



Office Market Report

Phoenix - AZ

PREPARED BY



Gabe Rushing
Director of Brand Management & Marketing



OFFICE MARKET REPORT

| | |
|-------------------------------|-----------|
| Market Key Statistics | 1 |
| Leasing | 3 |
| Rent | 8 |
| Construction | 11 |
| Under Construction Properties | 13 |
| Sales | 15 |
| Sales Past 12 Months | 17 |
| Economy | 19 |
| Market Submarkets | 24 |
| Supply & Demand Trends | 28 |
| Rent & Vacancy | 30 |
| Sale Trends | 32 |

12 Mo Deliveries in SF

914K

12 Mo Net Absorption in SF

(1.7M)

Vacancy Rate

15.9%

12 Mo Rent Growth

3.5%

Phoenix saw the addition of another -650,000 SF of net vacant office space to the market in 23Q3 as tepid demand and broad-based economic uncertainty continued to pressure the sector. Total empty space has climbed nearly 50% since the end of 2019, driving the metro-wide vacancy rate from 11.0% in 19Q4 to 15.9% today, matching a level last seen in 2015.

The increased adoption of hybrid work arrangements has led to a structural shift in the relationship between job growth and occupied office space, with occupiers placing renewed emphasis on space utilization. Prior to the pandemic, the two metrics would generally move in the same direction, but the rise of flexible configurations has reduced their correlation. For example, although total employment in the traditional office-using sectors is now 41,000 positions higher than it was before the pandemic, total occupied office space has declined by more than 3 million SF. This indicates many companies are operating at lower space-per-employee requirements, reducing underlying space demand.

The surge in sublease availabilities further underscores the challenging environment the sector is facing. About 7.7 million SF is currently on the sublet market, up from an average of 2 million SF from 2006 to 2019. That amount represents 3.9% of the metro's total office inventory, ranking Phoenix as one of the most heavily impacted sublease markets in the country.

Geographically, Chandler and Tempe have shouldered the brunt of the impact as technology and insurance firms downsize or shutter offices here.

The lack of meaningful construction activity has helped avoid exacerbating the supply and demand imbalance. Developers completed just 760,000 SF over the past 12 months, and only 1.1 million SF is currently underway. The bulk of the pipeline is medical properties, which

have held up better than their traditional office counterparts.

Despite an unrelenting rise in metro-wide vacancy, rents in the Phoenix office market have been surprisingly stable. Average asking rents climbed 3.5% over the past 12 months, outpacing the national average of 0.7%. When accounting for inflation, however, annual rent growth is modestly negative. In addition to the sector's macro headwinds, the upswing in sublease availabilities could play a role in softening rents over the near term. The average base rent for sublet space is about 20% lower than direct space, providing tenants with affordable alternatives. CoStar's Base Case forecast calls for nominal rent growth to turn negative in 2024.

Sales volume remains modest as elevated debt costs, scarce availability of financing, and the sector's uncertain outlook drive a prolonged period of price discovery. Less than \$1 billion worth of Phoenix office assets changed hands in the first nine months of the year, representing one of the weakest three-quarter periods in over a decade. Deals that feature a meaningful value-add opportunity either through repositioning or lease-up are getting across the finish line, as are 4 & 5 Star properties in traditionally strong-performing locations. These recent transactions will generally trade at about a 30% discount from the estimated peak pricing.

Moving forward, expectations are for further weakness in the Phoenix office market over the near to midterm. The expiration of in-place leases will force office users to make decisions about their space needs, many of whom are expected to downsize their footprints, given lower office utilization rates and space-per-worker requirements. A potential economic slowdown presents further headwinds and could give tenants pause before making large, long-term space commitments.

KEY INDICATORS

| Current Quarter | RBA | Vacancy Rate | Market Rent | Availability Rate | Net Absorption SF | Deliveries SF | Under Construction |
|-----------------|--------------------|--------------|----------------|-------------------|-------------------|----------------|--------------------|
| 4 & 5 Star | 69,535,011 | 24.5% | \$34.92 | 27.4% | (136,516) | 0 | 938,015 |
| 3 Star | 86,222,333 | 13.2% | \$27.77 | 15.4% | 315,066 | 150,000 | 169,855 |
| 1 & 2 Star | 39,571,957 | 6.7% | \$23.24 | 7.3% | (106,560) | 0 | 0 |
| Market | 195,329,301 | 15.9% | \$29.42 | 18.1% | 71,990 | 150,000 | 1,107,870 |

| Annual Trends | 12 Month | Historical Average | Forecast Average | Peak | When | Trough | When |
|----------------------|----------|--------------------|------------------|-----------|---------|-------------|---------|
| Vacancy Change (YOY) | 1.2% | 14.2% | 17.7% | 20.0% | 2011 Q1 | 8.4% | 1999 Q3 |
| Net Absorption SF | (1.7M) | 2,602,566 | (494,899) | 9,306,074 | 2006 Q2 | (2,873,446) | 2009 Q3 |
| Deliveries SF | 914K | 3,712,106 | 913,574 | 9,083,957 | 2007 Q4 | 136,525 | 2013 Q4 |
| Rent Growth | 3.5% | 1.6% | 0.8% | 11.2% | 2006 Q3 | -12.8% | 2009 Q4 |
| Sales Volume | \$1.3B | \$2B | N/A | \$4B | 2022 Q2 | \$346.1M | 2010 Q3 |

The Phoenix office market has seen negative net absorption in 11 of the past 13 quarters as users continue to reevaluate their space needs in the wake of hybrid work models. Over the past 12 months, the market recorded -1.8 million SF of net absorption, as tenants opted to downsize their footprints or shutter offices altogether. As a result, the metro-wide vacancy rate has risen from about 11.0% before the pandemic to 15.9% today, and expectations are for further increases over the short to midterm as in-place leases expire.

