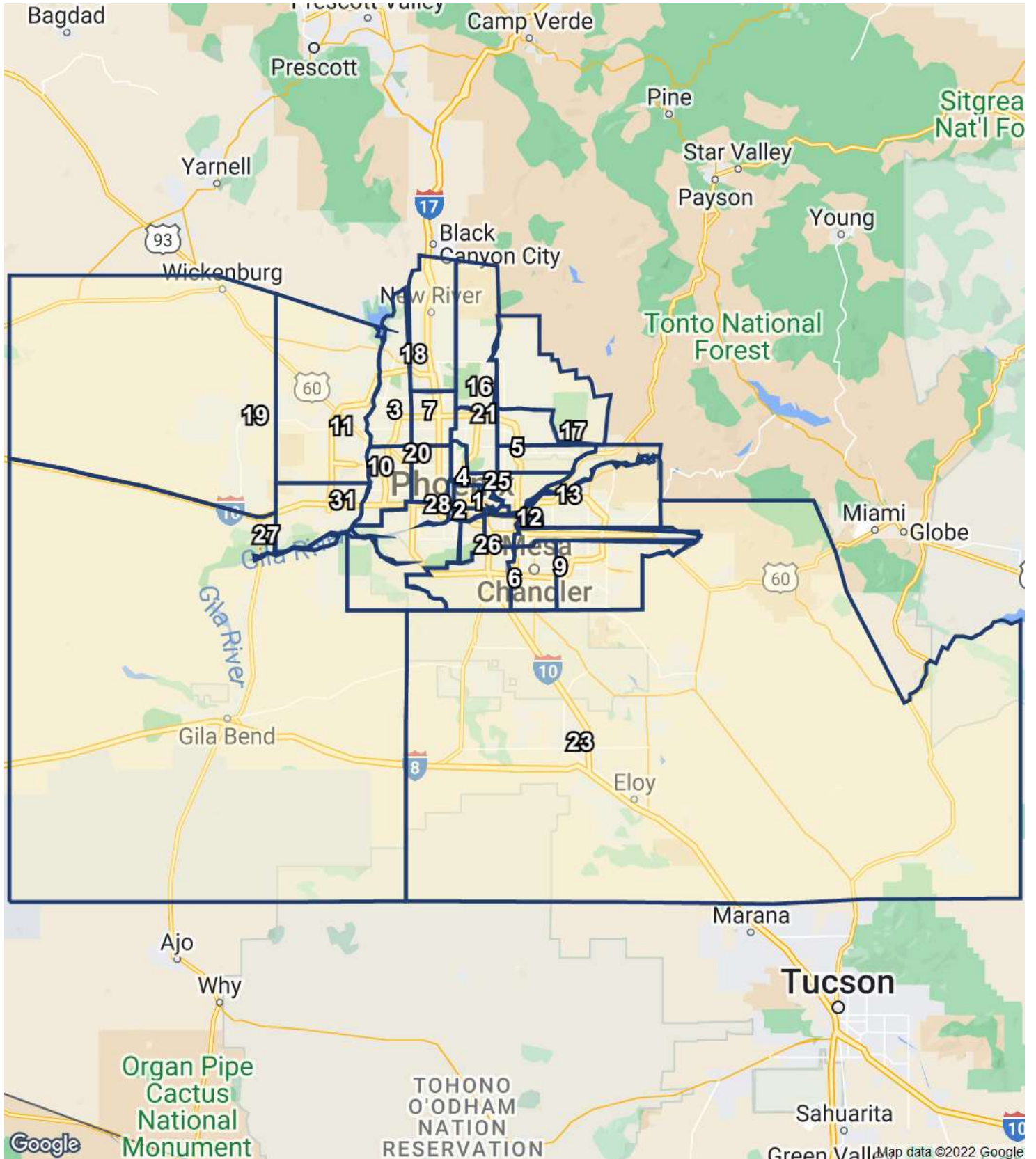


Source: Oxford Economics



# Submarkets

## PHOENIX SUBMARKETS



## SUBMARKET INVENTORY

No.	Submarket	Inventory				12 Month Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	44th Street Corridor	149	4,026	2.1%	19	0	0	0%	-	0	-	-	-
2	Airport Area	136	6,505	3.3%	13	0	0	0%	-	0	-	-	-
3	Arrowhead	389	4,684	2.4%	18	3	61	1.3%	6	1	44	0.9%	7
4	Camelback Corridor	209	8,911	4.6%	9	0	0	0%	-	2	251	2.8%	5
5	Central Scottsdale	403	9,115	4.7%	8	1	100	1.1%	5	0	-	-	-
6	Chandler	539	12,850	6.6%	4	5	346	2.7%	1	1	125	1.0%	6
7	Deer Valley/Airport	294	12,315	6.3%	5	0	0	0%	-	0	-	-	-
8	Downtown	186	11,452	5.9%	6	1	31	0.3%	9	0	-	-	-
9	Gateway Airport/Loop 202	308	2,918	1.5%	22	3	14	0.5%	12	1	26	0.9%	9
10	Glendale	209	3,611	1.9%	20	0	0	0%	-	0	-	-	-
11	Loop 303/Surprise	173	2,677	1.4%	23	0	0	0%	-	0	-	-	-
12	Mesa Downtown	205	1,524	0.8%	27	0	0	0%	-	0	-	-	-
13	Mesa East	461	4,861	2.5%	17	0	0	0%	-	2	516	10.6%	1
14	Midtown	392	13,154	6.8%	3	1	20	0.2%	10	0	-	-	-
