



Office Market Report

Phoenix - AZ USA

PREPARED BY



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OFFICE MARKET REPORT

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12 Mo Deliveries in SF

746K

12 Mo Net Absorption in SF

(267K)

Vacancy Rate

16.8%

Market Asking Rent Growth

1.6%

Conditions in the Phoenix office market remain dislocated. Users continue to scrutinize the effective use of their footprints, often resulting in space reductions or closures. Additionally, job growth has been sluggish in traditionally office-using employment sectors for over two years. This lowering of underlying space demand caused vacancy to climb more than 550 basis points since 19Q4, and expectations are for further increases over the midterm as pre-pandemic leases expire.

The net amount of space vacated since the onset of COVID is nearing -6 million SF, well outpacing the total occupancy loss seen during the worst of the Great Recession. The recent pickup in net absorption over the past few quarters, however, could indicate the market is at or approaching an inflection point. Empty space is accumulating more quickly in larger suites and single-tenant buildings than in smaller ones.

Market participants indicate that spaces under 5,000 SF in quality buildings are still in demand and typically get more competitive as suite size shrinks. A decrease in the average lease size reinforces this trend as users adapt to lower space-per-employee requirements and softer headcount growth. Though the number of direct, non-renewal leases is marginally above the pre-pandemic five-year average, the preference for smaller footprints resulted in the total square footage of leasing volume declining 15% from pre-COVID norms.

The increase in sublet availabilities also illustrates the downshift in demand. The total space available for

sublease has climbed to 6.6 million SF, more than triple the pre-COVID historical average. Sublet space now accounts for 3.4% of inventory, making Phoenix the fourth most heavily impacted sublease market in the country.

The lack of meaningful construction activity has helped avoid a more severe imbalance between supply and demand. Builders completed just 480,000 SF of net new office space over the past 12 months, the lowest four-quarter total in nearly a decade. Additionally, 420,000 SF is under construction, representing a third of what Phoenix had on average between 2017 and 2019. While the supply pullback may temporarily act as a counterweight to the sector's broader challenges, it creates a shortage of first-generation office space over the near term, providing fewer premium options for tenants seeking to enter or expand in the market.

The swiftly decelerating pace of rent growth is a natural consequence of the sector's slackening demand. Average asking rents rose 1.6% over the past year, down from about 5% per year from 2015 to 2019. Additionally, local leasing professionals report that generous TI packages remain prevalent in most negotiations.

Moving forward, the expiration of pre-pandemic leases during the current environment of softer headcount growth and preference for smaller footprints is expected to keep vacancy elevated over the mid-term and rent growth subdued.

KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Asking Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	69,979,305	26.9%	\$33.90	28.0%	80,486	148,000	293,814
3 Star	88,782,380	12.7%	\$28.45	13.7%	(43,923)	9,989	121,246
1 & 2 Star	36,138,312	7.3%	\$23.33	7.8%	70,138	0	0
Market	194,899,997	16.8%	\$29.46	17.8%	106,701	157,989	415,060

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy	0.4% (YOY)	14.4%	16.3%	19.9%	2011 Q2	8.4%	1999 Q1
Net Absorption SF	(267K)	2,345,971	930,191	9,532,031	2006 Q2	(2,946,781)	2009 Q3
Deliveries SF	746K	3,532,637	1,042,277	9,000,176	2007 Q4	313,679	2013 Q4
Market Asking Rent Growth	1.6%	1.6%	3.4%	11.4%	2006 Q3	-12.8%	2009 Q4
Sales Volume	\$1.6B	\$1.9B	N/A	\$3.9B	2007 Q3	\$333.7M	2010 Q3

The first three months of 2025 marked the second consecutive quarter of positive demand growth, the first occurrence of back-to-back increases since the start of the pandemic. While recent performance provides an encouraging signal that stabilization may be emerging, steep move-outs in mid-2024 contributed to -270,000 SF of net absorption over the past 12 months. As a result, aggregate occupancy loss since the onset of the pandemic has reached nearly -6 million SF, causing vacancy to rise from 11.1% in 2019 to a 15-year high of 16.8% today.

Additionally, lower space-per-employee requirements, negative office-using job growth, and heightened economic uncertainty in the wake of shifting trade policy present barriers to tenant demand moving forward.

New office leasing volume has stabilized about 15% below the pre-pandemic five-year annual average despite the number of individual deals remaining above trend. A decline in the average lease size has contributed to this slowdown, driven by a pullback among large-footprint users and companies rightsizing their spaces.

For example, Fennemore Craig and Perkins Coie, two law firms, reduced their overall office footprint at renewal last year. The latter relocated from an 87,700-SF space in Midtown to a 27,100-SF space at the Esplanade in the Camelback Corridor. Though Perkins Coie's rent likely increased from about \$30/SF to above \$50/SF with the move, the ability to shrink its footprint by two-thirds allowed the firm to maintain a comfortable real estate cost while upgrading its space. The Phoenix Business Journal reported that its new office was designed with a "hybrid-working environment in mind."

In addition to smaller suites, demand has been comparatively resilient at newer buildings. Office properties built in 2020 or later recorded over 550,000

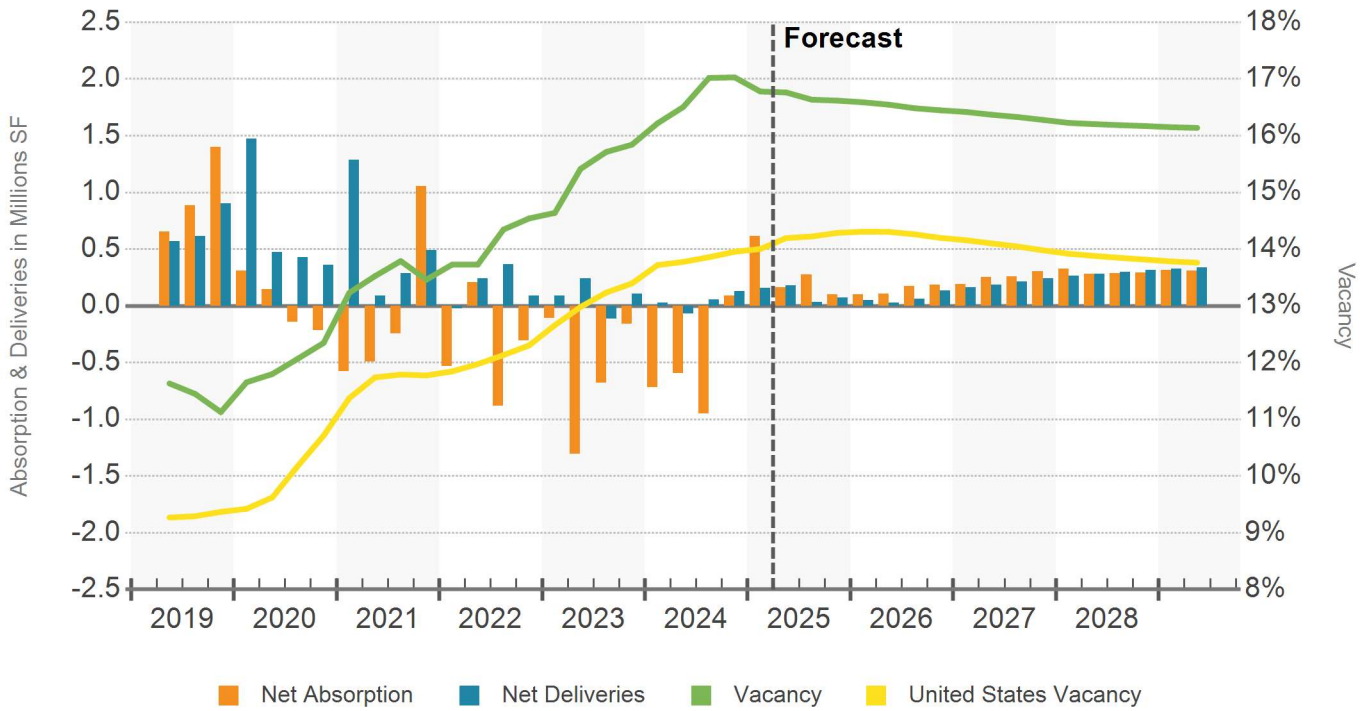
SF of positive net absorption over the past 12 months, compared to over 1.2 million SF of negative net absorption at older vintage buildings.

Highlighting this trend was WillScott Mobile Mini's decision to relocate its headquarters from an early 2000s-vintage office near Sky Harbor Airport to a newly built, 5 Star property in South Scottsdale. The provider of temporary storage solutions signed an 89,700-SF lease last year to fully occupy the top floor of Scottsdale Entrada and made 61,100 SF available at its former office. The deal represents one of the largest space commitments of 2024.

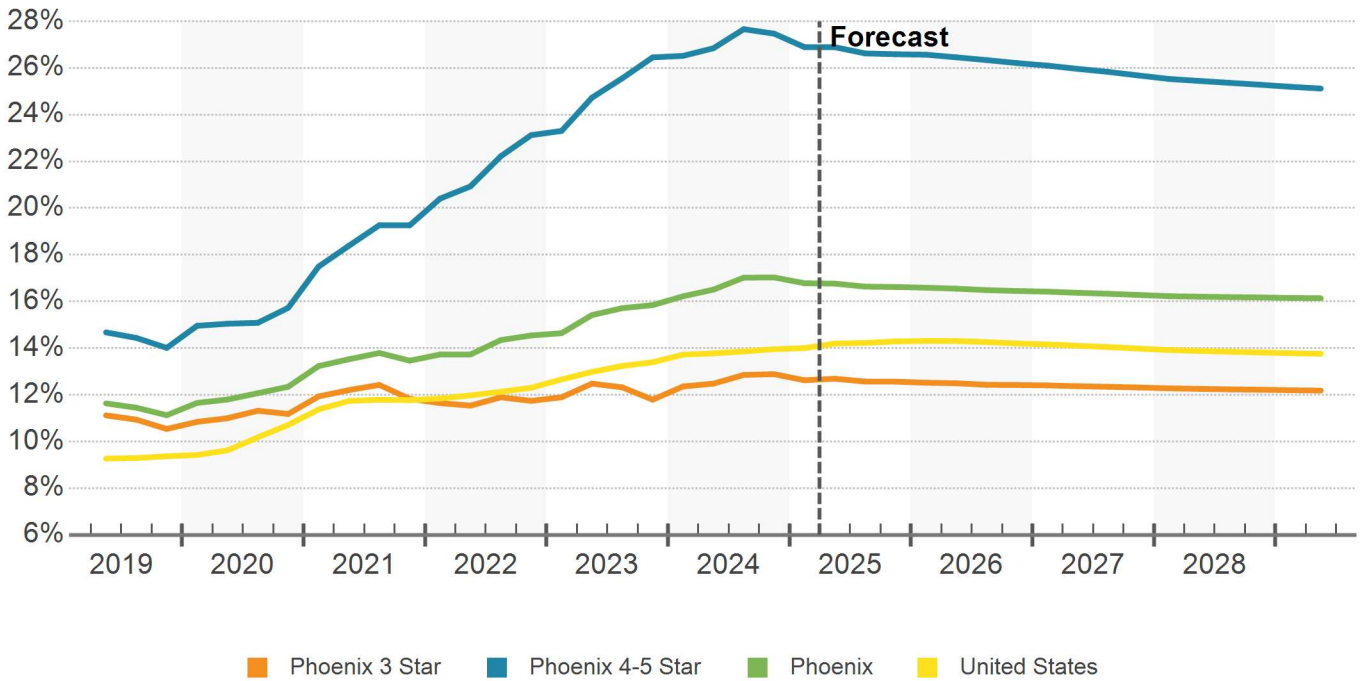
The glut of sublease space is another stiff headwind facing the market. The 6.6 million SF currently available for sublease is more than triple the historical average and represents 3.4% of total inventory. Over the past decade, the Valley has been a popular expansion option for regional offices and back-office operations. These footprints were negatively impacted by post-COVID workplace arrangements, resulting in several technology and insurance firms putting up entire buildings for sublease. Filling these larger blocks has proven difficult as users gravitate toward smaller footprints at multi-tenant buildings in the most desirable areas.

Moving forward, while Phoenix's knowledge-sector employment growth is forecast to outpace the national average over the next five years, it is expected to lag well below what the metro saw in the prior decade. When coupled with lower space-per-employee requirements, weaker underlying office demand could persist over the mid-term. Additionally, about 30% of the square footage leased before the pandemic has yet to expire, potentially catalyzing users to rightsize footprints or forgo expansion plans at the time of renewal. As a result, vacancy is forecast to remain elevated over the near-term as pre-pandemic leases turnover.

