



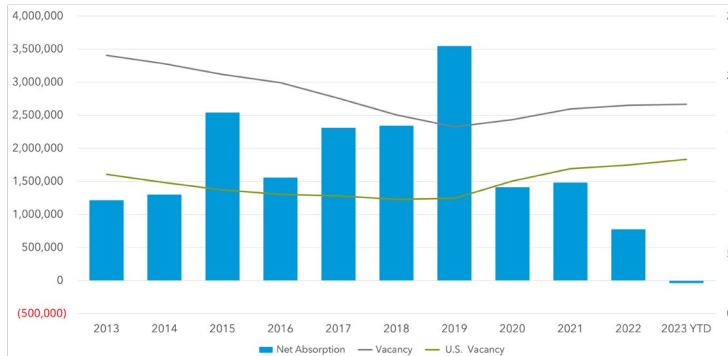
OFFICE MARKET OVERVIEW

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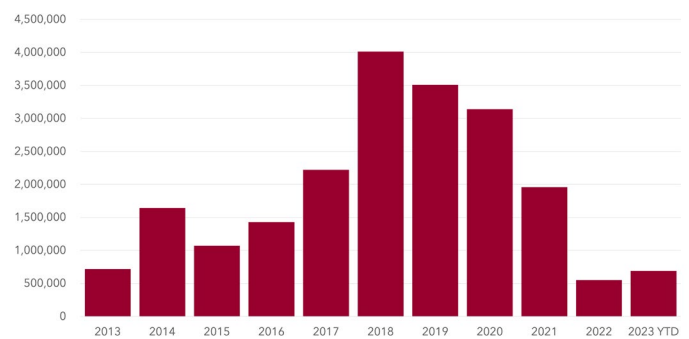
The Phoenix Office Market has yet to find balance as it adapts to the hybrid work model and continues to struggle with companies reevaluating their space needs, downsizing, or closing offices altogether. As more companies come back to the office and incorporate the hybrid work model, they are focusing more on providing a destination as the flight to quality continues. Tenants are targeting smaller amenity rich footprints as their space needs evolve and the market changes. TSMC, Amazon and Intel have all made a significant investment in the valley. Looking to 2023 we see companies continuing to move to Phoenix to take advantage of the extensive labor pool, favorable regulations, and cost of living.

MARKET INDICATORS	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
▼ Qtrly Net Absorption SF	(36,517)	123,048	(81,621)	918,413	58,776
▲ Vacancy Rate	17.60%	17.50%	17.60%	17.20%	17.20%
▲ Avg NNN Asking Rate PSF	\$28.35	\$28.06	\$27.06	\$26.28	\$26.15
▲ SF Under Construction	689,000	551,054	732,548	869,702	58,776
▲ Inventory SF	108,795,619	108,349,479	108,199,479	107,982,697	107,431,533

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
500 N. Juniper Drive (2) Chandler, AZ	136,728 SF	\$22,000,000 \$160.90 PSF	Zeitlin Capital Palisades Capital	Class A
14646 N. Kierland Road Scottsdale, AZ	79,537 SF	\$32,000,000 \$402.33 PSF	Related Development Providence RE	Class A
4200 E. Camelback Road Phoenix, AZ	70,000 SF	\$48,500,000 \$692.86 PSF	Virtus RE Capital RED Development	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
7720 S. Dobson Road (Sublease) Scottsdale, AZ	123,952 SF	Alter Asset Mgmt.	Equality Health	Healthcare
114 S. McQueen Road (BTS) Gilbert, AZ	119,222 SF	SunCap Property	Northrop Grumman	Aerospace/Defense
2222 E. Yeager Drive (Sublease) Chandler, AZ	48,090 SF	Sentinel RE Corp	Titan Solar	Solar

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