

# PHOENIX OFFICE MARKET

Yardi® Matrix

## Market Analysis

Second Quarter 2018

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## Phoenix's Continuous Momentum



Phoenix's office market continues to bloom, as a result of increased interest from tech companies attracted by a business-friendly climate. In recent years, the metro shifted from a call-center hub into a strong market capable to draw in big guns of the tech industry such as **Uber** and **Yelp**, as well as growing players, including **Upgrade** and **Orb Health**. However, tenants chose to open regional headquarters in the metro, while major relocations are still not in sight.

Roughly **12,000 office-using jobs** were added in the metro year-over-year in February, while employment increased overall by 260 basis points. Significant gains in Education and Health Services and Construction have been offset by losses in other sectors, such as Information.

Completions reached **2.1 million square feet** in the 12 months ending in April, a 470-basis-point decrease from the previous year. Phoenix –Papago gained ground on the already-established submarkets, such as Tempe and Scottsdale–Shea Corridor, with 213,000 square feet delivered last year and another 358,000 square feet currently under construction. This signals a shift toward expanding suburban submarkets, both in terms of development and leasing in the coming quarters.

Transaction activity also picked up in 2017, reaching **\$2.2 billion**, a whopping 48.7% uptick from the previous year.