

Q4 2020: The Year of Disruption

Key Takeaways

- > The year that seemed to never end has finally concluded. COVID-19 cases spiked again as the colder winter months arrived in Arizona, but with the help of a business-minded governor, the state did not enter a second lockdown like many neighboring states had to unfortunately bare. The vaccine distribution provides a path to normalization, which should lead to an economic catch up and optimism for the year ahead to deliver pent-up growth. From the peak of unemployment in April hitting an all-time high of 12.5 percent, metro Phoenix has gradually and diligently been moving in a positive direction. The area has recovered nearly 79 percent of the initial jobs lost. In the months of October and November the financial activities industry increased .24 and .82 percent respectively, compared to the same months last year. Colleges and universities are witnessing an increase of student enrollment into medical fields because of the high demand for healthcare employees in Phoenix.
- > Maricopa County rank #1 in Talent Attraction, according to EMSI's 2020 Talent attraction scorecard that was released in December of 2020. Key highlights from the score showed that larger metro areas like Los Angeles (finished at the bottom of the list) are struggling to retain talent, and mid-sized markets made up more than half of the top 100 (601 total).

Greater Phoenix Office Market

Fourth quarter posted 143,434 square feet of negative net absorption, marking the market's first quarter of negative net absorption following an astonishing run of 34 consecutive quarters of positive net absorption. Sublease availability slightly decreased after reaching a pinnacle in third quarter, however it still indicated an increase of 91 percent compared to fourth quarter 2019.

The direct vacancy rates increased this past quarter to 13.0 percent, increasing 30 bps over the quarter and 80 bps over the year. Office vacancy, overall, had been trending downward until last year, but is now in an upward path.

Market Indicators Relative to prior period	Previous Quarter	Market Q4 2019
Vacancy	↑	↑
Net Absorption	↓	↓
Construction	↓	↓
Rental Rate	↓	↑

Fourth Quarter Employment Trends*

Total Nonfarm Phoenix Metro	↑	↓
Office-Using Phoenix Metro	↑	↓
Total Nonfarm United States	↑	↓
Office-Using United States	↑	↓

*Source: Bureau of Labor Statistics

Summary Statistics	Phoenix Market	Phoenix Class A	Phoenix Class B
Vacancy Rate (Q4 2020)	13.0%	13.5%	13.7%
Change from Q4 2019 (bps)	80	50	120
Net Absorption (thousands SF)	(142)	29	(138)
New Construction (thousands SF)	360	344	16
Under Construction (thousands SF)	2,892	2,426	376
Asking Rents	\$27.67	\$31.83	\$24.83
Q4 2019 Rents	\$26.64	\$31.28	\$24.04
Change from Q4 2019	3.9%	1.8%	3.3%

Greater Phoenix Office Market (continued)

Downtown Submarket delivered only its third-class A spec building since 2010. The 227,113-square-foot building came online with 54 percent leased to ASU.

Under Construction activity remained steady this quarter with buildings that had previously broken ground. However, no new projects were started this quarter. Scottsdale Airpark submarket continues to lead development in the Valley with 785,111 square

feet, which are 45 percent pre-leased, marking a decrease from the previous quarter after Nationwide gave back over 170,000 square feet of direct space.

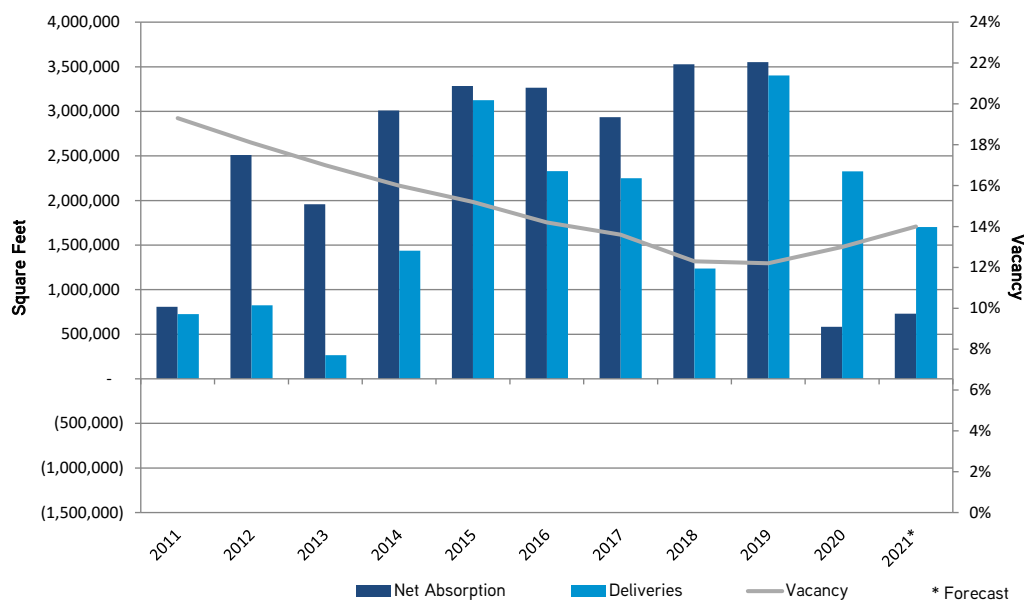
Investment sales soared to over \$570 million late in 2020, after lower sales in the first three quarters that reached only \$647 million dollars combined.

