Q3
2026

PHOENIX OFFICE NEWSLETTER

2026Q3



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

SVN



QUARTERLY OFFICE UPDATE

Phoenix's office market is showing signs of recovery, with improving leasing activity and fewer available spaces helping stabilize conditions. Vacancy declined to 15.5% in the first half of 2026, down from a peak of 17.3% in 2024. Over the past year, the market recorded 1.3 million square feet of positive net absorption, while new leasing reached 9.5 million square feet, approaching pre-pandemic levels.

The recovery remains uneven. Tenants are gravitating toward newer, well-located buildings with modern amenities and move-in-ready suites. As a result, high-quality office properties are performing much better than older, less competitive buildings. Some companies are downsizing while upgrading their space, reflecting a greater emphasis on quality over size. Meanwhile, overall asking rents increased 2.7% over the past year, although premium buildings in desirable areas such as the Camelback Corridor, Scottsdale, and Tempe continue to command significantly higher rates.

Limited new construction is helping support the market. Only 2 million square feet of office space was delivered over the past three years, and approximately 950,000 square feet is currently under construction. At the same time, older office buildings are being demolished or redeveloped for industrial, residential, and other uses. These trends are reducing excess inventory and limiting competition for newer properties.

MARKET CAP RATES

8.4%	8.68%
METRO PHOENIX	NATIONAL

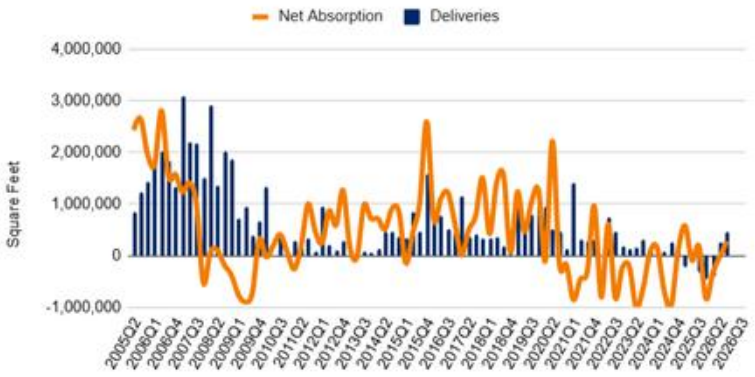
PRICE PER SF	VACANCY	MARKET RENT	NET ABSORPTION
$225	15.7%	$31.44/SF/YR	271,133 SF
2Q2026: $219	2Q2026: 15.8%	2Q2026: $30.72	2Q2026: (15,900) SF

Investment activity is also improving, with approximately $2 billion in office sales during the 12 months ending in the second quarter of 2026, up 26% year-over-year. Private investors, owner-occupiers, and redevelopment groups are taking advantage of discounted property values, particularly for vacant or underperforming buildings.

Phoenix's broader economic growth continues to benefit from population gains, relatively affordable living costs, and major investments in advanced manufacturing. TSMC's planned $265 billion investment in its North Phoenix campus is a notable driver of regional business activity.
Looking ahead, the office market is expected to recover gradually through 2027. However, slow job growth, elevated vacancy, economic uncertainty, and changing workplace needs remain challenges. Continued improvement will depend largely on tenant demand and the market's ability to reposition older office properties.

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)	±0.00%
4.90% Unemployment Rate (Metro PHX)	+0.80%
2.542 MM Employed Residents (Metro PHX)	

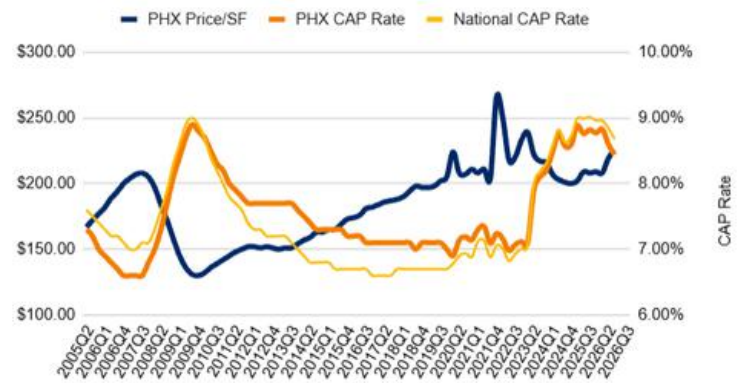
Metro PHX Housing Trends (YOY)

$450,000 Median Home Price	-1.53%
5,881 Closed Transactions	-23.9%
85 Days on Market	+1 Days
4.21 Months of Supply	-0.24 Months