Space availabilities are highest at 4 & 5 Star properties, with 27.4% of this inventory currently available for lease. A combination of high-profile office closures by companies like Carvana and Silicon Valley Bank as well as the delivery of vacant buildings has contributed to the weakness. Furthermore, the bulk of sublease accumulation has also been at the top of the market, particularly for Tempe and Chandler properties that were previously leased to expanding technology and insurance firms. Filling these larger blocks of space has proven to be difficult as many users gravitate toward smaller footprints at multi-tenant buildings in the most desirable areas. As a result, the Phoenix office market has about 7.7 million SF available for sublease, nearly tripling the pre-COVID 15-year average of about 2 million SF. The share of total inventory on the sublease market is now at 3.9%, ranking Phoenix as one of the most heavily impacted sublease markets in the country.

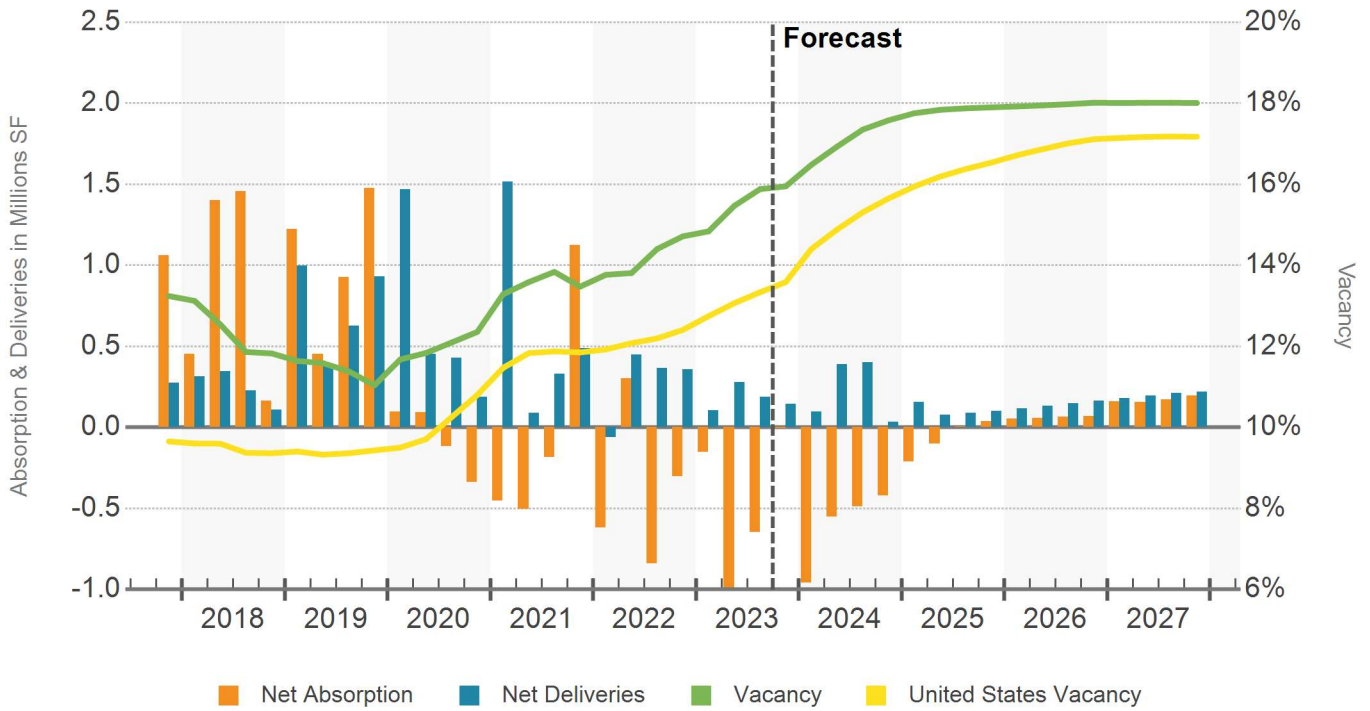
Although net absorption remains starkly negative due to continued move-outs and surging vacant sublease space, actual leasing volume is largely in line with historical figures. In the 12-month period ending in 23Q3, just over 10 million SF was leased, moderately lagging the average from 2015 to 2019 of 10.9 million SF

per year. The largest space commitment this year was Onsemi's 170,200-SF lease at the former McKesson office in Scottsdale. The semiconductor supplier company is relocating its corporate headquarters from a pre-1960s-vintage research and design campus near McDowell Road and 52nd Street to the Scottsdale office that was built in 2018. A representative of Onsemi cited the desire for a more modern, environment-friendly facility and better location as the reasons for the move, highlighting the preference among many office tenants for higher-quality space.