Recent Transactions in the Market

OFFICE SALE ACTIVITY						
Property Address	Submarket	Sale Date	Sale Price	Size SF	Sale Price SF	Class
Grand II/1033 W Roosevelt Way	Tempe	12/1	\$187,500,000	358,800	\$523	A
The Park at SanTan B/3075 W Ray Rd	Chandler	12/16	\$58,499,728	220,000	\$266	A
Plexus/9145 E Pima Rd	Central Scottsdale	12/23	\$22,000,000	73,060	\$301	A

OFFICE LEASE ACTIVITY					
Building Name/Address	Submarket	Lease Type	Tenant	Size SF	Class
N Dobson Rd	Central Scottsdale	Direct / New	Banner Health	80,000	A
1330 W Southern Ave	Airport Area	Direct / New	Amazon	50,000	B
Canyon Corporate Plaza I/2510 W Dunlap Ave	Northwest Phoenix	Direct / New	TSMC	46,618	A

Historical Absorption, Deliveries and Vacancy Rates



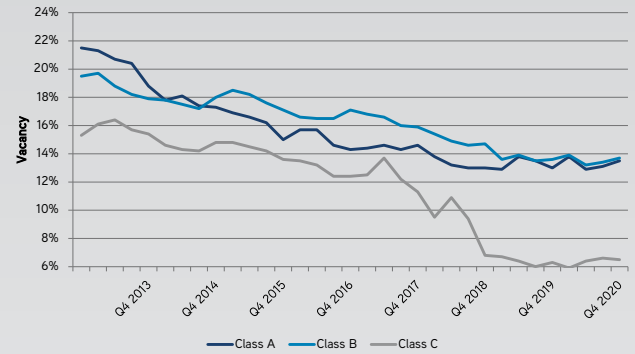
Vacancy:

- Year-over-year direct vacancy for the Greater Phoenix office market increased 80 bps to 13.0 percent, 30 bps over-the-quarter. Vacancy has been increasing throughout 2020 after hitting an all-time low in fourth quarter of 2019 at 12.2 percent. Available sublease space has significantly increased within Class A buildings, rising 4.1 percent over-the-quarter and 125 percent year-over-year, and represents 1.17 percent of the total office inventory.
- Class A direct vacancy rates, currently 13.5 percent, have increased 50 bps both over-the-quarter and year-over-year. This marks the 18th consecutive quarter with Class A vacancy below 15 percent. Within submarkets over 1 million square feet of Class A inventory, Tempe ended the year with the lowest vacancy at 6.3 percent. The Airport Area at 9.5 percent and Paradise Valley at 9.8 percent round off the top three submarkets. Class B direct vacancy increased 120 bps over-the-year and 30 bps over-the-quarter to its current 13.7 percent. Two large move outs from American Express and McKesson contributed to over 200,000 square feet of vacancy.
- The Southwest Phoenix submarket continues to hold the top position for lowest vacancy because the government represents the majority of the occupancy and ownership, posting fourth quarter vacancy of 4.8 percent, which is a decrease of 80 basis points year-over-year.
- For the second consecutive quarter, Chandler submarket has posted the largest year-over-year decrease in vacancy down 5.8 percent to 11.6 percent. The submarket currently has 485,000 square feet of inventory under construction and has delivered more than 1.5 million square feet of new inventory since Q1 2019. Representing 13 percent of the submarkets total inventory, which demonstrates the attractiveness and growth of the Southeast Valley.
- Forecast:** 2020 introduced the entire office workforce to the concept of working from home as a silver lining to the country shutting down. Throughout the past few months of unscheduled new ways of interacting and collaborating with coworkers, the workforce has been given a taste of both situations. While working from home is beneficial for reasons such as removing commute times and office distractions, there is a strong and necessary aspect of career development and growth that is missing. Personal interaction and peer-to-peer guidance are missing from video calls and emails. During the early months of 2021, companies will continue allowing employees to work from home, but the market will shift as more people are immunized and employers realize that productivity and team development is greater in-person.

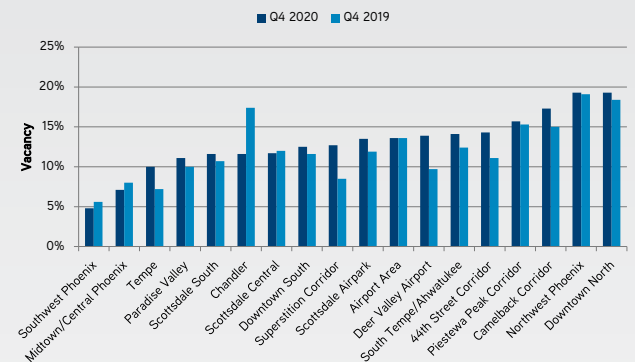
Absorption and Leasing Activity:

- During this past year of uncertainty, companies explored the idea of entirely working from home or subleasing either partial or all their space to reduce their company footprint. As a result, net absorption in the fourth quarter fell negative for the first time in 34 consecutive quarters ending at -143,434 square feet, yet year-to-date figures remained positive by 582,121 square feet.
- Seven out of the city's 10 top largest transaction this year took place within the first and fourth quarters. These two transactions occurred pre-pandemic and after the vaccine was approved. Now that a vaccine is being delivered, tenants are beginning to gain more confidence that the workplace will return to normal.
- Leasing activity has witnessed a broad spectrum of scenarios, ranging from tenants signing long 10-year leases, to tenants signing short term 12-month deals to hold over and buy time. Yet the most peculiar is tenants committing to a new space with decreased density instead of extending the term in their current space. In an example of this scenario, a tenant is moving out of existing space and working from home while the tenant improvements are completed on the new space, since the employees are already set up and adapted at home.
- Forecast:** Throughout the year many tenants opted to execute short-term renewals, which will create a sizable pent-up demand of new deals in 2021. More than ever net-new-to-market requirements are coming into the market, not only from California but from the east coast as well.