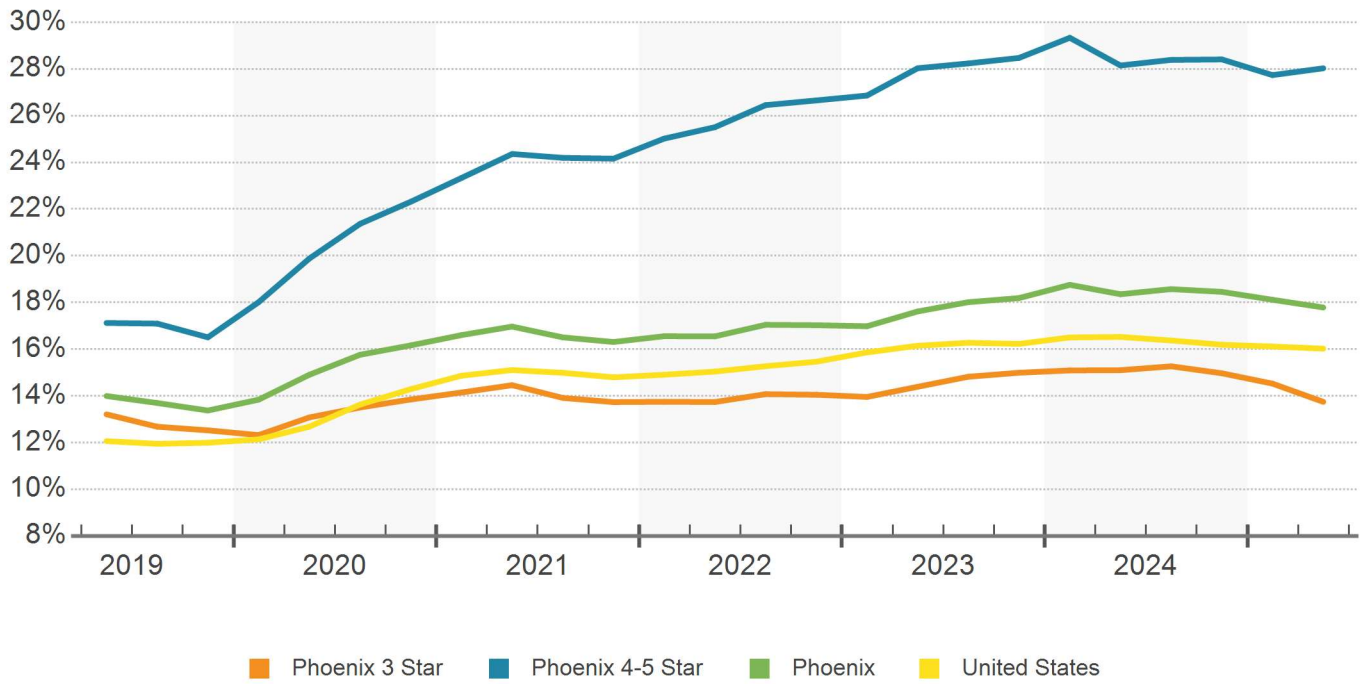
NET ABSORPTION, NET DELIVERIES & VACANCY



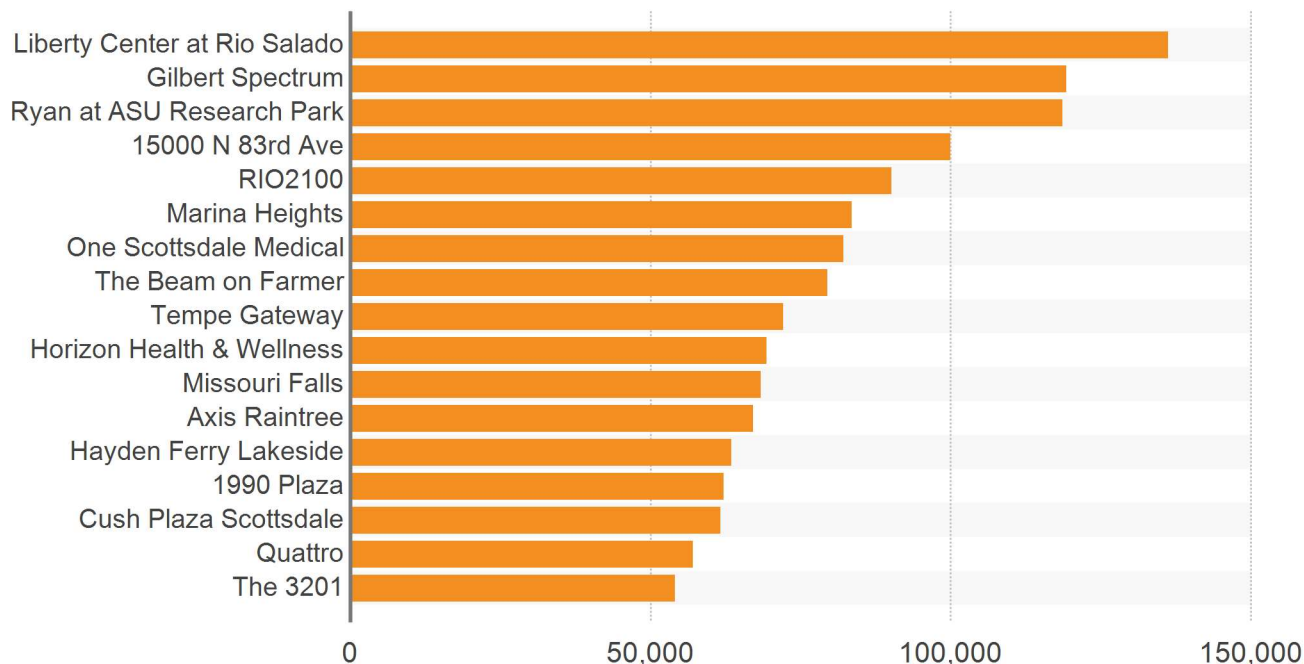
VACANCY RATE



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
Liberty Center at Rio Salado	Tempe	136,426	0	0	0	0	0	136,246
Gilbert Spectrum	Chandler	119,222	0	119,222	0	0	0	119,222
Ryan at ASU Research Park	South Tempe/Ahwat...	150,000	0	0	150,000	0	0	118,681
15000 N 83rd Ave	Arrowhead	88,000	0	0	100,000	0	0	100,000
RIO2100	Tempe	150,000	0	0	0	0	0	90,148
Marina Heights	Tempe	375,000	208,614	41,038	0	0	0	83,505
One Scottsdale Medical	Scottsdale Airpark	101,136	19,014	986	0	0	0	82,122
The Beam on Farmer	Tempe	183,274	78,778	82,328	0	0	0	79,503
Tempe Gateway	Tempe	263,937	21,585	0	0	0	0	72,136
Horizon Health & Wellness	Pinal County	87,598	0	0	0	0	0	69,308
Missouri Falls	Midtown	190,419	28,010	2,487	37,587	0	0	68,381
Axis Raintree	Scottsdale Airpark	175,110	31,179	5,270	(18,591)	0	0	67,143
Hayden Ferry Lakeside	Tempe	299,540	34,802	25,602	25,602	0	0	63,473
1990 Plaza	Northwest Phoenix	106,397	24,254	0	82,143	0	0	62,161
Cush Plaza Scottsdale	Scottsdale Airpark	105,810	1,682	19,502	34,057	0	0	61,647
Quattro	Airport Area	57,108	0	0	0	0	0	57,108
The 3201	Airport Area	74,624	20,536	0	0	0	0	54,088
Subtotal Primary Competitors		2,663,601	468,454	296,435	410,798	0	0	1,384,872
Remaining Phoenix Market		192,236,396	32,271,401	319,020	(304,097)	0	0	(1,652,112)
Total Phoenix Market		194,899,997	32,739,855	615,455	106,701	0	0	(267,240)

TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Company	Leasing Rep Company
Allred Park Place *	Chandler	150,000	Q1 25	Vensure HR	-	Cushman & Wakefield
Allred Park Place	Chandler	100,622	Q1 25	-	-	JLL
Chaparral Commerce Center	Scottsdale South	65,655	Q3 24	Move, Inc.	Cushman & Wakefield	CBRE
The Esplanade	Camelback Corridor	65,000	Q1 25	-	-	CBRE
The Reserve at San Tan	Chandler	64,427	Q1 25	-	-	Newmark
BMO Tower at Central Arts Plaza	Midtown	57,813	Q2 25	-	-	Newmark
Deer Valley Office Park	Deer Valley/Airport	57,336	Q4 24	Chamberlain University C...	-	-
Chandler Freeway Crossing II	Chandler	55,781	Q3 24	-	-	JLL
One Insight Way	Chandler	52,608	Q4 24	Barrett Financial Group	-	Colliers
Hayden Ferry Lakeside	Tempe	51,973	Q4 24	-	-	CBRE
Chandler 202 Business Center	Chandler	47,435	Q1 25	Invitation Homes	-	CBRE
Max at Kierland	Scottsdale Airpark	46,040	Q4 24	-	-	Newmark
The Beam on Farmer	Tempe	42,344	Q4 24	-	JLL	JLL
The Beam on Farmer	Tempe	41,164	Q3 24	-	JLL	JLL
Raintree Corporate Center *	Scottsdale Airpark	40,547	Q3 24	Keller Williams Arizona R...	-	Stream Realty Partners...
North Scottsdale Corporate Center	Scottsdale Airpark	39,445	Q2 25	-	-	CBRE
Allred Park Place	Chandler	39,308	Q4 24	-	JLL	-
North Scottsdale Corporate Center	Scottsdale Airpark	38,820	Q2 24	SmartRent	-	CBRE
Norterra	Deer Valley/Airport	38,063	Q4 24	Performance Software	Lee & Associates	-
North Black Canyon 13430	Deer Valley/Airport	37,685	Q2 24	-	-	Colliers
RIO2100	Tempe	37,500	Q3 24	NewRez	Cushman & Wakefie...	-
Desert Canyon Corp Campus	Northwest Phoenix	37,310	Q1 25	-	-	Newmark
Chandler Freeway Crossing II	Chandler	35,198	Q3 24	-	Lee & Associates	JLL
Union Building One	Mesa East	34,771	Q3 24	Kimley-Horn	Savills	Lincoln Property Comp...
Cush Plaza Scottsdale	Scottsdale Airpark	34,057	Q1 25	Flexi-Van Leasing	Cushman & Wakefield	JLL
Papago Park Center	Tempe	33,958	Q1 25	-	-	JLL
The Watermark	Tempe	33,422	Q2 25	-	-	JLL
SanTan Village Regional Center	Gilbert	32,950	Q2 24	Kiln Gilbert	-	-
The Grand at Papago Park Center	Tempe	32,880	Q1 25	SAP	-	Lincoln Property Comp...
Cavasson East	Scottsdale Airpark	32,069	Q3 24	Stealth Partner Group	CBRE	Lee & Associates
Camelback Center *	Camelback Corridor	31,389	Q1 25	Eide Bailly LLP	Eide Bailly LLP	Newmark
Missouri Falls	Midtown	30,225	Q4 24	-	-	Cushman & Wakefield
Rose Garden Commerce Center	Deer Valley/Airport	30,125	Q4 24	-	33 Degrees CRE	33 Degrees CRE
Elevate 24 *	Camelback Corridor	30,082	Q4 24	CBIZ	Keyser	Stream Realty Partners...
Hayden Ferry Lakeside	Tempe	28,332	Q4 24	-	-	CBRE
Chaparral Business Center Phase II	Scottsdale South	28,241	Q2 25	-	-	Cushman & Wakefield
Brookwood Commerce Centre	Northwest Phoenix	27,026	Q3 24	Arizona College - Glendale	-	Commercial Properties,...
The Summit *	Piestewa Peak Corridor	26,924	Q3 24	Bonneville International C...	-	-
201 E Washington St	Downtown	26,053	Q4 24	Industrious	-	-
Max at Kierland	Scottsdale Airpark	26,042	Q4 24	C.H. Robinson Company,...	Cushman & Wakefield	-

*Renewal

Rent growth has been decelerating since early 2022 as rising vacancies and weaker tenant demand reduce landlords' ability to raise rates. Even so, Phoenix has held up better than most other markets. Over the past 12 months, the metro recorded a 1.6% increase in average asking rents, ranking the Valley in the top 15 of major markets in terms of rent growth. For comparison, rent growth for the U.S. as a whole is up 0.8%.

However, an increase in tenant improvement (TI) allowance to cover buildout costs since the start of the pandemic could be having a more severe impact on building-level revenue. Market participants report that many property owners have opted for higher TI allowances to compete for tenants rather than slashing asking rates or ramping up free rent.

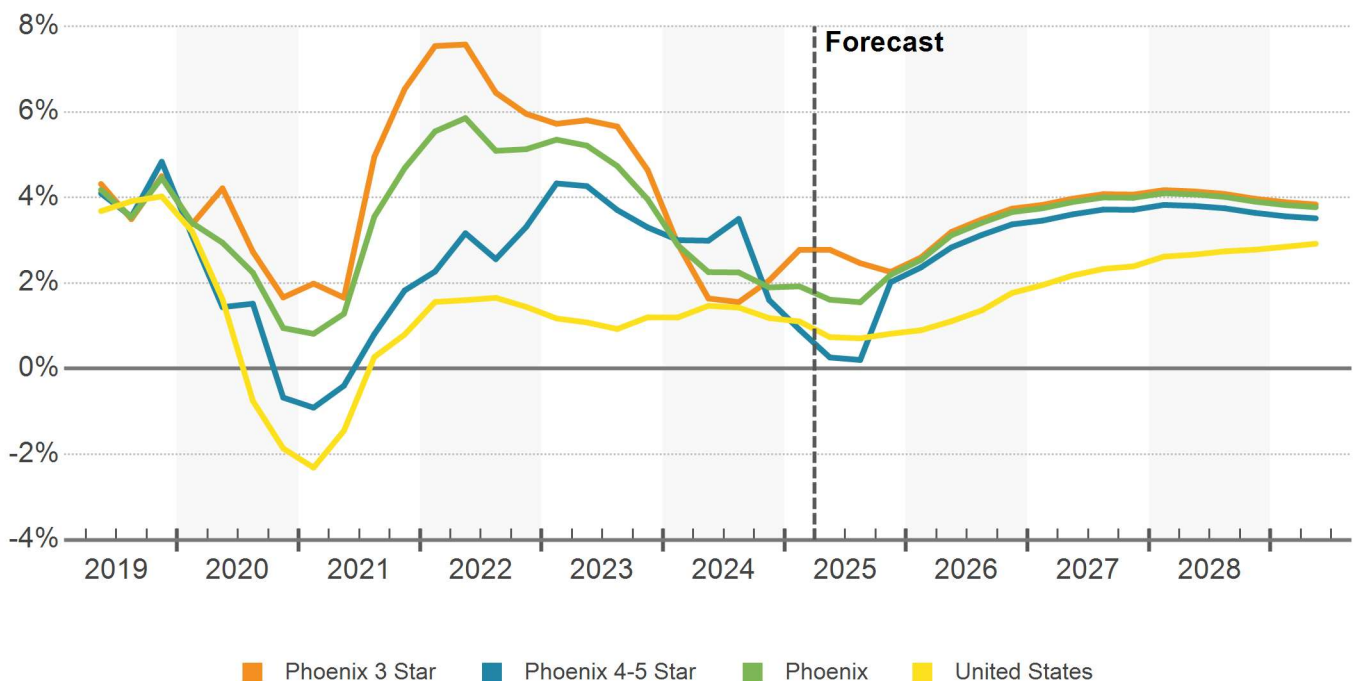
These allowances are greatest in premium submarkets and buildings where higher rent levels can help absorb the cost. For example, tenants may receive up to \$100/SF in TI allowance in the Camelback Corridor, with Scottsdale getting \$90/SF and Tempe getting \$85/SF. Though buildout costs have been mostly flat over the past year, the construction of best-in-class spec suites in premier buildings can cost as much as \$120/SF or

more. The need to keep face rents elevated to cover buildout costs and preserve investment value is likely contributing to the lack of negative asking rent growth.

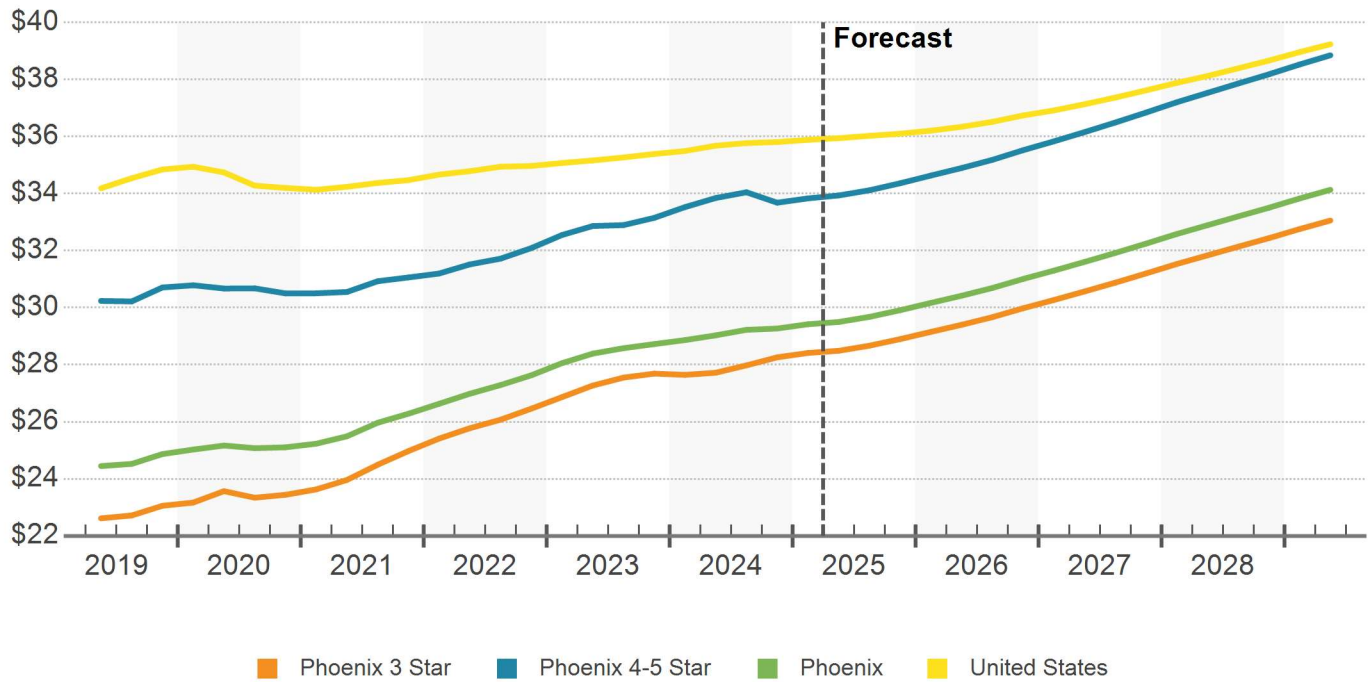
With the amount of available sublease space at near the highest level on record, some occupiers may opt to take over another tenant's lease for affordability reasons. On average, rents for sublet space are about 20% less than direct space, compared to a 5% spread in 2019. For example, a tenant subleased 4,100 SF on the third floor of Elevate 24 in April 2025, paying \$29.50/SF full service. Direct space at the 4 Star Camelback Corridor office for similarly sized suites is currently being advertised at \$36/SF, a 22% premium.

