



# Office Market Report

## Phoenix - AZ

PREPARED BY



John Creedon  
Principal



**OFFICE MARKET REPORT**

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12 Mo Deliveries in SF

**2.9 M**

12 Mo Net Absorption in SF

**2.6 M**

Vacancy Rate

**12.0%**

12 Mo Rent Growth

**3.6%**

Robust employment growth and relatively limited new supply were supporting the Phoenix office market. However, rapidly changing events in response to the coronavirus pandemic is creating headwinds for the local office market, both in terms of leasing and investment activity. The office sector is believed to be less vulnerable than the retail and hospitality property types. The degree to which the market will be affected and the length is unknown. CoStar will be closely monitoring the health of the sector and updating analysis as the effects flow through the economic and real estate data. In late March, a statewide stay-at-home order went into effect, and it was extended until mid-May. Nearly all office employers have directed their workforce to work remotely. The transition to work-from-home will likely be a test as companies monitor productivity and assess future cost savings from reducing their office footprint.

After 19 straight quarters of positive net absorption, demand fell negative in the first three months of the year, which put upward pressure on vacancies. The average vacancy rate was 11.6% at the end of 2019, and since then, the rate has gradually increased to 12.0%, which is still below the market's 10-year average of 16.1%.

In previous quarters, office-using employment growth, fueled by major corporate expansions and relocations, stimulated demand for office space, particularly at the top of the market. Demand has outpaced new supply for nine consecutive years, and vacancies have returned to prerecession levels and below the market's historical average.

A few moveouts and tenants shifting in the market bolstered the rate. In the Tempe submarket, Sonora Quest Vacated about 118,000 SF, and Direct Energy moved out of 68,000 SF of space at Tempe Tech Center. In January, American Express shifted its employees from Crosspoint at Beardsley (360,000 SF), to a newly built office at 56th Street and Mayo Boulevard (300,000 SF), near its other two campuses.

Tenants have also expanded over the past several months. In March, Silicon Valley Bank expanded its footprint at Hayden Ferry Lakeside in Tempe by about 38,000 SF. Before the pandemic, the company expected to hire up to 300 employees by 2022.

Nearby at the newly completed Watermark Tower, WeWork's 68,970-SF lease began in February. Opendoor is scheduled to move into the same building in May, taking 100,810 SF. Opendoor is one of many companies that have announced layoffs due to the coronavirus; in March, the company filed a WARN notice in Arizona for about 145 jobs. Last year, the company planned to double its workforce of 250 employees.

Several leases were signed early in the year, which will support future quarters of net absorption.

In February, Amazon leased 93,000 SF at One Hundred Mill in Tempe, a mixed-use development that is under construction. Deloitte leased another 31,000 SF in the same building and will shift 500 employees from its midtown Phoenix office when the new space is ready in October 2021.

In March, Zip Recruiter leased 89,990 SF at Allred 40 with its occupancy scheduled in July. The move was a planned relocation and expansion from Hayden Ferry Lakeside III (54,000 SF). The California-based company has rapidly grown in Tempe over the past several years but recently announced that they laid off one-third of their workforce due to the virus, with many of the cuts in Tempe.

Leasing activity has started to slow since the stay-at-home order. Many decision-makers are preoccupied with transitioning teams to remote work, and location tours were set aside. The simultaneous slowdown in new lease commitments, downsizing, and the completion of speculative office projects will negatively impact future quarters of net absorption, putting upward pressure on vacancies.

Companies that planned for expansions before the virus outbreak are likely changing those plans for near-term growth. Downsizing, and some companies transition to a permanent work-from-home policy, will boost sublease availabilities. In the first four months of the year, available sublease space jumped 28% to 2.2 million SF.

Amid weaker demand, office construction has continued since the sector was designated as an essential service. The base case scenario forecasts several more quarters of negative demand, which will lift vacancies as new

space delivers in the market. Vacancies are anticipated to rise above 14% by mid-2021.

## KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
4 & 5 Star	62,316,012	13.6%	\$2.67	18.2%	280,237	0	3,104,807
3 Star	86,394,466	12.1%	\$2.09	14.7%	(90,734)	4,500	557,000
1 & 2 Star	43,743,424	9.4%	\$1.73	11.5%	(28,221)	0	0
<b>Market</b>	<b>192,453,902</b>	<b>12.0%</b>	<b>\$2.20</b>	<b>15.1%</b>	<b>161,282</b>	<b>4,500</b>	<b>3,661,807</b>

Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	-0.1%	14.6%	13.5%	20.2%	2011 Q1	8.7%	1999 Q3
Net Absorption SF	2.6 M	3,083,836	2,250,910	9,092,830	2006 Q2	(2,795,587)	2009 Q3
Deliveries SF	2.9 M	3,907,942	3,015,911	9,054,479	2007 Q4	300,807	2013 Q4
Rent Growth	3.6%	1.2%	1.0%	11.3%	2006 Q3	-13.1%	2009 Q4
Sales Volume	\$2.9 B	\$1.9B	N/A	\$4B	2007 Q3	\$347.4M	2010 Q1

The narrative for the local office market has changed in light of the coronavirus pandemic, as it has across the globe. While not as vulnerable as retail and hospitality, the virus will slow office leasing activity in the near term, limiting net absorption in late 2020 through 2021. As a result, the market is expected to record its weakest year for net absorption since 2009, putting some upward pressure on vacancies. While the length of the virus outbreak is unknown, the office sector will eventually return to normal market conditions, and net absorption will pick back up in 2021.

Prior to the pandemic, robust employment growth in Phoenix was fueling demand for office space, and developers were attempting to keep pace. Since 2011, office demand has consistently outpaced new supply and compressed vacancies far below the market average to 12.0%.

The Phoenix growth model has shifted over the past decade. Historically, Phoenix has been an oversupplied market, yet new development has moderated thanks to developer restraint, tighter lending standards, limited construction labor and the rising cost of construction. Last year, developers delivered about 2.5 million SF of office space, falling short of the 3.8 million SF of net absorption. Construction remains elevated, though projects that were scheduled to deliver this year may face delays due to supply-chain disruptions that impact the availability and cost of building materials and interior fixtures.

The Valley has become increasingly attractive to companies looking to expand or relocate. Historically, the metro attracted call center and back-office employers, but over the past several years, the diversity and quality of employers looking to locate in Phoenix have improved. A deep labor pool, affordability, and quality of life are the most cited reasons for recent relocation decisions. Major job announcements are generating demand for space. An outsized share of recent company expansions landed in the East Valley, where there is a large and highly educated labor pool and land to build. The concentration of new Class A office space in Chandler, Tempe, and Scottsdale is luring tenants looking to attract top talent.

Occupiers' flight to quality has driven leasing activity at the top of the market. New inventory is concentrated in high-demand submarkets, where large blocks of quality space were challenging to find. More than half of the space underway is in Tempe and Scottsdale Airpark, with about 45% of the space dedicated to much-needed

speculative inventory.

Some of the most significant move-ins over the past few quarters include Zovio (130,640 SF) in the Chandler Submarket, McKesson (123,000 SF) in the Scottsdale South Submarket, and CIOX Health (100,000 SF) in the Northwest Phoenix Submarket. Several large leases were signed in the past year, which will translate into future quarters of net absorption. In November, DoorDash penned a 346,800-SF lease to occupy the entirety of the newly completed Grand at Papago Park II. The San Francisco-based company has a few office spaces in Phoenix totaling less than 30,000 SF. In December, Cognizant Technology Solutions preleased 134,120 SF in Norterra West Phase II, which is underway. Lastly, Toyota Financial Services signed a lease for 63,000 SF at Allred Park Place South in Chandler's Price Road Corridor.

Chandler has been a magnet for finance and insurance operations. The city is also home to Allstate's new insurance operations center, which will house up to 2,500 employees between two locations. Allstate occupied 117,400 SF at One Chandler Corporate Center in 19Q1 and moved into 100,600 SF at Allred Park Place in Chandler late last year. Voya Financial fully leased a newly built 151,400-SF speculative building for its new financial operations center at 1700 S Price Road early last year. The firm will occupy the space in 20Q2. Voya sought a West Coast presence but specifically decided to locate in Chandler because of its vast talent pool and business-friendly regulatory environment. The new location will employ 1,000 workers. Voya will maintain its presence in Scottsdale at 337 E Doubletree Ranch Road.

New space in Scottsdale is also attracting keen interest. Construction recently completed on SkySong 5, a 151,000-SF office tower. The building was 65% preleased before delivering, with major tenants including Arizona State University (50,000 SF), Limelight Networks (25,000 SF), and Berkadia (21,500 SF). SkySong is a highly successful campus and totals more than 750,000 SF. Plans are already underway for a sixth office building.

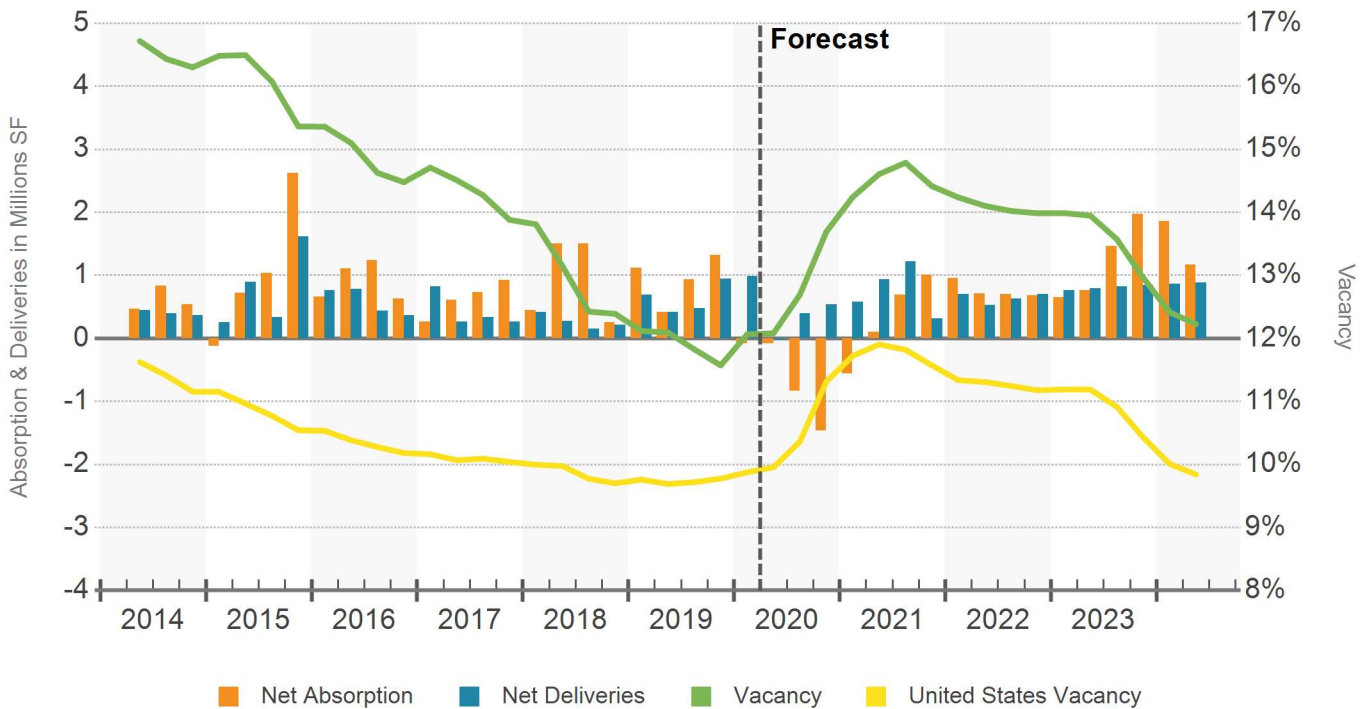
In North Scottsdale, construction started on a 460,000-SF build-to-suit for Nationwide Insurance at the Cavasson mixed-use development. The company announced that it would expand its existing workforce of 1,700 employees by an additional 500 workers over the next few years. Within the same development, Choice

Hotels committed to 150,000 SF after the company announced it was expanding its technology division with plans to add 500 jobs. The hospitality chain currently occupies 88,000 SF within the same submarket. Construction is slated to begin on the Choice Hotel's building in early 2020.

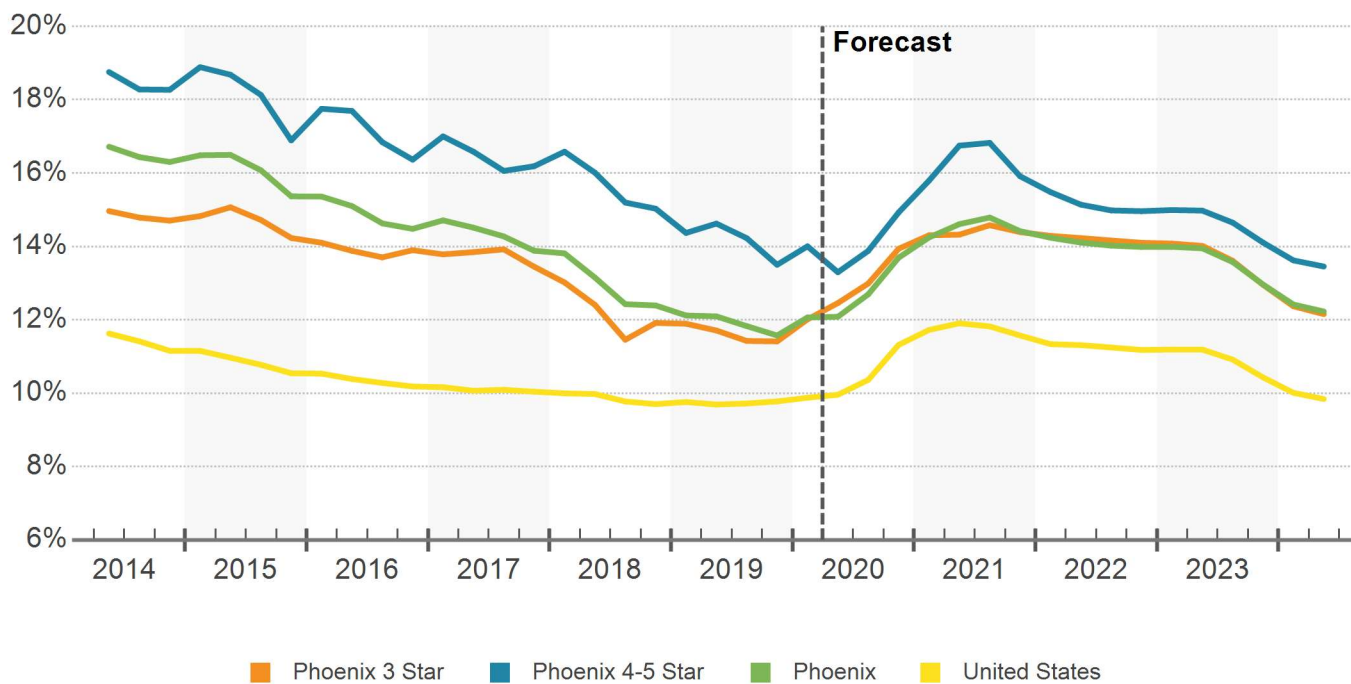
WeWork has expanded its local presence, with four occupancies since 2019. The co-working operator moved into 90,600 SF at the recently completed Block 23 in Downtown Phoenix and 69,000 SF at The Watermark in Tempe. In the second half of 2019, WeWork moved into U.S. Bank Center in Downtown Phoenix (53,000 SF) and Esplanade I in the Camelback Corridor (54,000 SF).