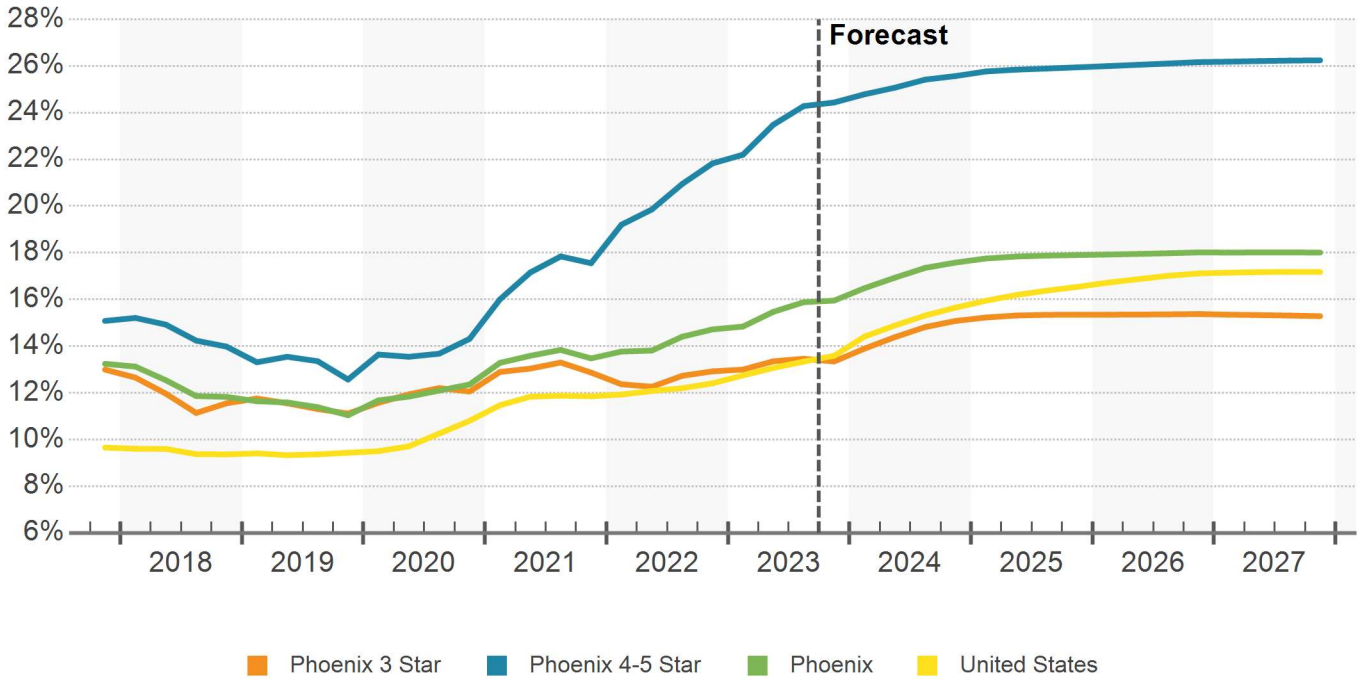
Demand has been more resilient at smaller properties. Although the overall market has seen a steady rise in vacancy over the past three years, the average vacancy rate for buildings with less than 50,000 SF has compressed since the onset of the pandemic, falling from the high-8% range in 19Q4 to about 7% in 23Q3. One factor driving the improvement is likely the strength of leasing demand for smaller blocks of space. Indications from market participants are that a bifurcation has emerged in terms of lease size, with spaces under 5,000 SF being in particularly high demand. Some owners are considering subdividing larger floor plates into smaller suites, though the capital outlays to add walls and hallways are costly.

Moving forward, the leasing environment will likely remain challenging over the near term. As leases for tenants who choose not to renew come due in the next 12 to 24 months, property owners will likely be met by a less accommodating climate. The modest construction pipeline will help avoid an exacerbation of current fundamentals, but higher vacancy is nevertheless expected in 2024.

