



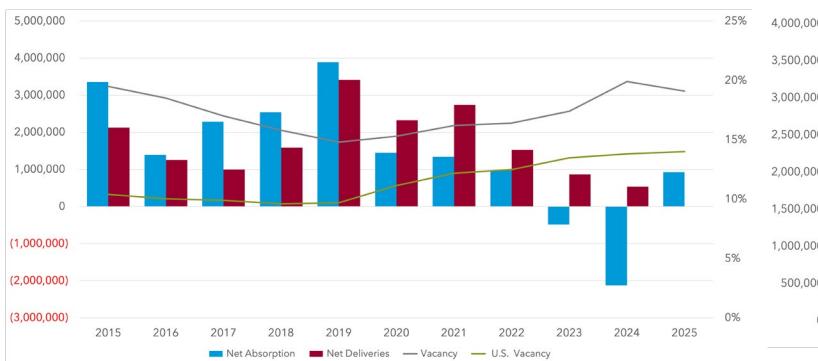
### OFFICE MARKET OVERVIEW

CHRIS MCCHESEY, Research Director

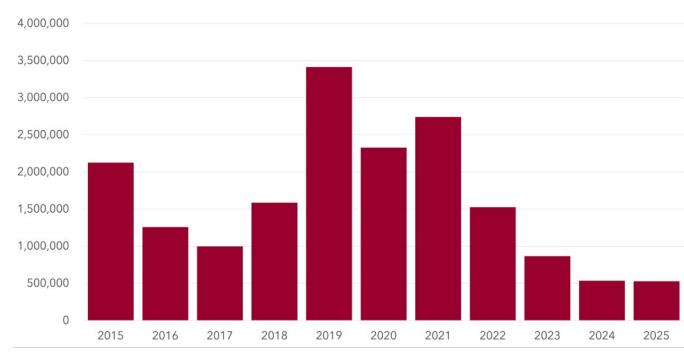
The Metro Phoenix office market closed 2025 with solid momentum, as fourth-quarter activity produced 244,417 square feet of positive net absorption, bringing total annual absorption to 816,342 square feet and reducing the vacancy rate to 19.1%. Rental rates remained flat at \$29.81 per square foot on a full-service basis, while available sublease space declined 10% to 4,541,292 square feet. These improving fundamentals are supported by continued in-migration to Arizona and ongoing corporate relocations and expansions from higher-cost coastal markets, providing a stable foundation for office demand across the metro area.

MARKET INDICATORS	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024
▲ Qtrly Net Absorption SF	244,417	120,763	(77,780)	398,769	(90,817)
▼ Vacancy Rate	19.10%	19.50%	19.80%	19.60%	19.90%
◀ ▶ Avg NNN Asking Rate PSF	\$29.81	\$29.81	\$29.60	\$29.63	\$29.81
▲ Sale Price PSF	\$194.98	\$147.50	\$190.38	\$195.51	\$182.33
▲ Cap Rate	7.70%	7.60%	7.20%	7.50%	6.20%
◀ ▶ Under Construction SF	527,530	527,530	117,507	117,507	37,000
▲ Inventory SF	111,016,424	111,015,801	110,670,316	110,745,295	110,475,877

### NET ABSORPTION, NET DELIVERIES, & VACANCY



### UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
8530 & 8550 S. Priest Drive Tempe, AZ	188,960 SF	\$27,000,000 \$142.89 PSF	MCC College District Widewaters Group	Class B
8605 E. Raintree Drive Scottsdale, AZ	179,360 SF	\$70,750,000 \$394.46 PSF	Horton Family PGIM	Class A
25700 N. Norterra Parkway Phoenix, AZ	147,688 SF	\$45,770,000 \$309.91 PSF	Lam Research Corp. JDM Partners	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
18500 N. Allied Way Scottsdale, AZ	154,497 SF	Oaktree Capital	Yrefy	Financial
1811 E. Northrop Boulevard Chandler, AZ	130,642 SF	Silver Creek	SyberJet Aircraft	Aerospace
350 N. McClintock Drive Chandler, AZ	58,697 SF	Strategic Office Partners	Claims Assist	Insurance



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