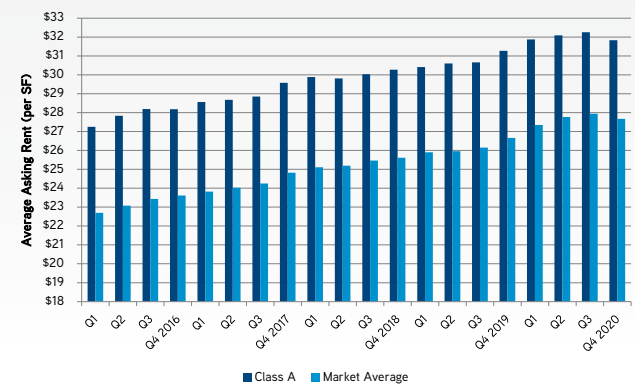
Vacancy by Property Class



Vacancy Among Major Submarkets



Asking Rent Trends



Absorption and Leasing Activity (continued)

- › TSMC committing to North Phoenix will have a similar effect to the impact Intel had on Chandler, creating new high-tech jobs and attracting competitive companies to migrate to Phoenix as well.

Rental Rates:

- › Rental rates increased year-over-year by 3.5 percent but decreased 0.5 percent over-the-quarter to \$27.67. Asking rents in Class A buildings decreased 1.09 percent over-the-quarter but increased 1.76 percent year-over-year to \$31.83 per square foot. Class B buildings experienced a different trend increasing both year-over-year and over-the-quarter by 3.29 and 0.32 percent respectively to \$24.83 per square foot.
- › The amount of sublease space that has become available throughout the year grew by 91 percent. Yet rental rates have not mirrored the increase pushing rates to decline since most of the sublease space is in sought after submarkets and in quality buildings. Tenants paid their own money in addition to landlord-provided allowances for space improvements, and numerous subleases still have plastic wrap on desks and furniture with employees never having stepped foot in the building.
- › **Forecast:** Rental rates have been on the incline for a couple of years in Phoenix. After a slowdown this quarter, rates are expected to continue increasing in alignment with demand. A recovery in 2021 is expected and job growth is expected to continue pushing more demand.

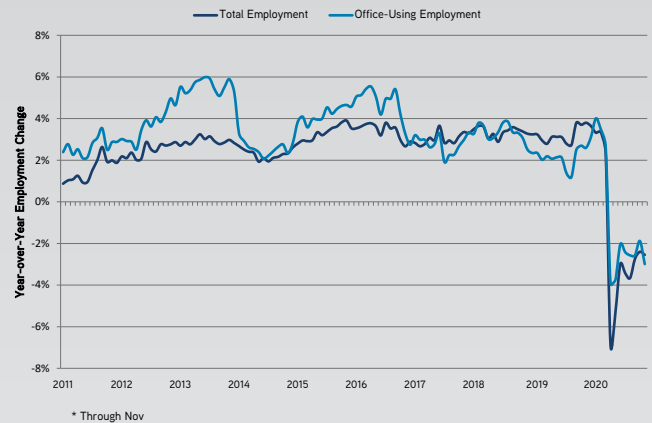
Construction:

- › Three projects were delivered this quarter totaling 360,507 square feet, increasing year-to-date new supply to 2,327,588 square feet. Projects completed this quarter were 38.8 percent leased. While no projects were started this quarter, the pipeline remains robust with over 2.8 million square feet of office space currently under construction. Projects currently under construction are more than 43 percent pre-leased.
- › VanTrust delivered One Chandler Corporate Center Phase II, a 117,394-square-foot Class A building that is 100 percent vacant. Phase I delivered vacant in 2018 and was quickly leased by Allstate Insurance.
- › Wexford Science and Technology delivered the 227,000-square-foot Class A biomedical and life science building at the Phoenix Biomedical Campus. The building is anchored by Arizona State University, occupying three full floors of the building.
- › **Forecast:** Spec development stopped this quarter, but ground prep has begun on multiple proposed sites around the Valley that will be prepared for construction as soon as the economy trends back to full recovery.