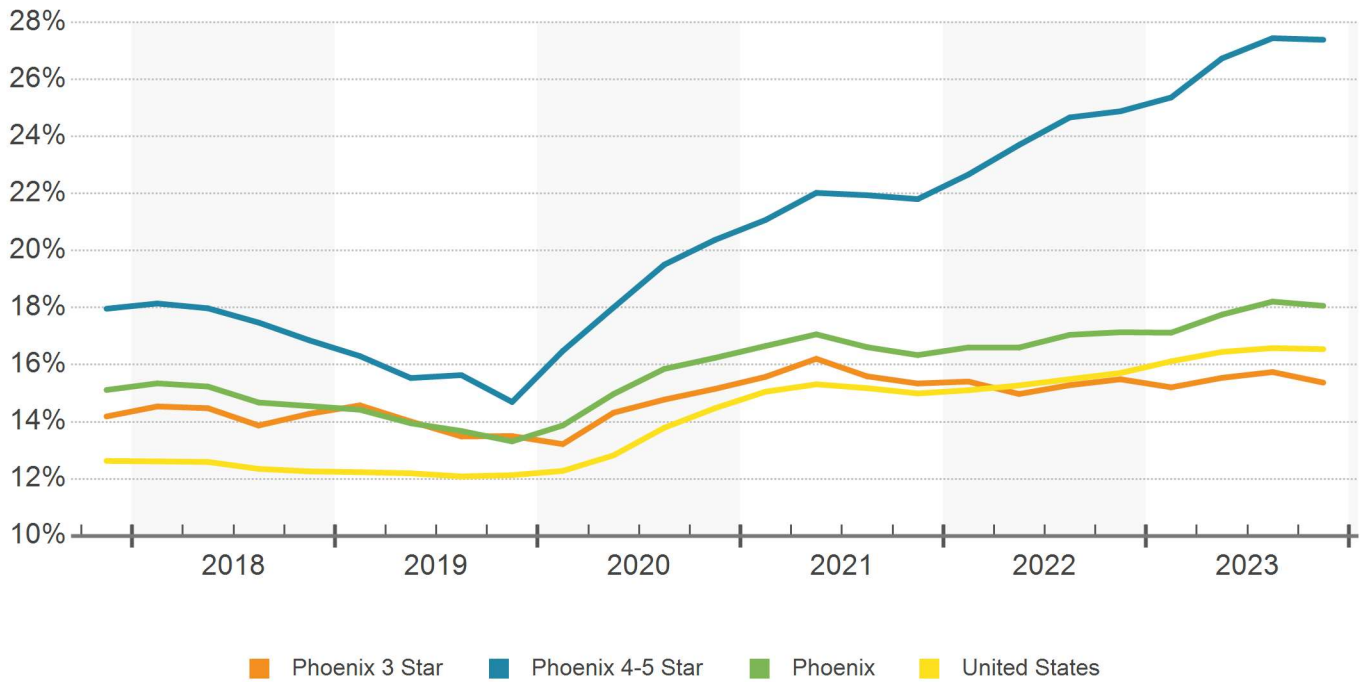
NET ABSORPTION, NET DELIVERIES & VACANCY



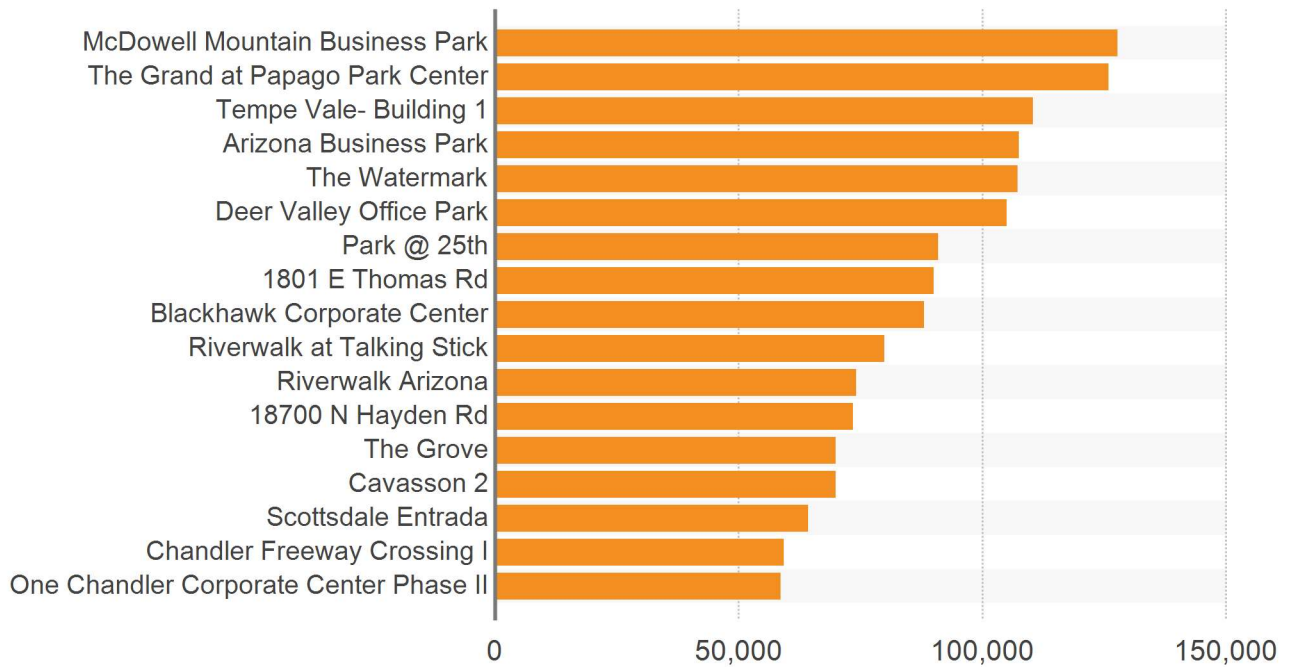
VACANCY RATE



AVAILABILITY RATE



12 MONTH NET ABSORPTION SF IN SELECTED BUILDINGS



| Building Name/Address | Submarket | Bldg SF | Vacant SF | Net Absorption SF | | | | |
|-------------------------------------|------------------------|--------------------|-------------------|-------------------|------------------|------------------|----------------|--------------------|
| | | | | 1st Qtr | 2nd Qtr | 3rd Qtr | 4th Qtr | 12 Month |
| McDowell Mountain Business Park | Scottsdale Airpark | 128,998 | 0 | (1,212) | (1) | 0 | 128,998 | 127,785 |
| The Grand at Papago Park Center | Tempe | 358,800 | 85,566 | 111,343 | 0 | 14,574 | 0 | 125,917 |
| Tempe Vale- Building 1 | Tempe | 110,442 | 0 | 0 | 110,442 | 0 | 0 | 110,442 |
| Arizona Business Park | Deer Valley/Airport | 107,482 | 0 | 0 | 0 | 0 | 107,482 | 107,482 |
| The Watermark | Tempe | 265,000 | 13,517 | 74,291 | 33,053 | 0 | 0 | 107,344 |
| Deer Valley Office Park | Deer Valley/Airport | 106,286 | 0 | 0 | 50,342 | 54,766 | 0 | 105,108 |
| Park @ 25th | Northwest Phoenix | 117,032 | 0 | 90,951 | 0 | 0 | 0 | 90,951 |
| 1801 E Thomas Rd | Midtown/Central Pho... | 90,000 | 0 | 0 | 0 | 90,000 | 0 | 90,000 |
| Blackhawk Corporate Center | Deer Valley/Airport | 138,540 | 50,490 | 0 | 38,318 | 49,732 | 0 | 88,050 |
| Riverwalk at Talking Stick | Central Scottsdale | 80,000 | 0 | 0 | 80,000 | 0 | 0 | 80,000 |
| Riverwalk Arizona | Central Scottsdale | 142,000 | 4,559 | (4,906) | 0 | 9,957 | 70,347 | 74,207 |
| 18700 N Hayden Rd | Scottsdale Airpark | 460,000 | 27,503 | 84,798 | (19,939) | 0 | 15,904 | 73,453 |
| The Grove | Camelback Corridor | 70,000 | 0 | 70,000 | 0 | 0 | 0 | 70,000 |
| Cavasson 2 | Scottsdale Airpark | 150,000 | 80,000 | 0 | 0 | 0 | 70,000 | 70,000 |
| Scottsdale Entrada | Scottsdale South | 252,339 | 172,668 | 7,499 | 7,269 | 12,907 | 37,482 | 64,288 |
| Chandler Freeway Crossing I | Chandler | 59,337 | 0 | 59,337 | 0 | 0 | 0 | 59,337 |
| One Chandler Corporate Center... | South Tempe/Ahwat... | 117,394 | 58,697 | 0 | 58,697 | 0 | 0 | 58,697 |
| Subtotal Primary Competitors | | 2,753,650 | 493,000 | 492,101 | 358,181 | 231,936 | 430,213 | 1,503,061 |
| Remaining Phoenix Market | | 192,575,651 | 30,583,255 | (643,089) | (1,349,098) | (880,176) | (358,223) | (3,257,559) |
| Total Phoenix Market | | 195,329,301 | 31,076,255 | (150,988) | (990,917) | (648,240) | 71,990 | (1,754,498) |

