

PHOENIX **OFFICE** NEWSLETTER

2026 Q2



(480) 425-5500
www.svndesertcommercial.com
5343 N 16th St. #100 | Phoenix, AZ 85016





QUARTERLY **OFFICE** UPDATE

The Phoenix office market continued its gradual recovery in early 2026 as stronger tenant demand, limited new construction, and the removal of obsolete office buildings improved market fundamentals. Vacancy declined to 15.8%, down from a peak of 17.1% in 2024, as demolitions and redevelopment reduced excess inventory while leasing activity continued to strengthen.

Leasing volume reached 10 million square feet over the past 12 months, bringing activity within 5% of pre-pandemic levels. Companies continue to prioritize high-quality, amenity-rich buildings and move-in-ready spec suites, often selecting smaller, more efficient footprints in premier locations. Demand remains concentrated in Class A and trophy properties across the Camelback Corridor, Scottsdale, and Tempe, while traditional suburban office buildings continue to recover at a slower pace.

Supply conditions continue to support the market's recovery. Only 1.8 million square feet of office space has been delivered over the past three years, and less than 2 million square feet is expected through 2027 as higher construction costs and tighter lending conditions limit new development. At the same time, many owners are investing in renovations and spec suites to better compete for tenants, while obsolete office properties continue to be repositioned or redeveloped.

MARKET CAP RATES

8.6%

METRO PHOENIX

8.84%

NATIONAL


PRICE PER SF
\$219
1Q2026: \$208


VACANCY
15.8%
1Q2026: 16.3%


MARKET RENT
\$30.72/SF/YR
1Q2026: \$30.48


NET ABSORPTION
(15,900) SF
1Q2026: (319,465) SF

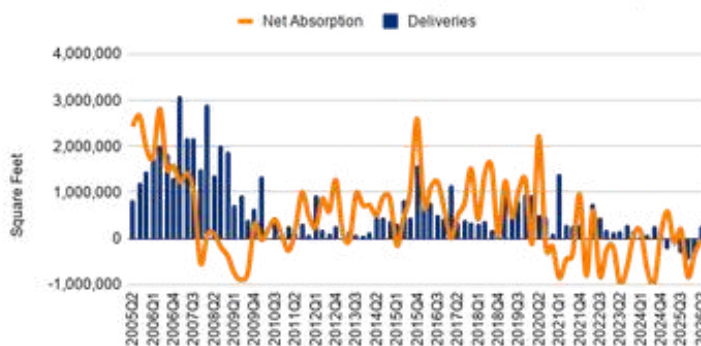
Q2
2026

Average asking rents increased 1.5% over the past year. Premium office properties continue to command record rental rates because of limited availability, while landlords are relying on competitive tenant improvement packages rather than reducing face rents to attract tenants.

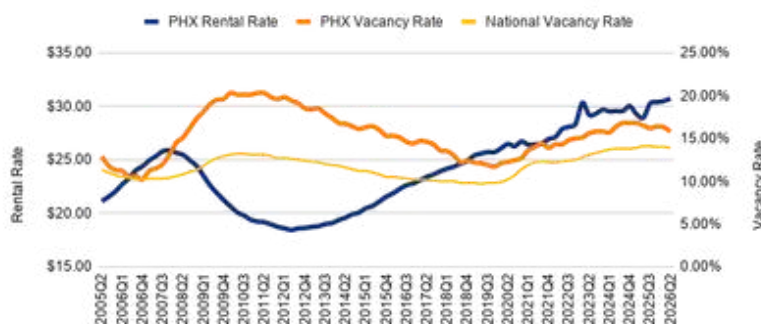
Office sales also gained momentum, totaling \$2.3 billion over the past 12 months as private investors and owner-users pursued well-located assets at discounted pricing. Although elevated vacancy and slower office employment growth remain headwinds, Phoenix's long-term outlook remains favorable, supported by continued population growth, expanding advanced manufacturing, and major investments from companies such as TSMC.

Sources: CoStar; U.S. Department of the Treasury; AZ Commerce Authority; ARMLS; U.S. Census Bureau; U.S. Bureau of Labor Statistics.

