



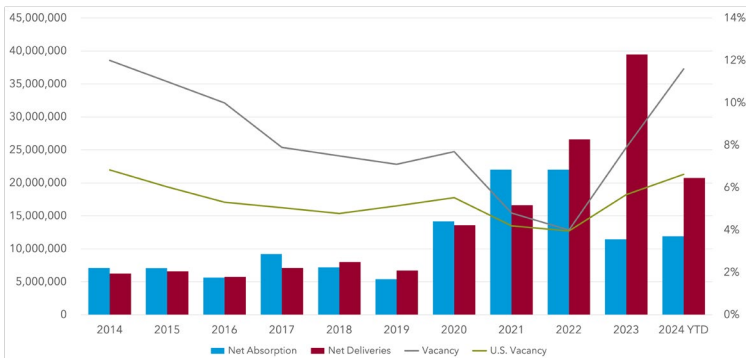
OFFICE MARKET OVERVIEW

CHRIS MCCHESENEY, *Research Director*

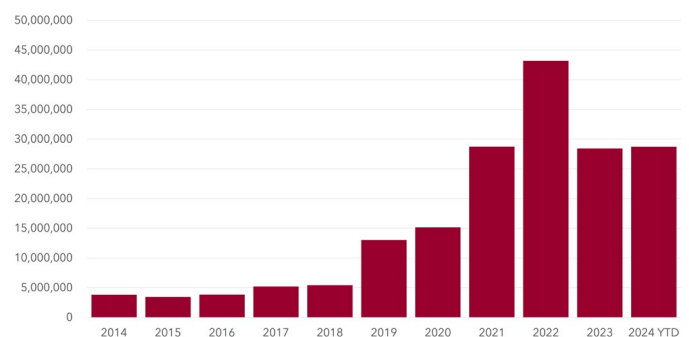
The Phoenix office market continues to experience declining demand, compounded by the lasting effects of the pandemic and changes in workplace dynamics, as more companies are downsizing rather than expanding. This quarter saw negative absorption of 740,026 square feet, resulting in negative 2,118,023 square feet of net absorption year to date. This figure exceeds the lowest levels recorded during the Financial Crisis. Overall direct vacancy has reached 19.9%, a 70 basis point increase from the end of previous quarter.

MARKET INDICATORS	Q3 2024	Q2 2024	Q1 2024	Q4 2023	Q3 2023
▲ 12 Mo. Net Absorption SF	(740,026)	(883,286)	(497,019)	68,616	(255,027)
▲ Vacancy Rate	19.9%	19.2%	18.4%	17.8%	17.7%
▲ Avg NNN Asking Rate PSF	\$29.71	\$29.45	\$29.86	\$29.56	\$28.64
▼ Sale Price PSF	\$160.74	\$164.65	\$165.26	\$197.97	\$174.57
▼ Cap Rate	7.4%	8.0%	6.7%	7.2%	6.6%
▼ Under Construction SF	37,000	387,578	387,578	252,578	402,194
▲ Inventory SF	110,157,696	109,294,275	109,186,633	109,075,724	108,988,962

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
2727 S. 48th Street Tempe, AZ	552,341 SF	\$13,036,451 \$23.60 PSF	Evergreen Development	Redevelopment
9501 E. Shea Boulevard Scottsdale, AZ	366,513 SF	\$71,500,000 \$195.08 PSF	Samuel & Company Net Lease Office	Class B
2510 & 2512 W. Dunlap Avenue Phoenix, AZ	324,628 SF	\$21,388,488 465.89 PSF	Caliber Compaines ViaWest Group	Redevelopment

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
5601 N. Pima Road Scottsdale, AZ	65,655 SF	Peakstone Realty Trust	move.com	Logistics
4350 E. Cotton Center Boulevard Phoenix, AZ	57,108 SF	Granite Peak Partners	Freeport-McMoran	Mining
2625 W. Geronimo Place Chandler, AZ	35,198 SF	Mark IV Capital	Mahoney Group	Insurance

The information and details contained herein have been obtained from third-party sources believed to be reliable, however, Lee & Associates has not independently verified its accuracy. Lee & Associates makes no representations, guarantees, or express or implied warranties of any kind regarding the accuracy or completeness of the information and details provided herein, including but not limited to, the implied warranty of suitability and fitness for a particular purpose. Interested parties should perform their own due diligence regarding the accuracy of the information.

The information provided herein, including any sale or lease terms, is being provided subject to errors, omissions, changes of price or conditions, prior sale or lease, and withdrawal without notice. Third-party data sources: CoStar Group, Inc., The Economist, U.S. Bureau of Economic Analysis, U.S. Bureau of Labor Statistics, Congressional Budget Office, European Central Bank, GlobeSt.com, CoStar Property, and Lee & Associates Proprietary Data. ©

© Copyright 2024 Lee & Associates all rights reserved. Third-party Image sources: sorbis/shutterstock.com, shutterstock.com, pixabay.com, istock.com