TOP OFFICE LEASES PAST 12 MONTHS

| Building Name/Address | Submarket | Leased SF | Qtr | Tenant Name | Tenant Rep Company | Leasing Rep Company |
|--------------------------------------|--------------------------|-----------|-------|------------------------------|-----------------------|---------------------------|
| Gainey Ranch Corporate Center II | Central Scottsdale | 203,642 | Q4 22 | Dansons | - | - |
| Chaparral Commerce Center | Scottsdale South | 170,183 | Q1 23 | onsemi | - | - |
| Riverwalk Arizona | Central Scottsdale | 149,544 | Q1 23 | - | Keyser | Transwestern Real Est... |
| The Circuit | Tempe | 139,693 | Q2 23 | Oscar Health Agency Inc. | - | - |
| One Compass Center | Airport Area | 136,194 | Q4 23 | Peckham | JLL | Cushman & Wakefield |
| Northsight Corporate Center | Scottsdale Airpark | 133,634 | Q2 23 | The Vanguard Group, Inc. | - | CBRE |
| Riverwalk Arizona | Central Scottsdale | 123,952 | Q1 23 | Equality Health | Keyser | LevRose Real Estate |
| Gilbert Spectrum | Chandler | 119,222 | Q4 23 | Northrup Grumman | JLL | Lee & Associates |
| 3001 S Priest Dr | Tempe | 100,000 | Q1 23 | Foresight Technologies | - | - |
| Geare Building- Park Central | Midtown | 96,693 | Q1 23 | Vensure Employer Services | - | - |
| Washington Business Park | Tempe Northwest | 92,241 | Q3 23 | Modern Industries | - | Cushman & Wakefield |
| Camelback Arboleda | Camelback Corridor | 78,668 | Q2 23 | Kimley-Horn | - | JLL |
| Riverwalk Arizona | Central Scottsdale | 70,347 | Q3 23 | Open Network Exchange | - | Transwestern Real Est... |
| One Chandler Corporate Center Pha... | South Tempe/Ahwatukee | 58,697 | Q1 23 | Grand Canyon University | - | Colliers;JLL |
| One Chandler Corporate Center | South Tempe/Ahwatukee | 58,697 | Q3 23 | - | - | JLL |
| Fountainhead Business Park | Tempe | 55,968 | Q4 22 | BMO | - | CBRE |
| Workspace Cotton Center | S Airport N of Roeser | 54,489 | Q2 23 | Caris MPI | - | JLL |
| The Watermark | Tempe | 53,405 | Q1 23 | MUFG Bank | - | Newmark |
| 9440 N 25th Ave | Northwest Phoenix | 51,391 | Q2 23 | - | - | Colliers |
| Waypoint | Mesa East | 50,379 | Q2 23 | Cognizant Technology Sol... | - | Stream Realty Partners... |
| The Edge Shopping Center | Central Scottsdale | 49,101 | Q1 23 | - | - | EDGE Realty Partners |
| Allred Park Place | Chandler | 46,225 | Q3 23 | - | - | Cushman & Wakefield |
| Beverly Center | Airport Area | 43,013 | Q1 23 | New Life Wellness | - | Transwestern Real Est... |
| 201 E Washington St * | Downtown | 42,860 | Q2 23 | Uber | JLL | Transwestern Real Est... |
| The Beam on Farmer | Tempe | 41,164 | Q4 23 | - | - | JLL |
| Rio West | Tempe | 40,812 | Q1 23 | - | - | Lee & Associates |
| Liberty Center at Rio Salado | Tempe | 38,764 | Q3 23 | Centene | - | Cushman & Wakefield |
| 5649 S Avery Cir | Gateway Airport/Loop 202 | 38,000 | Q2 23 | Aviation Performance Sol... | - | Aviation Performance S... |
| Broadway Business Center | Airport Area | 37,574 | Q4 22 | - | - | JLL |
| Thunderbird Airport Plaza * | Mesa East | 37,206 | Q1 23 | NextCare Urgent Care | SRS Real Estate Pa... | - |
| Ilume Innovation Center * | Scottsdale Airpark | 34,990 | Q1 23 | GPS Insight | JLL | Transwestern Real Est... |
| 18700 N Hayden Rd | Scottsdale Airpark | 34,741 | Q3 23 | - | Lee & Associates | Lee & Associates |
| 9801 N Metro Pky E | Northwest Phoenix | 34,481 | Q3 23 | United Healthcare Services | Kidder Mathews | Colliers |
| 850 PBC | Downtown | 34,421 | Q3 23 | National Institute of Health | - | Cushman & Wakefield |
| Inisio at Kierland | Scottsdale Airpark | 32,970 | Q3 23 | - | - | Stream Realty Partners... |
| San Tan Tech Center | Chandler | 32,568 | Q2 23 | - | - | JLL |
| Galleria | Scottsdale South | 32,267 | Q2 23 | - | - | CBRE |
| One Hundred Mill | Tempe | 31,660 | Q2 23 | Imagine Learning | Keyser | CBRE |
| The Esplanade | Camelback Corridor | 30,955 | Q1 23 | Perkins COIE | Cushman & Wakefield | CBRE |
| Workspace Cotton Center | S Airport N of Roeser | 30,539 | Q4 23 | - | - | JLL |

Renewal

The pace of rent growth has been decelerating since early 2022 as rising vacancies and weaker tenant demand reduce landlord's ability to raise rates. Even so, Phoenix rents have held up better than most other markets. Over the past 12 months, the metro recorded a 3.5% increase in average asking rents, ranking the Valley as one of the best-performing markets in the country. For comparison, rent growth for the U.S. as a whole is up just 0.7%. Although underlying office demand has undoubtedly shifted, many property owners have been less willing to lower rents to preserve investment value, and instead have opted for increased concessions or higher TI allowances.