METRO PHOENIX DELIVERIES & ABSORPTION



RENTAL & VACANCY RATES



ECONOMIC HIGHLIGHTS

Employment Data (YOY)

4.20% Unemployment Rate (USA) -0.10%
4.10% Unemployment Rate (Metro PHX) -0.20%
2.587MM Employed Residents (Metro PHX)

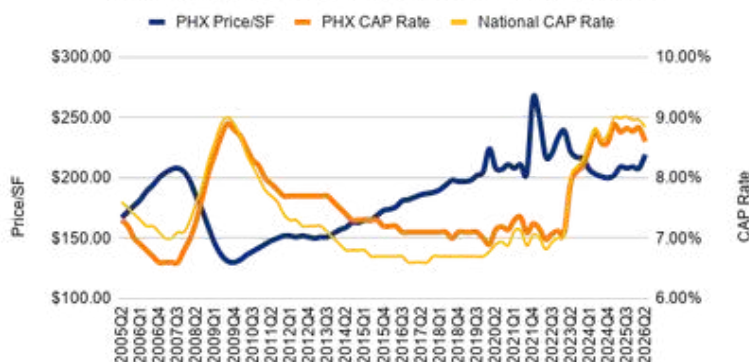
Metro PHX Housing Trends (YOY)

\$457,000 Median Home Price -0.11%
7,733 Closed Transactions +9.30%
84 Days on Market +6 Days
4.45 Months of Supply -0.13 Months

10-Year Treasury

4.44% as of 6/30/2026
+20 BPS YOY | -1 BPS MOM

PRICES & CAP RATE TRENDS



SUBMARKET ANALYSIS

	Inventory (Millions)	Under Construction (SF)	Total Vacancy Rate	12 Mo. Absorption	Market Rent/Sf	Market Sale Price/SF	Market CAP Rate	12 Mo. Sales Volume
Central Phoenix	4.1M	4.1K	22.0%	(257K)	\$30.12	\$207	8.2%	\$24.9M
Chandler	5.3M	0	24.5%	(337K)	\$26.88	\$192	8.7%	\$127M
Chandler Airport	4.9M	51K	8.1%	52.5K	\$31.44	\$231	8.7%	\$84.8M
Chandler N/Gilbert	9.3M	40K	18.1%	128K	\$40.44	\$255	7.9%	\$86M
Deer Vly/Pinnacle Pk	9.3M	33.7K	16.5%	(79.6K)	\$31.56	\$223	8.5%	\$138M
Falcon Fld/Apache Jct	13M	0	15.1%	377K	\$31.32	\$249	8.3%	\$73.3M
Glendale	11.8M	0	16.8%	209K	\$30.72	\$208	8.7%	\$222M
Goodyear	11.1M	0	25.9%	(396K)	\$31.56	\$193	8.9%	\$106M
Grand Avenue	3.2M	183K	6.6%	61.6K	\$36.60	\$281	8.7%	\$138M
Mesa	3.8M	93.5K	11.1%	15.1K	\$31.56	\$220	8.4%	\$27.2M
North Airport	2.7M	0	6.0%	(2.6K)	\$31.08	\$228	8.8%	\$22.7M
North Black Canyon	1.6M	0	8.1%	(20.6K)	\$22.44	\$154	8.8%	\$3.9M
North Outlying	4.9M	0	12.4%	(76K)	\$26.28	\$202	8.9%	\$31.9M
Northwest Outlying	13M	0	23.9%	(108K)	\$26.16	\$162	9.2%	\$88.3M
Pinal County	6M	0	10.3%	(23.3K)	\$25.56	\$182	8.6%	\$75.2M
S Airport N of Roeser	168K	0	3.9%	4.5K	\$26.04	\$211	8.5%	\$0
S Airport S of Roeser	1.9M	0	10.6%	(10.5K)	\$28.32	\$193	8.5%	\$15.7M
SC N of Salt River	890K	0	8.4%	3.2K	\$30.36	\$230	8.6%	\$2.7M
SC S of Salt River	175K	0	3.6%	(1.6K)	\$26.40	\$169	8.8%	\$0
Scottsdale Airpark	10.5M	0	15.2%	142K	\$24.00	\$156	9.1%	\$74.7M
Scottsdale/Salt River	5.5M	410K	14.4%	63.1K	\$30.60	\$221	8.5%	\$65.8M
Southwest Outlying	3.5M	0	17.1%	(64K)	\$25.92	\$176	9.0%	\$7.6M
Surprise	1.8M	0	8.3%	(96.6K)	\$25.44	\$158	9.6%	\$4.8M
SW N of Buckeye Road	13.9M	558K	11.3%	263K	\$33.12	\$249	8.3%	\$192M
SW S of Buckeye Road	8M	0	16.5%	196K	\$35.52	\$262	8.2%	\$153M
Tempe East	7M	0	16.2%	149K	\$28.08	\$213	8.5%	\$128M
Tempe Northwest	309K	0	0.0%	1.2K	\$25.20	\$167	8.8%	\$3.8M
Tempe Southwest	4.5M	0	4.7%	(34.3K)	\$29.04	\$181	8.9%	\$3.7M
Tolleson	6.5M	0	15.0%	(194K)	\$26.88	\$205	8.8%	\$98.3M
W Phx N of Thomas Rd	21M	0	17.3%	44.8K	\$34.92	\$244	8.4%	\$215M
W Phx S of Thomas Rd	2.5M	14.9K	8.1%	13.6K	\$33.12	\$262	8.2%	\$49.3M
Total/Averages	\$192.14 M	\$1.3 M	12.8%	\$22.5 K	\$29.57	\$209	8.6%	\$2.26 B

