



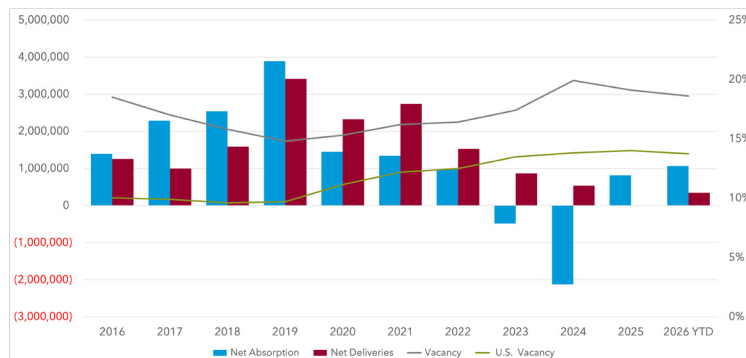
OFFICE MARKET OVERVIEW

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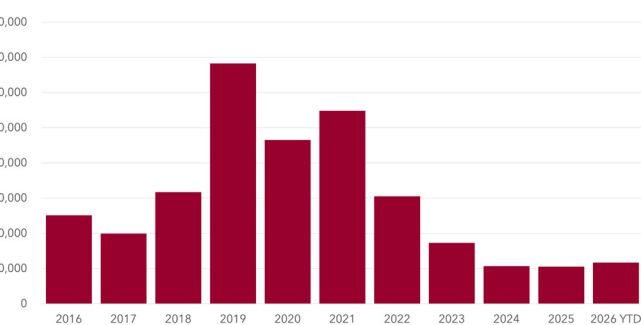
Metro Phoenix's office market continued to gain traction in the third quarter, with 515,453 square feet of net absorption and vacancy moving lower. Year-to-date absorption reached 1,066,416 square feet, while direct vacancy declined to 18.6% and total vacancy fell to 21.6%. Tenant activity remained varied across the Valley, with gains in Paradise Valley, Camelback Corridor, and Midtown helping offset losses in the 44th Street Corridor and Scottsdale Airpark. Q3 deliveries included the build-to-suit completion of Republic Services' headquarters, while construction remained limited. Leasing activity included new commitments, renewals, and subleases, reflecting a range of tenant needs. Overall, continued absorption and lower vacancy point to gradual improvement in market conditions.

MARKET INDICATORS	Q2 2026	Q1 2026	Q4 2025	Q3 2025	Q2 2025
▲ Qtrly Net Absorption SF	515,453	359,669	191,294	355,766	120,763
▼ Vacancy Rate	18.60%	18.70%	19.00%	19.10%	19.50%
▲ Avg NNN Asking Rate PSF	\$31.33	\$31.09	\$30.47	\$29.81	\$29.81
▲ Sale Price PSF	\$260.07	\$196.75	\$170.58	\$194.98	\$147.50
▲ Cap Rate	7.40%	7.10%	7.20%	7.70%	7.60%
▼ Under Construction SF	584,500	700,025	700,025	527,530	527,530
▲ Inventory SF	110,519,461	110,340,339	110,117,622	111,016,424	111,015,801

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
13450 N. Black Canyon Hwy. Phoenix, AZ	588,192 SF	\$28,590,325 \$48.61 PSF	RED Development Dimension Realty	Redevelopment
2415 E. Camelback Rd. Phoenix, AZ	222,820 SF	\$86,000,000 \$385.96 PSF	Southwest Value Ptrs. C-III/Transwestern	Class A
1655 W. Elliot Rd. Gilbert, AZ	115,212 SF	\$56,128,000 \$487.17 PSF	Syndicated Equities SunCap Property	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
410 & 426 N. 44th St. Tempe, AZ	108,960 SF	Western Alliance	Western Alliance	Financial
1655 W. Alameda Dr. Tempe, AZ	90,924 SF	Asentra Advisors	Lincoln Educational	Educational
5090 N. 40th St. Phoenix, AZ	51,392 SF	Southwest Value Ptrs.	Kudelski Security	Cybersecurity

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