15	Midtown/Central Phoenix	505	6,037	3.1%	14	0	0	0%	-	0	-	-	-
16	N Phoenix/Cave Creek	19	155	0.1%	30	0	0	0%	-	0	-	-	-
17	N Scottsdale/Carefree	197	1,886	1.0%	25	1	11	0.6%	13	0	-	-	-
18	North I-17	60	897	0.5%	28	0	0	0%	-	0	-	-	-
19	Northwest Outlying	36	138	0.1%	31	0	0	0%	-	0	-	-	-
20	Northwest Phoenix	844	11,000	5.7%	7	0	0	0%	-	0	-	-	-
21	Paradise Valley	271	5,400	2.8%	15	2	42	0.8%	8	0	-	-	-
22	Piestewa Peak Corridor	202	3,421	1.8%	21	0	0	0%	-	0	-	-	-
23	Pinal County	283	1,703	0.9%	26	1	17	1.0%	11	1	6	0.3%	11
24	Scottsdale Airpark	397	14,131	7.3%	2	3	279	2.0%	3	1	32	0.2%	8
25	Scottsdale South	514	7,952	4.1%	10	1	244	3.1%	4	0	-	-	-
26	South Tempe/Ahwatukee	302	7,894	4.1%	11	0	0	0%	-	1	283	3.6%	4
27	Southwest Outlying	36	310	0.2%	29	0	0	0%	-	0	-	-	-
28	Southwest Phoenix	209	5,055	2.6%	16	0	0	0%	-	0	-	-	-
29	Superstition Corridor	437	6,954	3.6%	12	2	47	0.7%	7	2	21	0.3%	10
30	Tempe	519	20,238	10.4%	1	1	287	1.4%	2	3	499	2.5%	2
31	West I-10	163	2,597	1.3%	24	1	2	0.1%	14	8	404	15.5%	3