OFFICE SALES



LAKEFRONT AT SCOTTSDALE

**7501 E MCCORMICK PKY
SCOTTSDALE, AZ**

Sale Date: 5/29/2026 Bldg Type: Class A
Sale Price: \$25.5M Built: 1980
Price/SF: \$276.97 RBA: ±92,067 SF



APOLLO CORPORATE HQ

**4025 S RIVERPOINT PKY
PHOENIX, AZ**

Sale Date: 5/15/2026 Bldg Type: Class A
Sale Price: \$48.65M Built: 2006
Price/SF: \$181.55 RBA: ±267,962 SF



SCOTTSDALE PERIMETER

**17600 N PERIMETER DR
SCOTTSDALE, AZ**

Sale Date: 5/20/2026 Bldg Type: Class B
Sale Price: \$20.75M Built: 1999
Price/SF: \$46.00 RBA: ±452,588 SF

MEDICAL SALES



COPPER POINT

**3530 S VAL VISTA DR
GILBERT, AZ**

Sale Date: 6/11/2026 Bldg Type: Class B
Sale Price: \$51.5M Built: 2008
Price/SF: \$550.42 RBA: ±93,565 SF



STAPLEY MEDICAL CENTER

**1840 S STAPLEY DR
MESA, AZ**

Sale Date: 6/10/2026 Bldg Type: Class A
Sale Price: \$24.07M Built: 2007
Price/SF: \$264.88 RBA: ±90,950 SF

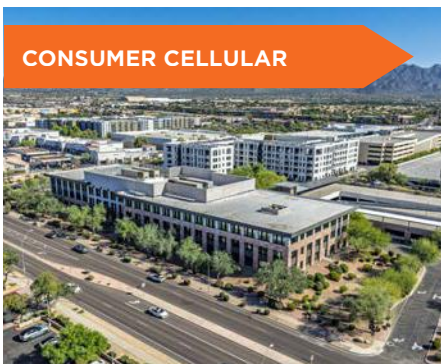


**DESERT HARBOR MEDICAL
COMMONS**

**9000 W THUNDERBIRD RD
PEORIA, AZ**

Sale Date: 5/21/2026 Bldg Type: Class A
Sale Price: \$20.55M Built: 2022
Price/SF: \$468.40 RBA: ±43,873 SF

OFFICE LEASES



CONSUMER CELLULAR

**8501 E RAINTREE DR
SCOTTSDALE, AZ**

Sign Date: 5/17/2026 Bldg Type: Class A
Lease Rate: \$20.16 FS Built: 2006
Direct Lease Leased: ±123,340 SF



**MCCARTHY BUILDING
COMPANIES**

**3133 E CAMELBACK RD
PHOENIX, AZ**

Sign Date: 6/29/2026 Bldg Type: Class A
Lease Rate: \$48.00 FS Built: 1999
Direct Lease Leased: ±96,252 SF

