



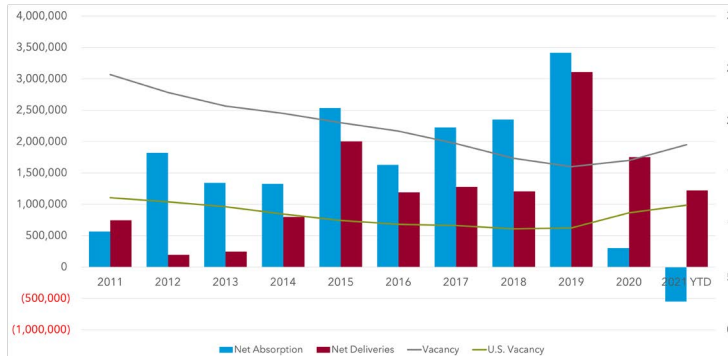
### OFFICE MARKET OVERVIEW

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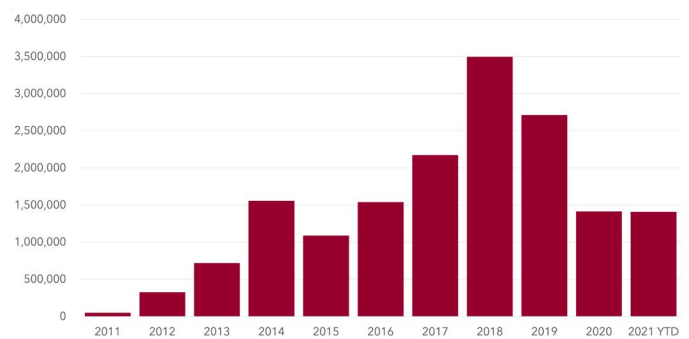
On paper the Phoenix Office Market suffered a bleak first quarter as companies more decisively recalibrated their office needs. Many groups have determined their hybrid work model and the corresponding reduced footprint. Other companies are attempting to weather the storm by signing short term renewals. Some business division will try to go 100% remote for the foreseeable future. Gross leasing activity fell off significantly from a year ago, seeing a 30% reduction dropping from 2.1M SF to 1.5M SF. The Metro Phoenix Office Market posted a negative 550,501 SF of net absorption, raising the overall vacancy to 17.7%. Lease rates held even at \$25.13 PSF. Sublease space saw the largest increase adding 1M SF from the end of 2020 as office users shed excess office space.

MARKET INDICATORS	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
▲ Net Absorption SF	(550,501)	(269,254)	(14,638)	599,629	310,280
▼ Vacancy Rate	17.70%	16.30%	15.96%	15.80%	16.10%
▲ Avg NNN Asking Rate	\$25.13 PSF	\$25.33 PSF	\$25.90 PSF	\$25.78 PSF	\$25.74 PSF
◀▶ SF Under Construction	1,409,123	2,843,236	2,687,238	2,607,295	2,557,295
▲ Inventory SF	107,579,770	106,138,519	105,779,308	104,924,565	104,268,289

#### NET ABSORPTION, NET DELIVERIES, & VACANCY



#### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
19601 N. 27th Avenue (3 Bldgs.) Phoenix, AZ (PetSmart Headquarters)	365,672 SF	\$110,000,000 \$300.82 PSF	BPM Real Estate Group VEREIT, Inc.	Class A
2201 & 2231 E. Camelback Road Phoenix, AZ (Anchor Centre)	333,284 SF	\$103,500,000 \$310.55 PSF	TerraCap Management KBS REIT, Inc.	Class A
15333 N. Pima Road Scottsdale, AZ (Raintree Corp Ctr)	149,424 SF	\$34,000,000 \$227.54 PSF	Held Properties ViaWest Group	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
7720 N. Dobson Road Scottsdale, AZ	149,544 SF	Farallon Capital	JFQ Lending	Financial
3201 E. Elwood Street Phoenix, AZ	74,625 SF	Arnold Realty, Inc.	PennyMac	Financial
15147 N. Scottsdale Road Scottsdale, AZ	42,521 SF	Washington Prime	Arrivia	Hospitality

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