



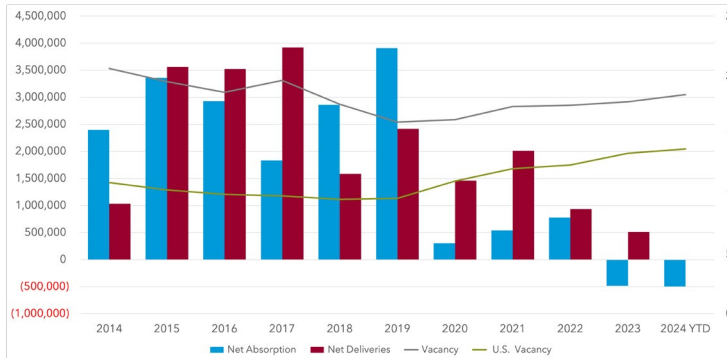
OFFICE MARKET OVERVIEW

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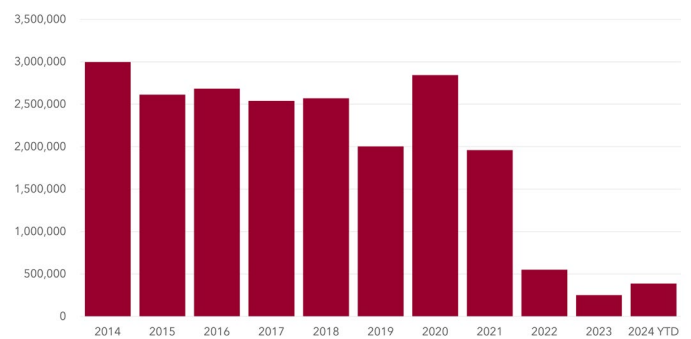
During the first quarter of 2024, the Phoenix Office Market continued to navigate trends hampering the sector over recent years. Among these was a noticeable adjustment in demand for office spaces, partly due to the ongoing shift towards remote and hybrid work models. In the initial quarter of 2024, there was negative absorption of 500,000 square feet, contributing to a direct vacancy rate of 18.4%. Despite this, rental rates displayed a positive trend, witnessing a 5.32% increase compared with Q1 of last year. This upward trajectory in rental rates stands out as a positive aspect amid the shifts observed in the market.

MARKET INDICATORS	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023
▼ Qtrly Net Absorption SF	(497,019)	68,616	(355,027)	(137,097)	(127,468)
▲ Vacancy Rate	18.4%	17.8%	17.9%	17.7%	17.6%
▲ Avg NNN Asking Rate PSF	\$29.86	\$29.56	\$28.64	\$28.79	\$28.35
▲ SF Under Construction	387,578	252,578	402,194	552,194	689,000
▲ Inventory SF	109,186,633	109,075,724	108,988,962	108,838,962	108,795,619

NET ABSORPTION, NET DELIVERIES, & VACANCY



UNDER CONSTRUCTION



TOP SALE TRANSACTIONS BY SF	SIZE	SALE PRICE	BUYER / SELLER	BUILDING CLASS
4050 E. Cotton Center Boulevard Phoenix, AZ	228,605 SF	\$38,000,000 \$166.23 PSF	GW Williams Co. TerraCap Management	Class A
1925-2095 W. Pinnacle Peak Road Phoenix, AZ	164,235 SF	\$32,925,000 \$200.47 PSF	Voit Company Marble Bridge	Class A
9377 E. Bell Road Scottsdale, AZ	84,725 SF	\$21,250,000 \$250.81 PSF	TPG Angelo Gordon Healthpeak Properties	Class B

TOP LEASE TRANSACTIONS BY SF	SIZE	LANDLORD	TENANT	TENANT INDUSTRY
5353 E. City North Drive Phoenix, AZ	250,000 SF	US Realty Advisors	Republic Services	Waste Disposal
155 E. Rivulon Boulevard Gilbert, AZ	75,000 SF	Nationwide RE	Isagenix	Supplements
8605 E. Raintree Drive Scottsdale, AZ	49,875 SF	Trammell Crow Co.	Pulte Homes	Home Builder

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