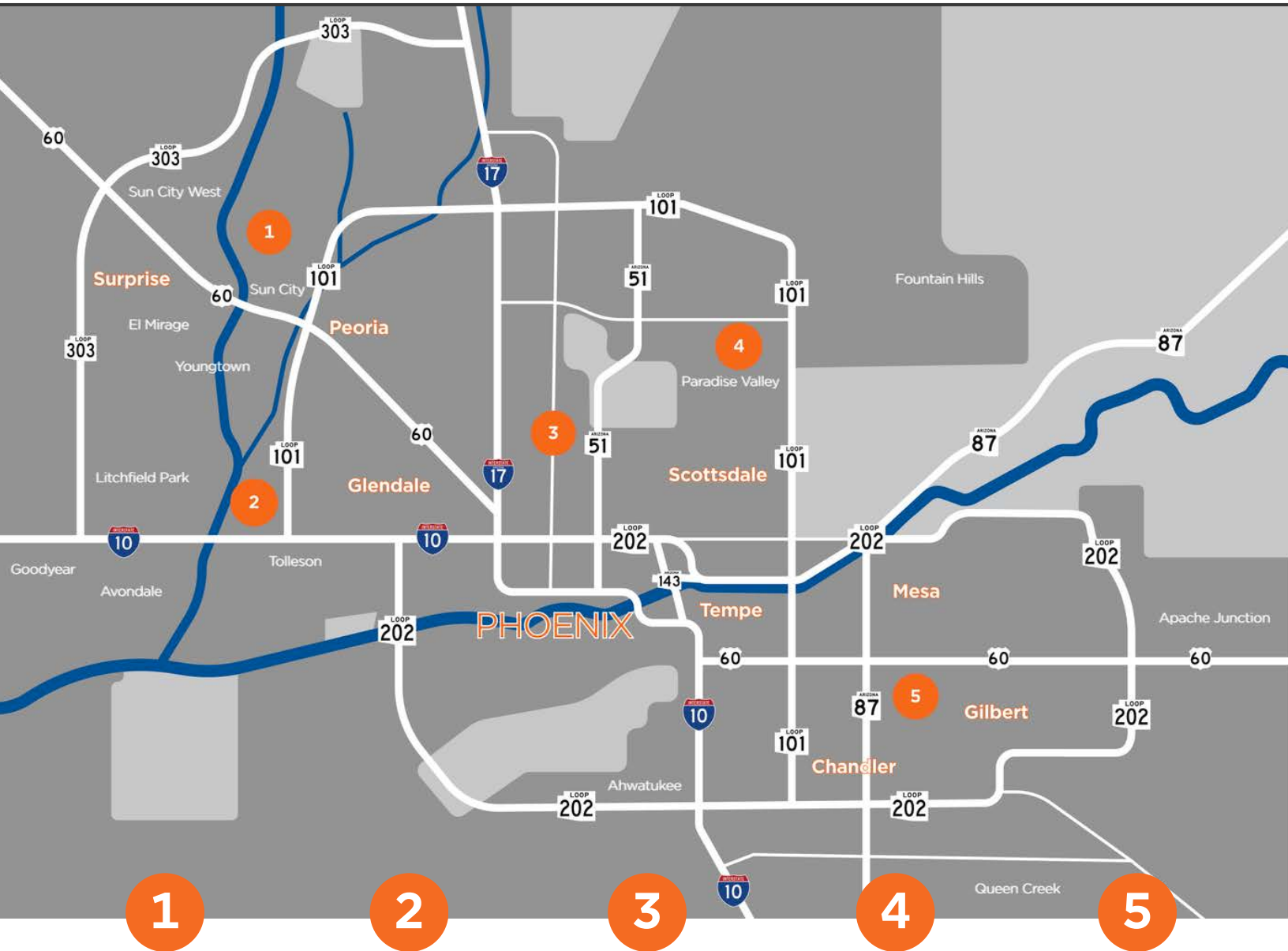


ASSISTRX

**2160 E ELLIOT RD
TEMPE, AZ**

Sign Date: 5/01/2026 Bldg Type: Class A
Lease Rate: \$20.04 FS Built: 2015
Sublease Leased: ±49,790 SF

