



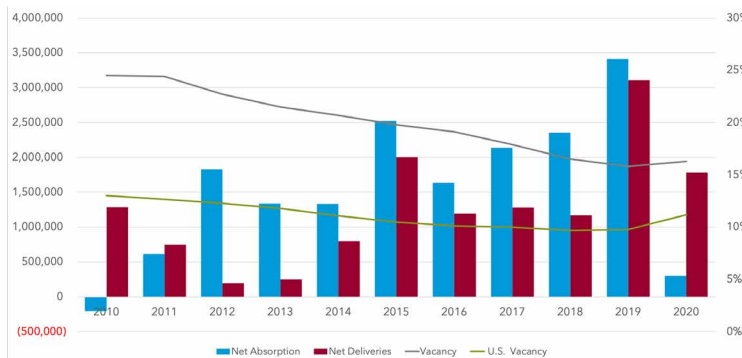
OFFICE MARKET OVERVIEW

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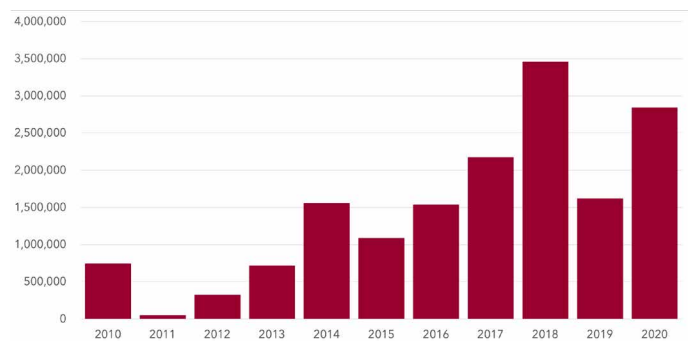
The Phoenix office market felt the full impact of the COVID-19 pandemic at the end of 2020. The overall vacancy rose 50 basis point to 16.3% from 15.9%. Sublease space rose from 1.3M square feet to a record 2.63M square feet in 2020 as more companies worked remotely and re-evaluated their true office space needs. The structure of many businesses has changed since the still-ongoing COVID-19 pandemic hit early in 2020. Even during the pandemic, many companies continued to announce office-focused expansion plans for the Valley, including Amazon and Zoom.

MARKET INDICATORS	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019
▼ Net Absorption	(269,254) SF	(14,638) SF	599,629 SF	310,280 SF	1,192,386 SF
▲ Vacancy Rate	16.30%	15.90%	15.80%	16.20%	16.10%
▼ Avg NNN Asking Rate	\$25.33 PSF	\$25.95 PSF	\$25.78 PSF	\$25.74 PSF	\$25.18 PSF
▲ Under Construction	2,843,236 SF	2,687,238 SF	2,607,295 SF	2,557,295 SF	2,003,737 SF
▲ Inventory	106,138,519 SF	105,779,308 SF	104,924,565 SF	104,268,289 SF	103,169,525 SF

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1033 W. Roosevelt Way Tempe, AZ	358,800 SF	\$187,500,000 \$522.58 PSF	APEX Capital Lincoln Property Company	Class A
The Park at San Tan (4 Bldgs) Chandler, AZ	239,650 SF	\$65,000,000 \$271.23 PSF	DPC Development Co. TA Realty Associates	Class A
9145 E. Pima Center Road Scottsdale, AZ	73,060 SF	\$22,000,000 \$301.12 PSF	James Franklin Plexus Worldwide	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
4025 E. Cotton Center Phoenix, AZ	121,768 SF	LBA Realty	Siemens Technology	Engineering
Riverwalk at Talking Stick Scottsdale, AZ	80,000 SF	The Alter Group	Banner Health	Medical
3201 E. Elwood Street Phoenix, AZ	74,625 SF	Arnold Realty	PennyMac	Financial

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