Strong demand and limited new supply have resulted in substantial preleasing, even for projects that have not yet broken ground. Last July, WageWorks signed a 150,000-SF lease agreement before construction started on the Union at Riverview office development within Mesa's Riverview District. The company announced that it would add 500 new jobs when it moves to the new location. Upon completion of the new building, the California-based health benefits company will vacate its 76,000-SF space at Liberty Center at Rio Salado in Tempe. Additionally, Deloitte preleased the top floor of 100 Mill Ave., which broke ground in February. The 287,000-SF office building was more than 40% leased in 20Q1, ahead of its delivery in late 2021.

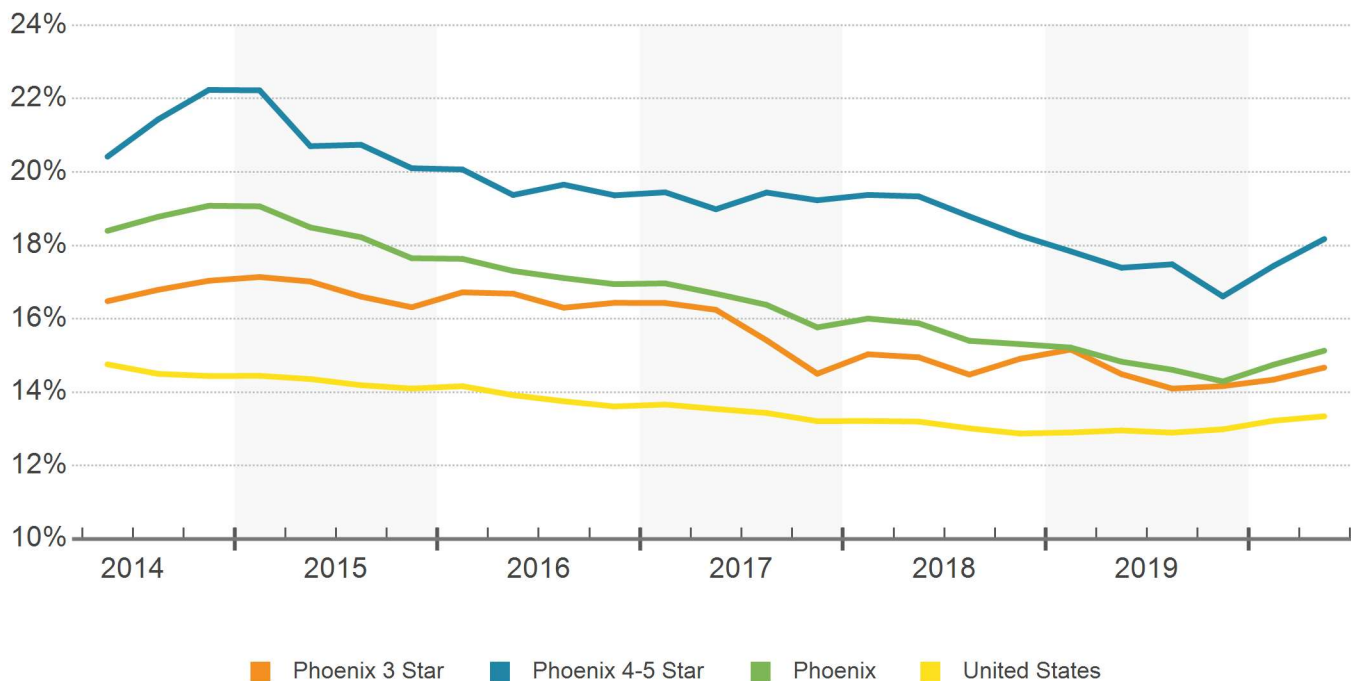
### NET ABSORPTION, NET DELIVERIES & VACANCY



## VACANCY RATE

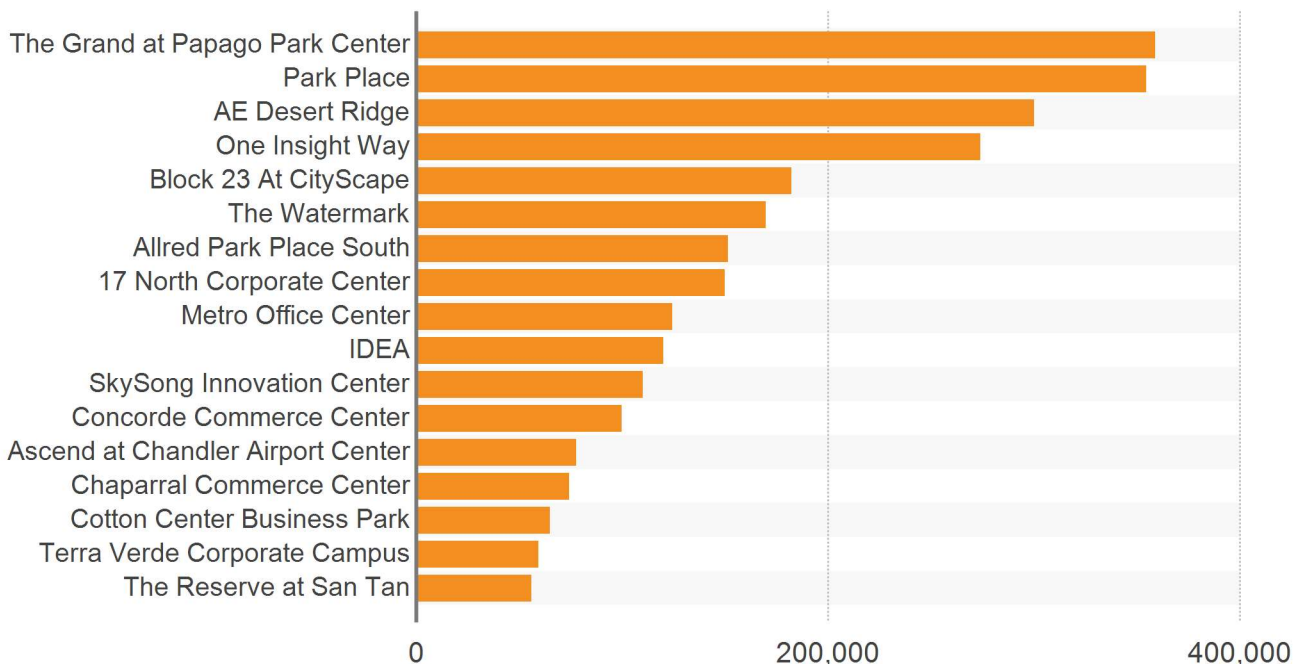


## AVAILABILITY RATE





## 12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



Building Name/Address	Submarket	Bldg SF	Vacant SF	Net Absorption SF				
				1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	12 Month
The Grand at Papago Park Center	Tempe	358,800	0	0	345,795	0	0	358,800
Park Place	Chandler	354,578	0	0	0	0	0	354,578
AE Desert Ridge	Paradise Valley	300,000	0	300,000	0	0	0	300,000
One Insight Way	Chandler	298,704	0	0	0	0	0	274,049
Block 23 At CityScape	Downtown	297,000	114,886	0	0	0	0	182,114
The Watermark	Tempe	265,000	95,371	136,278	33,351	0	0	169,629
Allred Park Place South	Chandler	151,359	0	0	151,359	0	0	151,359
17 North Corporate Center	Deer Valley/Airport	150,000	0	0	0	0	0	150,000
Metro Office Center	Northwest Phoenix	124,252	0	0	0	0	0	124,251
IDEA	Tempe	185,833	65,834	119,999	0	0	0	119,999
SkySong Innovation Center	Scottsdale South	151,318	41,312	(521)	0	0	0	110,006
Concorde Commerce Center	Northwest Phoenix	140,103	40,252	0	0	0	0	99,851
Ascend at Chandler Airport Center	Chandler	163,142	0	0	0	0	0	77,523
Chaparral Commerce Center	Scottsdale South	124,879	0	0	0	0	0	74,103
Cotton Center Business Park	Airport Area	116,858	51,826	0	0	0	0	65,008
Terra Verde Corporate Campus	Scottsdale Airpark	183,319	15,499	14,218	0	0	0	59,432
The Reserve at San Tan	Chandler	69,640	9,014	10,339	(1,057)	0	0	55,853
<b>Subtotal Primary Competitors</b>		<b>3,434,785</b>	<b>433,994</b>	<b>580,313</b>	<b>529,448</b>	<b>0</b>	<b>0</b>	<b>2,726,555</b>
Remaining Phoenix Market		189,019,117	22,610,225	(660,627)	(368,166)	0	0	(147,377)
<b>Total Phoenix Market</b>		<b>192,453,902</b>	<b>23,044,219</b>	<b>(80,314)</b>	<b>161,282</b>	<b>0</b>	<b>0</b>	<b>2,579,178</b>



## TOP OFFICE LEASES PAST 12 MONTHS

Building Name/Address	Submarket	Leased SF	Qtr	Tenant Name	Tenant Rep Compa...	Leasing Rep Company
Marina Heights	Tempe	347,851	Q3 19	Carvana	Lee & Associates;N...	CBRE
The Grand at Papago Park Center	Tempe	345,795	Q4 19	DoorDash	Cushman & Wakefield	Lincoln Property Comp...
Union	Mesa East	150,000	Q3 19	WageWorks	Cresa	Cushman & Wakefield
Cavasson	Scottsdale Airpark	150,000	Q3 19	Choice Hotels	Savills	Lee & Associates
Norterra West -- Phase II	Deer Valley/Airport	137,059	Q4 19	Cognizant Technology Sol...	Savills	CBRE
The Watermark	Tempe	100,807	Q4 19	Opendoor	-	CBRE
Rivulon	Chandler	97,248	Q3 19	Deloitte	-	Lee & Associates
One Hundred Mill	Tempe	93,000	Q1 20	Amazon	-	CBRE
Allred 40	Airport Area	89,889	Q1 20	Zip Recruiter	Cresa	CBRE
North Scottsdale Corporate Center *	Scottsdale Airpark	88,541	Q3 19	Choice Hotels Internation...	Savills	Cushman & Wakefield
40Forty-One *	Midtown	75,239	Q2 19	Internal Revenue Service	-	-
Continuum Business & Technology Par	Chandler	67,500	Q1 20	-	-	Cushman & Wakefield
Continuum Business & Technology Par	Chandler	67,500	Q3 19	-	-	Cushman & Wakefield
Allred Park Place South	Chandler	63,000	Q4 19	Toyota Financial Services	JLL	CBRE
Black Canyon Conference Center	Northwest Phoenix	59,802	Q2 20	-	-	Cushman & Wakefield
Square One	Downtown	56,782	Q3 19	Quicken Loans Inc.	-	Cushman & Wakefield
First Southern Baptist Church of Pho...	Northwest Phoenix	56,722	Q3 19	First Southern Baptist Ch...	-	-
Park Central *	Midtown	56,544	Q1 20	District Medical Group	Citywide Commercial	The Plaza Companies
Cohen Sky Harbor II	North Airport	54,392	Q4 19	-	-	JLL
The Summit	Piestewa Peak Corridor	54,153	Q3 19	Kimley-Horn & Associates...	Savills	Cushman & Wakefield
City Square *	Midtown	50,886	Q4 19	Arizona Department Of Tr...	-	JLL
Allred Park Place Central	Chandler	50,483	Q1 20	Aetna	-	CBRE
Allred Park Place Central	Chandler	50,483	Q4 19	Aetna	-	CBRE
Riverpoint	Airport Area	50,000	Q2 19	Hensel Phelps Constructi...	Cresa	-
The Mesa Tower *	Superstition Corridor	46,401	Q4 19	Arizona Department of Ch...	-	Lee & Associates
Rio2100	Tempe	44,248	Q2 20	-	-	CBRE
McDowell Mountain Business Park	Scottsdale Airpark	41,902	Q1 20	Early Warning Services, L...	-	-
Goodwill Industries of Central AZ	Northwest Phoenix	41,886	Q4 19	Goodwill	-	-
The Reserve at San Tan	Chandler	40,440	Q2 19	Ascend Learning	JLL	Newmark Knight Frank
Galleria Corporate Centre	Scottsdale South	40,397	Q2 19	-	Lee & Associates	CBRE
Galleria Corporate Centre	Scottsdale South	39,218	Q2 19	Carvana, LLC	Savills	Savills
Hayden Ferry Lakeside	Tempe	38,222	Q3 19	Silicon Valley Bank	Colliers International	CBRE
Chandler Freeway Crossing II	Chandler	38,016	Q1 20	Root Insurance	Newmark Knight Frank	JLL
Baseline Corporate Center	Airport Area	37,883	Q4 19	-	-	CBRE
Broadway Business Center	Airport Area	37,574	Q1 20	Whiterabbit.ai	-	JLL
Fairmont Commerce Center	Tempe Southwest	35,859	Q2 19	-	-	Lee & Associates
Santa Fe Distribution Ctr	Grand Avenue	35,200	Q4 19	Martin Midstream Partner...	Woudenberg Proper...	Harrison Properties
Allred Park Place Central	Chandler	34,143	Q3 19	-	-	CBRE
Southbank Business Park	Airport Area	31,017	Q1 20	SMS Assist	Lee & Associates;Sit...	JLL
North Loop 101 Business Center	Deer Valley/Airport	31,016	Q3 19	Cox Communications	-	CBRE

Renewal

Healthy fundamentals have translated into steady rent gains that have consistently outpaced U.S. growth over the past several years. Like most markets, rent growth is decelerating from the highs of 2015–16, although at 3.6%, growth is above the metro's historical average. The coronavirus pandemic is expected to have a negative impact on rent growth in the near-term, with rents anticipated to contract in late 2020.