## SUBMARKET RENT

No.	Submarket	Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	44th Street Corridor	\$28.87	7	3.6%	23	3.8%	21
2	Airport Area	\$27.88	11	4.0%	18	4.2%	20
3	Arrowhead	\$26.89	14	4.5%	10	9.4%	11
4	Camelback Corridor	\$34.29	1	2.8%	29	2.4%	24
5	Central Scottsdale	\$28.50	8	3.5%	25	1.9%	25
6	Chandler	\$28.28	9	3.4%	28	-1.1%	28
7	Deer Valley/Airport	\$26.66	16	3.7%	19	6.8%	15
8	Downtown	\$31.69	2	2.3%	31	1.3%	26
9	Gateway Airport/Loop 202	\$28.16	10	4.1%	16	-6.5%	31
10	Glendale	\$26.71	15	4.7%	9	9.3%	12
11	Loop 303/Surprise	\$27.48	13	4.3%	13	6.8%	14
12	Mesa Downtown	\$19.88	31	4.7%	7	13.0%	4
13	Mesa East	\$24.73	22	3.5%	27	-1.3%	29
14	Midtown	\$25.71	18	2.6%	30	5.1%	18
15	Midtown/Central Phoenix	\$22.07	28	5.1%	4	12.6%	5
16	N Phoenix/Cave Creek	\$23.16	26	4.5%	11	15.1%	1
17	N Scottsdale/Carefree	\$24.74	21	4.4%	12	11.3%	7
18	North I-17	\$25.17	19	4.2%	15	6.9%	13
19	Northwest Outlying	\$23.68	25	5.2%	2	10.8%	9
20	Northwest Phoenix	\$20.85	30	5.0%	6	14.0%	3
21	Paradise Valley	\$27.77	12	3.7%	21	2.9%	23
22	Piestewa Peak Corridor	\$24.55	23	3.7%	22	9.8%	10
23	Pinal County	\$22.03	29	5.2%	3	14.3%	2
24	Scottsdale Airpark	\$30.32	4	3.5%	26	3.5%	22
25	Scottsdale South	\$30.31	5	3.7%	20	6.4%	16
26	South Tempe/Ahwatukee	\$26.22	17	4.3%	14	4.5%	19
27	Southwest Outlying	\$22.91	27	5.3%	1	11.1%	8
28	Southwest Phoenix	\$24.97	20	5.1%	5	12.6%	6
29	Superstition Corridor	\$23.75	24	4.1%	17	-3.1%	30
30	Tempe	\$31.53	3	3.6%	24	0.1%	27
31	West I-10	\$29.30	6	4.7%	8	5.9%	17

## SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	44th Street Corridor	657,179	16.3%	21	(90,975)	-2.3%	26	-
2	Airport Area	994,759	15.3%	20	(28,348)	-0.4%	22	-
3	Arrowhead	419,930	9.0%	9	106,034	2.3%	6	0.6
4	Camelback Corridor	1,514,361	17.0%	23	244,380	2.7%	3	-
5	Central Scottsdale	1,193,217	13.1%	18	285,283	3.1%	2	0.4
6	Chandler	2,098,002	16.3%	22	(49,614)	-0.4%	23	-
7	Deer Valley/Airport	2,734,747	22.2%	29	(599,099)	-4.9%	31	-
8	Downtown	2,075,633	18.1%	26	(189,298)	-1.7%	29	-
9	Gateway Airport/Loop 202	172,321	5.9%	4	55,159	1.9%	8	0.1
10	Glendale	428,523	11.9%	15	32,345	0.9%	10	-
11	Loop 303/Surprise	188,743	7.1%	6	35,243	1.3%	9	-
12	Mesa Downtown	129,317	8.5%	8	(24,316)	-1.6%	21	-
13	Mesa East	480,696	9.9%	11	(142,997)	-2.9%	28	-
14	Midtown	2,588,294	19.7%	28	(70,712)	-0.5%	24	-
15	Midtown/Central Phoenix	390,951	6.5%	5	(870)	0%	19	-
16	N Phoenix/Cave Creek	1,330	0.9%	1	3,873	2.5%	16	-
17	N Scottsdale/Carefree	203,592	10.8%	12	28,092	1.5%	11	0.4
18	North I-17	113,376	12.6%	17	17,478	1.9%	15	-
19	Northwest Outlying	-	-	-	0	0%	-	-
20	Northwest Phoenix	2,150,763	19.6%	27	(118,300)	-1.1%	27	-
21	Paradise Valley	593,904	11.0%	14	22,180	0.4%	13	-
22	Piestewa Peak Corridor	318,440	9.3%	10	26,569	0.8%	12	-
23	Pinal County	138,190	8.1%	7	18,875	1.1%	14	0.9
24	Scottsdale Airpark	2,097,595	14.8%	19	535,907	3.8%	1	0.3
25	Scottsdale South	1,422,907	17.9%	25	(90,046)	-1.1%	25	-
26	South Tempe/Ahwatukee	1,393,262	17.6%	24	(192,266)	-2.4%	30	-
27	Southwest Outlying	-	-	-	913	0.3%	17	-
28	Southwest Phoenix	205,824	4.1%	2	(1,299)	0%	20	-
29	Superstition Corridor	751,867	10.8%	13	148,009	2.1%	5	0.2
30	Tempe	2,538,224	12.5%	16	210,469	1.0%	4	1.4
31	West I-10	108,123	4.2%	3	95,236	3.7%	7	-

## OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2026	203,037,366	2,275,918	1.1%	1,728,472	0.9%	1.3
2025	200,761,448	2,143,135	1.1%	1,680,286	0.8%	1.3
2024	198,618,313	1,721,113	0.9%	1,774,239	0.9%	1.0
2023	196,897,200	1,475,433	0.8%	1,615,483	0.8%	0.9
2022	195,421,767	1,698,207	0.9%	956,643	0.5%	1.8
YTD	194,372,262	648,702	0.3%	(481,798)	-0.2%	-
2021	193,723,560	1,937,733	1.0%	(531,819)	-0.3%	-
2020	191,785,827	2,851,784	1.5%	(43,239)	0%	-
2019	188,934,043	2,704,878	1.5%	4,004,369	2.1%	0.7
2018	186,229,165	1,011,842	0.5%	3,588,443	1.9%	0.3
2017	185,217,323	1,863,832	1.0%	2,659,602	1.4%	0.7
2016	183,353,491	2,577,328	1.4%	3,846,968	2.1%	0.7
2015	180,776,163	3,120,824	1.8%	4,321,657	2.4%	0.7
2014	177,655,339	531,771	0.3%	2,434,104	1.4%	0.2
2013	177,123,568	(100,183)	-0.1%	1,820,100	1.0%	-
2012	177,223,751	1,289,609	0.7%	3,012,185	1.7%	0.4
2011	175,934,142	550,104	0.3%	1,129,919	0.6%	0.5
2010	175,384,038	1,525,938	0.9%	743,390	0.4%	2.1

## 4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2026	74,685,101	2,495,594	3.5%	2,033,206	2.7%	1.2
2025	72,189,507	2,360,675	3.4%	1,915,359	2.7%	1.2
2024	69,828,832	1,901,658	2.8%	1,778,261	2.5%	1.1
2023	67,927,174	1,472,975	2.2%	1,780,021	2.6%	0.8
2022	66,454,199	1,537,612	2.4%	(104,996)	-0.2%	-
YTD	65,447,681	531,094	0.8%	(1,259,463)	-1.9%	-
2021	64,916,587	1,758,793	2.8%	(851,293)	-1.3%	-
2020	63,157,794	2,157,391	3.5%	864,015	1.4%	2.5
2019	61,000,403	2,346,246	4.0%	2,989,180	4.9%	0.8
2018	58,654,157	1,030,115	1.8%	1,495,807	2.6%	0.7
2017	57,624,042	1,966,067	3.5%	1,462,213	2.5%	1.3
2016	55,657,975	2,214,119	4.1%	2,044,694	3.7%	1.1
2015	53,443,856	2,524,746	5.0%	2,805,357	5.2%	0.9
2014	50,919,110	961,802	1.9%	1,340,110	2.6%	0.7
2013	49,957,308	237,047	0.5%	532,760	1.1%	0.4
2012	49,720,261	805,974	1.6%	1,320,868	2.7%	0.6
2011	48,914,287	463,426	1.0%	953,079	1.9%	0.5
2010	48,450,861	1,367,015	2.9%	842,120	1.7%	1.6



