


SIGNIFICANT LEASE DEALS

Address	Submarket/City	Square Feet	Tenant
The Union	Mesa	150,000	Wageworks
101 E. Washington St	Downtown	91,524	WeWork
4809 E. Thistle Landing	Tempe	71,006	TransPerfect

SIGNIFICANT BUILDING SALES

Address	Sale Value	PPSF	SF	Buyer
City	Type of Sale	Cap Rate	Class	Seller
1150 W. Washington St	\$52,400,000	\$244.51	214,303	Menlo Equities
Tempe	Investment	-	Class A	Greenwood & McKenzie
Camelback Lakes	\$47,500,000	\$206.61	229,901	DRA Advisors
Phoenix	Investment	-	Class B	AEW Capital Mgmt
350 N. McClintock Dr	\$25,210,000	\$214.75	117,394	Gramercy Capital Corp.
Chandler	Investment	-	Class A	VanTrust Real Estate

LARGEST DELIVERIES

Address	Submarket/City	SF	Developer
1650-1700 S. Price Rd	Chandler	270,000	Allred Company
2625 W. Geronimo Pl	Chandler	153,370	Mark IV Capital
5801 N. Pima Rd	Scottsdale	123,020	Ryan Companies


LARGEST UNDER CONSTRUCTION

Address	Submarket/City	SF	Delivery Date
1127 N. Papago Dr	Tempe	345,795	Q3 2019
101 E. Washington St	Downtown	280,399	Q3 2019
410 N. Scottsdale Rd	Tempe	265,000	Q3 2019

TOTAL OFFICE MARKET STATISTICS


	Vacancy Rate	Avg. SF Rental Rates GRS	Net SF Absorption	SF Inventory	SF Under Construction
Q2 2019	16.20%	\$24.74	245,609	101,676,035	2,065,316
Q1 2019	16.20%	\$24.69	1,113,006	101,093,062	2,227,704
Q4 2018	16.60%	\$24.09	(33,135)	99,495,850	2,569,439
Q3 2018	16.30%	\$25.44	999,900	99,937,230	2,785,849
Q2 2018	17.20%	\$25.22	732,248	99,855,467	2,715,874


245,609 NET ABSORPTION
SF


16.2% VACANCY
16,494,338 SF


\$24.74 AVG. ASKING RATE
PSF GROSS


546,390 DELIVERIES
6 Buildings


2,065,316 UNDER
CONSTRUCTION
15 Buildings

CHRIS MCCHESENEY, Research Dir.

The Valley's Office Market continues its positive momentum halfway through the year. Vacancy rates stood still, rental rates barely changed, and cap rates are on the decline. Net absorption fell off from the huge first quarter. Vacancy in the Phoenix market didn't move at all from Q1 to Q2. Class A vacancy rates rose ever so slightly to 15.4% from 14.6%. The Phoenix office market posted strong and steady numbers in the second quarter with positive rental rates and a low vacancy rate. As we officially break the halfway point of the year, the final two quarters of the year should yield favorable statistics.