Rent growth at the top end of the market is leading all other asset tiers. Rents in 4 & 5 Star assets surged by more than 35% since 2013, far outpacing gains in 3 Star properties. The widening gap between top-tier and mid-tier rents has spurred renovation activity that will allow landlords to capture higher rents.

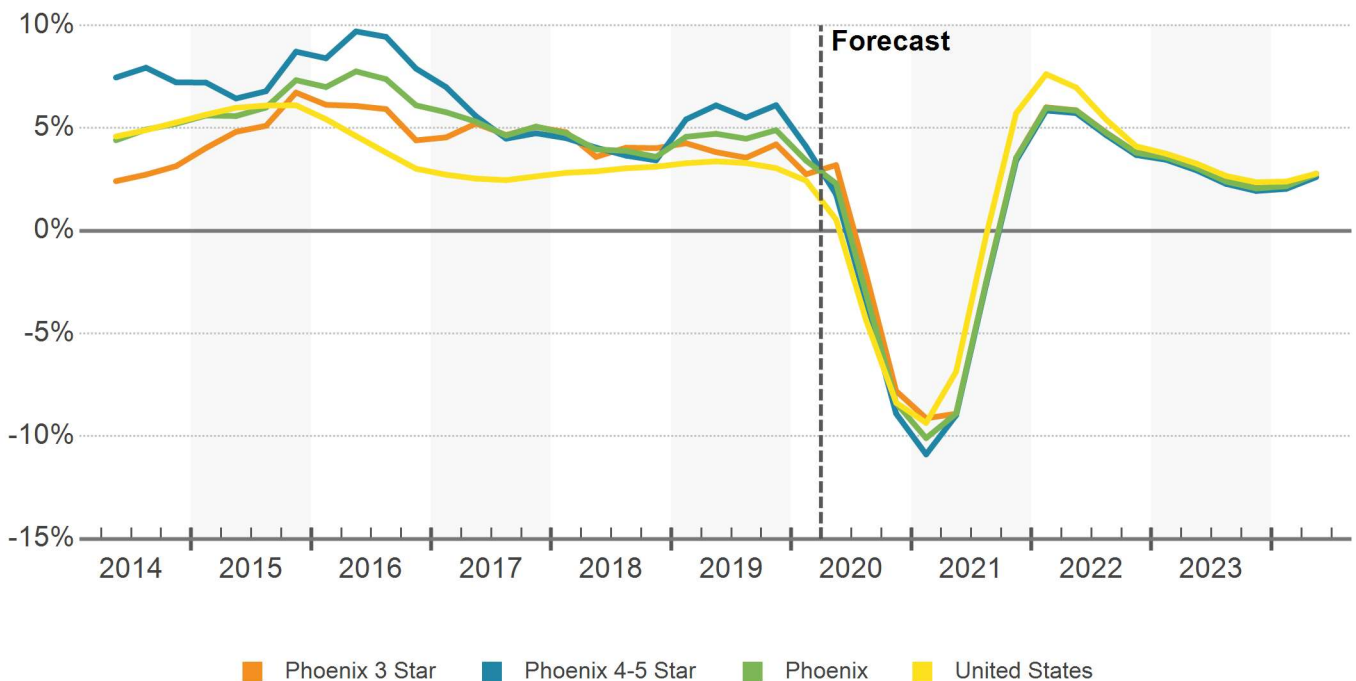
High-demand and well-located submarkets are leading the market in rent growth, while others lag. Strong leasing activity in Tempe and Chandler supported healthy rent growth above 4% over the past 12 months.

Lackluster demand in Downtown Phoenix and Central Scottsdale over the past year has translated into modest rent gains, below the market average.

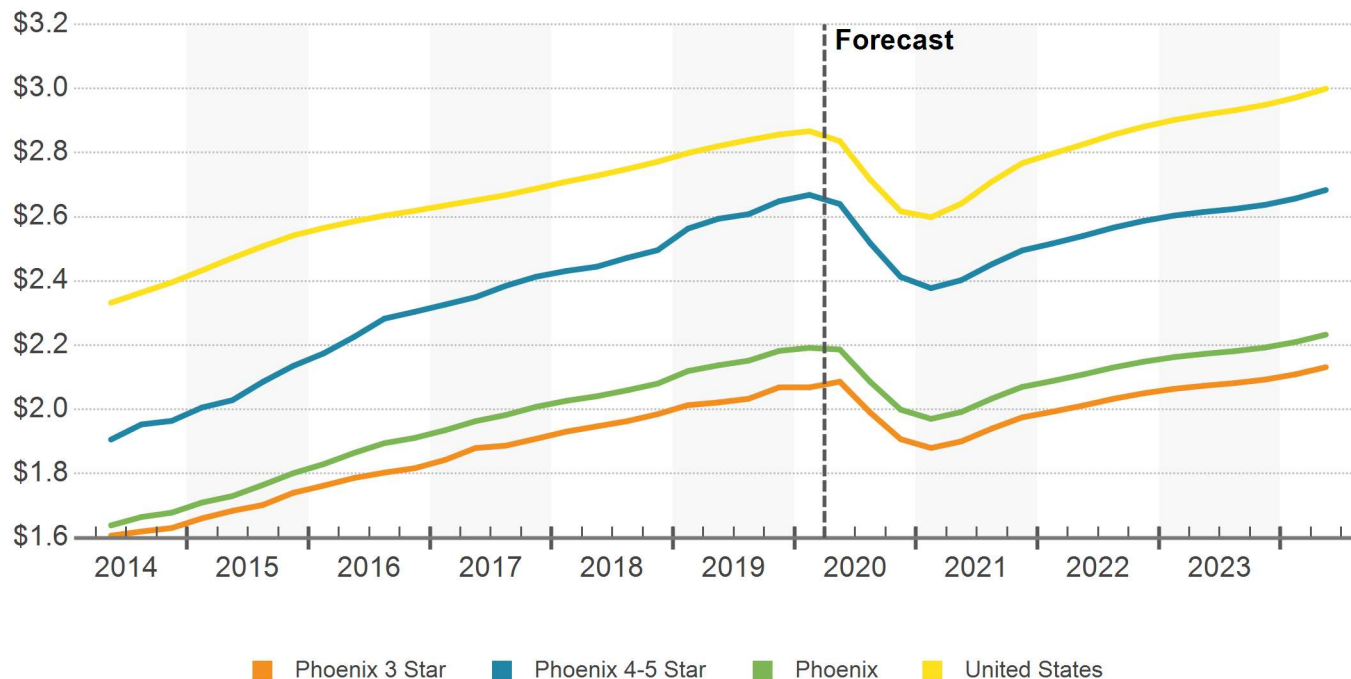
Despite consistent rent appreciation, Phoenix maintains its position as an affordable office market. The average office rent in Phoenix is roughly 30% less than the National Index, and the discount relative to West Coast markets is even greater. San Francisco's average rent is about two and a half times that in Phoenix, and Los Angeles' is about 50% higher.

Phoenix's relative affordability will continue to attract tenants looking to relocate or expand operations in the western part of the United States without paying sky-high rents in coastal markets. The wide gap between rents in Phoenix and those of other western markets suggests that rent gains in Phoenix may still have more runway.

## MARKET RENT GROWTH (YOY)



## MARKET RENT PER SQUARE FEET



## 4 & 5 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Phoenix</b>	\$0.61	\$0.98	\$0.18	\$3.40	\$4.03	<b>\$9.20</b>
Airport Area	\$0.66	\$1.19	\$0.18	\$3.20	\$3.56	<b>\$8.79</b>
Central Corridor	\$0.55	\$0.88	\$0.21	\$2.89	\$7.43	<b>\$11.96</b>
East Phoenix	\$0.50	\$0.85	\$0.16	\$4.43	\$6.17	<b>\$12.11</b>
East Valley	\$0.62	\$1.05	\$0.18	\$3.28	\$3.18	<b>\$8.31</b>
North Phoenix	\$0.53	\$0.88	\$0.20	\$3.70	\$3.73	<b>\$9.04</b>
Northwest Phoenix	\$0.69	\$0.92	\$0.18	\$3.45	\$3.37	<b>\$8.61</b>
Pinal County	\$0.65	\$1.06	\$0.16	\$3.58	\$3.99	<b>\$9.44</b>
Scottsdale	\$0.54	\$0.92	\$0.18	\$3.51	\$3.59	<b>\$8.74</b>
West Phoenix	\$0.89	\$1.15	\$0.17	\$2.89	\$3.41	<b>\$8.51</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

### 3 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Phoenix</b>	\$0.53	\$0.86	\$0.15	\$2.69	\$2.62	<b>\$6.85</b>
Airport Area	\$0.53	\$1.09	\$0.11	\$2.67	\$2.71	<b>\$7.11</b>
Central Corridor	\$0.47	\$0.72	\$0.18	\$2.87	\$4.02	<b>\$8.26</b>
East Phoenix	\$0.51	\$0.61	\$0.14	\$2.91	\$3.43	<b>\$7.60</b>
East Valley	\$0.53	\$0.88	\$0.16	\$2.28	\$2.04	<b>\$5.89</b>
North Phoenix	\$0.47	\$0.80	\$0.21	\$2.50	\$3.41	<b>\$7.39</b>
Northwest Outlying	\$0.62	\$0.90	\$0.16	\$1.52	\$2.59	<b>\$5.79</b>
Northwest Phoenix	\$0.54	\$0.79	\$0.13	\$3.22	\$2.51	<b>\$7.19</b>
Pinal County	\$0.59	\$0.96	\$0.09	\$2.48	\$3.14	<b>\$7.26</b>
Scottsdale	\$0.51	\$0.87	\$0.16	\$2.70	\$2.84	<b>\$7.08</b>
Southwest Outlying	\$0.62	\$1.01	\$0.10	\$0.82	\$3.29	<b>\$5.84</b>
West Phoenix	\$0.66	\$0.94	\$0.13	\$3.05	\$2.60	<b>\$7.38</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

### 1 & 2 STAR EXPENSES PER SF (ANNUAL)

Market / Cluster	Utilities	Cleaning	Insurance	Taxes	Other	Total
<b>Phoenix</b>	\$0.48	\$0.67	\$0.15	\$2.51	\$2.19	<b>\$6.00</b>
Airport Area	\$0.57	\$0.78	\$0.11	\$2.68	\$2.15	<b>\$6.29</b>
Central Corridor	\$0.43	\$0.65	\$0.17	\$3.00	\$3.62	<b>\$7.87</b>
East Phoenix	\$0.45	\$0.56	\$0.13	\$2.64	\$3.15	<b>\$6.93</b>
East Valley	\$0.51	\$0.69	\$0.16	\$2.13	\$1.51	<b>\$5.00</b>
North Phoenix	\$0.43	\$0.62	\$0.17	\$2.63	\$2.14	<b>\$5.99</b>
Northwest Outlying	\$0.44	\$0.60	\$0.15	\$1.67	\$2.29	<b>\$5.15</b>
Northwest Phoenix	\$0.49	\$0.61	\$0.13	\$2.61	\$1.92	<b>\$5.76</b>
Pinal County	\$0.53	\$0.79	\$0.09	\$1.71	\$1.98	<b>\$5.10</b>
Scottsdale	\$0.49	\$0.76	\$0.16	\$2.54	\$2.03	<b>\$5.98</b>
Southwest Outlying	\$0.56	\$0.82	\$0.09	\$1.34	\$2.04	<b>\$4.85</b>
West Phoenix	\$0.47	\$0.71	\$0.12	\$2.78	\$1.95	<b>\$6.03</b>

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.



Development is on the rise in Phoenix following several years of relatively limited construction. Completions rebounded last year as roughly 2.5 million SF of office space came on line, far above the pace of deliveries in the previous two years. Despite the rise in new supply, construction remains conservative compared to the market's long-term annual average of 3.8 million SF in deliveries, and well below the 8.9 million SF that was added to inventory in 2007.

The pace of construction will continue at a similar clip in 2020, assuming there are no major delays to construction related to the coronavirus outbreak. Deliveries are expected to reach 2.6 million SF by year end. About 3.7 million SF of office space is under construction, with about 45% of the space available for lease. The majority of new construction is in Tempe and Scottsdale Airpark, high-demand submarkets with a large and high-quality talent pool.

Speculative office projects typically lease within 12–18 months of completion, and some have high success preleasing. Late last year, RED Development completed construction on Block 23 at CityScape in Downtown Phoenix. The 4 Star, 297,000-SF mixed-use development includes over 230,000 SF of Class A office space, a Fry's grocery store, and 300 apartment units. The project delivered more than 50% preleased, with WeWork and Ernst & Young committing to 90,580 SF and 19,500 SF, respectively.

On the north side of Tempe Town Lake, Lincoln Property Company completed work on The Grand at Papago Park Phase II, in September. A few months later, DoorDash committed to the entirety of the space. The 345,000-SF speculative office is the second of eight planned office buildings within the mixed-use development. Nearby, construction completed at the Boyer Company's 186,000-SF I.D.E.A. campus in January. Becton Dickinson preleased 120,000 SF, and the remainder of the space was available for lease at the end of February.

On the opposite side of the lake, Fenix Development finished construction on The Watermark in February. The mixed-use office development consists of 265,000 SF of office space and includes ground-floor restaurant and

retail space. The project was more than 60% preleased before completion, with commitments from Opendoor and WeWork.

A few speculative buildings that delivered in the Chandler Submarket over the past few years have leased at a slower pace but are starting to fill. The 250,000-SF Chandler Viridian office development delivered in 19Q1 and had about 117,000 SF available for lease at the end of February. Nearby, another 154,000 SF sat vacant at Chandler Freeway Phase II, which completed in June. Allred Park Place South delivered two buildings in 19Q2. Voya Financial committed to one of the 151,400-SF buildings and will take occupancy in April 2020. In December, Toyota Financial Services leased half of the remaining 120,000-SF building.

