



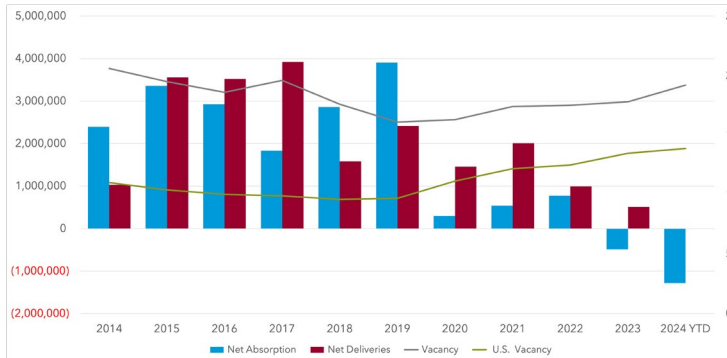
OFFICE MARKET OVERVIEW

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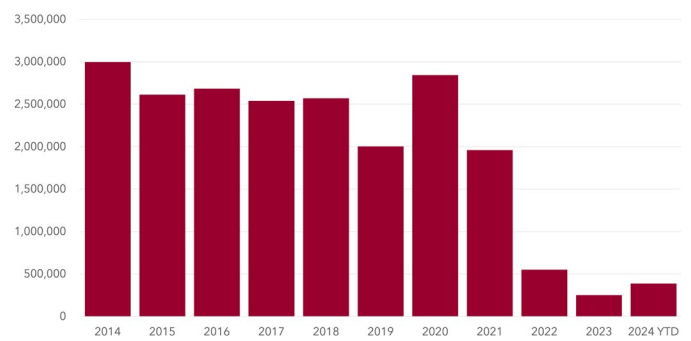
The Metro Phoenix office market faces substantial challenges compounded by shifts in workplace dynamics accelerated by the COVID-19 pandemic. The widespread adoption of remote work has significantly reduced the immediate demand for physical office space, with many businesses opting for hybrid or fully remote work models. This shift is reflected in Phoenix's negative net absorption of 883,286 square feet in the second quarter, marking its worst performing quarter on record. The market is grappling with significant vacancies and decreased leasing activity, underscoring the profound impact of evolving work patterns.

MARKET INDICATORS	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
▼ Qtrly Net Absorption SF	(883,286)	(497,019)	68,616	(355,027)	(137,097)
▲ Vacancy Rate	19.2%	18.4%	17.8%	17.9%	17.7%
▼ Avg NNN Asking Rate PSF	\$29.45	\$29.86	\$29.56	\$28.64	\$28.79
◀ ▶ SF Under Construction	387,578	387,578	252,578	402,194	552,194
▲ Inventory SF	109,294,275	109,186,633	109,075,724	108,988,962	108,838,962

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
1825 E. Buckeye Road, (5 Bldgs) Phoenix, AZ	539,849 SF	\$44,300,000 \$82.06 PSF	Heymann Blackstone, Inc.	Class B
2375 E. Camelback Road Phoenix, AZ	308,827 SF	\$86,100,000 \$278.80 PSF	Columbus Properties New York Life	Class A
433 S. Farmer Avenue Tempe, AZ	180,910 SF	\$56,200,000 \$310.65 PSF	Breakwater Partners M.A. Mortenson	Class A

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
1930 W. Rio Salado Parkway Tempe, AZ	136,246 SF	Oaktree Capital	Dutch Bros	Food & Beverage
6400 E. McDowell Road Scottsdale, AZ	89,716 SF	Bridge CRE	WillScot Mobile	Modular Space
2394 E. Camelback Road Phoenix, AZ	47,474 SF	ViaWest	Fennemore	Law Firm

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