

# Market Report

In Quarter 1 of 2020 there was a total of 23,290,544 vacant available in the Phoenix market. The 4 & 5 star properties represented a 17.6% vacancy rate compared to 14.8% for the greater Phoenix office market. In Q1 2020 there has been Net Deliveries of 934,752 SF to the market bringing the total existing inventory to 192 million square feet. Average asking rates are \$26.08/sf up 3.4% from one year ago.



## Rental and Vacancy Rates

Direct Asking Rent (\$/SF)	Total Vacancy Rate	YoY Change
\$31.83	4 & 5 Star Office 14.1%	▼ 0.6%
\$24.58	3 Star Office 12%	■ 0.6%

## Recent Transactions

	Tenant	Size	Submarket	Type	Sector
1	Zovio	130,000	Chandler	Lease	Office
2	CIOX	100,000	Phoenix	Lease	Office
3	McKesson	123,000	Scottsdale	Lease	Office

## Occupier's Perspective



Given the impacts of the coronavirus and increasing vacancy rates, landlords may provide alternative concessions.



Prior to the pandemic, high employment growth increased demand for office space.



Large tenants expanded into the Phoenix market including McKesson with 123,000 SF.

## Market Trends



There has been consistent rate growth in the overall office market as well as in each class of space with the average asking rate currently at \$26.08.

Vacancy rates have slightly increased, with the current average office vacancy rate now at 12.1%.

Deliveries remain strong with 982,060 SF completed in Q1 and 3.4 Million SF under construction.