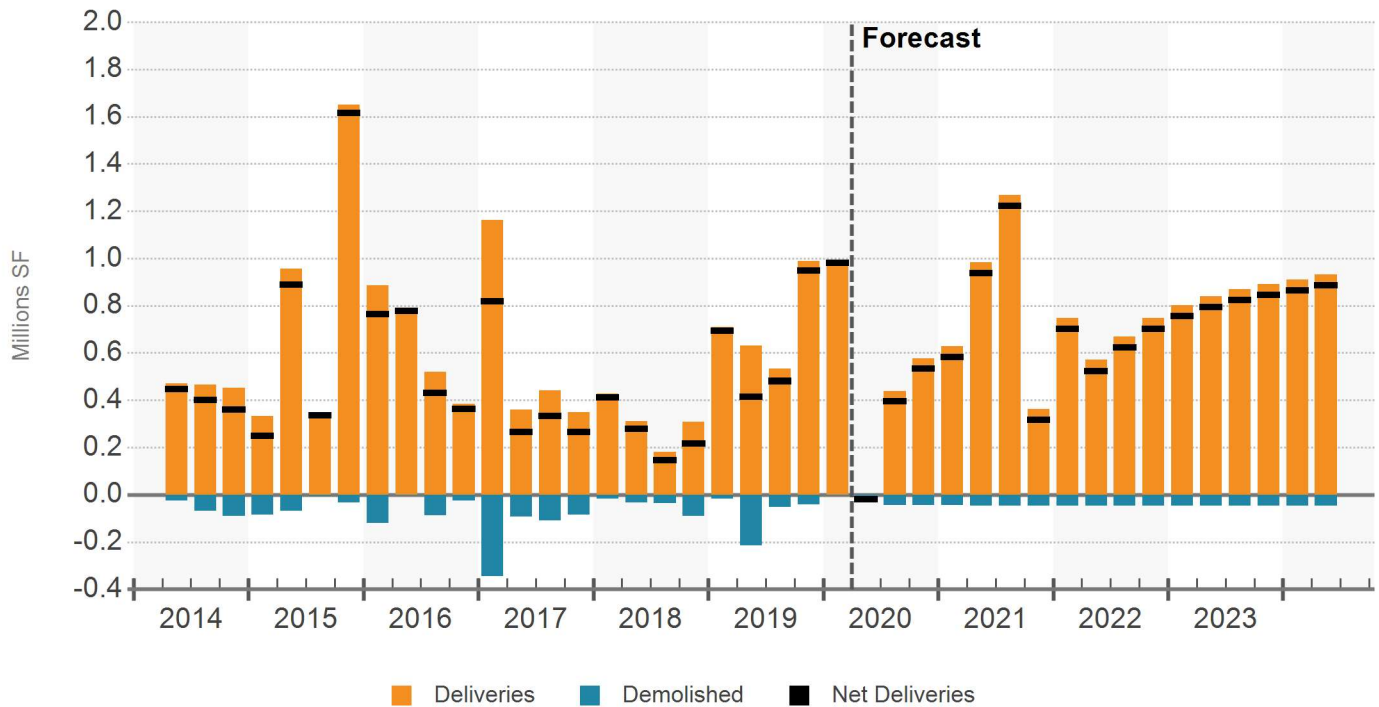
Several other highly anticipated projects are in various stages of the construction pipeline.

Grayhawk Development Company and Nationwide Realty Investors are underway on the first phase of Cavasson in North Scottsdale. Late last year, construction began on the first build-to-suit for Nationwide Insurance; the 460,000-SF office is slated for completion in December 2020. Construction is expected to soon begin on a 150,000-SF tech center for Choice Hotels. Upon full build-out, the development is expected to consist of 1.8 million SF of office space.

Early this year, Hines broke ground on 100 Mill Ave., a 5 Star office tower located in the heart of Downtown Tempe. The 287,000-SF office building was more than 40% leased at the end of February, far ahead of its scheduled delivery in 21Q4. Deloitte leased the top floor (35,000 SF) and will move its employees from Phoenix Plaza when construction is complete.

Ryan Companies is underway on the first of three office buildings within the Novus Innovation Corridor mixed-use development at Arizona State University. ASU is expected to prelease a large portion of the new space, which is slated to deliver in mid-2020 on University and Rural Road. The building was more than 60% preleased at the end of February.

## DELIVERIES & DEMOLITIONS



## SUBMARKET CONSTRUCTION

No.	Submarket	Under Construction Inventory				Average Building Size			
		Bldgs	SF (000)	Pre-Leased SF (000)	Pre-Leased %	Rank	All Existing	Under Constr	Rank
1	Tempe	5	790	375	47.4%	7	33,946	158,061	4
2	Scottsdale Airpark	3	650	460	70.7%	5	33,848	216,816	3
3	Scottsdale South	2	310	65	21.0%	8	14,993	155,000	5
4	Central Scottsdale	2	300	0	0%	10	22,722	150,000	6
5	Mesa East	1	240	18	7.4%	9	9,927	240,000	1
6	Downtown	1	227	124	54.4%	6	62,324	227,113	2
7	Glendale	2	195	155	79.5%	4	17,928	97,500	9
8	Arrowhead	3	154	148	95.9%	2	11,441	51,464	10
9	Deer Valley/Airport	1	150	137	91.4%	3	48,533	150,000	6
10	Chandler	1	120	120	100%	1	23,961	120,000	8
	All Other	21	525	197	37.5%		18,773	24,978	
<b>Totals</b>		<b>42</b>	<b>3,662</b>	<b>1,798</b>	<b>49.1%</b>		<b>21,549</b>	<b>87,186</b>	

# Under Construction Properties

Phoenix Office

Properties

Square Feet

Percent of Inventory

Released

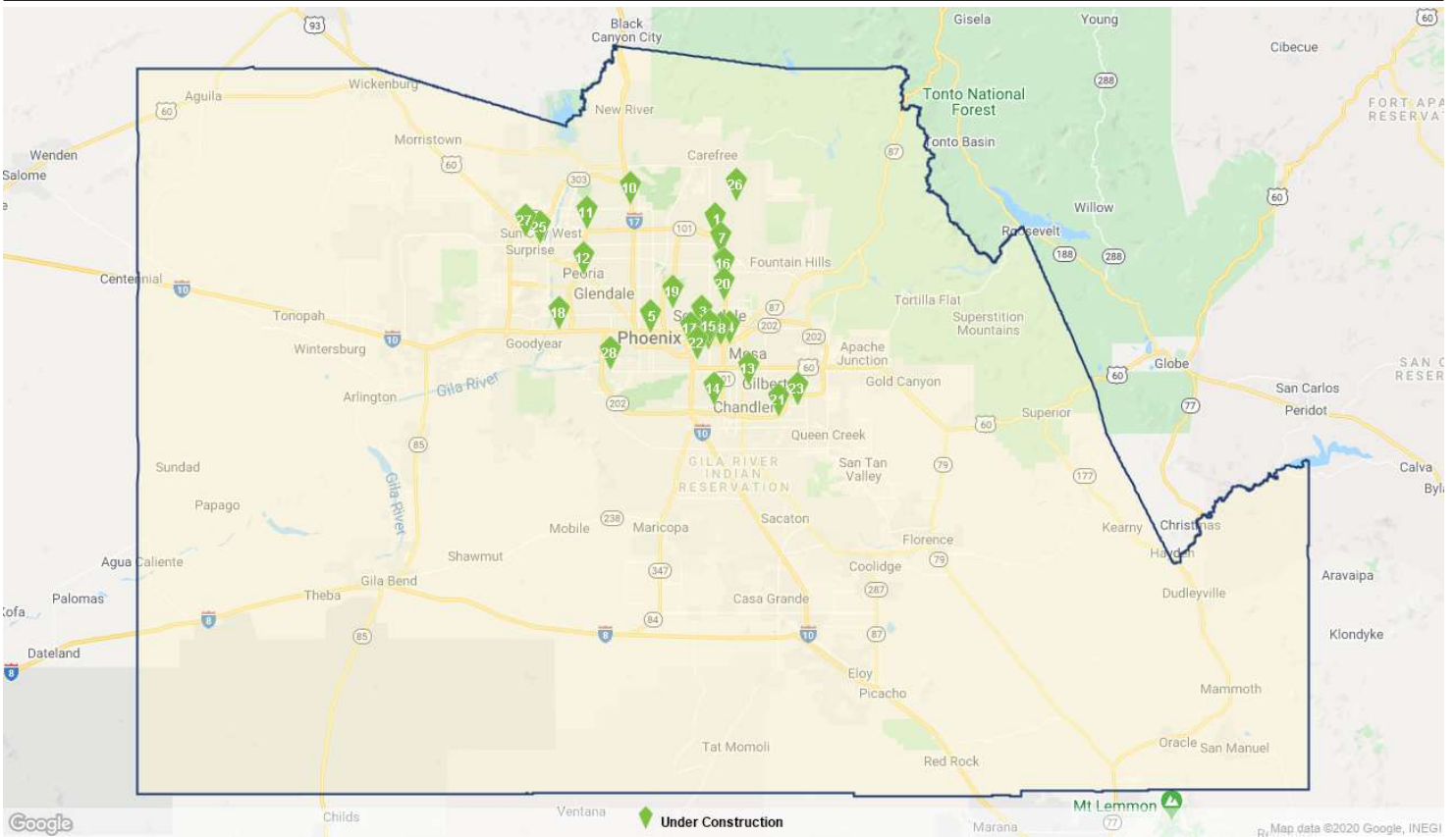
42

3,661,807

1.9%

49.1%

## UNDER CONSTRUCTION PROPERTIES



## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
1 <b>Nationwide</b> NWC Loop 101	★★★★☆	460,000	5	Oct 2019	Dec 2020	Grayhawk Development Company Nationwide Life Insurance Co
2 <b>100 S Mill Ave</b>	★★★★★	287,000	18	Feb 2020	Oct 2021	Hines Cousins Properties Incorporated
3 <b>Scottsdale Entrada</b> 6420 E McDowell Rd	★★★★☆	245,000	3	Apr 2020	May 2021	DPC Development Companies Benjamin E Brosseau
4 <b>Union- Building A</b> NEC Riverview Auto Dr	★★★★★	240,000	4	Oct 2019	Jan 2021	Lincoln Property Company Harvard Investments
5 <b>Wexford</b> 850 N 5th St	★★★★☆	227,113	7	May 2019	Oct 2020	Wexford Science & Technology, ... City of Phoenix Real Estate Division
6 <b>The Edge</b> NWC 90th Street & Loop 1...	★★★★☆	210,000	4	Jan 2020	Mar 2021	Palmer Development Group Palmer Development Group
7 <b>Axis Raintree</b> SWC E Raintree Dr & N 8...	★★★★☆	175,000	3	Nov 2019	Oct 2020	Trammell Crow Company Trammell Crow Company

# Under Construction Properties

Phoenix Office

## UNDER CONSTRUCTION

Property Name/Address	Rating	Bldg SF	Stories	Start	Complete	Developer/Owner
8 <b>Rio2100 Phase V</b> 2100 E Rio Salado Pky	★★★★☆	170,680	4	Nov 2018	Jun 2020	The Boyer Company The Boyer Company
9 <b>777 Tower at Novus Inno...</b> 777 S Novus Pl	★★★★☆	169,500	6	May 2019	Jun 2020	Ryan Companies Arizona State University
10 <b>Norterra West -- Phase II</b> 25800 N Norterra Pky	★★★★☆	150,000	3	Jan 2020	Mar 2021	Metro Commercial Properties Metro Norterra Two LLC
11 <b>Banner Health</b> 7701 W Aspera Blvd	★★★★☆	128,000	3	Feb 2020	May 2021	NexCore Group LLC Banner Health
12 <b>Maricopa Integrated Heal...</b> Grand Ave & Cotton Crossi	★★★★☆	127,000	3	Jan 2018	Jun 2020	Maricopa Integrated Health Maricopa Integrated Health
13 <b>Northrop</b> S McQueen Rd	★★★★☆	120,000	2	Mar 2020	Mar 2021	- SunCap Property Group
14 <b>One Chandler Corporate...</b> 4100 W Chandler Blvd	★★★★☆	117,394	2	Jan 2020	Sep 2020	VanTrust Real Estate LLC VanTrust Real Estate LLC
15 <b>999 E Playa Del Norte</b>	★★★★☆	93,125	6	Feb 2020	May 2021	Irgens Triyar Capital, LLC
16 <b>Lot 10</b> SE Loop 101 & 90th St	★★★★☆	90,000	4	Dec 2019	Dec 2020	- Healthcare Development Partners
17 <b>2010 W Rio Salado Pky</b>	★★★★☆	70,000	2	May 2019	Jun 2020	Donor Network of Arizona Donor Network of Arizona
18 <b>akos Medical Campus</b> 10825 W McDowell Rd	★★★★☆	68,000	3	Jan 2019	Jun 2020	National Healthcare Realty, Inc National Healthcare Realty, Inc
19 <b>Helios Education Found...</b> 4747 N 32nd St	★★★★☆	65,000	2	Nov 2018	Jun 2020	Helios Education Foundation Helios Education Foundation
20 <b>SW Loop 101 &amp; McDonal...</b>	★★★★☆	65,000	1	May 2019	Jul 2020	- -
21 <b>Mercy Medical Commons II</b> 3591 S Mercy Rd	★★★★☆	58,647	3	Nov 2018	Jun 2020	MedProperties Group MedProperties Group
22 <b>The Hub</b> 2626 S Hardy Dr	★★★★☆	50,366	1	Sep 2019	Jun 2020	Capital Hall Partners Hardy Tempe LLC
23 <b>Building A</b> E Williams & Recker Rd	★★★★☆	39,000	3	Oct 2019	Mar 2021	Sina Companies LLC SB Communities, LLC
24 <b>Laveen Medical Office B...</b> 7205 S 51st Ave	★★★★☆	34,157	2	Nov 2019	Aug 2020	- Frank C. Williams, Tr.
25 <b>Cobalt Medical Office Ea...</b> W Bell & Dysart Rd	★★★★☆	30,000	1	Sep 2019	Jul 2020	Cobalt Medical Development Cobalt Medical Development
26 <b>10475 E Pinnacle Peak Pky</b>	★★★★☆	24,000	1	Apr 2019	Sep 2020	- -
27 <b>100</b> SWC Reems & Mountain...	★★★★☆	19,500	2	Dec 2019	Jul 2020	Jason Mussman Jason Mussman
28 <b>51st &amp; Baseline Rd</b>	★★★★☆	16,000	1	Nov 2019	Jun 2020	- -



Phoenix has been a liquid office market benefitting from an expanding pool of buyers. Well-priced assets tend to trade within six months, and buyer appetite has put upward pressure on pricing. Steady cash flows, higher yields, a moderation in new supply, and more sustainable economic drivers have attracted new buyers. Many investors who had previously written off Phoenix due to its boom and bust tendencies have been taking a second look here since construction has slowed, and gradual leasing of shadow supply has helped compress vacancies below the market's historical average.

Like many Tier II markets, Phoenix is garnering increased attention from investors, though the buyer profile is relatively unchanged; private and some institutional interest are driving the majority of transaction activity. REITs have remained on the sidelines since the downturn, perhaps due to the lack of core assets and shareholders that still consider Phoenix as a riskier secondary market.

Foreign investment, particularly from Canada and Asia, has edged up in recent years but still represents a small slice of the market. In November, a Vancouver-based private buyer acquired 2600 Tower in Midtown Phoenix, its first Phoenix asset, for \$30.8 million (\$95/SF) from a California-based investment manager. The office tower was 68% leased at the time of sale, and the previous owner had invested upwards of \$5.8 million in renovations. The buyer purchased the office tower as part of its strategy to acquire income-producing assets in Phoenix with substantial potential for repositioning.