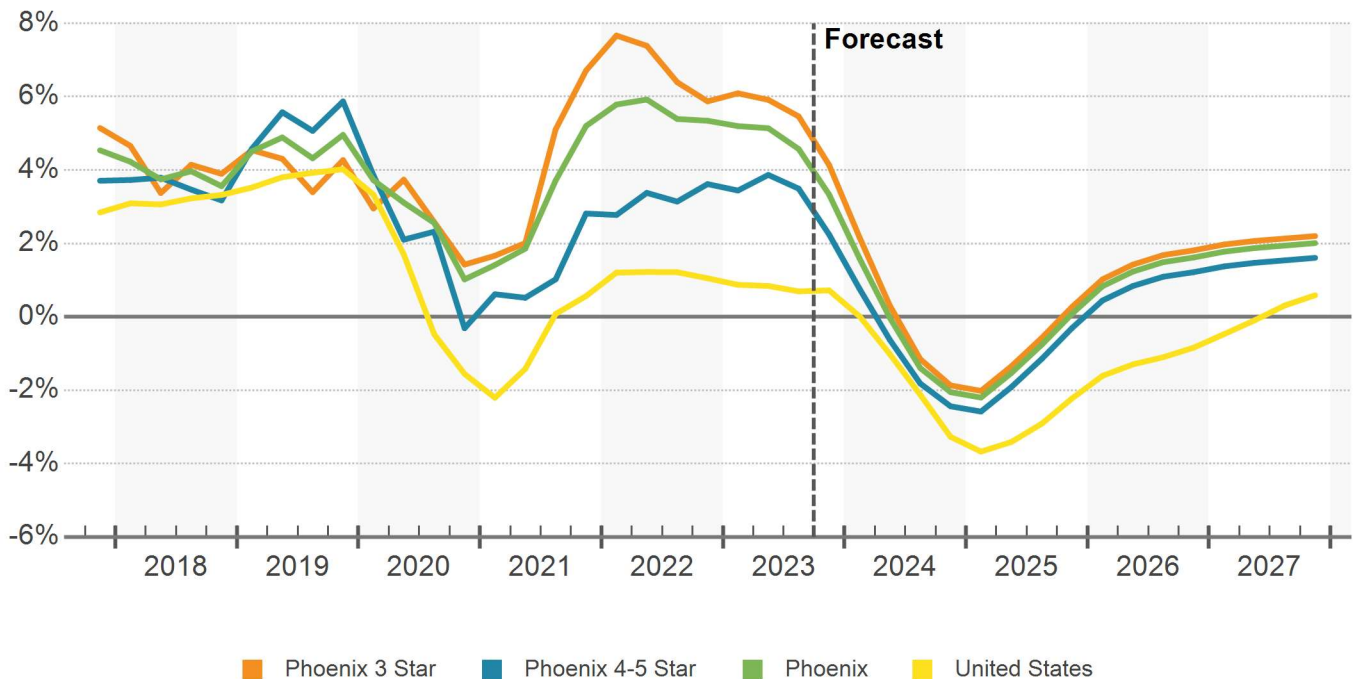
Smaller footprint spaces are in relatively strong demand and won't receive the same level of discounting that larger ones will. For leases less than 5,000 SF, a tenant may be able to get one to two months of free rent on a three-year term and between two and three months free for a five-year lease. For example, Monster Security & Technology signed a four-year lease for 1,800 SF at a 1980s vintage office in April. The harm and loss prevention system firm had two months of free rent at the start of the term. In addition to building location and

quality, tenant credit plays an important role in determining the level of discounts.

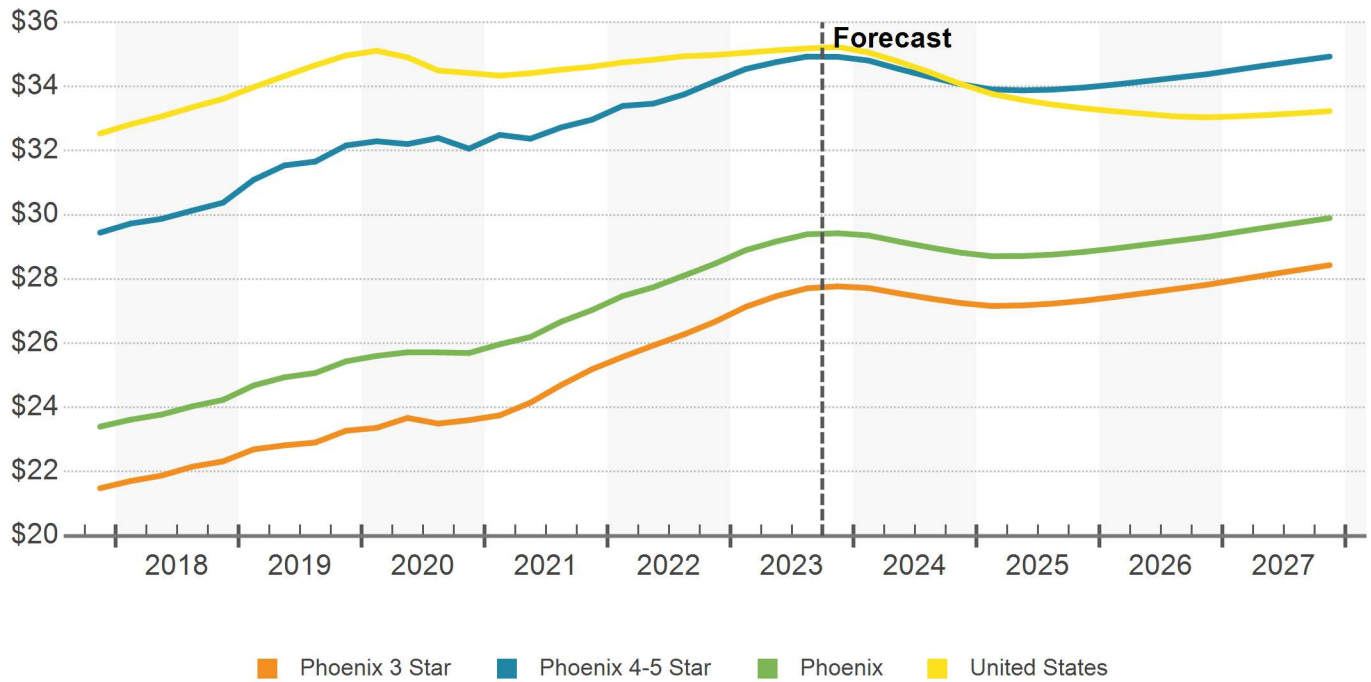
Geographically, suburban areas on the periphery of the metro have held up better than denser areas. Annual rent growth in the suburbs ended 23Q3 above 4% compared to less than 3% growth in the CBD. East Valley submarkets like Mesa East, Gateway Airport/Loop 202, and the Superstition Corridor are among the leaders in Phoenix rent growth. Pinal County has also seen steady rent gains. Meanwhile, higher-density areas closer to the core like Downtown, Midtown, the Camelback Corridor, and 44th Street Corridor have been lagging. The surge in sublease availabilities also presents a headwind with the average rent for sublet spaces trending about 20% below direct space.