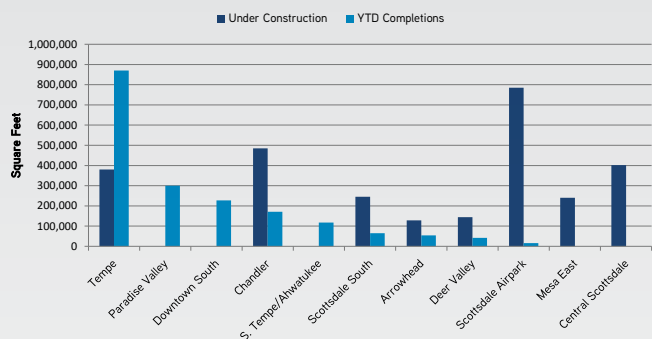
Investment Trends:

- › Fourth quarter investment sales outperformed all three previous quarters, topping \$570 million and elevating year-to-date sales over \$1.2 billion. Sales increased 292.4 percent over-the-quarter, but could not compete with year-over-year sales, decreasing 47.5 percent.
- › Within the past 10 years, four of the Marina Heights buildings in Tempe and 201 E Washington Downtown were the only individual buildings trading over \$150 million prior to this past quarter. During fourth quarter 2020, The Grand Phase II sold for \$187 million (\$522/SF). The building is 100 percent leased to DoorDash on a 15-year lease, at a 6.6 cap rate. This made Tempe the top submarket for investment sales.
- › Chandler submarket trailed behind Tempe with five properties trading for a combined price of \$97 million, and a median price per square foot of \$238. The Park at SanTan was the primary driver, trading at \$58.5 million (\$265/SF). The property had a big block of space become vacant this quarter.