Moving forward, rent growth is expected to remain soft in 2025 amid tepid tenant demand and increased competition from sublease availabilities. Additionally, there could be some downward pressure on rents from new owners who acquired properties at a discount and can thus afford to offer lower rents to compete for users. The forecast calls for annual average asking rent growth to remain in the 1% to 2% range throughout 2025 before modestly accelerating to around 3% in 2026.

MARKET ASKING RENT GROWTH (YOY)



MARKET ASKING RENT PER SQUARE FEET



4 & 5 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
Phoenix	\$0.48	\$0.85	\$0.27	\$2.80	\$3.59	\$7.99
Airport Area	\$0.38	\$0.97	\$0.21	\$2.75	\$3.49	\$7.80
Central Corridor	\$0.52	\$0.80	\$0.25	\$2.09	\$4.57	\$8.23
East Phoenix	\$0.51	\$1.30	\$0.32	\$3.35	\$4.24	\$9.72
East Valley	\$0.41	\$0.71	\$0.25	\$2.28	\$3.15	\$6.80
North Phoenix	\$0.51	\$0.84	\$0.41	\$2.22	\$4.44	\$8.42
Northwest Phoenix	\$0.47	\$0.92	\$0.28	\$2.44	\$3.34	\$7.45
Scottsdale	\$0.49	\$0.74	\$0.28	\$3.69	\$3.42	\$8.62
West Phoenix	\$0.68	\$0.92	\$0.25	\$3.05	\$3.26	\$8.16

Expenses are estimated using CMBS, 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
Phoenix	\$0.42	\$0.73	\$0.28	\$2.31	\$2.93	\$6.67
Airport Area	\$0.30	\$0.60	\$0.24	\$2.04	\$3.06	\$6.24
Central Corridor	\$0.51	\$0.83	\$0.23	\$2.63	\$3.33	\$7.53
East Phoenix	\$0.49	\$0.96	\$0.28	\$2.71	\$2.94	\$7.38
East Valley	\$0.37	\$0.69	\$0.28	\$2.23	\$2.74	\$6.31
North Phoenix	\$0.55	\$0.82	\$0.39	\$2.19	\$3.88	\$7.83
Northwest Outlying	\$0.46	\$0.78	\$0.26	\$2.02	\$2.88	\$6.40
Northwest Phoenix	\$0.39	\$0.75	\$0.27	\$2.36	\$2.75	\$6.52
Pinal County	\$0.47	\$0.79	\$0.26	\$2.88	\$2.78	\$7.18
Scottsdale	\$0.49	\$0.68	\$0.27	\$2.14	\$3.07	\$6.65
Southwest Outlying	\$0.46	\$0.78	\$0.26	\$0.70	\$2.71	\$4.91
West Phoenix	\$0.47	\$0.79	\$0.26	\$2.60	\$2.78	\$6.90

Expenses are estimated using CMBS, 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
Phoenix	\$0.46	\$0.81	\$0.26	\$2.19	\$2.80	\$6.52
Airport Area	\$0.29	\$0.80	\$0.22	\$2.12	\$2.70	\$6.13
Central Corridor	\$0.51	\$0.81	\$0.22	\$2.97	\$3.14	\$7.65
East Phoenix	\$0.48	\$0.87	\$0.27	\$2.68	\$2.89	\$7.19
East Valley	\$0.40	\$0.70	\$0.27	\$1.89	\$2.60	\$5.86
North Phoenix	\$0.52	\$0.81	\$0.34	\$2.21	\$3.41	\$7.29
Northeast Outlying	\$0.46	\$0.78	\$0.26	\$2.40	\$2.69	\$6.59
Northwest Outlying	\$0.46	\$0.78	\$0.26	\$1.37	\$2.70	\$5.57
Northwest Phoenix	\$0.47	\$0.96	\$0.24	\$1.99	\$2.75	\$6.41
Pinal County	\$0.46	\$0.77	\$0.26	\$1.71	\$2.70	\$5.90
Scottsdale	\$0.48	\$0.74	\$0.26	\$2.19	\$2.77	\$6.44
Southwest Outlying	\$0.47	\$0.78	\$0.26	\$1.21	\$2.69	\$5.41
West Phoenix	\$0.46	\$0.78	\$0.26	\$2.34	\$2.70	\$6.54

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

Like other metros, supply additions have reached a near standstill in Phoenix. Weaker underlying tenant demand, higher development costs, and limited availability of construction financing have made it difficult for builders to break ground. While the reprieve of new construction has helped avoid exacerbating the supply and demand imbalance, it could result in a shortage of first-generation office space in the midterm, providing occupiers with fewer premium expansion options.

Less than 600,000 SF of gross new office space delivered in 2024, a meaningful slowdown from the 2.8 million SF added per year on average from 2015 to 2021. The only two leasable non-medical offices to complete over the past year were originally built-to-suits that the user later chose not to occupy: a 133,400 SF office for Carvana and a 135,000 SF office for Viasat. Both are located in Tempe and remain vacant.

Elevated caution among lenders and developers has kept construction starts subdued. New groundbreakings over the past 12 months are down about 70% compared to the pre-pandemic five-year average, leaving just 420,000 SF underway. That represents about 0.2% of inventory, lagging the 0.8% share for the United States. The bulk of the pipeline is for medical office buildings and smaller properties, two segments that have shown greater resiliency. Though large mixed-use projects like South Pier and shopping mall redevelopments include new proposed office space, the timeline and scope of the final buildout remain unclear.

Standalone speculative office development could remain rare, with build-to-suits and mixed-use projects moving to the forefront. Several companies, including Discount Tire, Sprouts, and Axon, have secured land for new headquarters, though no groundbreaking has begun.

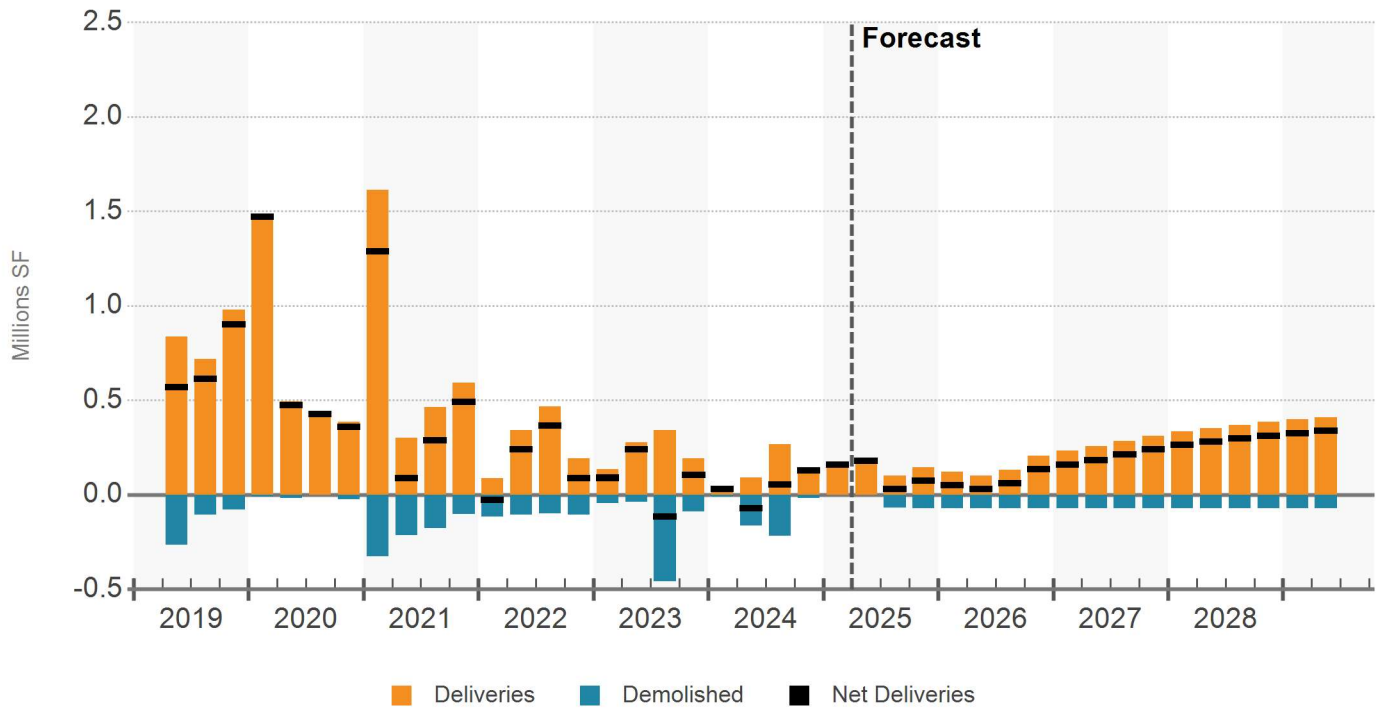
Others, like Republic Services and Fender, are reshaping their corporate offices as part of mixed-use projects. The latter plans to move into a 90,000 SF office in 2025 at the ongoing PV Mall redevelopment.

Though builders have moved forward on a few office-to-residential conversions, the trend will likely be less pronounced here than in other markets. As a younger city, Phoenix has fewer pre-WWII office towers that make good conversion candidates and also has ample land for ground-up construction. While residential conversions are expected to remain rare, several groups have moved forward on projects to replace underperforming offices with new industrial buildings and data centers.

Instead, renovations of existing offices and the buildout of spec suites may gain more traction. Investors have made significant capital outlays to upgrade their properties as tenants place increased value on well-amenitized buildings and move-in-ready space. In the Camelback Corridor, the Valley's preeminent office node, a \$45 million investment to renovate the Esplanade was recently completed, and asking rents at new spec suites at the office park were raised to \$65/SF. Additionally, George Oliver Companies is progressing on its \$52 million renovation of Bond and recently acquired a pair of adjacent office buildings in Old Town Scottsdale, announcing plans for another substantial repositioning.

Moving forward, about 1 million SF of gross space is expected to deliver in total from 2025-26, keeping supply-side pressure at bay. Given softer demand, the restrictive lending climate, and the glut of sublease availability still to be worked through, these conditions are unlikely to dramatically change over the short term.

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	Central Scottsdale	1	100	79	79.0%	6	23,422	100,000	1
2	Gateway Airport/Loop 202	2	94	48	51.0%	7	9,780	47,016	3
3	Paradise Valley	1	78	78	100%	1	19,996	77,505	2
4	Glendale	5	60	0	0%	9	17,753	11,930	7
5	Camelback Corridor	1	40	40	100%	1	43,662	40,000	4
6	Pinal County	1	14	14	100%	1	6,181	14,400	5
7	West I-10	1	14	5	38.7%	8	13,616	14,100	6
8	Superstition Corridor	1	8	8	100%	1	15,201	8,309	8
9	Chandler	1	5	0	0%	9	24,039	5,194	9
10	Arrowhead	1	2	2	100%	1	12,791	1,870	10
	All Other	0	-	-	-		23,238	-	
Totals		15	415	275	66.1%		21,528	27,671	

Under Construction Properties

Phoenix Office

Properties

Square Feet

Percent of Inventory

Released

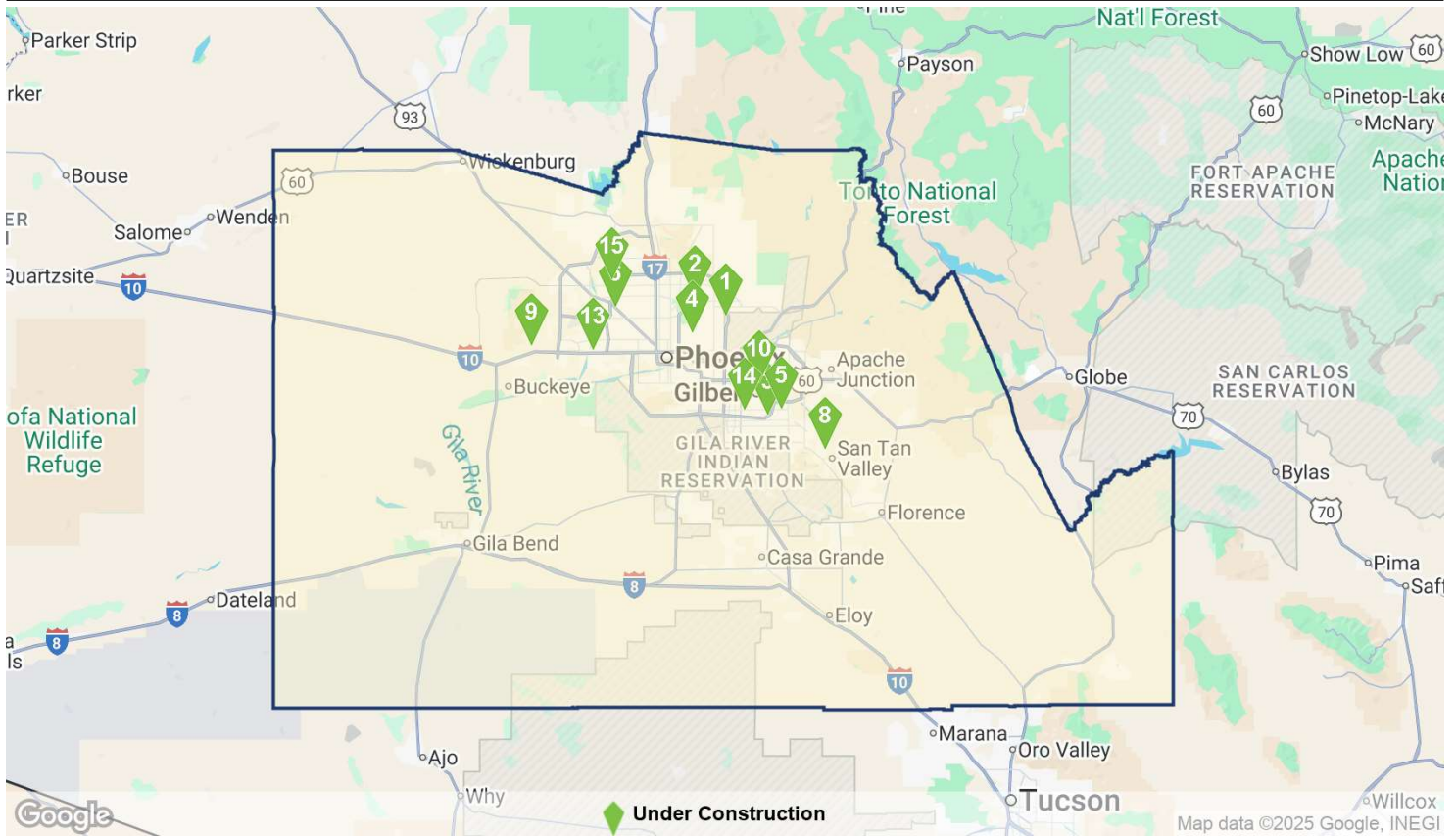
15

415,060

0.2%

66.1%

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 Pima Health & Wellness... 8435 N Pima Center Pky	★★★★☆	100,000	4	Mar 2024	Jul 2025	- Boldt
2 4625 E Paradise Village...	★★★★☆	77,505	3	Aug 2024	Oct 2025	-
3 Celebration Medical Center 3275 S Mercy Rd	★★★★☆	68,000	3	May 2025	Dec 2025	-
4 4210 E Camelback Rd	★★★★★	40,000	2	Mar 2025	Sep 2025	-
5 Building F SWC Williams Field Rd &...	★★★★☆	26,032	2	Oct 2024	Oct 2025	Brody Associates, Inc. Brody Associates, Inc.
6 8286 W Jefferson St	★★★★☆	20,000	2	Jun 2025	Jun 2026	-
7 Bldg 3 NWC Avondale Blvd & Mc...	★★★★☆	20,000	2	Jul 2023	Oct 2026	-