# Supply & Demand Trends

Phoenix Office

## 3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2026	88,095,454	(37)	0%	(65,863)	-0.1%	-
2025	88,095,491	(35)	0%	(10,243)	0%	-
2024	88,095,526	35,968	0%	198,890	0.2%	0.2
2023	88,059,558	218,969	0.2%	104,496	0.1%	2.1
2022	87,840,589	246,587	0.3%	682,294	0.8%	0.4
YTD	87,745,945	151,943	0.2%	359,574	0.4%	0.4
2021	87,594,002	500,848	0.6%	(205,208)	-0.2%	-
2020	87,093,154	747,454	0.9%	(359,282)	-0.4%	-
2019	86,345,700	472,717	0.6%	834,632	1.0%	0.6
2018	85,872,983	92,631	0.1%	1,355,827	1.6%	0.1
2017	85,780,352	159,973	0.2%	657,719	0.8%	0.2
2016	85,620,379	460,685	0.5%	823,272	1.0%	0.6
2015	85,159,694	709,962	0.8%	1,124,722	1.3%	0.6
2014	84,449,732	(156,803)	-0.2%	620,615	0.7%	-
2013	84,606,535	(103,186)	-0.1%	1,172,786	1.4%	-
2012	84,709,721	605,541	0.7%	1,907,361	2.3%	0.3
2011	84,104,180	234,265	0.3%	427,322	0.5%	0.5
2010	83,869,915	220,119	0.3%	407,597	0.5%	0.5

## 1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2026	40,256,811	(219,639)	-0.5%	(238,871)	-0.6%	-
2025	40,476,450	(217,505)	-0.5%	(224,830)	-0.6%	-
2024	40,693,955	(216,513)	-0.5%	(202,912)	-0.5%	-
2023	40,910,468	(216,511)	-0.5%	(269,034)	-0.7%	-
2022	41,126,979	(85,992)	-0.2%	379,345	0.9%	-
YTD	41,178,636	(34,335)	-0.1%	418,091	1.0%	-
2021	41,212,971	(321,908)	-0.8%	524,682	1.3%	-
2020	41,534,879	(53,061)	-0.1%	(547,972)	-1.3%	-
2019	41,587,940	(114,085)	-0.3%	180,557	0.4%	-
2018	41,702,025	(110,904)	-0.3%	736,809	1.8%	-
2017	41,812,929	(262,208)	-0.6%	539,670	1.3%	-
2016	42,075,137	(97,476)	-0.2%	979,002	2.3%	-
2015	42,172,613	(113,884)	-0.3%	391,578	0.9%	-
2014	42,286,497	(273,228)	-0.6%	473,379	1.1%	-
2013	42,559,725	(234,044)	-0.5%	114,554	0.3%	-
2012	42,793,769	(121,906)	-0.3%	(216,044)	-0.5%	-
2011	42,915,675	(147,587)	-0.3%	(250,482)	-0.6%	-
2010	43,063,262	(61,196)	-0.1%	(506,327)	-1.2%	-

## OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2026	\$33.08	136	2.3%	20.8%	28,560,574	14.1%	0.1%
2025	\$32.33	133	3.1%	18.0%	28,006,377	14.0%	0.1%
2024	\$31.36	129	4.3%	14.5%	27,536,792	13.9%	-0.1%
2023	\$30.07	124	5.4%	9.8%	27,584,876	14.0%	-0.2%
2022	\$28.53	117	4.2%	4.2%	27,716,586	14.2%	0.3%
YTD	\$27.71	114	3.7%	1.2%	28,104,070	14.5%	0.5%
2021	\$27.39	113	4.6%	0%	26,973,570	13.9%	1.1%
2020	\$26.19	108	0.9%	-4.4%	24,500,581	12.8%	1.3%
2019	\$25.95	107	5.2%	-5.2%	21,607,181	11.4%	-0.9%
2018	\$24.67	101	3.4%	-9.9%	22,909,181	12.3%	-1.5%
2017	\$23.85	98	4.7%	-12.9%	25,576,603	13.8%	-0.7%
2016	\$22.78	94	6.1%	-16.8%	26,566,131	14.5%	-1.0%
2015	\$21.47	88	7.1%	-21.6%	27,929,608	15.4%	-1.0%
2014	\$20.05	82	5.1%	-26.8%	29,161,412	16.4%	-1.2%
2013	\$19.07	78	2.8%	-30.4%	31,122,150	17.6%	-1.1%
2012	\$18.55	76	-0.8%	-32.3%	33,047,533	18.6%	-1.1%
2011	\$18.70	77	-3.5%	-31.7%	34,765,757	19.8%	-0.4%
2010	\$19.37	80	-8.6%	-29.3%	35,345,572	20.2%	0.3%

