# PHOENIX OFFICE MARKET

# Yardi<sup>®</sup> Matrix

# **Market Analysis**

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Contacts

#### Jeff Adler

Vice President & General Manager of Yardi Matrix Jeff.Adler@Yardi.com (800) 866-1124 x2403

#### Jack Kern

Director of Research and Publications Jack.Kern@Yardi.com (800) 866-1124 x2444

#### Chris Nebenzahl

Senior Analyst Chris.Nebenzahl@Yardi.com (800) 866-1124 x2200

#### Veronica Grecu

Senior Real Estate Market Analyst Veronica.Grecu@Yardi.com (306) 955-1855 x7583

### **Author**

### Jeff Hamann

Associate Editor Jeffrey.Hamann@Yardi.com (212) 977-0041 x8598

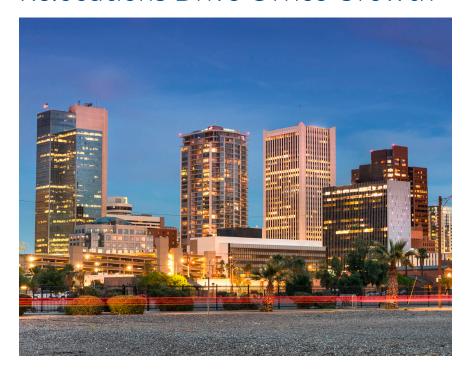
Aggregated and anonymized expense and lease expiration data is available to Yardi Matrix subscribers. Please contact us for details!

## For more information please contact:

### Ron Brock, Jr.

Industry Principal, Matrix JR.Brock@Yardi.com (480) 663-1149 x2404

# Relocations Drive Office Growth



Phoenix's office market is in good shape. Employment growth in the office sector is strong, driven by corporate relocation and expansion plans. At the same time, affordability has made Phoenix one of the U.S.'s fastest-growing metros as people continue to in-migrate, drawn by a burgeoning tech scene and stable employment opportunities in most sectors.

The vast majority of the more than \$1 billion in office sales closed this year involved Class B assets, as investors focused more on value-add acquisitions given soaring demand for high-end, amenitized space. This demand has also driven significant office construction in Phoenix. At the end of July, some 3.7 million square feet was under construction, most of it speculative. Leasing activity is likely to lead to even more development in the near term, particularly as the metro continues to position itself as a more affordable alternative to California's markets. Phoenix's average asking price was just under \$26 per square foot, more than \$10 below the national average.

Coworking is on the rise, comprising 1.5 million square feet as of July. WeWork entered the market earlier this year with four leases totaling nearly 270,000 square feet. As Phoenix's vacancy rate is likely to hold steady in the near future, shared space providers will presumably continue to increase their presence in high-demand areas of the market.

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