Under Construction Properties

Phoenix Office

UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 NEC Gantzel Rd & Empir...	★ ★ ★ ★ ★	14,400	1	Dec 2023	Jul 2025	-
9 NWC of Thomas Rd & Ve...	★ ★ ★ ★ ★	14,100	1	Oct 2024	Nov 2025	- Heart One Verrado LLC
10 Building 1 2679 E Baseline Rd	★ ★ ★ ★ ★	8,309	1	Dec 2024	Sep 2025	-
11 Bldg 2 NWC Avondale Blvd & Mc...	★ ★ ★ ★ ★	7,650	1	Jul 2023	Oct 2026	-
12 Bldg 4 NWC Avondale Blvd & Mc...	★ ★ ★ ★ ★	6,000	1	Jul 2023	Oct 2026	-
13 Bldg 1 NWC Avondale Blvd & Mc...	★ ★ ★ ★ ★	6,000	1	Jul 2023	Oct 2026	-
14 Building 4 SEC of McQueen Rd & Ch...	★ ★ ★ ★ ★	5,194	1	Jun 2024	Jul 2025	-
15 Bldg A - Build to Suit 8805 W Union Hills Dr	★ ★ ★ ★ ★	1,870	1	Mar 2025	Dec 2025	Aashish & Shruti Parekh Aashish & Shruti Parekh

Sales activity in the Phoenix office market continued to accelerate in the first part of 2025, building on the recovery that began forming last year. About \$1.6 billion worth of office properties traded hands over the past 12 months, a meaningful increase compared to 2023's decade-low total of about \$1.2 billion. Nevertheless, investment lags the pre-pandemic five-year annual average of about \$2.8 billion as weakened NOIs and limited availability of acquisition financing remain barriers to dealflow.

Private investors and owner/users have driven the rebound in sales activity, with REITs and institutional groups remaining mostly net sellers of non-medical office product since the start of 2023.

These buyers are often focused on upside potential rather than in-place income, seeking quality assets that can be purchased at an attractive basis. Deals that trade are usually viewed through a "price per pound" lens and feature a discount to replacement cost and prior peak pricing.

For example, a group of private individual investors from Washington paid \$18 million (\$176/SF) for 501 Gateway in December 2024. The four-story multi-tenant office totals 102,300 SF and was originally built in the late 1990s in the 44th Street Corridor, receiving renovation work to upgrade the interiors, exteriors, landscaping, and signage in 2017. The asset was 84% leased at the time of sale with advertised rents at \$29.50/SF full service. The seller, Irgens Partners, acquired the asset in February 2016 for \$17 million (\$166/SF), representing a 6% increase during the nearly nine-year hold period, not including a reported \$1 million in capital outlays for renovations.

Similarly, occupiers have become a larger share of the buyer pool, acquiring high vacancy offices at a steep discount to prior pricing.

U-Haul's purchase of 20 E Thomas in Midtown Phoenix was especially noteworthy. The Phoenix-based moving truck and storage company paid \$23.7 million (\$43/SF) for what was previously known as CenturyLink Tower, a 25-story office tower totaling 548,900 SF. The 1980s-

vintage asset was just 16% leased and traded as an REO sale from Bank of America. U-Haul plans to establish the office as its new headquarters, rebranding it U-Haul Tower. The property previously sold in 2006 for about \$74.4 million (\$135/SF) when fully occupied by Qwest/CenturyLink, a 68% decrease.

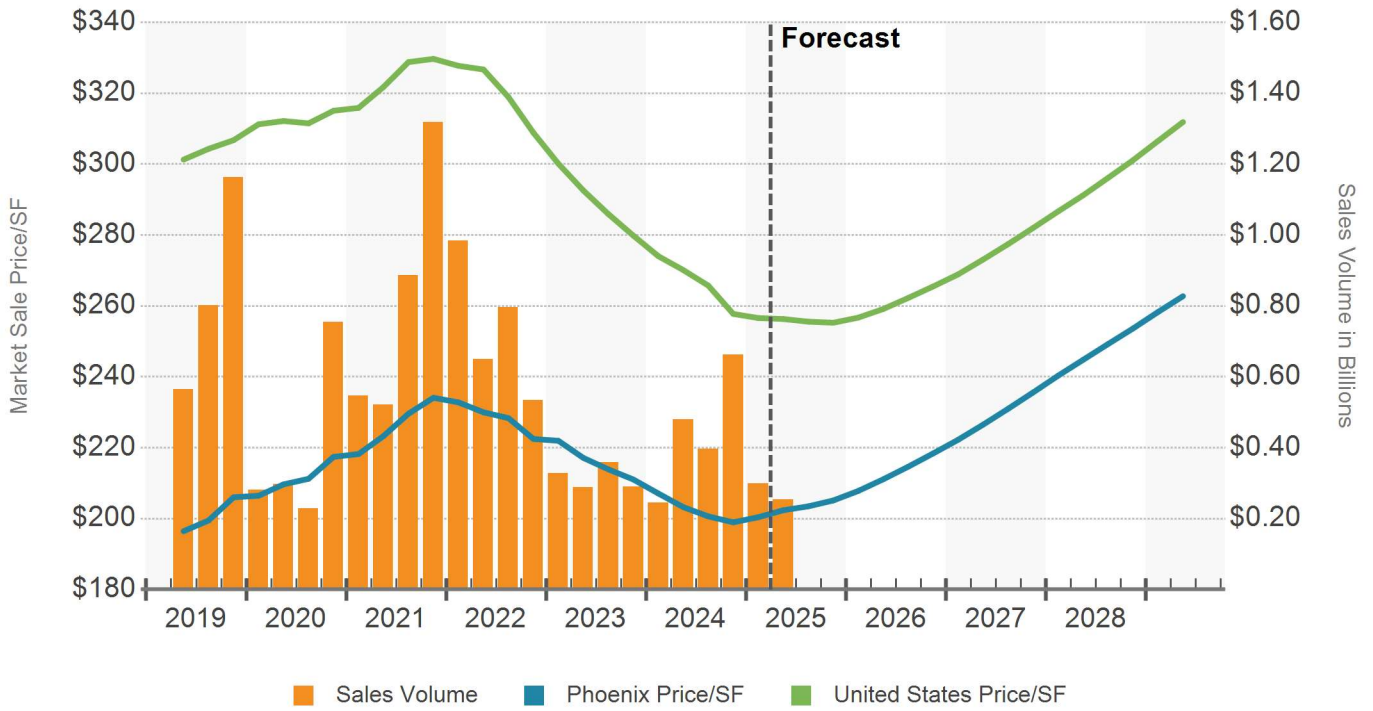
Investors seeking redevelopment or repositioning opportunities have notably increased activity, acquiring underperforming offices that can be converted or demolished for other uses.

For example, a joint venture between Creation Equity, CrossHarbor Capital Partners, and The Amherst Group paid \$13.5 million (\$60/SF) for Elliot Corporate Center in January 2025. The 223,400-SF asset sits on 16 acres in South Tempe, previously serving as a back-office/call center before being vacated. The new owner plans to raze the building to make way for a three-building shallow bay industrial park known as Nexus Commerce Center. The property last sold in September 2013 for \$23.5 million (\$105/SF) while 87% leased.

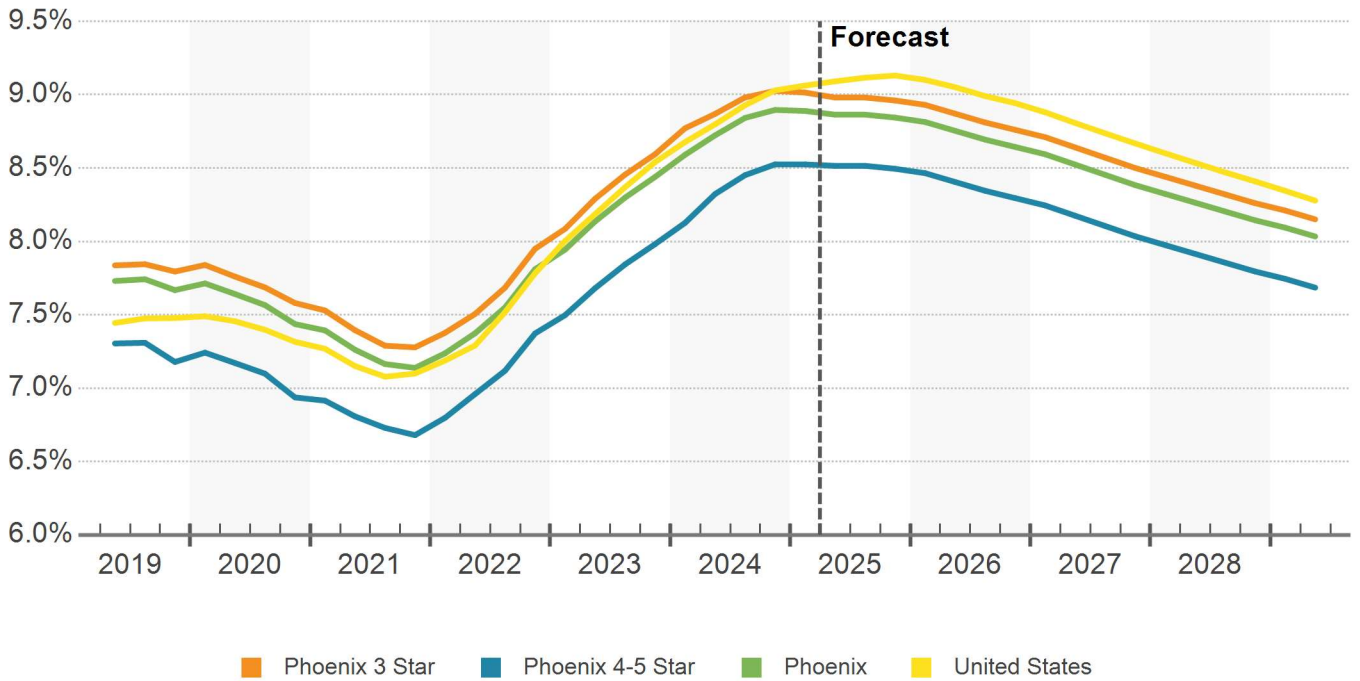
Several single-tenant assets with long-term in-place leases continue to trade as buyers remain attracted to deals with consistent cash flow. Newstreet Properties paid \$22 million (\$226/SF) for the global corporate headquarters of Amkor Technologies (S&P: BB) in March 2025. The semiconductor packaging firm has occupied the 97,500-SF low-rise office since its construction in 2015 and recently signed a 10-year lease extension with space commitments through May 2034.

Moving forward, early signs of stabilization in property performance have begun to emerge, which could support another year of improving sales activity. Nevertheless, vacancy remains at a 15-year high, and market-wide rent growth is tepid, making upcoming loan maturities a potential risk. The delinquency rate among CMBS loans backed by Phoenix offices has risen quickly over the past 18 months, consistent with national delinquency trends. Over \$750 million in CMBS debt is scheduled for maturity in Phoenix through 2026, and some investors may face difficulty when it comes time to refinance in the current interest rate climate, which may cause an increase in distressed sales.

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

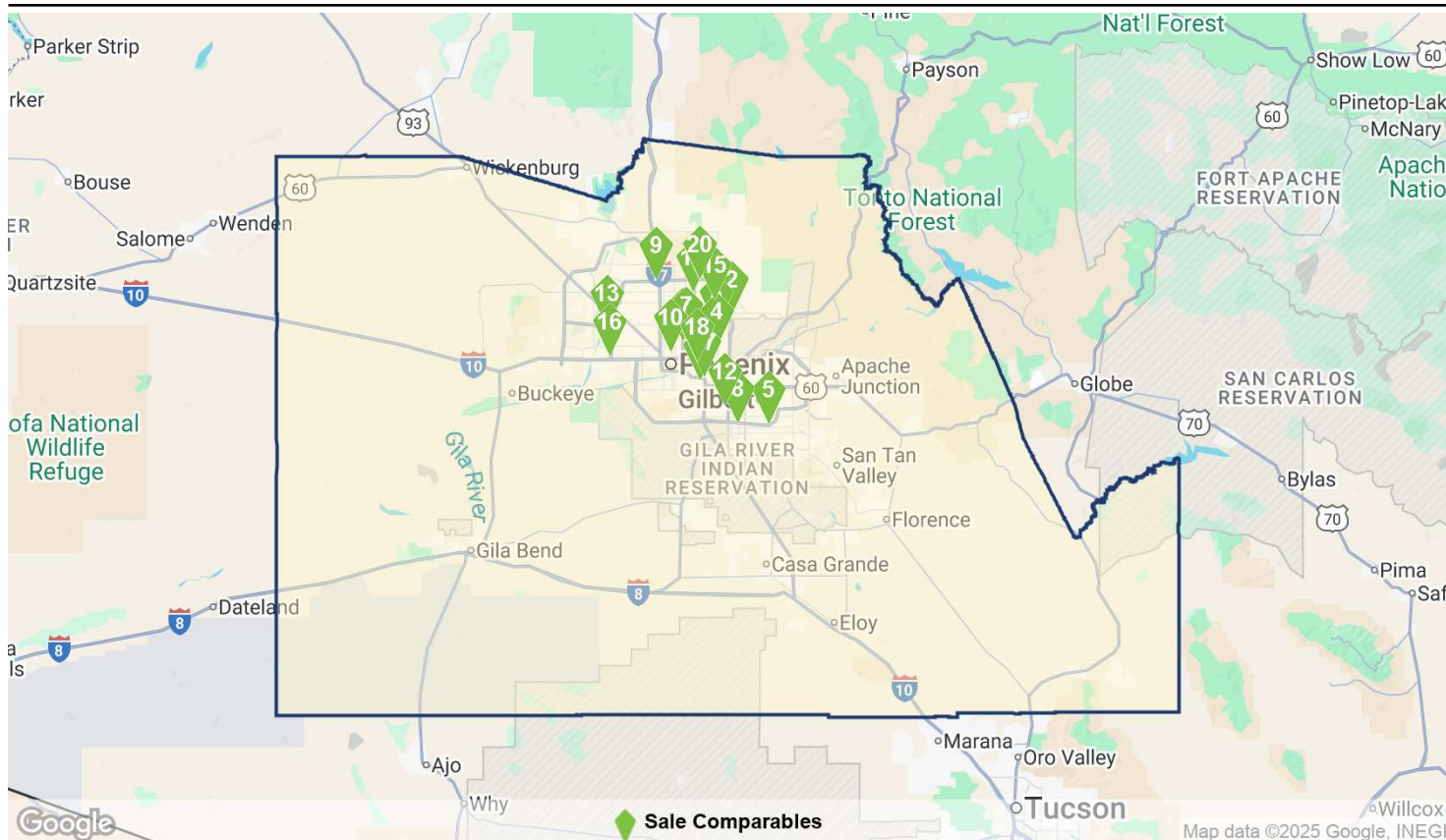
599

6.9%

\$201

19.7%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$77,500	\$4,370,407	\$1,635,375	\$97,900,000
Price/SF	\$3.37	\$201	\$286	\$2,431
Cap Rate	5.0%	6.9%	6.6%	11.0%
Time Since Sale in Months	0.1	5.9	6.0	12.0
Property Attributes	Low	Average	Median	High
Building SF	785	21,867	6,513	548,938
Stories	1	1	1	25
Typical Floor SF	1	11,202	6,000	218,268
Vacancy Rate At Sale	0%	19.7%	0%	100%
Year Built	1910	1986	1985	2025
Star Rating	★★★★★	★★★★★ 2.6	★★★★★	★★★★★