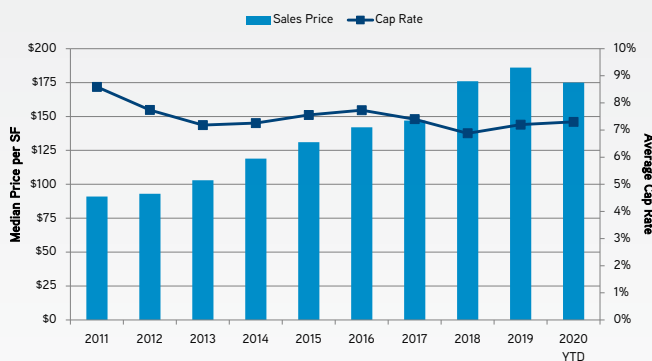
Employment Overview



Construction Trends by Submarket



Investment Trends



Office Market

CLASS BLDGS.	EXISTING PROPERTIES		DIRECT VACANT		SUBLEASE AVAILABLE		TOTAL AVAILABLE		DIRECT VACANT %		NET ABSORPTION - SF		NEW SUPPLY - SF		UNDER CONSTR	AVG. RENT
	TOTAL INVENTORY SF	SF	RATE	SF	RATE	Q4-20	Q4-19	CURRENT PERIOD	YTD	CURRENT PERIOD	YTD	SF	RATE (FS)			
CENTRAL BUSINESS DISTRICT																
Downtown North																
A	17	5,203,025	994,352	19.1%	145,785	2.8%	21.9%	18.4%	(16,455)	(34,557)	-	-	-	-	-	\$25.74
B	91	6,103,887	1,202,444	19.7%	63,144	1.0%	20.7%	19.4%	(14,959)	(18,192)	-	-	-	-	-	\$23.05
C	43	920,095	165,445	18.0%	-	0.0%	18.0%	12.0%	4,942	(55,168)	-	-	-	-	-	\$19.20
Total	151	12,227,007	2,362,241	19.3%	208,929	1.7%	21.0%	18.4%	(26,472)	(107,917)	-	-	-	-	-	\$23.96
Downtown South																
A	14	5,867,142	867,809	14.8%	162,994	2.8%	17.6%	13.0%	120,781	76,200	227,113	227,113	-	-	-	\$31.85
B	39	3,851,046	422,544	11.0%	4,680	0.1%	11.1%	11.3%	1,659	12,857	-	-	-	-	-	\$29.40
C	20	1,108,937	61,531	5.5%	-	0.0%	5.5%	5.4%	(1,200)	(1,279)	-	-	-	-	-	\$22.38
Total	73	10,827,125	1,351,884	12.5%	167,674	1.5%	14.0%	11.6%	121,240	87,778	227,113	227,113	-	-	-	\$31.64
SUBURBAN																
44th St. Corridor																
A	13	1,715,041	250,952	14.6%	128,249	7.5%	22.1%	13.2%	21,608	(24,588)	-	-	-	-	-	\$27.67
B	39	1,821,043	239,212	13.1%	9,962	0.5%	13.7%	8.9%	(40,941)	(77,865)	-	-	-	-	-	\$26.51
C	14	313,108	59,893	19.1%	-	0.0%	19.1%	5.6%	(20,917)	(42,254)	-	-	-	-	-	\$18.15
Total	66	3,849,192	550,057	14.3%	138,211	3.6%	17.9%	10.5%	(40,250)	(144,707)	-	-	-	-	-	\$27.04
Airport Area																
A	12	1,592,479	151,691	9.5%	12,889	0.8%	10.3%	13.3%	7,229	60,392	-	-	-	-	-	\$25.09
B	106	7,324,141	1,171,420	16.0%	137,590	1.9%	17.9%	16.0%	(24,910)	94,441	-	50,336	-	-	-	\$22.05
C	15	904,711	13,535	1.5%	-	0.0%	1.5%	2.2%	(980)	6,470	-	-	-	-	-	\$11.58
Total	133	9,821,331	1,336,646	13.6%	150,479	1.5%	15.1%	14.3%	(18,661)	161,303	-	50,336	-	-	-	\$22.36
Arrowhead																
A	4	260,175	53,507	20.6%	-	0.0%	20.6%	22.2%	6,273	19,191	-	27,401	-	-	-	\$28.98
B	103	2,460,392	291,368	11.8%	5,681	0.2%	12.1%	13.0%	34,151	52,379	-	26,393	128,000	-	-	\$26.55
C	11	211,785	38,654	18.3%	-	0.0%	18.3%	14.3%	(4,371)	(8,405)	-	-	-	-	-	\$21.02
Total	118	2,932,352	383,529	13.1%	5,681	0.2%	13.3%	13.9%	36,053	63,165	-	53,794	128,000	-	-	\$26.19
Camelback Corridor																
A	28	5,113,656	929,525	18.2%	115,058	2.3%	20.4%	17.6%	5,091	(28,700)	-	-	-	-	-	\$38.35
B	77	3,717,287	636,969	17.1%	45,902	1.2%	18.4%	14.3%	(90,185)	(50,152)	-	65,000	-	-	-	\$27.68
C	17	333,526	16,213	4.9%	-	0.0%	4.9%	7.9%	1,730	10,126	-	-	-	-	-	\$24.86
Total	122	9,164,469	1,582,707	17.3%	160,960	1.8%	19.0%	15.9%	(83,364)	(68,726)	-	65,000	-	-	-	\$34.14
Chandler																
A	32	4,457,158	590,189	13.2%	57,410	1.3%	14.5%	20.8%	(43,340)	334,908	-	-	420,000	-	-	\$32.90
B	162	6,606,175	684,407	10.4%	45,796	0.7%	11.1%	9.8%	21,118	115,697	-	170,546	65,000	-	-	\$28.68
C	11	131,725	29,465	22.4%	608	0.5%	22.8%	17.9%	(1,627)	(5,933)	-	-	-	-	-	\$15.07
Total	205	11,195,058	1,304,061	11.6%	103,814	0.9%	12.6%	14.3%	(23,849)	444,672	-	170,546	485,000	-	-	\$30.84
Deer Valley Airport																
A	28	4,644,554	478,803	10.3%	220,672	4.8%	15.1%	2.7%	(2,476)	(351,237)	-	-	144,000	-	-	\$26.65
B	110	8,620,157	1,369,407	15.9%	138,020	1.6%	17.5%	14.1%	(51,471)	(114,632)	-	42,000	-	-	-	\$24.51
C	7	87,797	3,511	4.0%	-	0.0%	4.0%	9.4%	355	4,759	-	-	-	-	-	\$17.20
Total	145	13,352,508	1,851,721	13.9%	358,692	2.7%	16.6%	10.1%	(53,592)	(461,110)	-	42,000	144,000	-	-	\$25.25
Gateway Airport/Loop 202																
A	4	208,734	70,254	33.7%	-	0.0%	33.7%	30.8%	0	34,691	-	58,647	-	-	-	\$32.91
B	50	1,430,993	152,284	10.6%	-	0.0%	10.6%	8.6%	9,240	(29,694)	-	-	61,500	-	-	\$29.87
C	2	33,232	-	0.0%	-	0.0%	0.0%	0.0%	0	0	-	-	-	-	-	\$16.80
Total	56	1,672,959	222,538	13.3%	-	0.0%	13.3%	10.5%	9,240	4,997	-	58,647	61,500	-	-	\$30.73

