



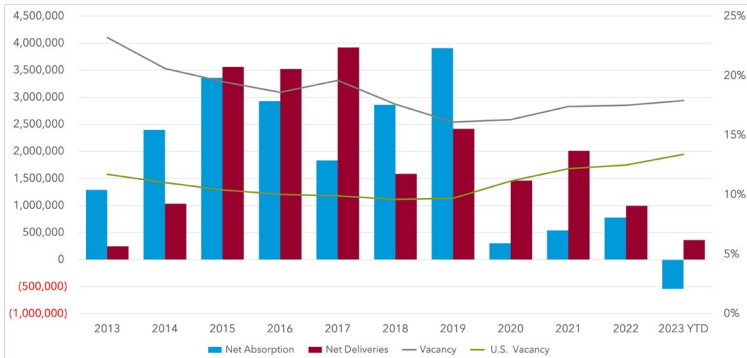
OFFICE MARKET OVERVIEW

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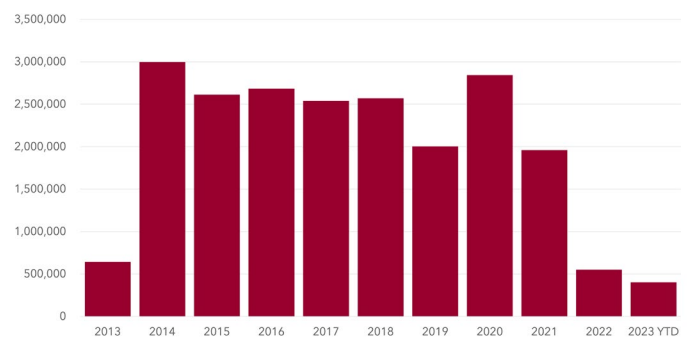
The Phoenix office market continued to experience an increase in vacancy, with a negative net absorption of 355,027 square feet in the third quarter. Phoenix has faced challenges in recovering from the economic downturn and the implementation of hybrid work schedules. Many individuals are still opting to work remotely, while those returning to in-person work have higher expectations for their office environments. The state has fostered a business-friendly environment characterized by advantageous tax policies, streamlined regulations, and incentives for companies to establish their operations.

MARKET INDICATORS	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022
▼ Qtrly Net Absorption SF	(355,027)	(137,097)	(127,468)	123,048	(81,621)
▲ Vacancy Rate	17.9%	17.7%	17.6%	17.5%	17.6%
▼ Avg NNN Asking Rate PSF	\$28.64	\$28.79	\$28.35	\$28.06	\$27.60
▼ SF Under Construction	402,194	552,194	689,000	551,054	732,548
▲ Inventory SF	108,988,962	108,838,962	108,795,619	108,349,479	108,199,479

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
400 E. Van Buren Street Phoenix, AZ	556,105 SF	\$27,000,000 \$48.55 PSF	Reliance Management Angel, Gordon & Company	Class A
3131 & 3133 E. Camelback Road Phoenix, AZ	297,680 SF	\$72,100,000 \$242.21 PSF	Reliance Management LPC West	Class A
14416 W. Meeker Boulevard Sun City, AZ	71,515 SF	\$33,250,000 \$464.94 PSF	Montecito Medical Real Estate Banner Health	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
7350 N. Dobson Road Scottsdale, AZ	70,347 SF	Farallon Capital Management	Open Network Technologies	Technology
350 N. McClintock Drive Chandler, AZ	58,697 SF	Strategic Office Partners	Grand Canyon University	Education
1233 S. Spectrum Boulevard Chandler, AZ	46,225 SF	Douglas Allred Comp.	Northrop Grumman	Aerospace

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