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
1 24th At Camelback II 2325 E Camelback Rd	★★★★★	2009	306,877	16.3%	10/30/2024	\$97,900,000	\$319	-
2 9501 E Shea Blvd	★★★★★	1975	366,513	0%	8/7/2024	\$71,500,000	\$195	-
3 Scottsdale Centre 7373 N Scottsdale Rd	★★★★★	1984	163,311	22.2%	6/6/2025	\$44,580,000	\$273	-
4 7272 Old Town 7272 E Indian School Rd	★★★★★	1988	165,220	18.4%	12/17/2024	\$42,250,000	\$256	-
5 Copper Point 3530 S Val Vista Dr	★★★★★	2008	93,262	17.3%	3/21/2025	\$36,000,000	\$386	-
6 Physicians Medical Plaz... 3815 E Bell Rd	★★★★★	2006	127,252	31.8%	7/24/2024	\$36,000,000	\$283	-
7 Camelback Lakes - 2850... 2850 E Camelback Rd	★★★★★	1982	136,450	11.5%	11/22/2024	\$30,798,047	\$226	-
8 Chandler Medical Pavilion 1125 S Alma School Rd	★★★★★	2021	65,931	0%	12/19/2024	\$30,000,000	\$455	-
9 Deer Valley Medical Tower 20414 N 27th Ave	★★★★★	2008	81,875	13.0%	10/23/2024	\$26,118,085	\$319	-
10 U-Haul Tower 20 E Thomas Rd	★★★★★	1989	548,938	29.8%	12/6/2024	\$23,700,000	\$43	-
11 CIT Bank 4950 S 48th St	★★★★★	2009	73,377	0%	5/16/2025	\$22,400,000	\$305	-
12 Amkor Technologies 2045 E Innovation Cir	★★★★★	2015	97,504	0%	3/20/2025	\$22,050,000	\$226	-
13 St Joseph's Westgate M... 7330 N 99th Ave	★★★★★	2016	65,476	11.7%	7/24/2024	\$21,800,000	\$333	-
14 3805 E Bell Rd	★★★★★	2007	104,281	12.7%	2/4/2025	\$19,805,819	\$190	-
15 Element at Kierland 14614 N Kierland Blvd	★★★★★	1998	59,770	11.9%	3/7/2025	\$18,479,487	\$309	-
16 101 Medical Gateway 9520 W Palm Ln	★★★★★	2005	52,082	5.0%	7/11/2024	\$18,320,607	\$352	-
17 1515 Corporate Center 1515 W 14th St	★★★★★	1977	218,268	71.0%	10/29/2024	\$18,300,000	\$84	-
18 501 Gateway 501 N 44th St	★★★★★	1998	102,305	17.6%	12/15/2024	\$18,000,000	\$176	-
19 Desert Ridge Corporate... 20830 N Tatum Blvd	★★★★★	2007	137,225	44.3%	12/20/2024	\$17,746,047	\$129	-
20 20860 N Tatum Blvd	★★★★★	2005	137,983	41.6%	12/20/2024	\$17,253,953	\$125	-

Phoenix is a high-growth market anchoring the Southwestern United States, known for positive demographic trends, a relatively affordable cost of living, attractive weather, and a business-friendly government. Maricopa County, the fourth-largest county in the country, comprises about 90% of the metropolitan statistical area's resident base and consistently ranks as one of the nation's top counties for population growth.

Strong demographic momentum in Maricopa, along with explosive growth in neighboring Pinal County, helped Phoenix earn the number six spot for population gains, according to the most recent data from the U.S. Census Bureau. The addition of nearly 85,000 residents put the Valley of the Sun ahead of other high-growth Sun Belt metros like Orlando, Atlanta, and Austin.

Phoenix's strategic location near California is a competitive advantage attracting residents, businesses, and demand from logistics users. Arizona registered more than 33,000 net relocations from California, according to recent Census data, outpacing the next ten states combined as lower housing costs drew population from the Golden State. The state also continues to capture net inflows from the Midwest as the more favorable climate and enhanced employment opportunities make the Valley an attractive relocation destination.

The Phoenix labor market has shown signs of weakening, particularly in the traditional office-using sectors. Companies like Carvana, Silicon Valley Bank, Northrop Grumman, and Intel have enacted layoffs over the past few years, contributing to total knowledge sector employment lagging the level seen in late 2022. Some employers with back-office call centers have also shuttered offices amid alternative workplace arrangements.

Additionally, office-using sectors account for less than 10% of the Phoenix metro area's total job growth since the onset of the pandemic, lagging the 30% share seen from 2017 to 2019. This is a divergence from the national trend, which saw office-using jobs compose about 20% to 25% of employment growth since February 2020.

While some firms have reduced headcounts, others remain in expansion mode. Dutch Brothers was responsible for the metro's largest office lease in 2024, taking 136,400 SF in Tempe. The coffee company is shifting 40% of its headquarters workforce from Oregon to Phoenix and has ambitious growth plans. Dutch Bros

cited the Valley's deep talent pool and reasonable commute times as factors for its relocation decision.

On the industrial side, Taiwan Semiconductor Manufacturing Company (TSMC) recently announced plans for an additional \$100 billion investment at its microchip manufacturing campus in North Phoenix, adding three additional fabrication units, two packaging/testing facilities, and an R&D facility. This is on top of the existing \$65-billion investment to build three fabs announced a few years ago, the first of which began high-volume production in the first quarter of 2025. Major investments emanating from the project include Amkor's \$2-billion semiconductor testing and packaging facility in Peoria, as well as Mack Real Estate Group's \$7-billion Halo Vista mixed-use development near TSMC's campus.

Other advanced manufacturers in the battery, solar, and electric-vehicle industries have also tapped Phoenix for expansion, though some projects are facing challenges. Electric vehicle maker Nikola announced layoffs in the Valley, including 315 workers at its Coolidge manufacturing facility, which it recently put on the market for sale. Additionally, KORE Power canceled plans for a \$1.25 billion battery plant in Buckeye. Nevertheless, other green energy manufacturing projects like LGE's battery plant in Queen Creek and Lucid's Casa Grande expansion are still in the works. These firms join a well-established cluster of aerospace, defense, and medical device manufacturers, fostering an ecosystem of high-tech assembly.

Additionally, the Valley has emerged as a critical link in national supply chains. Proximity to trade points of entry, including Southern California ports and the U.S.-Mexico border, spurred a surge in development and leasing for big bomber distribution space over the past few years. Amazon signed a trio of 1+ million SF leases in the West Valley in 2024, reiterating the area's attractiveness for logistics uses. The recent bout of tariff-related uncertainty presents a downside risk for demand from distribution users.

The Valley boasts excellent freeway and road infrastructure, keeping the sprawling metro area well-connected. The Interstate 10 runs from Los Angeles to Jacksonville, crossing directly through Phoenix, helping transport goods, visitors, and new residents. The grid-like layout of Phoenix's streets keeps traffic and commute times more limited than other markets of its size. The wide suburban streets and lack of inclement

weather played a role in attracting robotaxi companies like Waymo to begin operations here. The lack of natural disasters has also encouraged data center development and keeps real estate insurance rates more modest than other metros in Florida and Texas.

The Valley is home to the largest public university in the

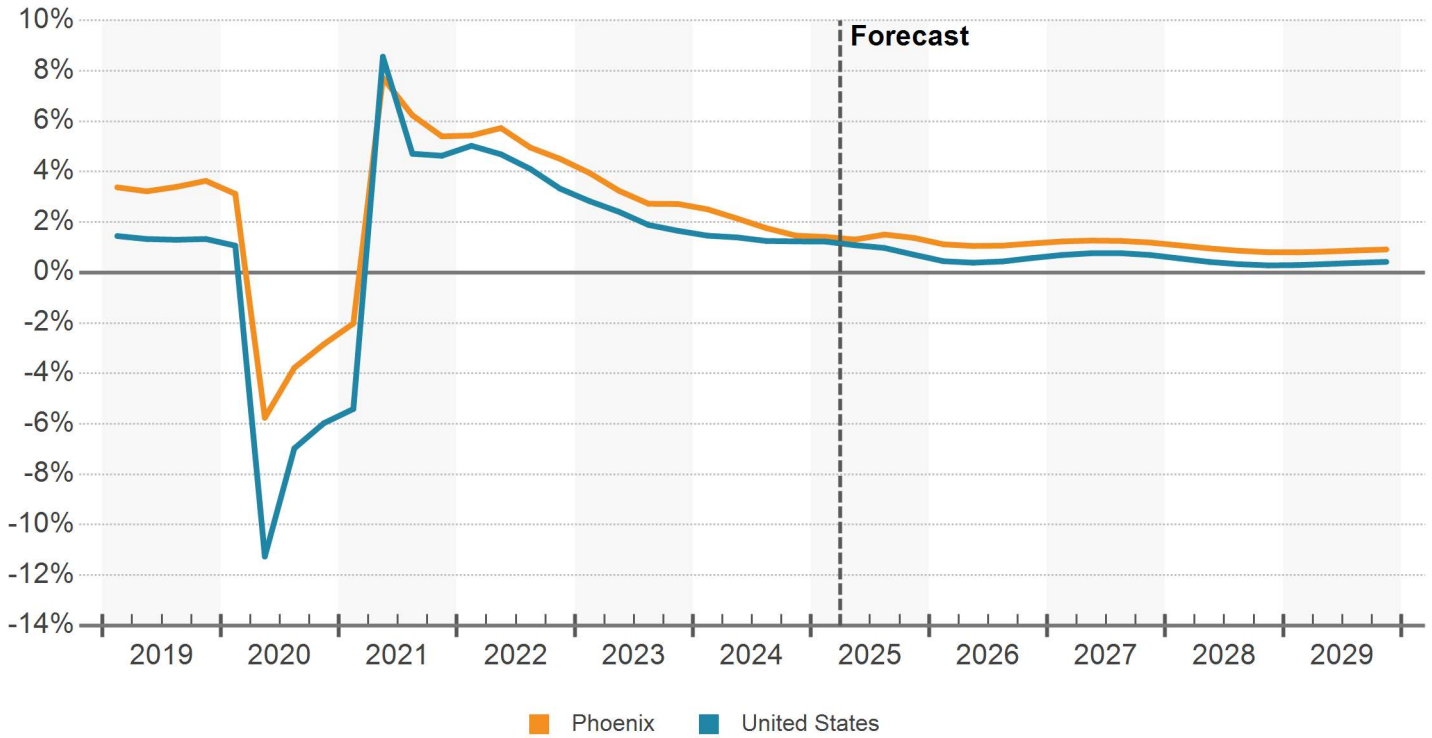
country, Arizona State University (ASU). ASU's four campuses, including 56,600 students in Tempe, supply the metro with a steady stream of talented labor. For the 10th consecutive year, U.S. News and World Report named ASU the Most Innovative University in the Country, and many companies choose to locate near and partner with the school on research and curricula.

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	145	0.7	-0.81%	-0.74%	1.99%	0.36%	0.88%	0.17%
Trade, Transportation and Utilities	483	1.1	0.97%	0.72%	2.65%	0.87%	0.78%	0.22%
Retail Trade	248	1.0	-1.08%	0.31%	1.09%	0.04%	0.86%	0.19%
Financial Activities	218	1.5	1.59%	1.02%	2.86%	1.35%	0.79%	0.39%
Government	256	0.7	0.00%	1.34%	1.16%	0.71%	0.46%	0.18%
Natural Resources, Mining and Construction	179	1.3	0.41%	1.62%	5.89%	2.14%	1.63%	0.65%
Education and Health Services	432	1.0	4.29%	3.17%	4.36%	2.17%	1.54%	0.65%
Professional and Business Services	396	1.1	-0.02%	-0.25%	2.09%	1.39%	0.81%	0.64%
Information	42	0.9	1.49%	-0.05%	1.34%	0.74%	1.29%	0.33%
Leisure and Hospitality	254	1.0	2.45%	1.52%	2.11%	1.24%	1.26%	1.09%
Other Services	78	0.8	0.79%	1.07%	1.96%	0.70%	0.85%	0.22%
Total Employment	2,483	1.0	1.33%	1.11%	2.74%	1.21%	1.01%	0.47%

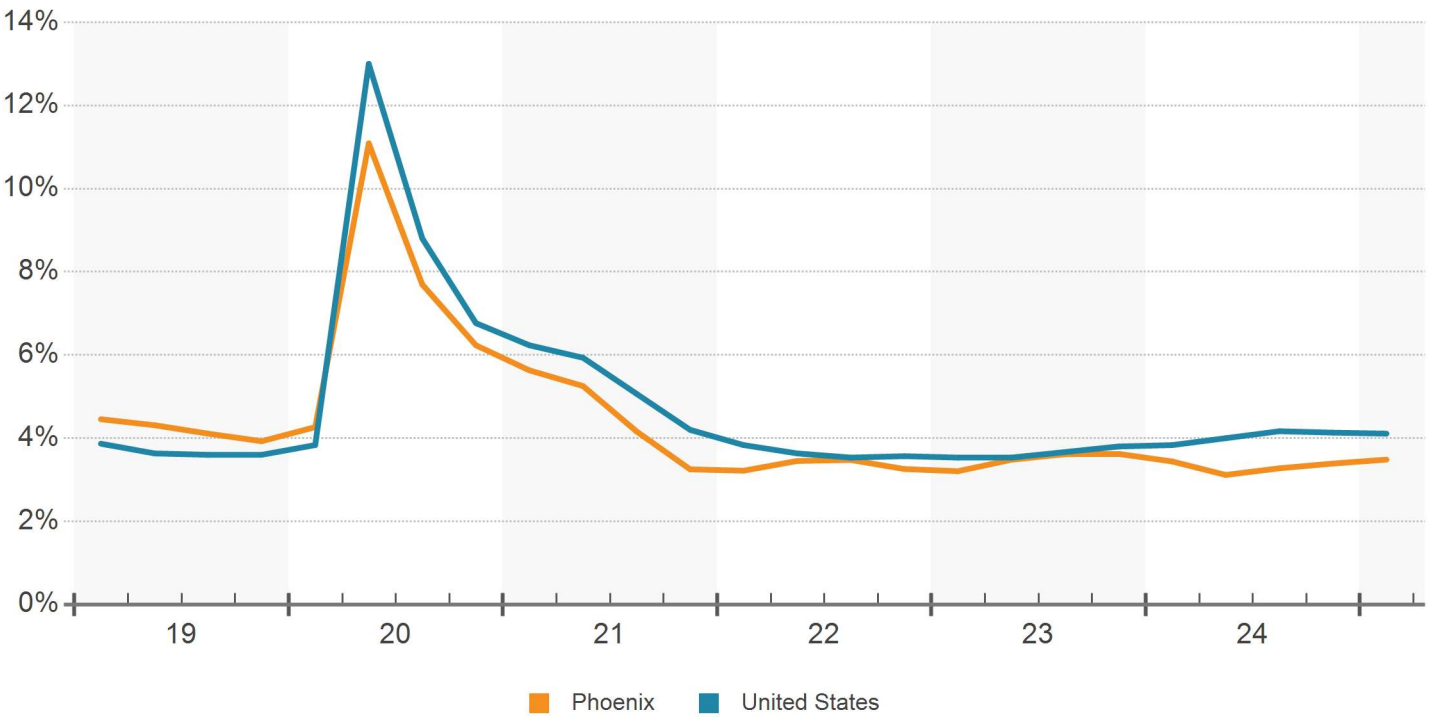
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

