



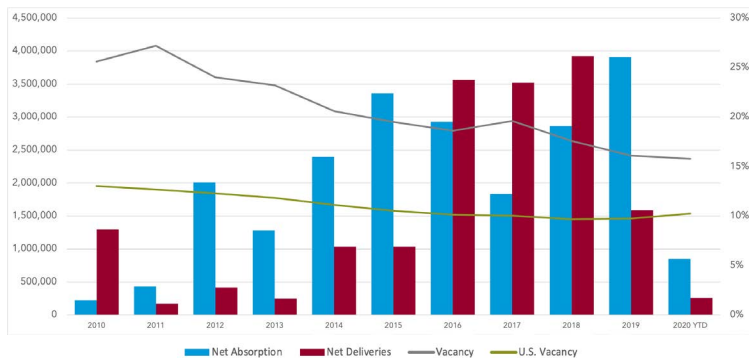
OFFICE MARKET OVERVIEW

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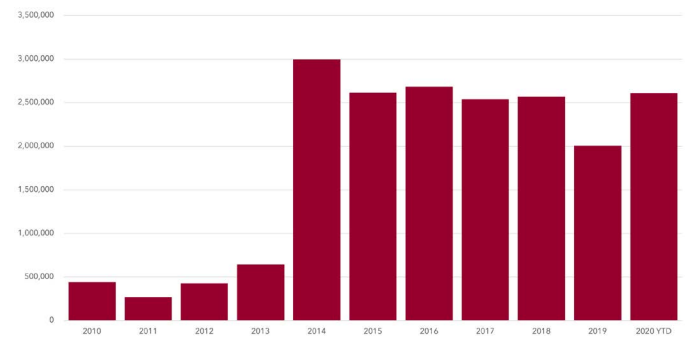
Despite the ongoing pandemic, the Phoenix office market showed signs of resiliency with nearly 600,000 square feet of positive net absorption in the quarter. Sublease inventory did see a significant increase as more companies reassess their future office space needs. Strong market fundamentals keep Phoenix moving in a positive direction as we wait to see the full impact of COVID-19. With strong absorption in Q2 the overall vacancy dropped to 15.8%, down 40 basis points from Q1. The positive trend can be attributed to the lack of new deliveries in the quarter with only 40,000 SF completed. Asking rates remained flat with an increase of only \$.04/SF from Q1.

MARKET INDICATORS	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
▼ Net Absorption	59,629 SF	251,884 SF	1,192,396 SF	978,399 SF	501,177 SF
▼ Vacancy Rate	15.8%	16.2%	16.1%	16.1%	16.6%
▲ Avg NNN Asking Rate	\$25.78 PSF	\$25.74 PSF	\$25.18 PSF	\$25.03 PSF	\$24.69 PSF
▲ Under Construction	2,607,295 SF	2,557,295 SF	2,003,737 SF	1,756,969 SF	2,065,316 SF
▲ Inventory	104,924,565 SF	104,268,289 SF	103,169,525 SF	103,005,142 SF	101,676,035 SF

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
8601 N. Scottsdale Rd Scottsdale, AZ	140,756 SF	\$43,500,000 \$309.05 PSF	Ascent RE Advisors Principal Financial	Class A
8377 E. Hartford Dr Scottsdale, AZ	104,956 SF	\$30,250,000 \$286.10 PSF	Rainbow Investments Roxborough Group	Class A
14646 N. Kierland Blvd Scottsdale, AZ	79,537 SF	\$19,471,000 \$244.80 PSF	Providence RE Group Waite Company	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2133 W. Peoria Ave Phoenix, AZ	62,771 SF (Sublease)	Helix	Maximus, Inc.	Medical
3110 N. Central Ave Phoenix, AZ	54,544 SF	Holualoa Capital	District Medical Group	Medical
2100 E. Rio Salado Pky Tempe, AZ	44,248 SF	The Boyer Company	Morgan Stanley	Financial