10-Year Treasury

5.29% as of 9/30/2026
+113 BPS YOY | +54 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
44th Street Corridor	4.1M	4.1K	23.20%	(253K)	$30.72	$213	8.10%	$7.3M
Airport Area	5.2M	0	24.30%	(39.3K)	$25.80	$186	8.70%	$24.1M
Arrowhead	5M	51K	8.60%	44.7K	$32.40	$243	8.50%	$140M
Camelback Corridor	9.3M	40K	17.00%	230K	$42.72	$277	7.70%	$116M
Central Scottsdale	9.4M	33.7K	16.50%	(106K)	$32.16	$230	8.30%	$132M
Chandler	13.1M	0	14.70%	153K	$32.40	$257	8.20%	$82.5M
Deer Valley/Airport	11.8M	0	13.40%	668K	$31.32	$216	8.50%	$173M
Downtown	11.6M	0	24.10%	(360K)	$31.80	$207	8.60%	$61.8M
Gateway Airport/Loop 202	3.2M	131K	6.00%	101K	$39.12	$297	8.50%	$111M
Glendale	3.8M	59.8K	11.10%	6.4K	$32.40	$224	8.40%	$40M
Loop 303/Surprise	2.7M	0	6.80%	(22.4K)	$31.68	$242	8.50%	$47.6M
Mesa Downtown	1.6M	0	7.90%	(2.6K)	$22.56	$151	9.00%	$4.9M
Mesa East	4.9M	0	11.20%	(30.9K)	$27.00	$209	8.70%	$40.6M
Midtown	13M	0	22.60%	83.3K	$26.04	$170	9.00%	$89M
Midtown/Central Phoenix	6.2M	0	10.70%	(82.9K)	$25.92	$187	8.40%	$59.9M
N Phoenix/Cave Creek	168K	0	4.00%	3.8K	$26.40	$221	8.30%	$0
N Scottsdale/Carefree	1.8M	0	9.40%	4.2K	$27.72	$199	8.30%	$15.1M
North I-17	890K	0	8.40%	(5.5K)	$31.20	$243	8.40%	$2.7M
Northwest Outlying	175K	0	3.40%	-837	$27.00	$180	8.60%	$0
Northwest Phoenix	10.6M	0	16.40%	162K	$24.24	$162	9.00%	$73.1M
Paradise Valley	6M	0	13.50%	557K	$30.96	$228	8.30%	$63.3M
Piestewa Peak Corridor	3.5M	0	17.70%	(104K)	$26.16	$182	8.80%	$2.2M
Pinal County	1.8M	0	6.70%	(68.6K)	$27.00	$164	9.30%	$10.2M
Scottsdale Airpark	14.3M	520K	12.90%	197K	$34.80	$256	8.20%	$88.2M
Scottsdale South	8M	0	16.20%	173K	$36.96	$275	8.00%	$61.5M
South Tempe/Ahwatukee	6.7M	0	15.40%	222K	$28.08	$214	8.50%	$77.8M
Southwest Outlying	304K	0	0%	0	$25.44	$172	8.60%	$0
Southwest Phoenix	4.6M	0	4.70%	14.2K	$29.28	$190	8.70%	$13.6M
Superstition Corridor	6.5M	0	15.00%	(118K)	$27.36	$210	8.70%	$106M
Tempe	20.8M	0	16.50%	83.1K	$36.60	$260	8.20%	$193M
West I-10	2.5M	14.9K	7.20%	37.4K	$34.08	$263	8.20%	$45.4M
Total/Averages	**193.5M**	**854.5K**	**12.44%**	**(835.4K)**	**$30.24**	**$217**	**8.49%**	**$1.88B**