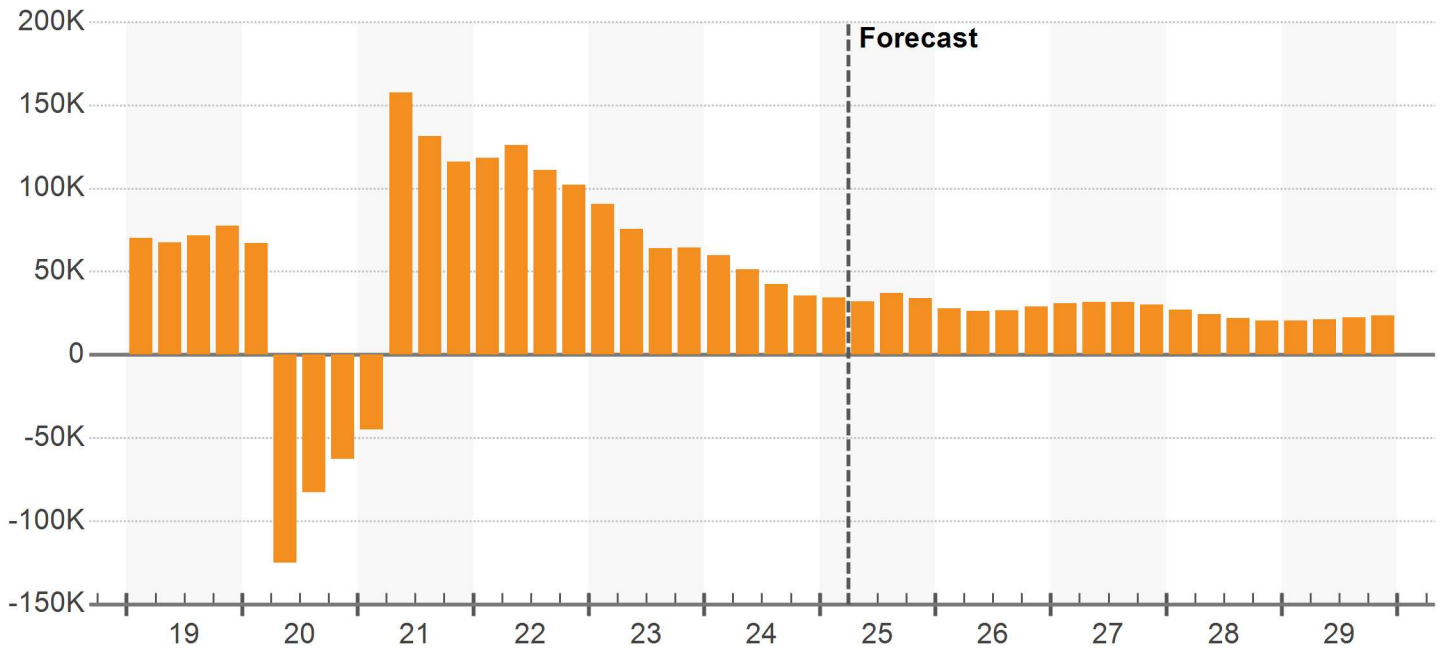


Source: Oxford Economics

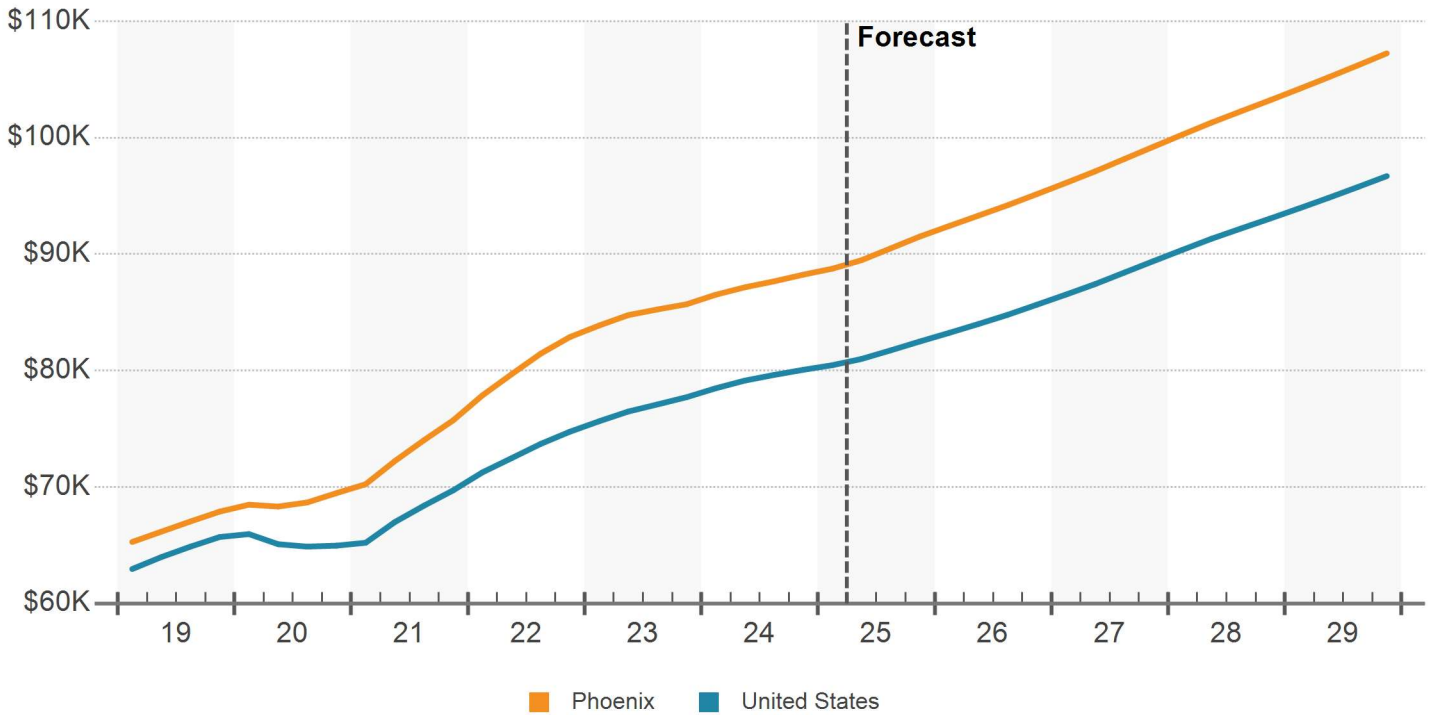
UNEMPLOYMENT RATE (%)



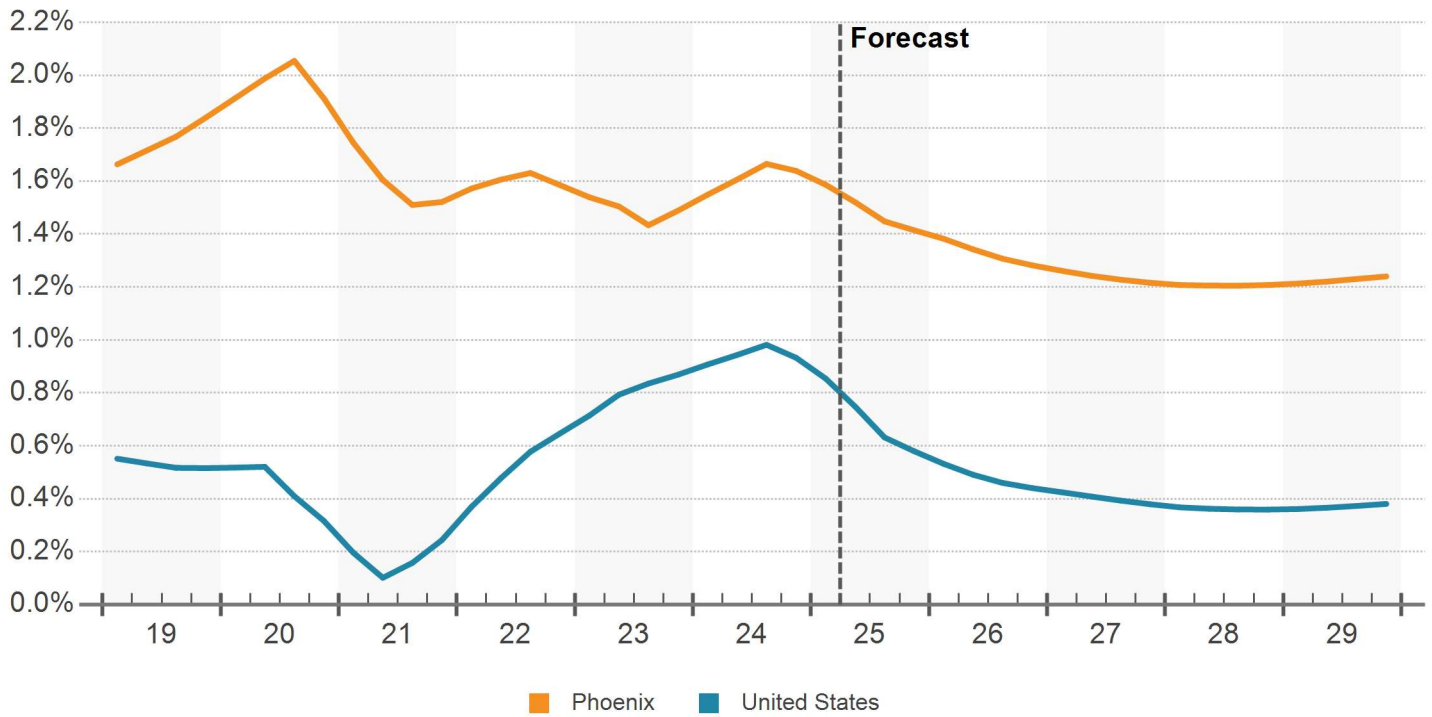
NET EMPLOYMENT CHANGE (YOY)



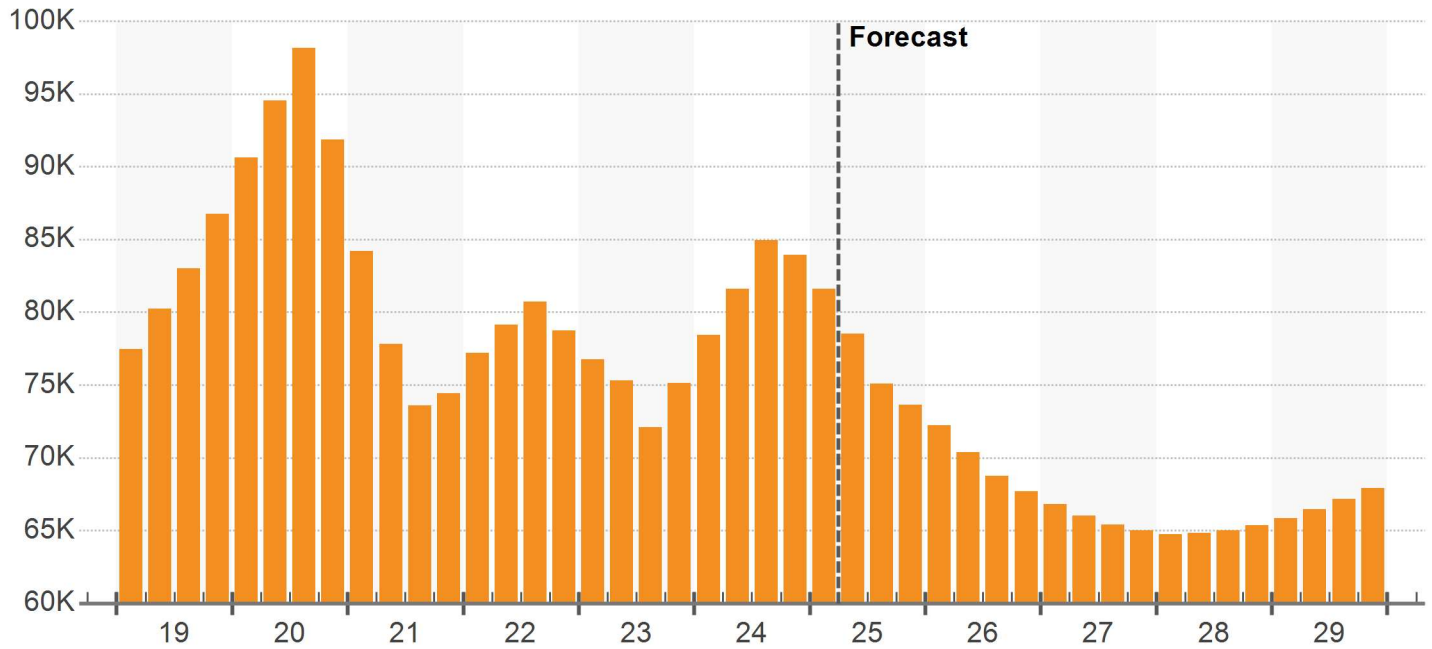
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)

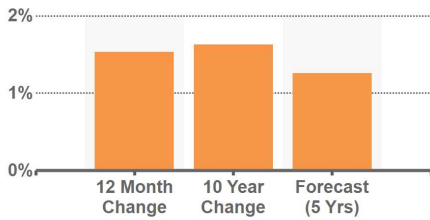


DEMOGRAPHIC TRENDS

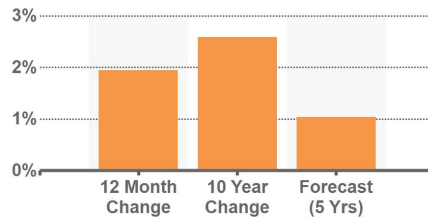
Demographic Category	Current Level		12 Month Change		10 Year Change		5 Year Forecast	
	Metro	US	Metro	US	Metro	US	Metro	US
Population	5,239,905	341,681,219	1.5%	0.8%	1.6%	0.6%	1.3%	0.4%
Households	1,991,355	134,305,406	1.7%	0.9%	2.1%	1.0%	1.3%	0.5%
Median Household Income	\$89,340	\$80,897	2.7%	2.4%	5.1%	4.0%	4.1%	4.0%
Labor Force	2,740,829	170,584,688	1.9%	1.6%	2.6%	0.8%	1.0%	0.3%
Unemployment	3.5%	4.1%	0.3%	0.1%	-0.2%	-0.1%	-	-