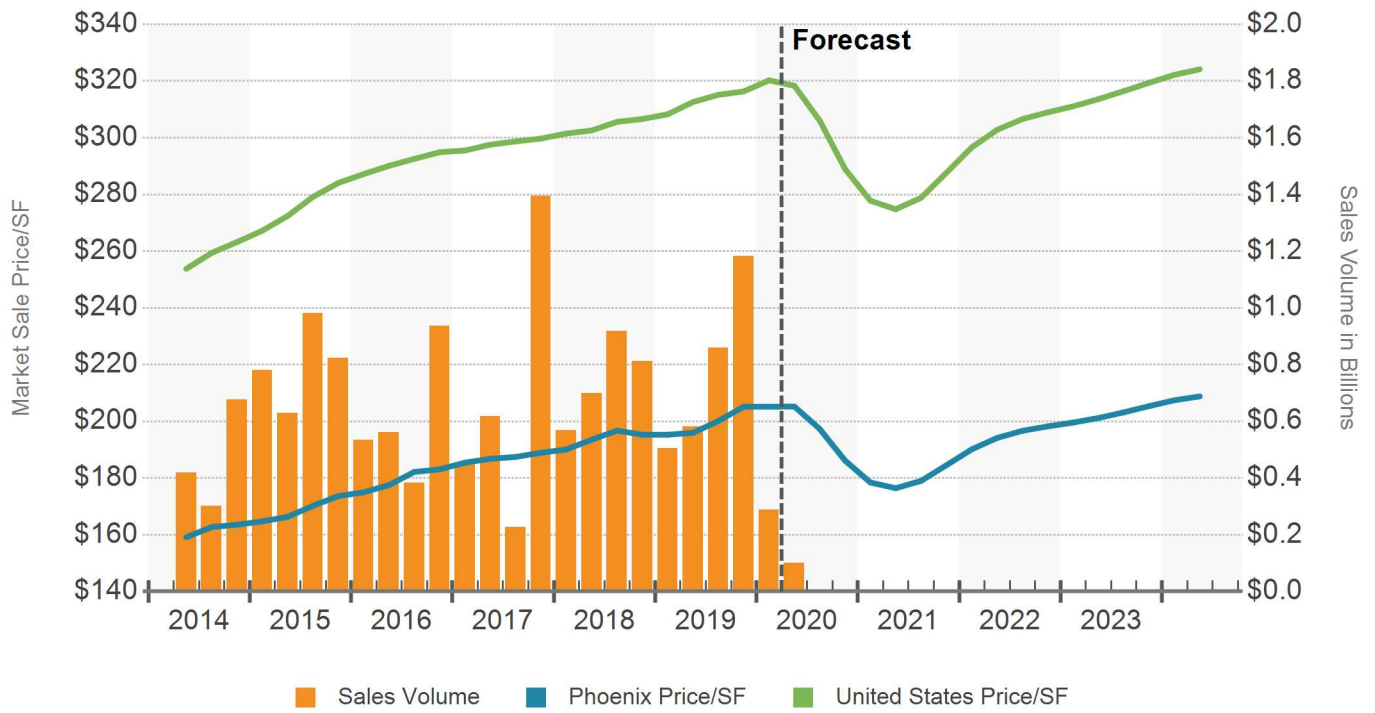
National investors perceive Phoenix as still offering relative value. Cap rates have held stable, hovering near 7% over the past few years. Phoenix cap rates are 150-200 basis points above California markets. As a result, California-based buyers looking for higher returns are bolstering sales volume and account for nearly one-quarter of deals over the past year. Local buyers are still the most active; Arizona and California investors typically

account for 75%-80% of transactions in any given year. In one of the larger office deals over the past few months, California-based Stockdale Capital Partners acquired a 371,940-SF medical laboratory and creative office building in the Scottsdale Airpark for \$65 million (\$175/SF). The purpose-built property served as Henkel's North American headquarters, but the company recently relocated its operations back to Connecticut, leaving the building 17% occupied at the time of sale. Stockdale will invest millions in rebranding and cosmetic upgrades to help entice technology and life-science users.

The 92 office deals last quarter traded at an average price per SF of \$226, somewhat lower than CoStar's estimate of the average price across all assets in the market (\$244/SF). Based on the property-level estimates, pricing in Phoenix increased 9% over the past year. While assets have appreciated, pricing has just recently approached prerecession levels. Most trades happen in the \$120/SF-\$200/SF price range, but a meaningful percentage of deals have traded at a high watermark above \$320/SF.

The sale of the Grand I office complex in Tempe was one of the marquee transactions over the past year, achieving a high price per SF for the market. In December, Florida-based Susquehanna Holdings Company made its entry into the Phoenix market with the acquisition of The Grand I from the developer Lincoln Property group. The 4 Star office tower, located north of Tempe Town Lake, sold for \$90 million (\$411/SF). Built in 2017, the 219,200-SF office building is the first building in The Grand at Papago Park Center, a mixed-use development that will consist of 1.8 million SF of Class A office. The building was fully occupied at closing with Union Bank and SAP Industries. Susquehanna Holdings cited that "the fundamentals of the Tempe market meet all of the criteria we look for," and the company expects the Phoenix economy to outperform most major Western U.S. markets over the next decade.

SALES VOLUME & MARKET SALE PRICE PER SF



# Sales Past 12 Months

Phoenix Office

Sale Comparables

Avg. Cap Rate

Avg. Price/SF

Avg. Vacancy At Sale

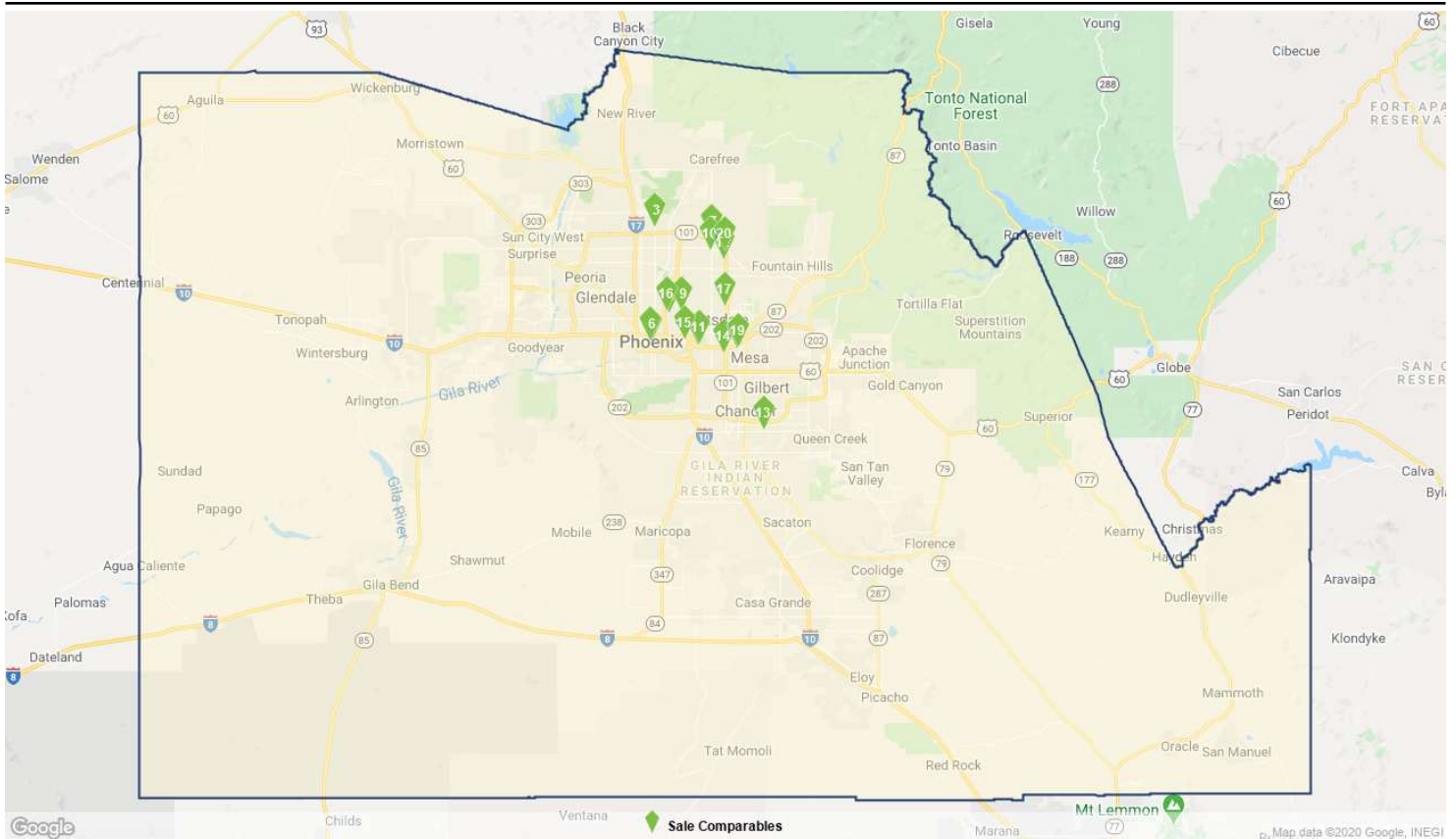
**1,007**

**7.4%**

**\$201**

**11.8%**

## SALE COMPARABLE LOCATIONS



## SALE COMPARABLES SUMMARY STATISTICS

Sales Attributes	Low	Average	Median	High
Sale Price	\$1,500	\$6,023,833	\$1,552,875	\$190,000,000
Price/SF	\$1.25	\$201	\$181	\$2,208
Cap Rate	3.8%	7.4%	7.1%	12.8%
Time Since Sale in Months	0.0	6.3	6.2	12.0
Property Attributes	Low	Average	Median	High
Building SF	800	25,260	7,451	567,163
Stories	1	2	1	31
Typical Floor SF	800	12,132	6,248	185,000
Vacancy Rate At Sale	0%	11.8%	0%	100%
Year Built	1910	1984	1985	2022
Star Rating	★★★★★	★★★★★ 2.5	★★★★★	★★★★★

# Sales Past 12 Months

Phoenix Office

## RECENT SIGNIFICANT SALES

Property Name - Address	Property				Sale				
	Rating	Yr Built	Bldg SF	Vacancy	Sale Date	Price	Price/SF	Cap Rate	
<b>1</b> Collier Center 201 E Washington St	★★★★★	2001	567,163	20.6%	12/5/2019	\$190,000,000	\$335	6.0%	
<b>2</b> Biltmore Center II 2398 E Camelback Rd	★★★★☆	1985	288,435	5.7%	12/24/2019	\$94,734,111	\$328	-	
<b>3</b> FBI Regional HQ 21711 N 7th St	★★★★☆	2012	210,202	0%	7/26/2019	\$92,250,000	\$439	-	
<b>4</b> Grand I 1101 W Washington St	★★★★☆	2017	219,212	0%	12/24/2019	\$90,000,000	\$411	-	
<b>5</b> Biltmore Center I 2390 E Camelback Rd	★★★★☆	1985	211,624	2.9%	12/24/2019	\$69,506,168	\$328	-	
<b>6</b> U.S. Bank Center 101 N 1st Ave	★★★★☆	1976	373,013	31.8%	8/23/2019	\$66,466,954	\$178	-	
<b>7</b> Ilume Innovation Center 7201 E Henkel Way	★★★★☆	2008	372,000	77.4%	12/10/2019	\$65,000,000	\$175	-	
<b>8</b> Esplanade III 2415 E Camelback Rd	★★★★☆	1997	218,387	44.7%	7/2/2019	\$60,250,000	\$276	-	
<b>9</b> 3900 Camelback Center 3900 E Camelback Rd	★★★★☆	2009	177,520	8.4%	11/15/2019	\$54,500,000	\$307	7.6%	
<b>10</b> Kierland One 16430 N Scottsdale Rd	★★★★☆	2000	175,577	10.2%	10/28/2019	\$52,435,000	\$299	-	
<b>11</b> Wells Fargo Office Buildi... 1150 W Washington St	★★★★☆	2004	214,303	6.9%	6/21/2019	\$52,400,000	\$245	-	
<b>12</b> Northsight Corporate Ce... 14400 N 87th St	★★★★☆	1999	136,862	0%	8/20/2019	\$51,476,000	\$376	-	
<b>13</b> One Insight Way 2701 E Ryan Rd	★★★★☆	2010	298,704	0%	11/1/2019	\$47,900,000	\$160	-	
<b>14</b> The Circuit 615 S River Dr	★★★★☆	2015	185,000	0%	6/21/2019	\$46,000,000	\$249	6.9%	
<b>15</b> Three Gateway 410 N 44th St	★★★★☆	1988	222,118	14.2%	10/11/2019	\$45,749,231	\$206	-	
<b>16</b> Biltmore Center III 2394 E Camelback Rd	★★★★☆	1990	135,350	34.8%	12/24/2019	\$44,454,598	\$328	-	
<b>17</b> Chaparral Commerce Ce... 5801 N Pima Rd	★★★★☆	2019	124,879	0%	9/20/2019	\$37,674,241	\$302	6.7%	
<b>18</b> WayPoint 4 1130 N Alma School Rd	★★★★☆	2017	153,134	6.8%	8/14/2019	\$37,577,142	\$245	-	
<b>19</b> WayPoint 3 1150 N Alma School Rd	★★★★☆	2015	108,956	0%	8/14/2019	\$35,747,390	\$328	-	
<b>20</b> McDowell Mountain Busi... 16425 N Pima Rd	★★★★☆	2006	127,787	0%	8/29/2019	\$35,500,139	\$278	-	



The Phoenix economy was on solid footing; however, rapidly changing events in the past few weeks in response to the coronavirus outbreak will change its trajectory. Some of the metro's largest industry sectors will be the most impacted: leisure and hospitality and trade, transportation, and utilities. Serious measures to combat the spread of the virus have unfolded in recent weeks. Arizona schools have shuttered, Major League Baseball's spring training was suspended, restaurants and fast-food establishments have closed dining spaces, and retailers are temporarily closing stores. On March 30th, Arizona's Governor issued a stay-at-home order for residents; essential businesses may remain open. As a result, the jobs report in the coming months will be substantially weaker compared to the robust growth before the pandemic. Hospitality and retail will likely take the brunt of the hit as tourism slows, and social distancing limits restaurant and retail foot traffic. Manufacturers will also suffer from supply chain disruptions and falling demand. Additionally, the stability of the construction sector remains in question, as construction sites across the country have temporarily halted activity. Construction is one of the metropolitan area's fastest-growing employment sectors and is the only segment that has yet to recover all jobs lost during the recession.