Office Market

EXISTING PROPERTIES		DIRECT VACANT		SUBLEASE AVAILABLE		TOTAL AVAILABLE	DIRECT VACANT %	NET ABSORPTION - SF		NEW SUPPLY - SF		UNDER CONSTR	AVG. RENT	
CLASS BLDGS.	TOTAL INVENTORY SF	SF	RATE	SF	RATE	Q4-20	Q4-19	CURRENT PERIOD	YTD	CURRENT PERIOD	YTD	SF	RATE (FS)	
SUBURBAN														
Glendale														
A	8	742,061	115,967	15.6%	2,096	0.3%	15.9%	15.4%	2,796	163,965	-	195,500	-	\$31.25
B	41	2,057,303	97,325	4.7%	40,925	2.0%	6.7%	4.5%	22,752	9,646	16,000	16,000	-	\$24.28
C	13	368,904	45,766	12.4%	-	0.0%	12.4%	13.2%	2,340	2,925	-	-	-	\$21.30
Total	62	3,168,268	259,058	8.2%	43,021	1.4%	9.5%	7.6%	27,888	176,536	16,000	211,500	-	\$26.13
Loop 303/ Surprise														
A	2	479,971	-	0.0%	-	0.0%	0.0%	0.0%	0	0	-	-	-	\$-
B	53	1,471,529	176,654	12.0%	3,093	0.2%	12.2%	13.4%	27,821	37,281	-	19,500	-	\$27.05
C	4	66,110	-	0.0%	-	0.0%	0.0%	0.0%	0	0	-	-	-	\$-
Total	59	2,017,610	176,654	8.8%	3,093	0.2%	8.9%	9.7%	27,821	37,281	-	19,500	-	\$27.05
Mesa Downtown														
A	0	-	-	0.0%	-	0.0%	0.0%	0.0%	0	0	-	-	-	\$-
B	20	755,968	68,948	9.1%	-	0.0%	9.1%	10.0%	2,655	6,533	-	-	-	\$22.76
C	15	243,458	38,519	15.8%	-	0.0%	15.8%	7.7%	(5,139)	(19,692)	-	-	-	\$16.52
Total	35	999,426	107,467	10.8%	-	0.0%	10.8%	9.4%	(2,484)	(13,159)	-	-	-	\$21.60
Mesa East														
A	4	428,504	10,429	0.0%	174,993	40.8%	43.3%	2.4%	0	0	-	-	240,000	\$34.05
B	56	1,978,389	102,646	5.2%	54,228	2.7%	7.9%	4.1%	(7,414)	(20,796)	-	-	-	\$21.88
C	29	569,666	38,898	6.8%	-	0.0%	6.8%	9.0%	(1,560)	12,601	-	-	-	\$16.77
Total	89	2,976,559	151,973	5.1%	229,221	0.0%	12.8%	4.8%	(8,974)	(8,195)	-	-	240,000	\$32.80
Midtown/Central Phoenix														
A	0	-	-	0.0%	-	0.0%	0.0%	0.0%	0	0	-	-	-	\$-
B	86	2,962,486	281,303	9.5%	19,418	0.7%	10.2%	10.2%	(20,191)	20,193	-	-	-	\$23.37
C	49	1,858,936	59,680	3.2%	9,020	0.0%	3.7%	3.9%	4,188	12,681	-	-	-	\$18.66
Total	135	4,821,422	340,983	7.1%	28,438	0.6%	7.7%	7.8%	(16,003)	32,874	-	-	-	\$22.53
Northwest Phoenix														
A	11	1,358,827	380,783	28.0%	-	0.0%	28.0%	23.4%	12,045	(63,455)	-	-	-	\$24.84
B	128	5,369,313	1,187,949	22.1%	33,936	0.6%	22.8%	23.3%	(26,875)	63,714	-	-	-	\$19.28
C	94	2,121,174	136,471	6.4%	1,479	0.1%	6.5%	6.8%	(11,435)	6,971	-	-	-	\$13.60
Total	233	8,849,314	1,705,203	19.3%	35,415	0.4%	19.7%	19.4%	(26,265)	7,230	-	-	-	\$20.60
Paradise Valley														
A	16	1,736,237	170,913	9.8%	65,719	3.8%	13.6%	10.0%	(1,280)	272,653	-	300,000	-	\$29.04
B	68	2,040,175	221,778	10.9%	29,458	1.4%	12.3%	10.3%	14,911	(12,333)	-	-	-	\$25.79
C	19	292,772	60,904	20.8%	-	0.0%	20.8%	7.5%	(6,591)	(38,820)	-	-	-	\$21.92
Total	103	4,069,184	453,595	11.1%	95,177	2.3%	13.5%	10.0%	7,040	221,500	-	300,000	-	\$27.62
Piestewa Peak Corridor														
A	3	412,800	68,456	16.6%	-	0.0%	16.6%	13.2%	0	(13,983)	-	-	-	\$28.39
B	48	2,228,583	374,916	16.8%	9,200	0.4%	17.2%	15.2%	(16,893)	(36,956)	-	-	-	\$24.46
C	18	288,634	15,052	5.2%	-	0.0%	5.2%	1.2%	0	(11,637)	-	-	-	\$19.81
Total	69	2,930,017	458,424	15.6%	9,200	0.3%	16.0%	13.5%	(16,893)	(62,576)	-	-	-	\$24.65
Scottsdale Airpark														
A	58	6,571,076	1,062,372	16.2%	266,950	4.1%	20.2%	14.6%	(43,340)	(103,035)	-	-	785,111	\$31.94
B	202	5,733,815	618,036	10.8%	175,806	3.1%	13.8%	10.4%	9,945	(7,502)	-	15,449	-	\$27.23
C	9	171,324	9,318	5.4%	-	0.0%	5.4%	3.9%	3,243	(2,644)	-	-	-	\$23.00
Total	269	12,476,215	1,689,726	13.5%	442,756	3.5%	17.1%	12.5%	(30,152)	(113,181)	-	15,449	785,111	\$30.08