## 4 & 5 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2026	\$39.17	141	2.0%	18.9%	14,347,262	19.2%	0%
2025	\$38.39	138	2.8%	16.5%	13,885,692	19.2%	0%
2024	\$37.35	134	4.0%	13.3%	13,441,174	19.2%	-0.4%
2023	\$35.92	129	5.1%	9.0%	13,318,592	19.6%	-0.9%
2022	\$34.18	123	3.7%	3.7%	13,626,206	20.5%	2.0%
YTD	\$33.26	119	2.5%	0.9%	13,774,147	21.0%	2.6%
2021	\$32.95	118	2.9%	0%	11,983,590	18.5%	3.6%
2020	\$32.01	115	-0.2%	-2.8%	9,373,504	14.8%	1.6%
2019	\$32.08	115	5.7%	-2.6%	8,080,405	13.2%	-1.6%
2018	\$30.36	109	2.9%	-7.9%	8,723,339	14.9%	-1.1%
2017	\$29.51	106	3.8%	-10.5%	9,189,031	15.9%	0%
2016	\$28.41	102	8.3%	-13.8%	8,884,859	16.0%	-0.6%
2015	\$26.24	94	8.3%	-20.4%	8,833,524	16.5%	-1.3%
2014	\$24.23	87	7.0%	-26.5%	9,087,796	17.8%	-1.2%
2013	\$22.64	81	4.5%	-31.3%	9,526,873	19.1%	-0.7%
2012	\$21.66	78	-0.9%	-34.3%	9,822,586	19.8%	-1.4%
2011	\$21.86	78	-2.7%	-33.6%	10,337,480	21.1%	-1.2%
2010	\$22.47	81	-8.0%	-31.8%	10,827,133	22.3%	0.5%

## 3 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2026	\$31.91	131	2.5%	20.8%	11,157,404	12.7%	0.1%
2025	\$31.14	128	3.2%	17.9%	11,091,577	12.6%	0%
2024	\$30.18	124	4.4%	14.2%	11,081,366	12.6%	-0.2%
2023	\$28.91	118	5.5%	9.4%	11,244,286	12.8%	0.1%
2022	\$27.40	112	3.7%	3.7%	11,129,811	12.7%	-0.5%
YTD	\$26.67	109	3.9%	0.9%	11,357,837	12.9%	-0.3%
2021	\$26.42	108	5.1%	0%	11,565,468	13.2%	0.7%
2020	\$25.13	103	1.1%	-4.9%	10,875,412	12.5%	1.2%
2019	\$24.86	102	4.9%	-5.9%	9,770,022	11.3%	-0.5%
2018	\$23.69	97	3.8%	-10.3%	10,131,937	11.8%	-1.6%
2017	\$22.83	94	5.2%	-13.6%	11,473,488	13.4%	-0.6%
2016	\$21.70	89	4.1%	-17.9%	11,972,879	14.0%	-0.5%
2015	\$20.85	85	6.5%	-21.1%	12,312,042	14.5%	-0.7%
2014	\$19.58	80	3.3%	-25.9%	12,784,112	15.1%	-0.9%
2013	\$18.95	78	1.9%	-28.3%	13,561,954	16.0%	-1.5%
2012	\$18.59	76	1.0%	-29.6%	14,837,926	17.5%	-1.7%
2011	\$18.41	75	-3.7%	-30.3%	16,135,394	19.2%	-0.3%
2010	\$19.12	78	-9.1%	-27.6%	16,328,451	19.5%	-0.3%

