

FIVE FAST FACTS

Phoenix, Arizona Office Market

1

SUBLEASE VACANCIES DECREASE

The amount of vacant sublease space available for lease decreased quarter-over-quarter for the first time in over three years, as direct vacancies outpaced sublease vacancies for the second consecutive quarter.



CAMELBACK CORRIDOR MAINTAINS LEAD

The Camelback Corridor submarket continues its streak of positive quarterly absorption going back to 2021, while commanding the region's highest Class A rental rates and well below average vacancy rates.



2

LEASING ACTIVITY SLOWS

Gross leasing activity continued a downward trend for the fifth quarter in a row. In the first quarter of 2023, leasing activity was down 15% quarter-over-quarter and down 45% year-over-year.



3

ASKING RENTAL RATES AT ALL-TIME HIGH

Despite increasing vacancies and subdued leasing activity, average asking rental rates continue to rise. Overall asking rent reached \$28.84 per square foot in Q1 2023.



4

CONSTRUCTION REMAINS SOFT

The total office square footage currently under construction is at its lowest level in over a decade at 326K square feet. This equates to just 16% of the 10-year average construction level of 2.1M square feet.



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