Office Market

EXISTING PROPERTIES		DIRECT VACANT		SUBLEASE AVAILABLE		TOTAL AVAILABLE	DIRECT VACANT %	NET ABSORPTION - SF		NEW SUPPLY - SF		UNDER CONSTR	AVG. RENT	
CLASS	BLDG.	TOTAL INVENTORY SF	SF	RATE	SF	RATE	Q4-20	Q4 -19	CURRENT PERIOD	YTD	CURRENT PERIOD	YTD	SF	RATE (FS)
SUBURBAN														
Scottsdale Central														
A	25	2,627,214	285,125	10.9%	230,061	8.8%	19.6%	13.1%	41,738	58,507	-	-	212,000	\$29.49
B	137	4,976,993	617,751	12.4%	145,685	2.9%	15.3%	9.1%	38,747	(163,405)	-	-	190,000	\$26.96
C	8	116,077	-	0.0%	-	0.0%	0.0%	7.1%	1,701	8,214	-	-	-	\$21.84
Total	170	7,720,284	902,876	11.7%	375,746	4.9%	16.6%	10.4%	82,186	(96,684)	-	-	402,000	\$27.87
Scottsdale South														
A	19	2,943,435	293,196	10.0%	100,625	3.4%	13.4%	8.7%	(72,899)	(35,713)	-	-	244,998	\$35.33
B	78	2,886,190	392,172	13.6%	103,037	3.6%	17.2%	12.3%	(28,897)	20,143	-	65,000	-	\$30.29
C	30	509,163	50,916	10.0%	3,841	0.8%	10.8%	8.1%	(13,267)	(9,523)	-	-	-	\$31.30
Total	127	6,338,788	736,284	11.6%	207,503	3.3%	14.9%	10.3%	(115,063)	(25,093)	-	65,000	244,998	\$32.55
South Tempe/Ahwatukee														
A	9	1,038,037	203,502	19.6%	-	0.0%	19.6%	11.2%	19,482	16,730	117,394	117,394	-	\$31.15
B	129	5,991,217	823,213	13.7%	29,397	0.5%	14.2%	14.0%	926	16,720	-	-	-	\$23.94
C	10	342,404	10,904	3.2%	-	0.0%	3.2%	0.0%	0	(10,904)	-	-	-	\$19.86
Total	148	7,371,658	1,037,619	14.1%	29,397	0.4%	14.5%	13.0%	20,408	22,546	117,394	117,394	-	\$24.73
Southwest Phoenix														
A	5	749,164	129,003	17.2%	-	0.0%	17.2%	18.7%	0	10,827	-	-	-	\$28.00
B	30	1,762,792	78,198	4.4%	-	0.0%	4.4%	3.9%	0	23,801	-	-	-	\$26.88
C	34	2,012,653	11,670	0.6%	-	0.0%	0.6%	0.6%	0	0	-	-	-	\$17.36
Total	69	4,524,609	218,871	4.8%	-	0.0%	4.8%	4.9%	0	34,628	-	-	-	\$27.03
Superstition Corridor														
A	4	571,010	60,424	10.6%	-	0.0%	10.6%	15.2%	5,446	26,382	-	-	-	\$26.07
B	134	4,281,560	588,735	13.8%	27,526	0.6%	14.4%	9.5%	5,464	(139,404)	-	-	22,040	\$22.41
C	21	390,626	31,099	8.0%	-	0.0%	8.0%	7.4%	16,269	(2,292)	-	-	-	\$14.02
Total	159	5,243,196	680,258	13.0%	27,526	0.5%	13.5%	10.0%	27,179	(115,314)	-	-	22,040	\$22.77
Tempe														
A	38	8,074,721	505,624	6.3%	248,979	3.1%	9.3%	6.2%	(35,647)	742,435	-	800,333	380,125	\$40.92
B	137	6,011,836	943,550	15.7%	74,061	1.2%	16.9%	8.9%	(60,619)	(344,099)	-	70,000	-	\$25.27
C	37	888,085	44,790	5.0%	-	0.0%	5.0%	7.1%	(1,570)	18,686	-	-	-	\$19.70
Total	212	14,974,642	1,493,964	10.0%	323,040	2.2%	12.1%	7.4%	(97,836)	417,022	-	870,333	380,125	\$32.42
West I-10														
A	3	153,971	15,067	9.8%	5,473	9.8%	13.3%	14.5%	2,211	7,299	-	-	-	\$27.20
B	50	1,714,487	148,255	8.6%	9,716	0.6%	9.2%	10.0%	55,049	77,285	-	60,976	-	\$27.33
C	7	127,488	1,347	1.1%	-	0.0%	1.1%	3.2%	1,200	2,758	-	-	-	\$19.86
Total	60	1,995,946	164,669	8.3%	15,189	0.8%	9.0%	9.9%	58,460	87,342	-	60,976	-	\$27.29
GRAND TOTAL														
A	357	56,948,992	7,687,943	13.5%	1,937,953	3.4%	16.9%	14.5%	29,263	1,168,912	344,507	1,726,388	2,426,234	\$31.83
B	2,174	94,157,757	12,891,484	13.7%	1,206,261	1.3%	15.0%	13.3%	(138,917)	(464,340)	16,000	601,200	466,540	\$24.83
C	537	14,412,390	943,581	6.5%	14,948	0.1%	6.7%	6.0%	(32,689)	(122,360)	0	0	0	\$19.95
Total	3,068	165,519,139	21,523,008	13.0%	3,159,162	1.9%	14.9%	12.2%	(142,343)	582,212	360,507	2,327,588	2,892,774	\$27.67
QUARTERLY TOTALS														
2020 4Q	3,068	165,519,139	21,523,008	13.0%	3,159,162	1.9%	14.6%	12.2%	(142,343)	582,212	360,507	2,327,588	2,892,774	\$27.67
2020 3Q	3,065	165,315,569	20,978,083	12.7%	3,170,078	1.9%	14.6%	12.2%	109,718	724,555	448,785	1,859,700	3,331,560	\$27.83
2020 2Q	3,056	164,715,327	20,531,304	12.5%	2,398,130	1.5%	13.9%	12.5%	487,207	614,837	510,697	1,510,072	3,314,455	\$27.64
2020 1Q	3,046	163,582,750	20,164,124	12.3%	1,803,256	1.1%	13.4%	12.3%	127,630	127,630	999,375	982,060	3,365,672	\$27.35
2019 4Q	3,038	157,536,990	19,288,398	12.2%	1,650,352	1.0%	12.7%	12.2%	1,062,381	3,551,769	794,754	3,107,186	2,848,823	\$26.66

As new, corrected or updated information is obtained, it is incorporated in both current and historical data, which may invalidate comparison to previously issued reports.

