



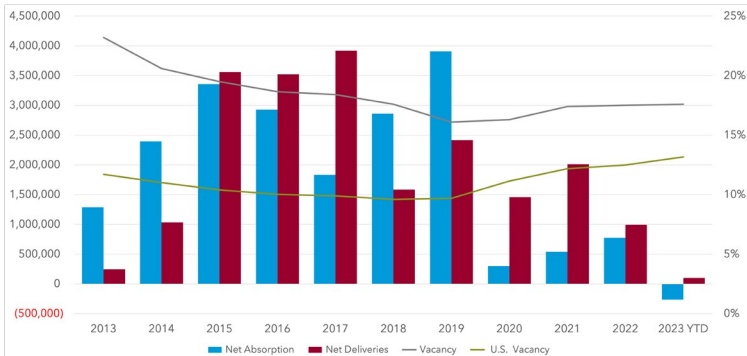
### OFFICE MARKET OVERVIEW

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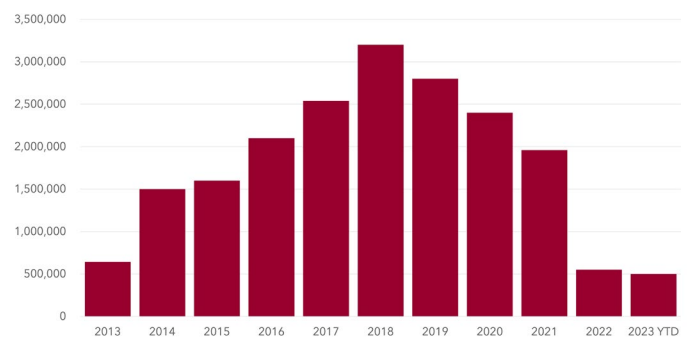
After recording flat absorption in the two years following the Covid pandemic, the Phoenix office market slipped in 2022, and the trend continued in the first half of 2023. The recalibration of space configurations in the wake of hybrid work models is clearly having an impact on local office fundamentals. The overall office vacancy increased slightly to 17.7% as the market recorded negative net absorption of 137,097 SF in the quarter. Asking rates continued to rise finishing the quarter at \$28.79 PSF. The number of companies moving to metro Phoenix is noteworthy, but the diversity of industries has helped sustain the region's long-term stability. Phoenix's favorable business climate, affordable cost of living and increased population, continues to attract companies and investors to the market.

MARKET INDICATORS	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
▲ Qtrly Net Absorption SF	(137,097)	(127,468)	123,048	(81,621)	918,413
▲ Vacancy Rate	17.7%	17.6%	17.5%	17.6%	17.2%
▲ Avg NNN Asking Rate PSF	\$28.79	\$28.35	\$28.06	\$27.06	\$26.28
▲ SF Under Construction	552,194	500,000	551,054	732,548	869,702
▲ Inventory SF	108,838,962	108,795,619	108,349,479	108,199,479	107,982,697

### NET ABSORPTION, NET DELIVERIES, & VACANCY



### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
Luhrs Tower - 45 W. Jefferson Street Phoenix, AZ	224,146 SF	\$20,400,000 \$91.01 PSF	Sunrise Capital Investments RED Development	Class B
4110 N. Scottsdale Road Scottsdale, AZ	109,968 SF	\$44,000,000 \$400.12 PSF	Providence RE Group Goldman Sachs	Class B
8160 S. Hardy Drive Tempe, AZ	95,070 SF	\$13,928,360 \$146.51 PSF	Enzed LLC LACERA	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
14400 N. 87th Street Scottsdale, AZ	133,634 SF	CIM Group	The Vanquard Group	Investment/Financial
1661 E. Camelback Road Phoenix, AZ	78,668 SF	Fenway Properties	Kimley-Horn	Engineering
4343 N. Scottsdale Road Scottsdale, AZ	58,477 SF	Jasper Ridge Partners	TikTok	Social Media

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