Source: Oxford Economics

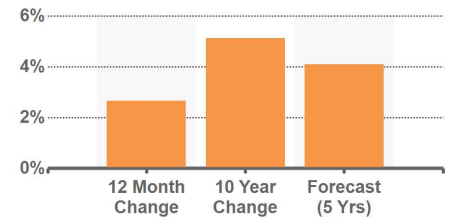
POPULATION GROWTH



LABOR FORCE GROWTH

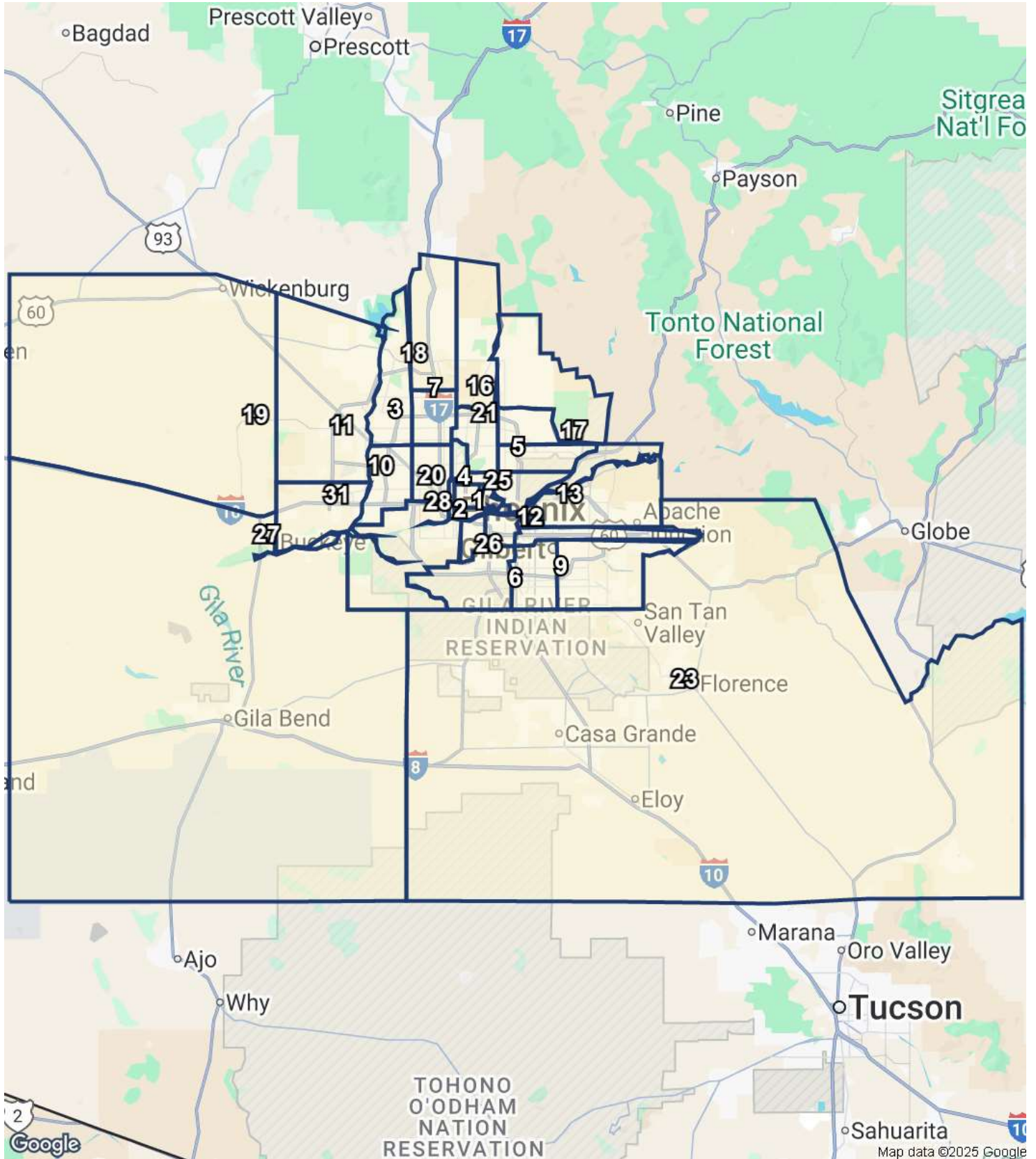


INCOME GROWTH



Source: Oxford Economics

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	147	4,073	2.1%	19	0	0	0%	-	0	-	-	-
2	Airport Area	120	5,880	3.0%	14	0	0	0%	-	0	-	-	-
3	Arrowhead	384	4,912	2.5%	17	1	88	1.8%	6	1	2	0%	10
4	Camelback Corridor	216	9,431	4.8%	8	0	0	0%	-	1	40	0.4%	5
5	Central Scottsdale	397	9,299	4.8%	9	0	0	0%	-	1	100	1.1%	1
6	Chandler	543	13,053	6.7%	4	1	119	0.9%	4	1	5	0%	9
7	Deer Valley/Airport	281	12,295	6.3%	5	0	0	0%	-	0	-	-	-
8	Downtown	176	10,856	5.6%	6	0	0	0%	-	0	-	-	-
9	Gateway Airport/Loop 202	313	3,061	1.6%	22	1	1	0%	9	2	94	3.1%	2
10	Glendale	212	3,764	1.9%	20	0	0	0%	-	5	60	1.6%	4
11	Loop 303/Surprise	171	2,656	1.4%	23	1	10	0.4%	7	0	-	-	-
12	Mesa Downtown	203	1,481	0.8%	27	0	0	0%	-	0	-	-	-
13	Mesa East	480	5,037	2.6%	16	0	0	0%	-	0	-	-	-
14	Midtown	385	13,388	6.9%	3	0	0	0%	-	0	-	-	-
15	Midtown/Central Phoenix	500	6,146	3.2%	13	0	0	0%	-	0	-	-	-
16	N Phoenix/Cave Creek	22	168	0.1%	30	0	0	0%	-	0	-	-	-
17	N Scottsdale/Carefree	197	1,874	1.0%	25	0	0	0%	-	0	-	-	-
18	North I-17	65	1,012	0.5%	28	0	0	0%	-	0	-	-	-
19	Northwest Outlying	40	165	0.1%	31	0	0	0%	-	0	-	-	-
20	Northwest Phoenix	840	10,838	5.6%	7	0	0	0%	-	0	-	-	-
21	Paradise Valley	274	5,479	2.8%	15	0	0	0%	-	1	78	1.4%	3
22	Piestewa Peak Corridor	200	3,458	1.8%	21	0	0	0%	-	0	-	-	-
23	Pinal County	287	1,774	0.9%	26	0	0	0%	-	1	14	0.8%	6
24	Scottsdale Airpark	396	14,395	7.4%	2	1	101	0.7%	5	0	-	-	-
25	Scottsdale South	513	8,101	4.2%	10	1	9	0.1%	8	0	-	-	-
26	South Tempe/Ahwatukee	290	7,405	3.8%	11	1	135	1.8%	2	0	-	-	-
27	Southwest Outlying	36	309	0.2%	29	0	0	0%	-	0	-	-	-
28	Southwest Phoenix	210	4,390	2.3%	18	0	0	0%	-	0	-	-	-
29	Superstition Corridor	440	6,689	3.4%	12	0	0	0%	-	1	8	0.1%	8
30	Tempe	539	21,106	10.8%	1	1	133	0.6%	3	0	-	-	-
31	West I-10	176	2,396	1.2%	24	5	149	6.2%	1	1	14	0.6%	7

SUBMARKET RENT

No.	Submarket	Market Asking Rent		12 Month Market Asking Rent		QTD Annualized Market Asking Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	44th Street Corridor	\$29.14	13	0.6%	28	0.5%	20
2	Airport Area	\$28.29	18	1.6%	22	0.8%	7
3	Arrowhead	\$29.78	11	3.3%	2	0.8%	8
4	Camelback Corridor	\$37.40	1	0.1%	31	0.1%	29
5	Central Scottsdale	\$29.58	12	1.0%	25	0.7%	9
6	Chandler	\$29.78	10	2.1%	16	1.0%	3
7	Deer Valley/Airport	\$28.63	17	2.6%	4	0.7%	12
8	Downtown	\$32.05	4	1.4%	24	3.2%	1
9	Gateway Airport/Loop 202	\$30.92	7	2.2%	12	0.9%	5
10	Glendale	\$30.05	9	1.9%	19	0.7%	10
11	Loop 303/Surprise	\$30.75	8	2.2%	13	0.7%	13
12	Mesa Downtown	\$20.92	31	2.5%	5	-0.4%	31
13	Mesa East	\$24.82	25	2.3%	10	0.7%	14
14	Midtown	\$26.08	21	0.9%	27	0.3%	27
15	Midtown/Central Phoenix	\$25.17	24	1.7%	21	0.4%	26
16	N Phoenix/Cave Creek	\$24.45	28	2.4%	6	0.5%	22
17	N Scottsdale/Carefree	\$26.32	20	1.9%	20	0.9%	6
18	North I-17	\$28.92	16	3.6%	1	0.1%	30
19	Northwest Outlying	\$24.65	27	2.4%	7	0.3%	28
20	Northwest Phoenix	\$23.34	30	2.8%	3	0.4%	24
21	Paradise Valley	\$29	15	1.0%	26	0.5%	17
22	Piestewa Peak Corridor	\$25.61	22	1.6%	23	0.6%	16
23	Pinal County	\$24.26	29	2.4%	8	0.5%	18
24	Scottsdale Airpark	\$31.23	6	0.6%	29	0.6%	15
25	Scottsdale South	\$32.46	3	0.3%	30	0.4%	25
26	South Tempe/Ahwatukee	\$27.93	19	2.1%	15	0.7%	11
27	Southwest Outlying	\$24.79	26	2.4%	9	0.4%	23
28	Southwest Phoenix	\$29.02	14	2.3%	11	0.5%	21
29	Superstition Corridor	\$25.60	23	2.2%	14	1.2%	2
30	Tempe	\$33.75	2	2.0%	18	1.0%	4
31	West I-10	\$32.04	5	2.1%	17	0.5%	19

SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	44th Street Corridor	644,014	15.8%	21	(76,713)	-1.9%	23	-
2	Airport Area	1,427,500	24.3%	31	71,102	1.2%	6	-
3	Arrowhead	442,343	9.0%	10	113,558	2.3%	4	0.8
4	Camelback Corridor	1,924,691	20.4%	26	(125,851)	-1.3%	26	-
5	Central Scottsdale	1,406,242	15.1%	18	(83,013)	-0.9%	24	-
6	Chandler	2,490,883	19.1%	25	(142,762)	-1.1%	28	-
7	Deer Valley/Airport	2,176,110	17.7%	23	(316,088)	-2.6%	30	-
8	Downtown	2,492,193	23.0%	30	(5,921)	-0.1%	15	-
9	Gateway Airport/Loop 202	172,920	5.6%	5	9,461	0.3%	12	-
10	Glendale	446,594	11.9%	15	50,738	1.3%	9	-
11	Loop 303/Surprise	154,058	5.8%	6	60,510	2.3%	8	0.2
12	Mesa Downtown	102,244	6.9%	8	(23,433)	-1.6%	20	-
13	Mesa East	518,609	10.3%	13	61,169	1.2%	7	-
14	Midtown	3,055,197	22.8%	29	(316,137)	-2.4%	31	-
15	Midtown/Central Phoenix	591,714	9.6%	12	(132,511)	-2.2%	27	-
16	N Phoenix/Cave Creek	11,554	6.9%	7	(6,776)	-4.0%	17	-
17	N Scottsdale/Carefree	180,217	9.6%	11	25,619	1.4%	11	-
18	North I-17	106,481	10.5%	14	(11,469)	-1.1%	19	-
19	Northwest Outlying	152	0.1%	1	2,668	1.6%	13	-
20	Northwest Phoenix	1,910,586	17.6%	22	(29,920)	-0.3%	21	-
21	Paradise Valley	731,002	13.3%	17	(10,491)	-0.2%	18	-
22	Piestewa Peak Corridor	536,012	15.5%	20	(62,087)	-1.8%	22	-
23	Pinal County	40,503	2.3%	3	94,740	5.3%	5	-
24	Scottsdale Airpark	2,204,249	15.3%	19	44,013	0.3%	10	2.3
25	Scottsdale South	1,545,461	19.1%	24	(156,019)	-1.9%	29	-
26	South Tempe/Ahwatukee	1,657,100	22.4%	28	177,380	2.4%	2	0.8
27	Southwest Outlying	1,683	0.5%	2	(1,683)	-0.5%	14	-
28	Southwest Phoenix	148,510	3.4%	4	(6,323)	-0.1%	16	-
29	Superstition Corridor	830,825	12.4%	16	(109,285)	-1.6%	25	-
30	Tempe	4,577,906	21.7%	27	490,904	2.3%	1	-
31	West I-10	212,302	8.9%	9	147,381	6.2%	3	0.9

OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2029	198,606,738	1,365,290	0.7%	1,262,223	0.6%	1.1
2028	197,241,448	1,152,279	0.6%	1,183,238	0.6%	1.0
2027	196,089,169	794,505	0.4%	1,001,131	0.5%	0.8
2026	195,294,664	271,443	0.1%	562,447	0.3%	0.5
2025	195,023,221	438,240	0.2%	1,150,835	0.6%	0.4
YTD	194,899,997	315,016	0.2%	722,156	0.4%	0.4
2024	194,584,981	136,583	0.1%	(2,175,779)	-1.1%	-
2023	194,448,398	315,630	0.2%	(2,256,997)	-1.2%	-
2022	194,132,768	666,137	0.3%	(1,518,611)	-0.8%	-
2021	193,466,631	2,151,469	1.1%	(254,304)	-0.1%	-
2020	191,315,162	2,731,439	1.4%	94,821	0%	28.8
2019	188,583,723	3,079,162	1.7%	4,248,567	2.3%	0.7
2018	185,504,561	1,044,441	0.6%	3,216,243	1.7%	0.3
2017	184,460,120	1,222,576	0.7%	2,560,023	1.4%	0.5
2016	183,237,544	2,698,921	1.5%	4,006,487	2.2%	0.7
2015	180,538,623	2,977,996	1.7%	3,984,643	2.2%	0.7
2014	177,560,627	435,160	0.2%	2,367,193	1.3%	0.2
2013	177,125,467	(84,577)	0%	1,789,515	1.0%	-

4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2029	74,814,630	1,638,268	2.2%	1,464,293	2.0%	1.1
2028	73,176,362	1,426,238	2.0%	1,349,500	1.8%	1.1
2027	71,750,124	1,059,570	1.5%	1,161,292	1.6%	0.9
2026	70,690,554	465,744	0.7%	610,274	0.9%	0.8
2025	70,224,810	512,727	0.7%	986,423	1.4%	0.5
YTD	69,979,305	267,222	0.4%	570,382	0.8%	0.5
2024	69,712,083	408,492	0.6%	(407,936)	-0.6%	-
2023	69,303,591	573,960	0.8%	(1,866,533)	-2.7%	-
2022	68,729,631	844,989	1.2%	(1,972,658)	-2.9%	-
2021	67,884,642	2,555,764	3.9%	(245,171)	-0.4%	-
2020	65,328,878	2,390,085	3.8%	934,020	1.4%	2.6
2019	62,938,793	2,836,138	4.7%	3,190,188	5.1%	0.9
2018	60,102,655	1,099,462	1.9%	1,348,922	2.2%	0.8
2017	59,003,193	1,451,013	2.5%	1,047,240	1.8%	1.4
2016	57,552,180	1,834,886	3.3%	2,017,368	3.5%	0.9
2015	55,717,294	2,285,055	4.3%	2,307,746	4.1%	1.0
2014	53,432,239	601,057	1.1%	1,150,155	2.2%	0.5
2013	52,831,182	0	0%	583,467	1.1%	0

3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2029	88,953,558	18,107	0%	72,007	0.1%	0.3
2028	88,935,451	15,751	0%	98,840	0.1%	0.2
2027	88,919,700	23,693	0%	115,124	0.1%	0.2
2026	88,896,007	94,091	0.1%	208,933	0.2%	0.5
2025	88,801,916	67,330	0.1%	334,996	0.4%	0.2
YTD	88,782,380	47,794	0.1%	221,444	0.2%	0.2
2024	88,734,586	(222,163)	-0.2%	(1,149,012)	-1.3%	-
2023	88,956,749	(174,820)	-0.2%	(197,984)	-0.2%	-
2022	89,131,569	(12,220)	0%	67,109	0.1%	-
2021	89,143,789	49,732	0.1%	(533,619)	-0.6%	-
2020	89,094,057	387,690	0.4%	(226,570)	-0.3%	-
2019	88,706,367	368,319	0.4%	987,637	1.1%	0.4
2018	88,338,048	105,904	0.1%	1,182,711	1.3%	0.1
2017	88,232,144	33,771	0%	1,152,155	1.3%	0
2016	88,198,373	955,311	1.1%	1,273,148	1.4%	0.8
2015	87,243,062	807,075	0.9%	1,166,207	1.3%	0.7
2014	86,435,987	110,680	0.1%	861,732	1.0%	0.1
2013	86,325,307	144,355	0.2%	1,120,917	1.3%	0.1