QUARTERLY **OFFICE** CONDO REPORT



NW VALLEY

PRICE PSF

\$452

RENT PSF

\$30.84

SW VALLEY

PRICE PSF

\$421

RENT PSF

\$32.28

PHOENIX

PRICE PSF

\$332

RENT PSF

\$28.92

SCOTTSDALE/PV SE VALLEY

PRICE PSF

\$362

RENT PSF

\$31.56

PRICE PSF

\$365

RENT PSF

\$29.28



PRICE PSF
\$338.95
 ▲ 8.99% YOY



RENT PSF
\$30.72
 ▲ 6.22% YOY



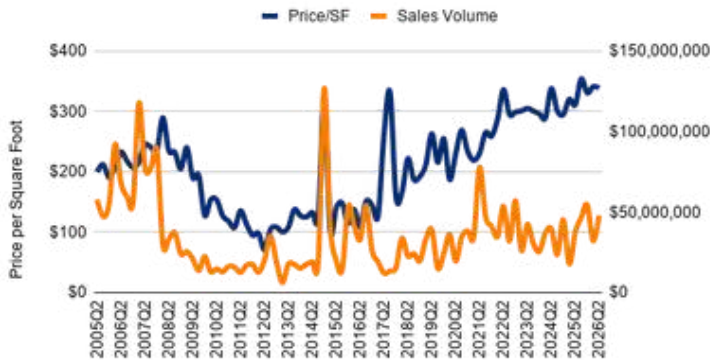
DEALS SOLD
57
 ▲ 32.5% YOY



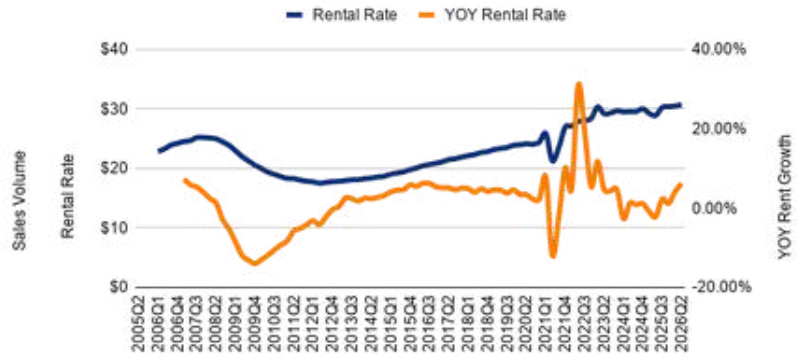
INVENTORY (MOS.)
6.60
 ▼ 23.08% YOY

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SALES PRICE PSF AND SALES VOLUME



RENT PSF AND YOY RENT GROWTH



NOTABLE TRANSACTIONS



PARADISE VALLEY OFFICE

10930 N TATUM BLVD, # 101 PHOENIX, AZ

Sale Date: 4/30/2026 Bldg Type: Office/Medical
 Sale Price: \$1,550,000 Built: 2003
 Price/SF: \$496.48 GBA: ±3,122 SF
 Sale Type: Investment



**SUNRISE PROFESSIONAL
CENTER**

8410 W THOMAS RD, #136 PHOENIX, AZ

Sale Date: 4/26/2026 Bldg Type: Office/Medical
 Sale Price: \$1,475,000 Built: 2005
 Price/SF: \$449.01 GBA: ±3,285 SF
 CAP Rate: 6.86% Sale Type: Investment



BELL CANYON OFFICES

16841 N 31ST AVE, #1 PHOENIX, AZ

Sale Date: 5/20/2026 Bldg Type: Office/Medical
 Sale Price: \$1,460,000 Built: 2005
 Price/SF: \$283.13 GBA: ±5,175 SF
 Sale Type: Owner/User



**CAMELBACK 101
PROFESSIONAL PLAZA**

9515 W CAMELBACK RD, #136 PHOENIX, AZ

Sale Date: 6/17/2026 Bldg Type: Office/Medical
 Sale Price: \$1,460,000 Built: 2008
 Price/SF: \$382.50 GBA: ±7,636
 Sale Type: Investment



**GREENWAY GARDEN
OFFICES**

3710 W GREENWAY RD, # 101 PHOENIX, AZ

Sale Date: 6/18/2026 Bldg Type: Office/Medical
 Sale Price: \$880,000 Built: 2007
 Price/SF: \$249.65 GBA: ±3,525 SF
 Sale Type: Owner/User



**GREENWAY PROFESSIONAL
PARK**

15255 N 40TH ST, #125 PHOENIX, AZ

Sale Date: 6/04/2026 Bldg Type: Office/Medical
 Sale Price: \$523,500 Built: 2006
 Price/SF: \$345.32 GBA: ±1,516 SF
 Sale Type: Owner/User



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