Phoenix is better positioned than it was a decade ago for growth in the long run. Population growth, a diversifying economy, a low cost of living and doing business, and a business-friendly regulation have strengthened the Phoenix value proposition. These characteristics are attracting new residents and businesses to the region, making Phoenix one of the most dynamic metros in the country. Phoenix is the 10th-largest metro, with more than 4.9 million people, and is one of the fastest-growing MSAs in the nation. The market adds an average of 100,000 people to its population each year, with the total fueled by net migration. Despite its reputation as a retirement community, the median age in Phoenix is 36 years, about two years below the U.S. median. The millennial age group (20–34-year-olds) accounts for the largest share of the metro's population, making Phoenix attractive to companies searching for a vibrant and young workforce.

Net migration and the presence of large educational institutions and colleges are growing the local talent pool. Metro Phoenix is home to the largest public and private universities in the country: Arizona State University

(ASU) and Grand Canyon University (GCU). ASU enrollment surpassed 119,000 students in fall 2019, spread across five campuses, and including online students. ASU's main campus in Tempe is the largest, with more than 51,500 students on campus. Beyond producing new graduates, these universities are also prominent employers in the metro and collaborate with local employers on research and classroom curriculum.

Thanks to the large and growing labor pool, businesses are selecting Phoenix to expand their operations. While labor is the primary driver behind the market's business attraction success, relative affordability helps tip the scale in favor of Phoenix when companies are making their site selection decision. Recent job announcements by DoorDash, OpenDoor, Silicon Valley Bank, Choice Hotels, Nike, Allstate, Deloitte, Mayo Clinic, Fox Corporation, Wells Fargo, Infosys, and USAA have contributed to thousands of high-quality jobs. Additionally, Microsoft, Google, and Apple have invested in building data centers in various parts of the metro.

Finance and technology employers are expanding in live/work/play submarkets in Tempe, Chandler, Scottsdale, and downtown Phoenix to help attract quality talent. Many of these companies are migrating from California and other coastal markets, fleeing intense competition for talent, burdensome regulation, and costly labor and real estate. A significant share of the metro's tech jobs are with non-tech companies that have established new IT centers such as USAA, Choice Hotels, Deloitte, General Motors, and Charles Schwab.

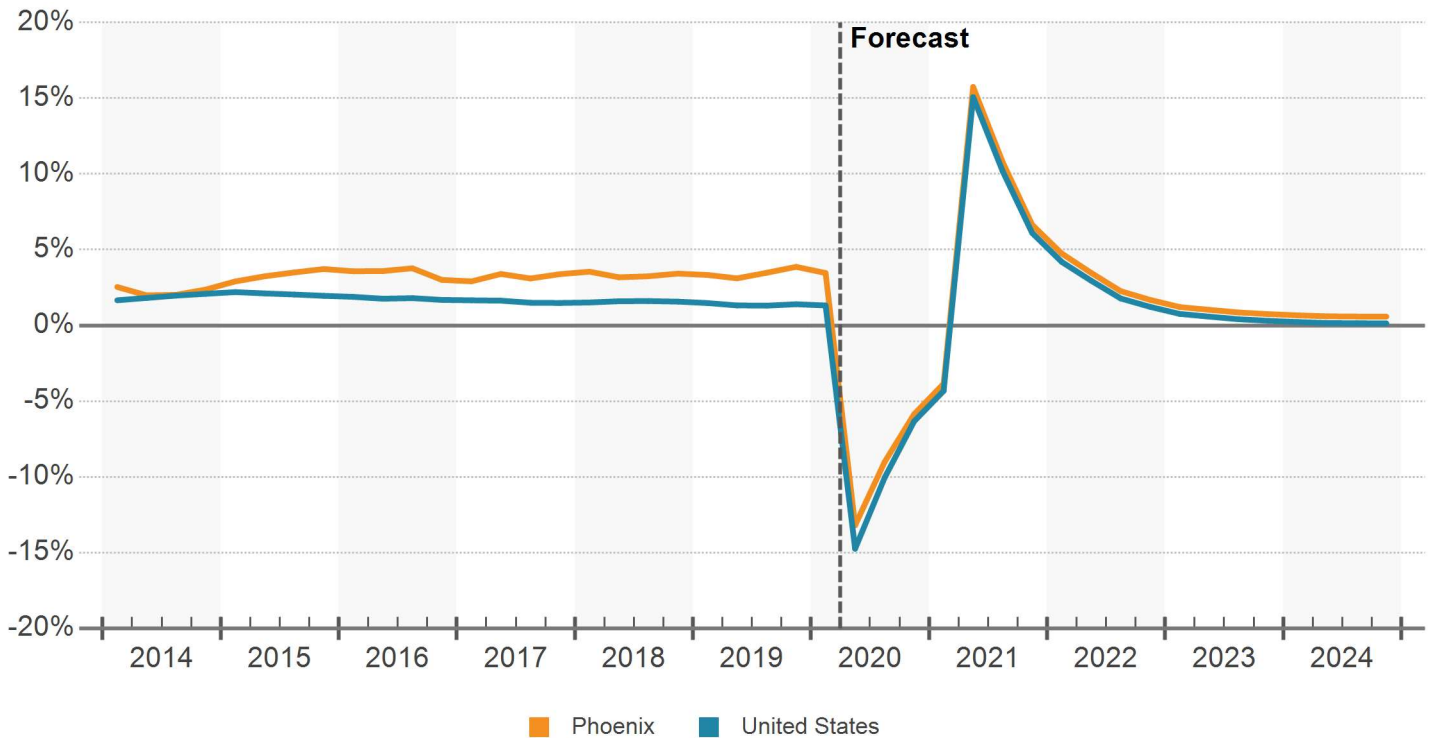
While the number of companies expanding to metro Phoenix is noteworthy, the diversity of industries is necessary for sustaining the region's long-term viability. More than a decade ago, Phoenix was synonymous with cheap labor and land that attracted call centers and back-office operators. Moreover, the economy was dependent on industries associated with household growth—construction, lending, brokerage, tile and cabinet manufacturers, etc. Because of the metro's past reliance on housing, Phoenix was among the hardest-hit markets during the recession; the market lost more than 300,000 jobs, 25% of which were in the construction industry alone. The market recovered from the recession about two years after the U.S. Today, the companies that Phoenix is attracting have evolved, and the market has emerged as a bustling technology and financial hub.

## PHOENIX EMPLOYMENT BY INDUSTRY IN THOUSANDS

NAICS Industry	Current Level		12 Month Change		10 Yr Change		5 Yr Forecast	
	Jobs	LQ	Market	US	Market	US	Market	US
Manufacturing	131	0.7	0.53%	-1.79%	1.75%	0.93%	0.09%	-0.23%
Trade, Transportation and Utilities	406	1.0	-0.08%	-1.48%	1.65%	1.08%	0.58%	0.20%
Retail Trade	233	1.0	-0.61%	-1.67%	1.29%	0.65%	0.56%	0.14%
Financial Activities	207	1.6	2.17%	0.28%	3.82%	1.25%	0.95%	0.41%
Government	244	0.7	2.40%	1.43%	0.39%	0.11%	0.78%	0.47%
Natural Resources, Mining and Construction	142	1.2	3.21%	0.38%	5.03%	2.84%	1.30%	0.23%
Education and Health Services	352	1.0	5.70%	2.51%	4.01%	2.15%	1.62%	0.76%
Professional and Business Services	374	1.2	2.58%	0.76%	3.38%	2.53%	0.90%	0.68%
Information	41	1.0	3.67%	1.03%	3.67%	0.56%	1.00%	0.32%
Leisure and Hospitality	223	1.0	-3.47%	-5.20%	2.67%	1.89%	1.74%	1.57%
Other Services	72	0.8	2.10%	0.11%	0.93%	0.99%	0.39%	0.04%
<b>Total Employment</b>	<b>2,082</b>	<b>1.0</b>	<b>-3.41%</b>	<b>-5.30%</b>	<b>2.10%</b>	<b>0.91%</b>	<b>1.99%</b>	<b>1.51%</b>

Source: Oxford Economics  
LQ = Location Quotient

## YEAR OVER YEAR JOB GROWTH



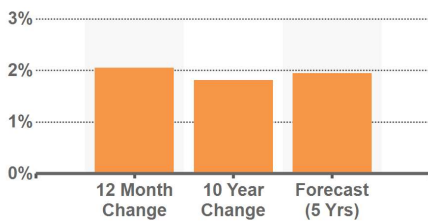
Source: Oxford Economics

## DEMOGRAPHIC TRENDS

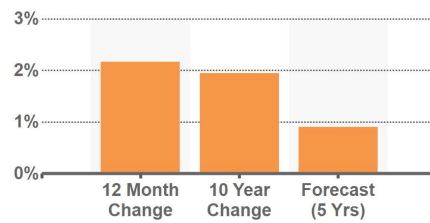
Demographic Category	Current Level		Current Change		10-Year Change		Forecast Change (5 Yrs)	
	Metro	U.S.	Metro	U.S.	Metro	U.S.	Metro	U.S.
Population	5,011,479	329,377,594	2.0%	0.5%	1.8%	0.7%	1.9%	0.5%
Households	1,782,250	122,126,320	1.9%	0.4%	1.8%	0.7%	1.9%	0.4%
Median Household Income	\$67,453	\$64,782	3.3%	3.3%	2.7%	2.6%	2.4%	2.9%
Labor Force	2,519,640	163,788,094	2.2%	0.5%	1.9%	0.6%	0.9%	0.4%
Unemployment	4.0%	3.7%	-0.3%	0%	-0.6%	-0.6%	-	-

