LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

Q4 2022
PHOENIX, AZ

OFFICE MARKET OVERVIEW

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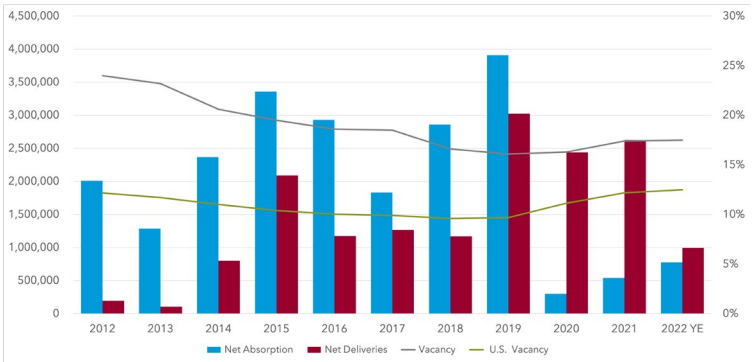
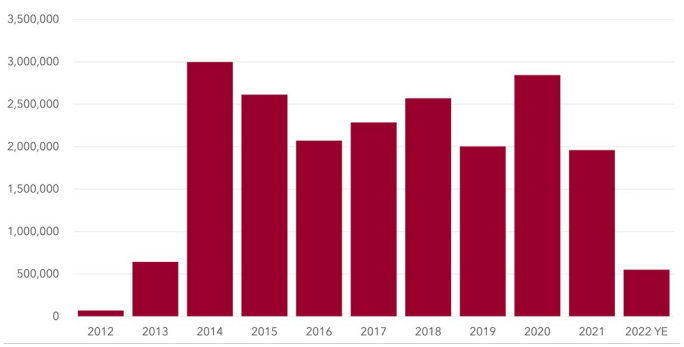
The Phoenix Office Market continues to weather the downturn in the US economy despite the economic headwinds. The Phoenix MSA finished the year on a high note posting 123,048 square feet of positive net absorption pushing the average asking lease rates above $28 per square foot. Sublease space continued to increase topping 6.7 million square feet with no signs of a slow-down. The flight to quality office space is a trend that will continue into the coming year. Companies are prioritizing attractive amenities, new construction and location. Companies are seeking quality space over quantity to lure workers back to the office.

MARKET INDICATORS	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021
▲ Monthly Net Absorption SF	123,048	(81,621)	918,413	(54,570)	807,244
▼ Vacancy Rate	17.50%	17.60%	17.20%	17.40%	17.40%
▲ Avg NNN Asking Rate PSF	$28.06	$27.06	$26.28	$26.18	$25.95
▼ SF Under Construction	551,054	732,548	869,702	1,113,796	1,959,057
▲ Inventory SF	108,349,479	108,199,479	107,982,697	107,643,189	107,143,715

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
2501 S. Price Road Chandler, AZ	463,658 SF	$115,000,000 $248.02 PSF	Aligned Data Centers SWVP	Class B
16435 N. Scottsdale Road Scottsdale, AZ	256,308 SF	$56,500,000 $220.44 PSF	Cardone Capital Goldman Sachs & Co.	Class B
16260 N. 71st Street Scottsdale, AZ	234,983 SF	$47,000,000 $200.01 PSF	Admiral Capital Group LBA Realty	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
2650 W. Geronimo Place Chandler, AZ	59,337 SF	Mark IV Capital	Raley's Companies	Supermarket
410 N. Scottsdale Road Tempe, AZ	53,405 SF	Fenix Development	MUFG	Bank
20401 N. 29th Avenue Phoenix, AZ	49,732 SF	ViaWest Group	Peckham	Nonprofit

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