



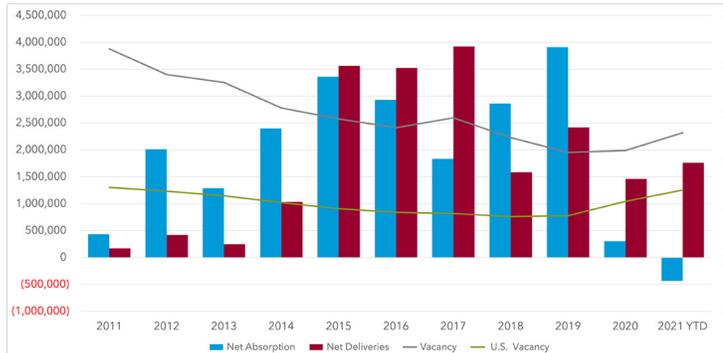
OFFICE MARKET OVERVIEW

CHRIS MCCHESENEY, *Research Director*

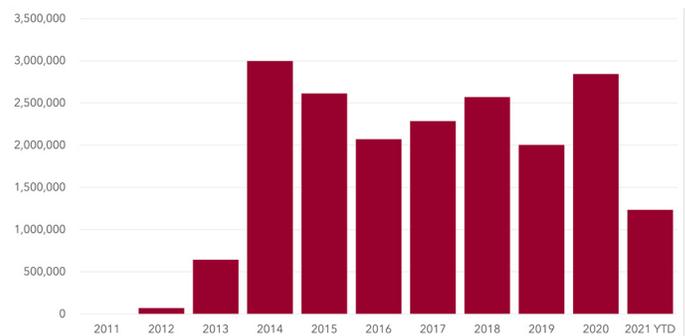
The Phoenix Office Market has shown stabilization by posting 178,254 square feet of positive net absorption after four quarters of being negative. Rental rates have remained flat while vacancy has dropped. Sublease additions have begun to slow as the pandemic's impact on the market appears to have passed the peak. With Arizona's unemployment rate decreasing, nation leading net migration, and numerous out of state companies recently completing moves or signing new deals to relocate to Phoenix all indicators are pointing to 2022 being an overall positive year.

MARKET INDICATORS	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
▲ 12 Mo. Net Absorption SF	178,254	(107,902)	(550,501)	(269,254)	(14,638)
◀▶ Vacancy Rate	18.00%	18.0%	17.70%	16.30%	15.90%
▼ Avg FSG Asking Rate PSF	\$25.23	\$25.43	\$25.10	\$25.33	\$25.95
▲ SF Under Construction	2,088,255	1,634,906	1,499,170	2,843,236	2,687,238
▲ Inventory SF	108,641,871	108,341,871	107,579,770	106,138,915	105,779,308

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
2114 S. Freedom Way (2 Bldgs.) Tempe, AZ	300,000 SF	\$132,000,000 \$440.00 PSF	Strategic Office Ptrs. Boyer Company	Class A
7878 N. 16th Street (CASA) Phoenix, AZ	181,138 SF	\$56,000,000 \$311.92 PSF	GLL RE Partners George Oliver Co.	Class B
8877 N. Gainey Center Drive Scottsdale, AZ	200,000 SF	\$39,000,000 \$195.00 PSF	Dansons, Inc. Nationwide Realty Investors	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1 E. Washington Street Phoenix, AZ	116,000 SF	RED Development	Snell & Wilmer	Law Firm
1 E. Washington Street Phoenix, AZ	97,064 SF	RED Development	Alliance Bank of AZ	Banking
1500 N. Priest Drive Tempe, AZ	72,715 SF	Principal Financial	Union Bank	Banking

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2021 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com