Source: Oxford Economics

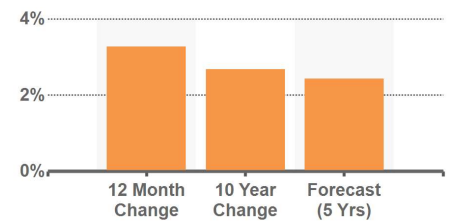
### POPULATION GROWTH



### LABOR FORCE GROWTH



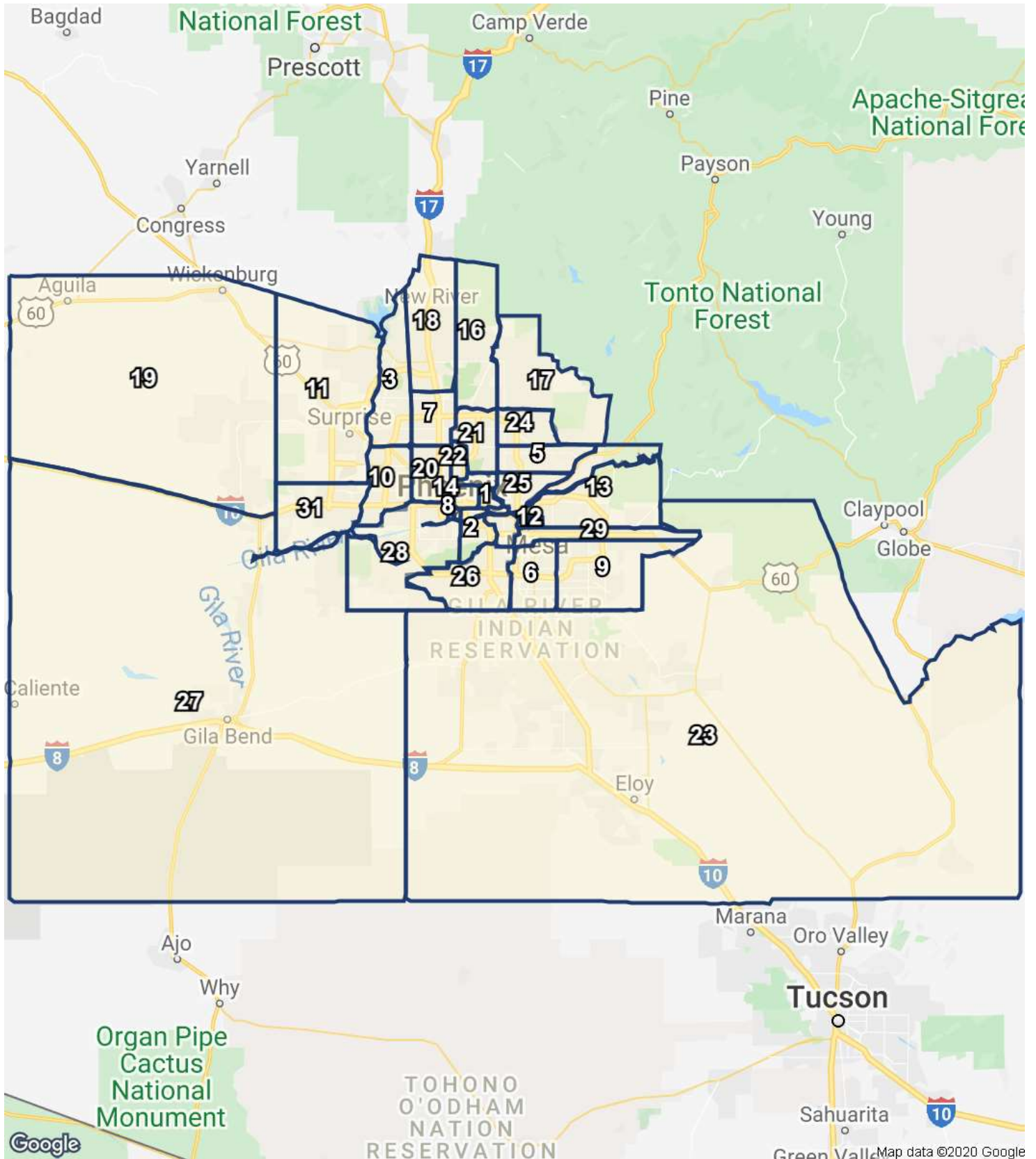
### INCOME GROWTH



Source: Oxford Economics

# Submarkets

## PHOENIX SUBMARKETS



## SUBMARKET INVENTORY

No.	Submarket	Inventory				Deliveries				Under Construction			
		Bldgs	SF (000)	% Market	Rank	Bldgs	SF (000)	Percent	Rank	Bldgs	SF (000)	Percent	Rank
1	44th Street Corridor	147	4,143	2.2%	19	0	0	0%	-	0	-	-	-
2	Airport Area	185	10,019	5.2%	8	0	0	0%	-	1	50	0.5%	15
3	Arrowhead	383	4,382	2.3%	18	2	28	0.6%	10	3	154	3.5%	8
4	Camelback Corridor	219	9,570	5.0%	9	0	0	0%	-	1	65	0.7%	14
5	Central Scottsdale	395	8,975	4.7%	10	0	0	0%	-	2	300	3.3%	4
6	Chandler	537	12,867	6.7%	5	15	848	6.6%	2	1	120	0.9%	10
7	Deer Valley/Airport	292	14,172	7.4%	2	1	150	1.1%	6	1	150	1.1%	9
8	Downtown	181	11,281	5.9%	6	1	297	2.6%	4	1	227	2.0%	6
9	Gateway Airport/Loop 202	290	2,805	1.5%	22	1	60	2.1%	7	5	114	4.1%	12
10	Glendale	199	3,568	1.9%	20	0	0	0%	-	2	195	5.5%	7
11	Loop 303/Surprise	159	2,533	1.3%	24	2	17	0.7%	11	7	82	3.2%	13
12	Mesa Downtown	204	1,523	0.8%	27	0	0	0%	-	0	-	-	-
13	Mesa East	456	4,527	2.4%	17	2	13	0.3%	12	1	240	5.3%	5
14	Midtown	392	13,166	6.8%	4	0	0	0%	-	0	-	-	-
15	Midtown/Central Phoenix	507	6,167	3.2%	14	0	0	0%	-	0	-	-	-
16	N Phoenix/Cave Creek	18	148	0.1%	30	0	0	0%	-	0	-	-	-
17	N Scottsdale/Carefree	196	1,945	1.0%	25	0	0	0%	-	1	24	1.2%	17
18	North I-17	58	768	0.4%	28	0	0	0%	-	0	-	-	-
19	Northwest Outlying	31	99	0.1%	31	0	0	0%	-	0	-	-	-
20	Northwest Phoenix	844	10,840	5.6%	7	0	0	0%	-	1	5	0%	19
21	Paradise Valley	268	5,039	2.6%	15	1	300	6.0%	3	0	-	-	-
22	Piestewa Peak Corridor	204	3,455	1.8%	21	0	0	0%	-	0	-	-	-
23	Pinal County	279	1,707	0.9%	26	0	0	0%	-	0	-	-	-
24	Scottsdale Airpark	392	13,268	6.9%	3	2	50	0.4%	8	3	650	4.9%	2
25	Scottsdale South	511	7,662	4.0%	12	2	225	2.9%	5	2	310	4.0%	3
26	South Tempe/Ahwatukee	307	8,062	4.2%	11	0	0	0%	-	1	117	1.5%	11
27	Southwest Outlying	36	310	0.2%	29	0	0	0%	-	0	-	-	-
28	Southwest Phoenix	203	4,827	2.5%	16	0	0	0%	-	2	50	1.0%	16
29	Superstition Corridor	429	6,640	3.5%	13	1	5	0.1%	13	0	-	-	-
30	Tempe	455	15,445	8.0%	1	4	854	5.5%	1	5	790	5.1%	1
31	West I-10	154	2,542	1.3%	23	1	40	1.6%	9	2	17	0.7%	18



## SUBMARKET RENT

No.	Submarket	Market Rent		12 Month Market Rent		QTD Annualized Market Rent	
		Per SF	Rank	Growth	Rank	Growth	Rank
1	44th Street Corridor	\$2.29	7	4.9%	3	4.2%	20
2	Airport Area	\$2.24	9	4.1%	11	5.0%	15
3	Arrowhead	\$2.07	15	3.5%	22	8.5%	5
4	Camelback Corridor	\$2.67	1	4.6%	6	4.4%	18
5	Central Scottsdale	\$2.29	8	3.0%	24	4.1%	22
6	Chandler	\$2.22	10	5.0%	1	10.0%	4
7	Deer Valley/Airport	\$2.07	16	4.0%	12	6.1%	11
8	Downtown	\$2.54	3	1.4%	30	1.6%	30
9	Gateway Airport/Loop 202	\$2.30	6	4.4%	8	16.5%	1
10	Glendale	\$2.07	17	4.0%	14	7.3%	8
11	Loop 303/Surprise	\$2.11	13	4.0%	13	5.5%	13
12	Mesa Downtown	\$1.64	31	2.6%	28	4.8%	16
13	Mesa East	\$1.88	26	3.8%	17	13.5%	3
14	Midtown	\$2.09	14	1.3%	31	2.6%	28
15	Midtown/Central Phoenix	\$1.83	27	4.6%	5	4.0%	23
16	N Phoenix/Cave Creek	\$1.91	25	4.5%	7	3.4%	27
17	N Scottsdale/Carefree	\$1.98	21	2.7%	27	2.2%	29
18	North I-17	\$2.00	20	3.7%	18	7.9%	7
19	Northwest Outlying	\$1.75	28	3.3%	23	5.2%	14
20	Northwest Phoenix	\$1.68	30	3.9%	16	7.2%	9
21	Paradise Valley	\$2.12	12	3.7%	19	3.5%	26
22	Piestewa Peak Corridor	\$1.95	22	4.9%	2	3.9%	24
23	Pinal County	\$1.71	29	2.8%	26	4.4%	19
24	Scottsdale Airpark	\$2.41	5	3.0%	25	3.7%	25
25	Scottsdale South	\$2.46	4	2.5%	29	0.8%	31
26	South Tempe/Ahwatukee	\$2.03	18	4.2%	9	5.8%	12
27	Southwest Outlying	\$1.92	23	3.5%	21	6.7%	10
28	Southwest Phoenix	\$2.01	19	3.7%	20	4.1%	21
29	Superstition Corridor	\$1.92	24	4.2%	10	15.6%	2
30	Tempe	\$2.65	2	4.7%	4	4.8%	17
31	West I-10	\$2.16	11	4.0%	15	8.0%	6

## SUBMARKET VACANCY & NET ABSORPTION

No.	Submarket	Vacancy			12 Month Absorption			
		SF	Percent	Rank	SF	% of Inv	Rank	Construc. Ratio
1	44th Street Corridor	440,607	10.6%	17	(10,446)	-0.3%	22	-
2	Airport Area	1,461,286	14.6%	26	268,809	2.7%	4	-
3	Arrowhead	466,911	10.7%	18	29,986	0.7%	16	0.8
4	Camelback Corridor	1,583,384	16.5%	27	(134,510)	-1.4%	30	-
5	Central Scottsdale	942,667	10.5%	16	30,375	0.3%	15	-
6	Chandler	1,672,115	13.0%	23	1,069,019	8.3%	1	0.5
7	Deer Valley/Airport	1,879,006	13.3%	25	(329,625)	-2.3%	31	-
8	Downtown	1,446,376	12.8%	21	190,248	1.7%	7	1.6
9	Gateway Airport/Loop 202	218,979	7.8%	7	76,916	2.7%	9	0.8
10	Glendale	358,354	10.0%	12	44,320	1.2%	14	-
11	Loop 303/Surprise	263,457	10.4%	15	(21,868)	-0.9%	27	-
12	Mesa Downtown	116,057	7.6%	6	(16,433)	-1.1%	26	-
13	Mesa East	257,914	5.7%	4	15,801	0.3%	17	0.8
14	Midtown	2,316,834	17.6%	29	67,400	0.5%	11	-
15	Midtown/Central Phoenix	390,471	6.3%	5	75,075	1.2%	10	-
16	N Phoenix/Cave Creek	3,000	2.0%	1	0	0%	-	-
17	N Scottsdale/Carefree	249,736	12.8%	22	(13,464)	-0.7%	24	-
18	North I-17	130,944	17.0%	28	(15,066)	-2.0%	25	-
19	Northwest Outlying	4,011	4.1%	2	(2,996)	-3.0%	21	-
20	Northwest Phoenix	1,955,685	18.0%	30	217,028	2.0%	6	-
21	Paradise Valley	479,004	9.5%	11	383,897	7.6%	2	0.8
22	Piestewa Peak Corridor	426,929	12.4%	20	56,839	1.6%	12	-
23	Pinal County	136,390	8.0%	8	(11,670)	-0.7%	23	-
24	Scottsdale Airpark	1,605,505	12.1%	19	97,943	0.7%	8	0.5
25	Scottsdale South	772,693	10.1%	13	232,248	3.0%	5	0.6
26	South Tempe/Ahwatukee	1,066,545	13.2%	24	(95,107)	-1.2%	29	-
27	Southwest Outlying	-	-	-	1,454	0.5%	18	-
28	Southwest Phoenix	243,948	5.1%	3	(2,418)	-0.1%	20	-
29	Superstition Corridor	672,037	10.1%	14	(50,754)	-0.8%	28	-
30	Tempe	1,246,742	8.1%	9	372,662	2.4%	3	2.3
31	West I-10	236,632	9.3%	10	53,517	2.1%	13	0.7

## OVERALL SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2024	205,806,874	3,602,262	1.8%	3,882,042	1.9%	0.9
2023	202,204,612	3,220,061	1.6%	4,846,274	2.4%	0.7
2022	198,984,551	2,549,333	1.3%	3,043,085	1.5%	0.8
2021	196,435,218	3,058,235	1.6%	1,223,864	0.6%	2.5
2020	193,376,983	1,889,797	1.0%	(2,458,129)	-1.3%	-
YTD	192,453,902	966,716	0.5%	80,968	0%	11.9
2019	191,487,186	2,535,788	1.3%	3,785,758	2.0%	0.7
2018	188,951,398	1,131,805	0.6%	3,701,063	2.0%	0.3
2017	187,819,593	1,998,826	1.1%	2,519,951	1.3%	0.8
2016	185,820,767	2,475,327	1.4%	3,625,136	2.0%	0.7
2015	183,345,440	3,111,617	1.7%	4,270,231	2.3%	0.7
2014	180,233,823	859,631	0.5%	2,467,060	1.4%	0.3
2013	179,374,192	148,903	0.1%	1,763,632	1.0%	0.1
2012	179,225,289	1,289,609	0.7%	3,099,721	1.7%	0.4
2011	177,935,680	653,014	0.4%	1,413,130	0.8%	0.5
2010	177,282,666	1,433,430	0.8%	623,385	0.4%	2.3
2009	175,849,236	2,776,195	1.6%	(2,033,614)	-1.2%	-
2008	173,073,041	7,771,662	4.7%	(429,994)	-0.2%	-

## 4 & 5 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2024	75,945,735	3,788,872	5.3%	3,315,139	4.4%	1.1
2023	72,156,863	3,404,773	5.0%	3,513,057	4.9%	1.0
2022	68,752,090	2,734,508	4.1%	2,952,570	4.3%	0.9
2021	66,017,582	2,872,877	4.5%	1,791,599	2.7%	1.6
2020	63,144,705	1,683,753	2.7%	522,778	0.8%	3.2
YTD	62,316,012	855,060	1.4%	706,041	1.1%	1.2
2019	61,460,952	1,933,665	3.2%	2,583,057	4.2%	0.7
2018	59,527,287	990,931	1.7%	1,519,221	2.6%	0.7
2017	58,536,356	1,910,501	3.4%	1,422,554	2.4%	1.3
2016	56,625,855	2,248,139	4.1%	2,048,471	3.6%	1.1
2015	54,377,716	2,524,746	4.9%	2,839,201	5.2%	0.9
2014	51,852,970	1,254,084	2.5%	1,374,348	2.7%	0.9
2013	50,598,886	488,773	1.0%	668,466	1.3%	0.7
2012	50,110,113	920,386	1.9%	1,595,096	3.2%	0.6
2011	49,189,727	442,193	0.9%	866,166	1.8%	0.5
2010	48,747,534	1,267,097	2.7%	733,258	1.5%	1.7
2009	47,480,437	2,079,807	4.6%	261,963	0.6%	7.9
2008	45,400,630	3,685,618	8.8%	510,966	1.1%	7.2

# Supply & Demand Trends

Phoenix Office

## 3 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2024	86,951,364	(31)	0%	490,324	0.6%	-
2023	86,951,395	(14)	0%	997,325	1.1%	-
2022	86,951,409	5	0%	252,698	0.3%	0
2021	86,951,404	369,041	0.4%	(78,203)	-0.1%	-
2020	86,582,363	323,397	0.4%	(1,903,609)	-2.2%	-
YTD	86,394,466	135,500	0.2%	(493,915)	-0.6%	-
2019	86,258,966	700,003	0.8%	1,050,530	1.2%	0.7
2018	85,558,963	246,844	0.3%	1,446,677	1.7%	0.2
2017	85,312,119	339,333	0.4%	638,643	0.7%	0.5
2016	84,972,786	324,664	0.4%	561,937	0.7%	0.6
2015	84,648,122	700,755	0.8%	918,840	1.1%	0.8
2014	83,947,367	(117,604)	-0.1%	645,824	0.8%	-
2013	84,064,971	(103,186)	-0.1%	975,898	1.2%	-
2012	84,168,157	457,099	0.5%	1,670,222	2.0%	0.3
2011	83,711,058	358,408	0.4%	835,427	1.0%	0.4
2010	83,352,650	208,192	0.3%	402,201	0.5%	0.5
2009	83,144,458	620,970	0.8%	(1,196,915)	-1.4%	-
2008	82,523,488	3,876,571	4.9%	262,638	0.3%	14.8

## 1 & 2 STAR SUPPLY & DEMAND

Year	Inventory			Net Absorption		
	SF	SF Growth	% Growth	SF	% of Inv	Construction Ratio
2024	42,909,775	(186,579)	-0.4%	76,579	0.2%	-
2023	43,096,354	(184,698)	-0.4%	335,892	0.8%	-
2022	43,281,052	(185,180)	-0.4%	(162,183)	-0.4%	-
2021	43,466,232	(183,683)	-0.4%	(489,532)	-1.1%	-
2020	43,649,915	(117,353)	-0.3%	(1,077,298)	-2.5%	-
YTD	43,743,424	(23,844)	-0.1%	(131,158)	-0.3%	-
2019	43,767,268	(97,880)	-0.2%	152,171	0.3%	-
2018	43,865,148	(105,970)	-0.2%	735,165	1.7%	-
2017	43,971,118	(251,008)	-0.6%	458,754	1.0%	-
2016	44,222,126	(97,476)	-0.2%	1,014,728	2.3%	-
2015	44,319,602	(113,884)	-0.3%	512,190	1.2%	-
2014	44,433,486	(276,849)	-0.6%	446,888	1.0%	-
2013	44,710,335	(236,684)	-0.5%	119,268	0.3%	-
2012	44,947,019	(87,876)	-0.2%	(165,597)	-0.4%	-
2011	45,034,895	(147,587)	-0.3%	(288,463)	-0.6%	-
2010	45,182,482	(41,859)	-0.1%	(512,074)	-1.1%	-
2009	45,224,341	75,418	0.2%	(1,098,662)	-2.4%	-
2008	45,148,923	209,473	0.5%	(1,203,598)	-2.7%	-