The affordability of office space remains a key factor attracting businesses to the market. At \$29.00/SF, the average office rent in Phoenix is more than 15% less than the National Index of \$35.00/SF, and the discount relative to West Coast markets is even larger with average rents in San Francisco and San Jose more than double that in Phoenix.

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



4 & 5 STAR EXPENSES PER SF (ANNUAL)

| Market / Cluster | Utilities | Cleaning | Insurance | Taxes | Other | Total |
|--------------------|-----------|----------|-----------|--------|--------|----------------|
| Phoenix | \$0.68 | \$1.08 | \$0.21 | \$4.16 | \$4.35 | \$10.48 |
| Airport Area | \$0.71 | \$1.34 | \$0.18 | \$3.29 | \$4.15 | \$9.67 |
| Central Corridor | \$0.62 | \$1.03 | \$0.25 | \$3.17 | \$8.71 | \$13.78 |
| East Phoenix | \$0.58 | \$0.90 | \$0.18 | \$5 | \$6.53 | \$13.19 |
| East Valley | \$0.68 | \$1.15 | \$0.21 | \$4.10 | \$3.49 | \$9.63 |
| North Phoenix | \$0.58 | \$0.97 | \$0.23 | \$4.15 | \$4.07 | \$10 |
| Northwest Outlying | \$0.72 | \$1.17 | \$0.19 | \$3.62 | \$4.40 | \$10.10 |
| Northwest Phoenix | \$0.76 | \$1.02 | \$0.20 | \$3.77 | \$3.65 | \$9.40 |
| Pinal County | \$0.72 | \$1.17 | \$0.19 | \$6.97 | \$4.40 | \$13.45 |
| Scottsdale | \$0.59 | \$0.98 | \$0.21 | \$5.06 | \$3.70 | \$10.54 |
| West Phoenix | \$0.92 | \$1.23 | \$0.20 | \$3.09 | \$3.81 | \$9.25 |

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

3 STAR EXPENSES PER SF (ANNUAL)

| Market / Cluster | Utilities | Cleaning | Insurance | Taxes | Other | Total |
|--------------------|-----------|----------|-----------|--------|--------|---------------|
| Phoenix | \$0.59 | \$0.95 | \$0.17 | \$3.06 | \$2.93 | \$7.70 |
| Airport Area | \$0.58 | \$1.20 | \$0.12 | \$2.78 | \$3.02 | \$7.70 |
| Central Corridor | \$0.53 | \$0.86 | \$0.22 | \$2.84 | \$4.72 | \$9.17 |
| East Phoenix | \$0.56 | \$0.68 | \$0.17 | \$3.39 | \$3.83 | \$8.63 |
| East Valley | \$0.59 | \$0.98 | \$0.18 | \$2.56 | \$2.30 | \$6.61 |
| North Phoenix | \$0.51 | \$0.88 | \$0.25 | \$2.86 | \$3.78 | \$8.28 |
| Northwest Outlying | \$0.68 | \$0.99 | \$0.19 | \$1.58 | \$2.85 | \$6.29 |
| Northwest Phoenix | \$0.59 | \$0.86 | \$0.15 | \$3.90 | \$2.75 | \$8.25 |
| Pinal County | \$0.65 | \$1.06 | \$0.11 | \$3.87 | \$3.47 | \$9.16 |
| Scottsdale | \$0.56 | \$0.97 | \$0.19 | \$2.95 | \$3.15 | \$7.82 |
| Southwest Outlying | \$0.69 | \$1.11 | \$0.11 | \$0.92 | \$3.62 | \$6.45 |
| West Phoenix | \$0.73 | \$1.04 | \$0.15 | \$3.62 | \$2.93 | \$8.47 |

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

1 & 2 STAR EXPENSES PER SF (ANNUAL)

| Market / Cluster | Utilities | Cleaning | Insurance | Taxes | Other | Total |
|--------------------|-----------|----------|-----------|--------|--------|---------------|
| Phoenix | \$0.53 | \$0.74 | \$0.17 | \$2.76 | \$2.45 | \$6.65 |
| Airport Area | \$0.62 | \$0.88 | \$0.12 | \$2.77 | \$2.34 | \$6.73 |
| Central Corridor | \$0.49 | \$0.79 | \$0.20 | \$3.36 | \$4.37 | \$9.21 |
| East Phoenix | \$0.50 | \$0.62 | \$0.16 | \$3.05 | \$3.48 | \$7.81 |
| East Valley | \$0.56 | \$0.76 | \$0.19 | \$2.29 | \$1.67 | \$5.47 |
| North Phoenix | \$0.47 | \$0.68 | \$0.20 | \$2.74 | \$2.35 | \$6.44 |
| Northwest Outlying | \$0.49 | \$0.67 | \$0.18 | \$1.60 | \$2.55 | \$5.49 |
| Northwest Phoenix | \$0.54 | \$0.68 | \$0.16 | \$2.91 | \$2.11 | \$6.40 |
| Pinal County | \$0.59 | \$0.87 | \$0.10 | \$2.15 | \$2.20 | \$5.91 |
| Scottsdale | \$0.54 | \$0.84 | \$0.19 | \$2.68 | \$2.25 | \$6.50 |
| Southwest Outlying | \$0.61 | \$0.90 | \$0.11 | \$1.48 | \$2.25 | \$5.35 |
| West Phoenix | \$0.52 | \$0.78 | \$0.14 | \$3.24 | \$2.16 | \$6.84 |

Expenses are estimated using NCREIF, Trepp, IREM, and CoStar data using the narrowest possible geographical definition from Zip Code to region.

