



SIGNIFICANT LEASE DEALS

Address	Submarket/City	SF	Tenant
1700 S. Price Rd	Chandler	151,359	Voya Financial
410 N. Scottsdale Rd	Tempe	68,968	WeWork
410 N. 44th St	44th St Corridor	66,779	Steward Health Choice

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
Submarket	Type of Sale	Cap Rate	Class	Seller
1665 W. Alameda Dr	\$71,500,000	\$302.72	236,188	Ascent R.E. Advisors
Airport	Investment	-	Class B	Wentworth Prop Co.
3003 N. Central Ave	\$42,340,000	\$92.47	457,893	Balfour Properties
Midtown	Investment	0	Class A	Colony Capital, Inc.
14642-14820 N. Del Webb	\$25,250,000	\$237.08	106,503	Anchor Health Prop
Arrowhead	Investment	6.4%	Class A	Whiteboard, Inc.

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
2190 E. Elliot Rd	S Tempe/Ahwatukee	200,000	Wentworth Prop Co
2100 E. Rio Salado Pkwy	Tempe	150,000	The Boyer company
SEC Scottsdale & Chauncey	Scottsdale Airpark	36,735	MDB Development


LARGEST UNDER CONSTRUCTION


Address	Submarket/City	SF	Delivery Date
1127 N. Papago Dr	Tempe	352,481	Q2 2019
410 N. Scottsdale Road	Tempe	284,000	Q3 2019
1650-1700 S. Price Road	Chandler	270,000	Q2 2019

TOTAL OFFICE MARKET STATISTICS

	Vacancy Rate	Avg. SF Rental Rates	Net SF Absorption	SF Inventory	SF Under Construction
Q1 2019	16.2%	\$24.69	1,113,006	101,093,062	2,227,704
Q4 2018	16.6%	\$24.09	(33,135)	99,495,850	2,569,439
Q3 2018	16.3%	\$25.44	999,900	99,937,230	2,785,849
Q2 2018	17.2%	\$25.22	732,248	99,855,467	2,715,874
Q1 2018	18.1%	\$25.74	686,469	99,626,075	2,839,908

 **NET ABSORPTION SF**
1,113,006

 **VACANCY**
16.2%
16,405,583 SF

 **AVG. ASKING RATE PSF**
\$24.69

 **DELIVERIES**
3 Buildings
386,735

 **UNDER CONSTRUCTION**
14 Buildings
2,227,704

CHRIS MCCHESENEY
Research Director

The Phoenix office market posted strong first-quarter gains. Vacancy was down, asking rates were up and the average cap rate barely moved. Net absorption was up compared to the previous quarter, and total sales topped \$418M. Nearly 387,000 SF were delivered in Q1 and more than 2.2 million SF are under construction. The largest Q1 deliveries were two build-to-suits totaling 350,000 SF. The healthy tenant demand is expected to continue in the second quarter and throughout 2019.