## OVERALL RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2024	\$2.28	111	3.8%	4.3%	25,935,367	12.6%	-0.4%
2023	\$2.19	107	2.1%	0.5%	26,209,104	13.0%	-1.0%
2022	\$2.15	105	3.8%	-1.5%	27,829,429	14.0%	-0.4%
2021	\$2.07	101	3.5%	-5.1%	28,317,161	14.4%	0.7%
2020	\$2.00	98	-8.4%	-8.4%	26,476,774	13.7%	2.1%
YTD	\$2.20	108	1.0%	1.0%	23,044,219	12.0%	0.4%
2019	\$2.18	107	4.9%	0%	22,159,559	11.6%	-0.8%
2018	\$2.08	102	3.6%	-4.7%	23,412,038	12.4%	-1.5%
2017	\$2.01	98	5.1%	-8.0%	26,072,117	13.9%	-0.6%
2016	\$1.91	94	6.1%	-12.4%	26,903,735	14.5%	-0.9%
2015	\$1.80	88	7.3%	-17.5%	28,169,038	15.4%	-0.9%
2014	\$1.68	82	5.2%	-23.1%	29,381,272	16.3%	-1.0%
2013	\$1.60	78	2.6%	-26.9%	31,047,106	17.3%	-1.1%
2012	\$1.56	76	-0.6%	-28.7%	32,917,846	18.4%	-1.1%
2011	\$1.57	77	-3.4%	-28.3%	34,709,520	19.5%	-0.5%
2010	\$1.62	79	-8.7%	-25.7%	35,469,636	20.0%	0.3%
2009	\$1.77	87	-13.1%	-18.7%	34,662,751	19.7%	2.4%
2008	\$2.04	100	-5.5%	-6.4%	29,923,942	17.3%	4.2%

## 4 & 5 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2024	\$2.73	121	3.7%	3.2%	10,649,633	14.0%	-0.1%
2023	\$2.64	117	1.9%	-0.4%	10,176,757	14.1%	-0.9%
2022	\$2.59	114	3.7%	-2.3%	10,285,912	15.0%	-1.0%
2021	\$2.50	110	3.4%	-5.8%	10,504,826	15.9%	1.0%
2020	\$2.41	107	-8.9%	-8.9%	9,424,411	14.9%	1.4%
YTD	\$2.67	118	0.8%	0.8%	8,445,810	13.6%	0.1%
2019	\$2.65	117	6.1%	0%	8,296,791	13.5%	-1.5%
2018	\$2.50	110	3.4%	-5.8%	8,946,183	15.0%	-1.2%
2017	\$2.41	107	4.7%	-8.9%	9,474,473	16.2%	-0.2%
2016	\$2.30	102	7.9%	-13.0%	9,266,208	16.4%	-0.5%
2015	\$2.14	94	8.7%	-19.4%	9,184,630	16.9%	-1.4%
2014	\$1.96	87	7.2%	-25.8%	9,472,695	18.3%	-0.8%
2013	\$1.83	81	4.0%	-30.8%	9,653,728	19.1%	-1.0%
2012	\$1.76	78	-0.3%	-33.5%	10,084,332	20.1%	-1.7%
2011	\$1.77	78	-2.6%	-33.3%	10,744,956	21.8%	-1.1%
2010	\$1.81	80	-8.2%	-31.5%	11,168,929	22.9%	0.5%
2009	\$1.98	87	-12.7%	-25.4%	10,638,906	22.4%	3.0%
2008	\$2.26	100	-4.9%	-14.5%	8,821,062	19.4%	5.9%



## 3 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2024	\$2.17	107	3.9%	1.7%	10,772,379	12.4%	-0.6%
2023	\$2.09	103	2.1%	-2.1%	11,262,735	13.0%	-1.1%
2022	\$2.05	101	3.8%	-4.1%	12,260,070	14.1%	-0.3%
2021	\$1.98	98	3.6%	-7.6%	12,512,759	14.4%	0.5%
2020	\$1.91	94	-7.8%	-10.8%	12,065,508	13.9%	2.5%
YTD	\$2.09	103	1.2%	-2.1%	10,471,170	12.1%	0.7%
2019	\$2.07	102	4.2%	-3.2%	9,842,843	11.4%	-0.5%
2018	\$1.99	98	4.0%	-7.1%	10,193,370	11.9%	-1.5%
2017	\$1.91	94	5.1%	-10.7%	11,471,558	13.4%	-0.5%
2016	\$1.82	90	4.4%	-15.0%	11,809,248	13.9%	-0.3%
2015	\$1.74	86	6.7%	-18.6%	12,044,754	14.2%	-0.5%
2014	\$1.63	81	3.1%	-23.7%	12,342,849	14.7%	-0.9%
2013	\$1.58	78	2.2%	-26.0%	13,106,701	15.6%	-1.3%
2012	\$1.55	76	1.2%	-27.7%	14,185,785	16.9%	-1.5%
2011	\$1.53	75	-3.8%	-28.6%	15,394,556	18.4%	-0.7%
2010	\$1.59	78	-8.9%	-25.8%	15,871,575	19.0%	-0.3%
2009	\$1.74	86	-13.9%	-18.5%	16,064,928	19.3%	2.0%
2008	\$2.02	100	-5.3%	-5.3%	14,318,043	17.4%	3.7%

## 1 & 2 STAR RENT & VACANCY

Year	Market Rent				Vacancy		
	Per SF	Index	% Growth	Vs Hist Peak	SF	Percent	Ppts Chg
2024	\$1.80	103	4.1%	-4.6%	4,513,355	10.5%	-0.5%
2023	\$1.73	99	2.3%	-8.3%	4,769,612	11.1%	-1.1%
2022	\$1.69	96	4.0%	-10.4%	5,283,447	12.2%	0%
2021	\$1.62	93	3.8%	-13.8%	5,299,576	12.2%	0.8%
2020	\$1.56	89	-8.6%	-17.0%	4,986,855	11.4%	2.2%
YTD	\$1.73	99	0.9%	-8.3%	4,127,239	9.4%	0.3%
2019	\$1.71	98	3.8%	-9.2%	4,019,925	9.2%	-0.6%
2018	\$1.65	94	3.0%	-12.5%	4,272,485	9.7%	-1.9%
2017	\$1.60	91	5.9%	-15.0%	5,126,086	11.7%	-1.5%
2016	\$1.51	86	6.2%	-19.7%	5,828,279	13.2%	-2.5%
2015	\$1.42	81	5.8%	-24.4%	6,939,654	15.7%	-1.4%
2014	\$1.35	77	6.0%	-28.6%	7,565,728	17.0%	-1.5%
2013	\$1.27	73	0.3%	-32.6%	8,286,677	18.5%	-0.7%
2012	\$1.27	72	-5.3%	-32.8%	8,647,729	19.2%	0.2%
2011	\$1.34	76	-4.4%	-29.0%	8,570,008	19.0%	0.4%
2010	\$1.40	80	-9.1%	-25.8%	8,429,132	18.7%	1.1%
2009	\$1.54	88	-12.1%	-18.3%	7,958,917	17.6%	2.6%
2008	\$1.75	100	-7.1%	-7.1%	6,784,837	15.0%	3.1%

## OVERALL SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2024	-	-	-	-	-	-	\$210.05	132	7.4%
2023	-	-	-	-	-	-	\$205.37	129	7.4%
2022	-	-	-	-	-	-	\$198.23	125	7.4%
2021	-	-	-	-	-	-	\$184.54	116	7.7%
2020	-	-	-	-	-	-	\$186.18	117	7.7%
YTD	275	\$386.6M	1.7%	\$3,141,338	\$164.54	7.7%	\$205.34	129	7.2%
2019	1,061	\$3.1B	9.4%	\$5,877,106	\$192.32	7.3%	\$205.16	129	7.1%
2018	994	\$3B	10.2%	\$5,416,781	\$176.81	7.1%	\$195.30	123	7.2%
2017	833	\$2.7B	8.0%	\$6,160,705	\$213.24	7.4%	\$188.95	119	7.1%
2016	832	\$2.4B	9.1%	\$5,073,855	\$167.89	7.5%	\$183.09	115	7.1%
2015	854	\$3.2B	11.2%	\$6,284,958	\$168.77	7.7%	\$173.67	109	7.2%
2014	809	\$1.8B	8.7%	\$3,916,135	\$135.17	7.9%	\$163.56	103	7.3%
2013	731	\$1.5B	7.0%	\$3,540,338	\$124.31	7.9%	\$154.23	97	7.5%
2012	777	\$1.4B	6.4%	\$3,451,552	\$133.11	8.4%	\$151.46	95	7.7%
2011	587	\$1.4B	7.2%	\$4,686,520	\$119.41	9.7%	\$152.17	96	7.7%
2010	520	\$570.1M	3.6%	\$2,681,563	\$106.67	9.0%	\$142.75	90	8.1%
2009	367	\$365.7M	1.7%	\$2,023,626	\$128.88	8.5%	\$130.77	82	8.8%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## 4 & 5 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2024	-	-	-	-	-	-	\$253.28	128	7.0%
2023	-	-	-	-	-	-	\$248.02	125	7.0%
2022	-	-	-	-	-	-	\$239.64	121	7.1%
2021	-	-	-	-	-	-	\$222.97	112	7.4%
2020	-	-	-	-	-	-	\$225.26	113	7.4%
YTD	8	\$60.6M	1.4%	\$18,088,749	\$137.69	7.3%	\$250.01	126	6.9%
2019	76	\$1.6B	13.6%	\$36,845,433	\$208.77	7.0%	\$250.56	126	6.8%
2018	52	\$1.2B	11.2%	\$32,436,526	\$197.33	6.1%	\$237.86	120	6.8%
2017	42	\$1.5B	10.1%	\$50,477,576	\$283.64	6.5%	\$230.50	116	6.7%
2016	50	\$1.2B	12.5%	\$30,014,394	\$212.37	6.8%	\$224.19	113	6.7%
2015	51	\$1.8B	16.1%	\$38,542,146	\$212.00	6.4%	\$216.40	109	6.8%
2014	38	\$797.1M	9.5%	\$22,803,496	\$177.10	6.9%	\$205.48	103	6.8%
2013	35	\$534.1M	6.9%	\$16,641,847	\$153.66	6.6%	\$194.10	98	7.0%
2012	19	\$521.7M	5.2%	\$32,295,853	\$201.54	6.8%	\$194.33	98	7.1%
2011	45	\$890.4M	11.8%	\$31,734,882	\$158.03	7.8%	\$195.14	98	7.1%
2010	23	\$258.5M	4.7%	\$14,358,528	\$116.27	7.4%	\$181.95	92	7.5%
2009	6	\$34.8M	0.7%	\$15,257,492	\$101.00	8.7%	\$165.73	83	8.2%

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(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## 3 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2024	-	-	-	-	-	-	\$201.33	134	7.5%
2023	-	-	-	-	-	-	\$196.74	131	7.5%
2022	-	-	-	-	-	-	\$189.88	127	7.5%
2021	-	-	-	-	-	-	\$176.87	118	7.8%
2020	-	-	-	-	-	-	\$178.41	119	7.8%
YTD	150	\$236.8M	1.8%	\$4,140,133	\$173.37	7.4%	\$195.70	131	7.3%
2019	505	\$1.2B	7.6%	\$5,049,599	\$195.98	7.2%	\$195.54	130	7.2%
2018	477	\$1.4B	11.0%	\$6,252,946	\$175.67	7.1%	\$186.49	124	7.3%
2017	394	\$846.7M	6.5%	\$4,962,335	\$182.74	7.4%	\$180.41	120	7.2%
2016	408	\$919.6M	8.1%	\$4,476,972	\$144.96	7.3%	\$175.20	117	7.2%
2015	429	\$1.2B	10.3%	\$5,161,733	\$148.40	7.6%	\$164.85	110	7.3%
2014	406	\$741.7M	8.6%	\$4,148,277	\$125.70	7.9%	\$154.99	103	7.4%
2013	352	\$767.5M	7.8%	\$4,918,819	\$127.82	8.3%	\$146.32	98	7.6%
2012	463	\$727.8M	7.8%	\$4,098,097	\$126.40	9.0%	\$141.84	95	7.8%
2011	343	\$415.5M	6.4%	\$3,240,319	\$87.26	9.5%	\$142.25	95	7.9%
2010	318	\$233.6M	3.5%	\$2,249,203	\$105.86	9.9%	\$133.79	89	8.3%
2009	233	\$245.2M	2.3%	\$3,144,890	\$138.81	8.6%	\$122.65	82	9.0%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

## 1 & 2 STAR SALES

Year	Completed Transactions (1)						Market Pricing Trends (2)		
	Deals	Volume	Turnover	Avg Price	Avg Price/SF	Avg Cap Rate	Price/SF	Price Index	Cap Rate
2024	-	-	-	-	-	-	\$162.71	139	7.7%
2023	-	-	-	-	-	-	\$158.73	135	7.7%
2022	-	-	-	-	-	-	\$152.92	130	7.7%
2021	-	-	-	-	-	-	\$142.30	121	8.0%
2020	-	-	-	-	-	-	\$143.20	122	8.0%
YTD	117	\$89.2M	1.8%	\$1,430,967	\$164.09	8.0%	\$157.72	134	7.5%
2019	480	\$334.2M	7.1%	\$1,195,556	\$132.74	7.5%	\$156.41	133	7.5%
2018	465	\$372.1M	7.4%	\$1,203,895	\$133.89	7.3%	\$149.19	127	7.5%
2017	397	\$331.1M	8.0%	\$1,319,348	\$124.72	7.5%	\$143.78	122	7.4%
2016	374	\$288.8M	6.5%	\$1,198,342	\$122.60	8.1%	\$137.29	117	7.5%
2015	374	\$280M	7.1%	\$1,099,193	\$97.98	8.1%	\$127.31	108	7.7%
2014	365	\$273.2M	8.0%	\$1,175,771	\$90.94	8.2%	\$117.93	100	7.8%
2013	344	\$161.9M	5.5%	\$675,008	\$70.62	7.9%	\$110.35	94	8.1%
2012	295	\$163.2M	5.3%	\$713,659	\$72.00	8.1%	\$106.47	91	8.3%
2011	199	\$125.2M	3.7%	\$779,064	\$78.83	10.6%	\$107.64	92	8.3%
2010	179	\$78.1M	2.7%	\$749,707	\$85.31	7.3%	\$101.91	87	8.7%
2009	128	\$85.8M	1.7%	\$934,328	\$117.95	8.1%	\$94.64	81	9.4%

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.