## 1 & 2 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2026	\$25.65	139	2.8%	26.1%	3,055,908	7.6%	0.1%
2025	\$24.95	135	3.6%	22.6%	3,029,108	7.5%	0.1%
2024	\$24.10	131	4.8%	18.4%	3,014,252	7.4%	0%
2023	\$23	125	5.9%	13.0%	3,021,998	7.4%	0.2%
2022	\$21.73	118	6.8%	6.8%	2,960,569	7.2%	-1.1%
YTD	\$20.86	113	6.1%	2.5%	2,972,086	7.2%	-1.1%
2021	\$20.35	110	7.4%	0%	3,424,512	8.3%	-1.9%
2020	\$18.94	103	3.7%	-6.9%	4,251,665	10.2%	1.2%
2019	\$18.26	99	4.4%	-10.3%	3,756,754	9.0%	-0.7%
2018	\$17.48	95	4.1%	-14.1%	4,053,905	9.7%	-2.0%
2017	\$16.80	91	5.9%	-17.4%	4,914,084	11.8%	-1.8%
2016	\$15.86	86	5.6%	-22.0%	5,708,393	13.6%	-2.5%
2015	\$15.02	82	5.5%	-26.2%	6,784,042	16.1%	-1.2%
2014	\$14.23	77	5.5%	-30.1%	7,289,504	17.2%	-1.6%
2013	\$13.50	73	0.9%	-33.7%	8,033,323	18.9%	-0.7%
2012	\$13.38	73	-5.4%	-34.3%	8,387,021	19.6%	0.3%
2011	\$14.14	77	-4.7%	-30.5%	8,292,883	19.3%	0.3%
2010	\$14.84	81	-8.9%	-27.1%	8,189,988	19.0%	1.1%

## OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2026	-	-	-	-	-	-	\$276.70	173	7.1%
2025	-	-	-	-	-	-	\$270.75	169	7.1%
2024	-	-	-	-	-	-	\$263.37	165	7.0%
2023	-	-	-	-	-	-	\$253.12	158	7.0%
2022	-	-	-	-	-	-	\$238.39	149	7.0%
YTD	521	\$1.7B	4.4%	\$4,399,229	\$238.16	6.1%	\$233.04	146	6.9%
2021	1,057	\$3.4B	8.1%	\$3,797,885	\$227.66	6.8%	\$230.73	144	7.0%
2020	718	\$1.6B	4.1%	\$2,912,733	\$235.90	7.4%	\$218.80	137	7.1%
2019	1,068	\$3.1B	9.5%	\$4,287,030	\$192.01	7.3%	\$210.05	131	7.3%
2018	992	\$3B	10.3%	\$4,045,142	\$177.18	7.1%	\$197.52	123	7.3%
2017	828	\$2.7B	8.1%	\$4,471,754	\$213.40	7.4%	\$189.12	118	7.2%
2016	828	\$2.4B	9.3%	\$3,772,983	\$166.72	7.5%	\$183.50	115	7.2%
2015	853	\$3.2B	11.4%	\$4,873,831	\$168.06	7.7%	\$174.95	109	7.2%
2014	801	\$1.8B	8.6%	\$3,113,914	\$134.14	7.9%	\$164.79	103	7.3%
2013	732	\$1.5B	7.1%	\$2,695,550	\$124.16	7.9%	\$155.51	97	7.6%
2012	778	\$1.4B	6.6%	\$2,415,328	\$131.87	8.2%	\$152.04	95	7.7%
2011	586	\$1.4B	7.3%	\$3,180,708	\$119.83	9.7%	\$153.06	96	7.7%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## 4 & 5 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2026	-	-	-	-	-	-	\$341.61	170	6.7%
2025	-	-	-	-	-	-	\$335.23	167	6.7%
2024	-	-	-	-	-	-	\$327.11	163	6.6%
2023	-	-	-	-	-	-	\$315.38	157	6.6%
2022	-	-	-	-	-	-	\$297.79	149	6.6%
YTD	64	\$702.8M	5.0%	\$43,925,379	\$310.68	7.1%	\$291.84	146	6.6%
2021	55	\$1.4B	7.2%	\$35,146,781	\$292.91	6.5%	\$291.42	145	6.5%
2020	18	\$708.2M	3.5%	\$47,216,559	\$405.19	6.9%	\$276.81	138	6.7%
2019	74	\$1.6B	13.4%	\$34,018,600	\$208.93	7.1%	\$263.42	131	6.9%
2018	41	\$1.2B	11.0%	\$30,500,844	\$201.27	5.7%	\$246.58	123	6.9%
2017	41	\$1.5B	10.2%	\$46,605,469	\$284.38	6.5%	\$235.64	118	6.8%
2016	52	\$1.2B	13.0%	\$27,080,922	\$210.48	6.8%	\$228.54	114	6.8%
2015	53	\$1.8B	16.8%	\$38,017,527	\$212.95	6.4%	\$221.18	110	6.8%
2014	31	\$751.5M	8.3%	\$26,839,232	\$179.70	6.9%	\$208.95	104	6.9%
2013	34	\$508M	6.6%	\$15,873,571	\$154.54	7.0%	\$197.70	99	7.0%
2012	19	\$565.4M	5.6%	\$29,756,811	\$203.20	6.8%	\$196.18	98	7.1%
2011	45	\$894.3M	11.9%	\$28,848,524	\$157.88	7.8%	\$197.27	98	7.1%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## 3 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2026	-	-	-	-	-	-	\$256.77	171	7.2%
2025	-	-	-	-	-	-	\$250.94	167	7.2%
2024	-	-	-	-	-	-	\$243.74	162	7.2%
2023	-	-	-	-	-	-	\$233.92	156	7.1%
2022	-	-	-	-	-	-	\$220.09	146	7.1%
YTD	255	\$731.9M	4.1%	\$3,677,888	\$217.78	6.1%	\$215.58	143	7.1%
2021	532	\$1.5B	8.9%	\$3,413,933	\$211.07	6.6%	\$212.76	142	7.1%
2020	393	\$658.4M	4.4%	\$2,180,111	\$186.14	7.3%	\$202.73	135	7.2%
2019	512	\$1.2B	7.8%	\$3,264,702	\$194.79	7.2%	\$196.44	131	7.4%
2018	493	\$1.4B	11.3%	\$3,959,041	\$173.67	7.1%	\$185.41	123	7.4%
2017	398	\$894.8M	6.8%	\$3,096,038	\$182.63	7.4%	\$177.83	118	7.3%
2016	411	\$930.2M	8.2%	\$2,818,723	\$143.64	7.3%	\$173.33	115	7.3%
2015	429	\$1.1B	10.2%	\$3,442,212	\$144.41	7.6%	\$164	109	7.3%
2014	412	\$775.8M	8.8%	\$2,751,147	\$125.61	7.9%	\$154.60	103	7.4%
2013	353	\$809.3M	8.1%	\$3,237,218	\$128.44	8.1%	\$145.99	97	7.6%
2012	471	\$702.6M	7.9%	\$2,175,176	\$118.58	9.0%	\$141.40	94	7.8%
2011	347	\$421.5M	6.4%	\$1,679,199	\$88.06	9.5%	\$142.01	94	7.8%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## 1 & 2 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2026	-	-	-	-	-	-	\$213.08	186	7.4%
2025	-	-	-	-	-	-	\$207.59	181	7.4%
2024	-	-	-	-	-	-	\$200.99	175	7.4%
2023	-	-	-	-	-	-	\$192.26	167	7.3%
2022	-	-	-	-	-	-	\$180.31	157	7.3%
YTD	202	\$267.8M	4.1%	\$1,556,953	\$175.53	6.0%	\$174.27	152	7.3%
2021	470	\$497.8M	7.8%	\$1,220,072	\$165.73	7.0%	\$169.84	148	7.3%
2020	307	\$261.6M	4.6%	\$1,080,893	\$161.77	7.7%	\$158.21	138	7.5%
2019	482	\$322.5M	7.4%	\$1,033,717	\$131.93	7.6%	\$151.84	132	7.7%
2018	458	\$332.3M	7.2%	\$988,929	\$131.08	7.3%	\$143.14	125	7.8%
2017	389	\$305.9M	7.8%	\$1,088,491	\$123.77	7.5%	\$137.15	119	7.7%
2016	365	\$269.7M	6.5%	\$1,013,765	\$120.35	8.1%	\$131.53	115	7.7%
2015	371	\$257.4M	7.1%	\$912,726	\$94.99	8.2%	\$122.71	107	7.8%
2014	358	\$269.4M	8.5%	\$1,009,012	\$88.73	8.2%	\$114.31	100	7.9%
2013	345	\$159.9M	5.8%	\$601,138	\$69.24	7.9%	\$106.80	93	8.2%
2012	288	\$147.4M	5.0%	\$604,184	\$72.77	7.6%	\$102.57	89	8.4%
2011	194	\$118.7M	3.7%	\$702,462	\$78.12	10.6%	\$104.33	91	8.4%

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