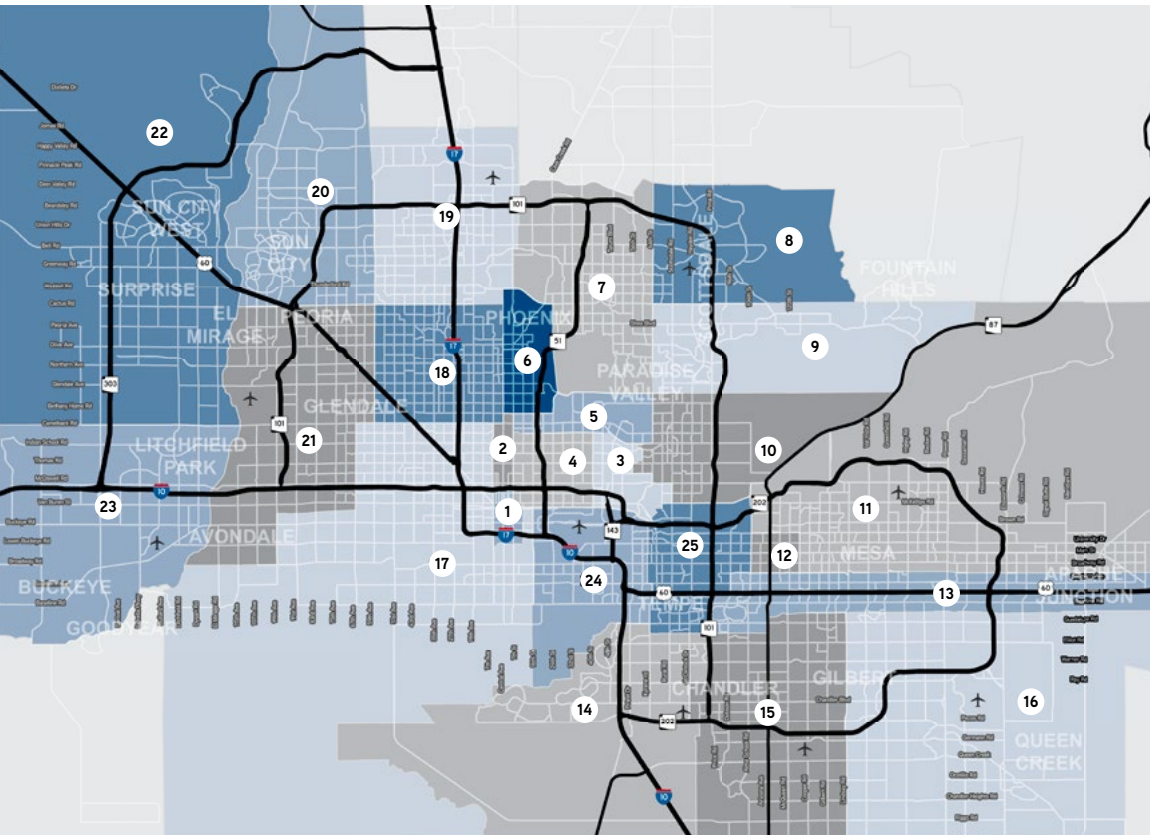
Outlook:

The outlook for the Greater Phoenix office market remains extremely optimistic. Phoenix is moving up to become a top tier market, competing with larger markets for corporate headquarters. There is strong, pent-up demand from companies that signed short-term renewals during the pandemic because of the unknow factor. New construction will be delivered with a standard health certification to adapt to the changing environment, touchless technology will be available at premier buildings, and office density will decrease to allow for appropriate distancing.

Vaccine progress will remain a dominant market narrative throughout 2021. As confidence grows, we will see a transition

year, moving back to services from goods, and to in-person from virtual. The scars of 2020 will remain vivid from businesses that did not survive.

In the midst of the COVID-19 outbreak, information and data is emerging at a quick and uneven rate. The information contained herein has been obtained from sources deemed reliable at the time the report was written. While every reasonable effort has been made to ensure its accuracy, we cannot guarantee it. No responsibility is assumed for any inaccuracies. Readers are encouraged to consult their professional advisors prior to acting on any of the material contained in this report.



- 1. Downtown South
- 2. Downtown North
- 3. 44th St. Corridor
- 4. Midtown/Central Phoenix
- 5. Camelback Corridor
- 6. Piestewa Peak Corridor
- 7. Paradise Valley
- 8. Scottsdale AirPark
- 9. Central Scottsdale
- 10. Scottsdale South
- 11. Mesa East
- 12. Mesa Downtown
- 13. Superstition Corridor
- 14. South Tempe/Ahwatukee
- 15. Chandler
- 16. Gateway Airport/Loop 202
- 17. Southwest Phoenix
- 18. Northwest Phoenix
- 19. Deer Valley/Airport
- 20. Arrowhead
- 21. Glendale
- 22. Loop 303/Surprise
- 23. West 1-10
- 24. Airport Area
- 25. Tempe

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