NOTABLE **TRANSACTIONS**

Q3 2026

OFFICE SALES



2415 E CAMELBACK RD
PHOENIX, AZ

Sale Date: 8/25/2026
Sale Price: $86M
Price/SF: $384.70

Bldg Type: Class A
Built: 1997
RBA: ±223,550 SF



3352 E CAMELBACK RD
PHOENIX, AZ

Sale Date: 8/17/2026
Sale Price: $5.5M
Price/SF: $599.72

Bldg Type: Class C
Built: 1966/1992
RBA: ±9,171 SF



702 E OSBORN RD
PHOENIX, AZ

Sale Date: 7/9/2026
Sale Price: $6.8M
Price/SF: $192.38

Bldg Type: Class B
Built: 1984
RBA: ±35,346 SF

MEDICAL SALES



10752 N 89TH PL
SCOTTSDALE, AZ

Sale Date: 7/1/2026
Sale Price: $16M
Price/SF: $310.55

Bldg Type: Class B
Built: 1986
RBA: ±51,509 SF



8952 E DESERT COVE AVE
SCOTTSDALE, AZ

Sale Date: 7/1/2026
Sale Price: $9.5M
Price/SF: $308.88

Bldg Type: Class B
Built: 1996
RBA: ±30,769 SF



95891 W EUGIE AVE
GLENDALE, AZ

Sale Date: 9/11/2026
Sale Price: $5.8M
Price/SF: $161.81

Bldg Type: Class B
Built: 1990
RBA: ±35,845 SF

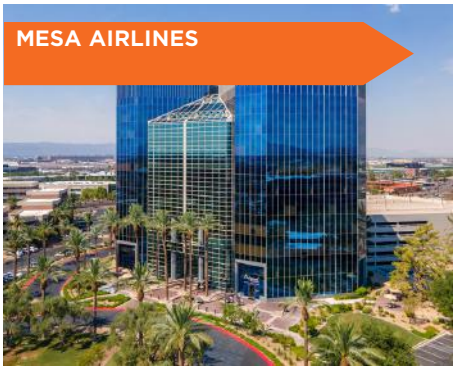
OFFICE LEASES



7137-7161 E RANCHO VISTA DR
SCOTTSDALE, AZ

Sign Date: 7/7/2026
Lease Rate: $33.00 FS
Direct Lease

Bldg Type: Class A
Built: 2021
Leased: ±84,262 SF



1665 W ALAMEDA DR
PHOENIX, AZ

Sign Date: 9/1/2026
Lease Rate: $35.16 FS
Direct Lease

Bldg Type: Class B
Built: 1986
Leased: ±2,860 SF



1665 W ALAMEDA DR
TEMPE, AZ

Sign Date: 8/7/2026
Lease Rate: $24.00 FS
Direct Lease

Bldg Type: Class A
Built: 1969 | 2026
Leased: ±91,037 SF

QUARTERLY **OFFICE** CONDO REPORT



1	2	3	4	5
NW VALLEY	**SW VALLEY**	**PHOENIX**	**SCOTTSDALE/PV**	**SE VALLEY**
PRICE PSF	PRICE PSF	PRICE PSF	PRICE PSF	PRICE PSF
$349	**$382**	**$332**	**$351**	**$338**
RENT PSF	RENT PSF	RENT PSF	RENT PSF	RENT PSF
$31.32	**$32.64**	**$29.64**	**$31.20**	**$32.88**

Q3 2026

PRICE PSF	RENT PSF	DEALS SOLD	INVENTORY (MOS.)
$292	$31.44	40	8.73
▼ -17.47% YOY	▲ 3.93% YOY	▼ 31.03% YOY	▼ 210.17% YOY

SALES PRICE PSF AND SALES VOLUME



RENT PSF AND YOY RENT GROWTH



NOTABLE TRANSACTIONS



14275 N 87TH ST, # 210
SCOTTSDALE, AZ

Sale Date: 8/12/2026
Sale Price: $1,900,000
Price/SF: $306.80

Bldg Type: Office
Built: 2004
GBA: ±6,193 SF
Sale Type: Owner/User



7514 E MONTEREY WAY, #3
SCOTTSDALE, AZ

Sale Date: 9/30/2026
Sale Price: $1,350,000
Price/SF: $569.62

Bldg Type: Office/Medical
Built: 1979
GBA: ±2,370 SF
Sale Type: Owner/User



9515 W CAMELBACK RD, #108
SOTTSDALE, AZ

Sale Date: 8/14/2026
Sale Price: $1,058,400
Price/SF: $416.00

Bldg Type: Office/Medical
Built: 2009 | 2011
GBA: ±2,550 SF
Sale Type: Owner/User



1095 W RIO SALADO PKY, #105
TEMPE, AZ

Sale Date: 7/27/2026
Sale Price: $640,000
Price/SF: $325.04

Bldg Type: Office
Built: 2007
GBA: ±1,969 SF
Sale Type: Investment



1525 N GRANITE REEF RD, BLD B
SCOTTSDALE, AZ

Sale Date: 8/03/2026
Sale Price: $450,000
Price/SF: $273.06

Bldg Type: Office/Medical
Built: 1980
GBA: ±1,648 SF
Sale Type: Owner/User



1525 N GRANITE REEF RD, BLD B
SCOTTSDALE, AZ

Sale Date: 8/03/2026
Sale Price: $450,000
Price/SF: $346.15

Bldg Type: Office/Medical
Built: 1980
GBA: ±1,300 SF
Sale Type: Owner/User



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