1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2029	34,838,550	(291,085)	-0.8%	(274,077)	-0.8%	-
2028	35,129,635	(289,710)	-0.8%	(265,102)	-0.8%	-
2027	35,419,345	(288,758)	-0.8%	(275,285)	-0.8%	-
2026	35,708,103	(288,392)	-0.8%	(256,760)	-0.7%	-
2025	35,996,495	(141,817)	-0.4%	(170,584)	-0.5%	-
YTD	36,138,312	0	0%	(69,670)	-0.2%	-
2024	36,138,312	(49,746)	-0.1%	(618,831)	-1.7%	-
2023	36,188,058	(83,510)	-0.2%	(192,480)	-0.5%	-
2022	36,271,568	(166,632)	-0.5%	386,938	1.1%	-
2021	36,438,200	(454,027)	-1.2%	524,486	1.4%	-
2020	36,892,227	(46,336)	-0.1%	(612,629)	-1.7%	-
2019	36,938,563	(125,295)	-0.3%	70,742	0.2%	-
2018	37,063,858	(160,925)	-0.4%	684,610	1.8%	-
2017	37,224,783	(262,208)	-0.7%	360,628	1.0%	-
2016	37,486,991	(91,276)	-0.2%	715,971	1.9%	-
2015	37,578,267	(114,134)	-0.3%	510,690	1.4%	-
2014	37,692,401	(276,577)	-0.7%	355,306	0.9%	-
2013	37,968,978	(228,932)	-0.6%	85,131	0.2%	-

OVERALL RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2029	\$34.75	148	3.7%	18.7%	32,000,277	16.1%	-0.1%
2028	\$33.50	142	3.9%	14.5%	31,894,761	16.2%	-0.1%
2027	\$32.24	137	4.0%	10.2%	31,921,292	16.3%	-0.2%
2026	\$31	132	3.7%	5.9%	32,123,049	16.4%	-0.2%
2025	\$29.91	127	2.2%	2.2%	32,410,945	16.6%	-0.4%
YTD	\$29.46	125	1.6%	0.7%	32,739,855	16.8%	-0.2%
2024	\$29.27	124	1.9%	0%	33,134,995	17.0%	1.2%
2023	\$28.72	122	4.0%	-1.9%	30,804,645	15.8%	1.3%
2022	\$27.63	117	5.1%	-5.6%	28,232,018	14.5%	1.1%
2021	\$26.28	112	4.7%	-10.2%	26,047,270	13.5%	1.1%
2020	\$25.10	107	0.9%	-14.2%	23,622,029	12.3%	1.2%
2019	\$24.87	106	4.5%	-15.0%	20,985,411	11.1%	-0.8%
2018	\$23.81	101	3.1%	-18.7%	22,157,325	11.9%	-1.3%
2017	\$23.09	98	4.5%	-21.1%	24,421,593	13.2%	-0.9%
2016	\$22.10	94	6.1%	-24.5%	25,859,219	14.1%	-0.9%
2015	\$20.83	88	7.2%	-28.8%	27,165,956	15.0%	-0.8%
2014	\$19.43	82	4.4%	-33.6%	28,172,603	15.9%	-1.2%
2013	\$18.61	79	2.7%	-36.4%	30,160,617	17.0%	-1.1%

4 & 5 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2029	\$39.51	148	3.5%	17.3%	18,674,152	25.0%	-0.3%
2028	\$38.18	143	3.6%	13.4%	18,500,920	25.3%	-0.4%
2027	\$36.84	138	3.7%	9.4%	18,424,912	25.7%	-0.5%
2026	\$35.52	133	3.4%	5.5%	18,527,403	26.2%	-0.4%
2025	\$34.36	129	2.0%	2.0%	18,672,648	26.6%	-0.9%
YTD	\$33.90	127	0.4%	0.7%	18,859,026	26.9%	-0.5%
2024	\$33.68	126	1.6%	0%	19,150,186	27.5%	1.0%
2023	\$33.15	124	3.3%	-1.6%	18,333,758	26.5%	3.3%
2022	\$32.09	120	3.3%	-4.7%	15,893,265	23.1%	3.9%
2021	\$31.06	116	1.8%	-7.8%	13,075,618	19.3%	3.5%
2020	\$30.50	114	-0.7%	-9.4%	10,274,683	15.7%	1.7%
2019	\$30.71	115	4.8%	-8.8%	8,818,618	14.0%	-1.3%
2018	\$29.29	110	2.9%	-13.0%	9,172,668	15.3%	-0.8%
2017	\$28.47	107	4.0%	-15.5%	9,502,128	16.1%	0.1%
2016	\$27.38	102	7.9%	-18.7%	9,195,603	16.0%	-0.9%
2015	\$25.38	95	9.1%	-24.6%	9,378,085	16.8%	-0.8%
2014	\$23.27	87	5.7%	-30.9%	9,400,776	17.6%	-1.4%
2013	\$22.01	82	3.5%	-34.7%	10,010,643	18.9%	-1.1%

3 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2029	\$33.67	146	3.8%	19.1%	10,812,082	12.2%	-0.1%
2028	\$32.43	141	4.0%	14.8%	10,866,455	12.2%	-0.1%
2027	\$31.20	135	4.1%	10.4%	10,950,001	12.3%	-0.1%
2026	\$29.98	130	3.7%	6.1%	11,041,933	12.4%	-0.1%
2025	\$28.90	125	2.3%	2.3%	11,157,215	12.6%	-0.3%
YTD	\$28.45	123	2.7%	0.7%	11,260,480	12.7%	-0.2%
2024	\$28.26	122	2.1%	0%	11,434,130	12.9%	1.1%
2023	\$27.69	120	4.6%	-2.0%	10,489,293	11.8%	0%
2022	\$26.46	115	6.0%	-6.4%	10,466,129	11.7%	-0.1%
2021	\$24.97	108	6.5%	-11.6%	10,545,458	11.8%	0.6%
2020	\$23.44	102	1.7%	-17.0%	9,962,107	11.2%	0.6%
2019	\$23.06	100	4.5%	-18.4%	9,347,847	10.5%	-0.7%
2018	\$22.06	96	3.0%	-21.9%	9,967,165	11.3%	-1.2%
2017	\$21.43	93	5.0%	-24.2%	11,043,972	12.5%	-1.3%
2016	\$20.40	88	4.6%	-27.8%	12,165,287	13.8%	-0.5%
2015	\$19.50	85	5.9%	-31.0%	12,483,124	14.3%	-0.5%
2014	\$18.42	80	2.7%	-34.8%	12,842,256	14.9%	-0.9%
2013	\$17.93	78	2.3%	-36.5%	13,591,308	15.7%	-1.2%

1 & 2 STAR RENT & VACANCY

Year	Market Asking Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2029	\$28.18	152	4.3%	21.6%	2,514,043	7.2%	0%
2028	\$27.03	145	4.4%	16.6%	2,527,386	7.2%	0%
2027	\$25.88	139	4.6%	11.7%	2,546,379	7.2%	0%
2026	\$24.75	133	4.2%	6.8%	2,553,713	7.2%	0%
2025	\$23.75	128	2.5%	2.5%	2,581,082	7.2%	0.1%
YTD	\$23.33	126	2.0%	0.7%	2,620,349	7.3%	0.2%
2024	\$23.18	125	2.3%	0%	2,550,679	7.1%	1.6%
2023	\$22.67	122	3.8%	-2.2%	1,981,594	5.5%	0.3%
2022	\$21.84	117	8.0%	-5.8%	1,872,624	5.2%	-1.5%
2021	\$20.21	109	8.0%	-12.8%	2,426,194	6.7%	-2.5%
2020	\$18.71	101	4.1%	-19.3%	3,385,239	9.2%	1.5%
2019	\$17.97	97	3.1%	-22.5%	2,818,946	7.6%	-0.5%
2018	\$17.43	94	4.1%	-24.8%	3,017,492	8.1%	-2.3%
2017	\$16.75	90	4.4%	-27.7%	3,875,493	10.4%	-1.6%
2016	\$16.04	86	5.1%	-30.8%	4,498,329	12.0%	-2.1%
2015	\$15.27	82	5.5%	-34.1%	5,304,747	14.1%	-1.6%
2014	\$14.48	78	5.9%	-37.5%	5,929,571	15.7%	-1.5%
2013	\$13.67	74	1.4%	-41.0%	6,558,666	17.3%	-0.7%

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
2029	-	-	-	-	-	-	\$271.78	171	7.9%
2028	-	-	-	-	-	-	\$253.63	160	8.1%
2027	-	-	-	-	-	-	\$235.59	148	8.4%
2026	-	-	-	-	-	-	\$218.39	138	8.6%
2025	-	-	-	-	-	-	\$205.12	129	8.8%
YTD	239	\$552.9M	1.5%	\$2,864,726	\$217.63	6.9%	\$202.23	127	8.9%
2024	593	\$1.8B	5.7%	\$3,669,954	\$185.74	6.9%	\$198.96	125	8.9%
2023	530	\$1.3B	3.7%	\$2,958,502	\$201.46	6.6%	\$211.04	133	8.4%
2022	886	\$3B	7.8%	\$4,397,415	\$232.60	6.2%	\$222.47	140	7.8%
2021	1,038	\$3.3B	7.8%	\$3,714,723	\$230.65	6.8%	\$234.09	148	7.1%
2020	707	\$1.6B	4.1%	\$2,817,671	\$230.74	7.4%	\$217.42	137	7.4%
2019	1,055	\$3.1B	9.4%	\$4,243,426	\$191.61	7.3%	\$206.02	130	7.7%
2018	977	\$3B	10.3%	\$4,079,540	\$178.06	7.1%	\$195.03	123	7.6%
2017	828	\$2.7B	8.2%	\$4,413,809	\$210.68	7.4%	\$187.51	118	7.5%
2016	826	\$2.3B	9.2%	\$3,661,607	\$163.93	7.5%	\$187.12	118	7.2%
2015	828	\$3.2B	11.3%	\$5,030,365	\$166.73	7.7%	\$178.21	112	7.2%
2014	792	\$1.8B	8.4%	\$3,153,708	\$136.77	7.9%	\$166.01	105	7.3%

(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. The price index is not smoothed.

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
2029	-	-	-	-	-	-	\$317.91	168	7.6%
2028	-	-	-	-	-	-	\$297.18	157	7.8%
2027	-	-	-	-	-	-	\$276.51	146	8.0%
2026	-	-	-	-	-	-	\$256.80	136	8.3%
2025	-	-	-	-	-	-	\$241.69	128	8.5%
YTD	3	\$37.1M	0.5%	\$12,376,496	\$97.72	-	\$238.60	126	8.5%
2024	30	\$662.6M	6.1%	\$26,502,063	\$176.01	10.4%	\$235.84	125	8.5%
2023	18	\$376.5M	3.2%	\$22,145,164	\$180.79	-	\$256.52	136	8.0%
2022	38	\$1.2B	7.7%	\$48,789,178	\$270.85	6.4%	\$271.88	144	7.4%
2021	42	\$1.5B	8.3%	\$39,142,283	\$287.61	6.2%	\$290.39	154	6.7%
2020	14	\$604.5M	3.2%	\$54,956,789	\$378.01	6.7%	\$271.54	144	6.9%
2019	51	\$1.7B	13.4%	\$35,736,652	\$210.39	6.9%	\$255.63	135	7.2%
2018	58	\$1.6B	13.9%	\$27,716,160	\$198.03	6.7%	\$239.08	126	7.2%
2017	36	\$1.6B	10.0%	\$53,533,347	\$279.01	6.6%	\$229.03	121	7.0%
2016	42	\$1.2B	11.9%	\$31,781,658	\$203.69	6.7%	\$228.88	121	6.8%
2015	64	\$1.8B	16.8%	\$30,851,473	\$206.54	6.3%	\$218.97	116	6.8%
2014	34	\$789.8M	8.9%	\$23,933,110	\$168.59	7.4%	\$203.06	107	6.9%

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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
2029	-	-	-	-	-	-	\$257.09	170	8.1%
2028	-	-	-	-	-	-	\$239.89	159	8.3%
2027	-	-	-	-	-	-	\$222.79	147	8.5%
2026	-	-	-	-	-	-	\$206.48	137	8.8%
2025	-	-	-	-	-	-	\$193.86	128	9.0%
YTD	125	\$393.9M	2.1%	\$3,900,338	\$249.43	6.8%	\$191.05	126	9.0%
2024	358	\$869.6M	6.2%	\$3,072,878	\$184.96	6.7%	\$187.31	124	9.0%
2023	312	\$645.7M	4.3%	\$2,832,014	\$211.14	6.6%	\$195.95	130	8.6%
2022	515	\$1.3B	8.1%	\$3,656,706	\$220.97	6.1%	\$206.27	136	7.9%
2021	563	\$1.3B	7.4%	\$2,873,609	\$211.43	6.7%	\$215.78	143	7.3%
2020	401	\$729.1M	4.5%	\$2,336,971	\$194.08	7.3%	\$200.27	133	7.6%
2019	554	\$1.1B	7.4%	\$2,897,552	\$186.85	7.2%	\$191.08	126	7.8%
2018	493	\$1.1B	9.2%	\$3,068,771	\$167	7.1%	\$182.11	120	7.7%
2017	418	\$883.9M	7.2%	\$2,879,163	\$171.48	7.3%	\$175.46	116	7.6%
2016	445	\$936.6M	8.6%	\$2,623,576	\$139.82	7.3%	\$175.37	116	7.3%
2015	441	\$1.1B	10.0%	\$3,521,188	\$140	7.8%	\$166.76	110	7.3%
2014	424	\$801.5M	8.8%	\$2,726,342	\$126.39	7.8%	\$156.44	104	7.4%

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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
2029	-	-	-	-	-	-	\$218.21	185	8.3%
2028	-	-	-	-	-	-	\$202.73	172	8.5%
2027	-	-	-	-	-	-	\$187.48	159	8.8%
2026	-	-	-	-	-	-	\$172.99	146	9.0%
2025	-	-	-	-	-	-	\$161.68	137	9.2%
YTD	111	\$121.8M	2.0%	\$1,368,860	\$209.59	7.0%	\$159.01	135	9.3%
2024	205	\$251.4M	3.4%	\$1,412,482	\$221.21	7.0%	\$155.89	132	9.3%
2023	200	\$241.1M	3.3%	\$1,324,800	\$213.33	6.6%	\$159.69	135	9.0%
2022	333	\$413.1M	7.0%	\$1,449,429	\$186.47	6.2%	\$166.23	141	8.3%
2021	433	\$456.8M	8.0%	\$1,198,990	\$167	7.0%	\$169.67	144	7.7%
2020	292	\$227.3M	4.6%	\$984,114	\$161.34	7.7%	\$154.34	131	8.1%
2019	450	\$286M	7.3%	\$966,077	\$134.33	7.7%	\$146.31	124	8.3%
2018	426	\$294.5M	6.9%	\$943,781	\$138.12	7.3%	\$141.13	119	8.2%
2017	374	\$229.6M	7.4%	\$856,608	\$118.65	7.7%	\$136.41	116	8.0%
2016	339	\$227.2M	6.4%	\$927,466	\$126.16	8.0%	\$134.80	114	7.7%
2015	323	\$224.1M	6.3%	\$889,386	\$103.47	7.8%	\$127.09	108	7.8%
2014	334	\$200M	6.9%	\$829,748	\$96.57	8.5%	\$117.51	100	7.9%

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