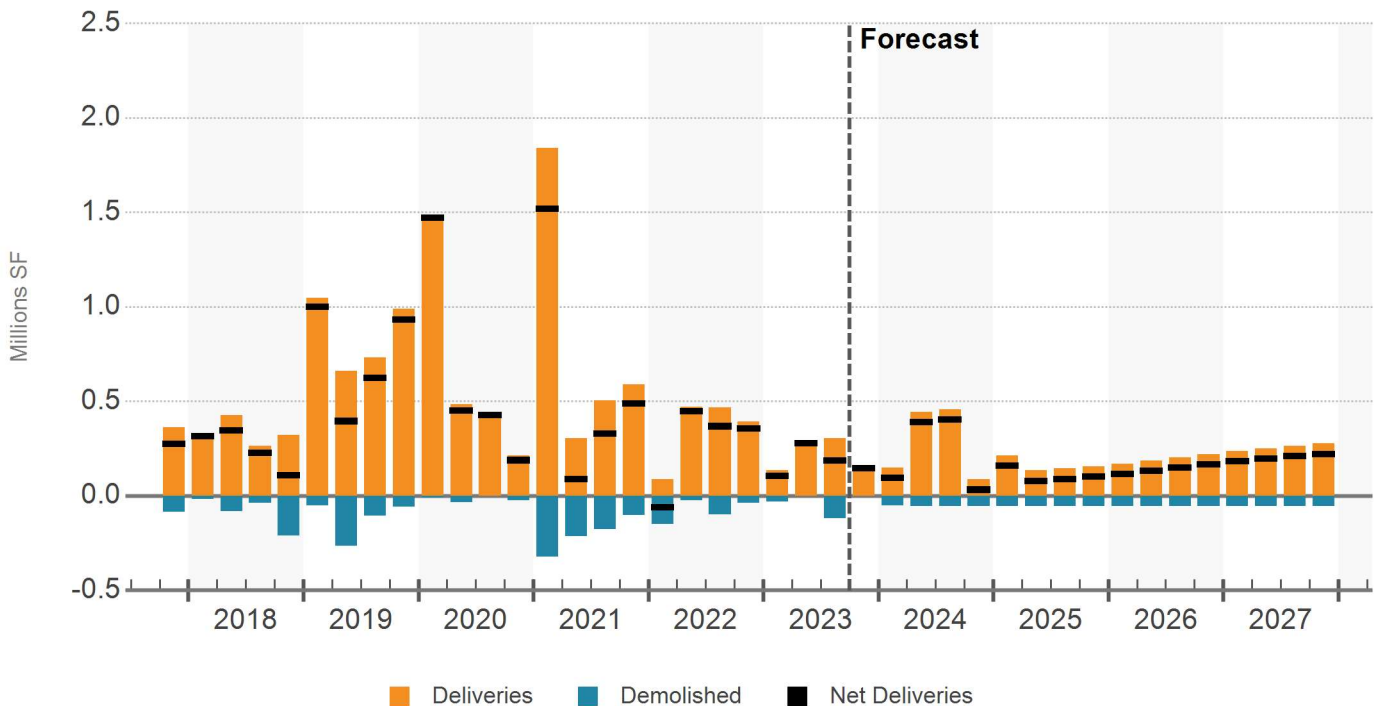
Supply-side pressure remains modest in the Phoenix office market. Just 760,000 SF of net new office space was completed over the past 12 months, representing a meaningful slowdown from the nearly 2.5 million SF that was added per year from 2015 to 2017. Weaker underlying tenant demand, coupled with higher development costs and limited availability of construction financing, has made it difficult for builders to profitably break ground. As a result, construction starts have slowed to the lowest level in over a decade with the bulk of the current pipeline composed of smaller properties and medical office space, two segments of the market that have shown more resiliency. About 1.1 million SF is currently underway, representing just 0.6% of total inventory.

Geographically, Tempe has been one of the primary recipients of new space. The area was a popular expansion option for technology, finance, and insurance companies in the half decade leading up to the pandemic, and developers poured millions of SF of high-end office space into the submarket to meet demand.

Two speculative office projects delivered their first phase in 2023, adding 260,000 SF of vacant office space to the submarket. Tempe Vale, a two-building development that was originally planned for Carvana, is underway on its second phase, which will add 133,400 SF upon delivery in 24Q2.

Office development is also heating up in the West Valley. Last year, builders finished work on the first phase of GSQ, a large mixed-use project that Globe Corporation is conducting in partnership with the City of Goodyear. It includes Gen 1 at GSQ, a 104,000-SF office, as well as a new 125,000-SF city hall for Goodyear. Upon full build-out, GSQ will include a two-story library and a 2-acre community park as well as space for restaurants, retail, and entertainment. Speculative 4 & 5 Star office development is very limited in the West Valley, attracting interest from tenants looking for new high-quality options in the region. The new GSQ development is reportedly 60% leased with expectations to be fully occupied by 2024.

DELIVERIES & DEMOLITIONS



SUBMARKET CONSTRUCTION

| No. | Submarket | Under Construction Inventory | | | | | Average Building Size | | |
|---------------|--------------------------|------------------------------|--------------|---------------------|--------------|------|-----------------------|---------------|------|
| | | Bldgs | SF (000) | Pre-Leased SF (000) | Pre-Leased % | Rank | All Existing | Under Constr | Rank |
| 1 | Tempe | 2 | 298 | 158 | 52.8% | 7 | 40,738 | 149,178 | 1 |
| 2 | West I-10 | 5 | 142 | 96 | 67.8% | 5 | 15,228 | 28,355 | 6 |
| 3 | Glendale | 5 | 136 | 0 | 0% | 10 | 17,307 | 27,130 | 7 |
| 4 | South Tempe/Ahwatukee | 1 | 135 | 135 | 100% | 1 | 25,382 | 135,000 | 2 |
| 5 | Gateway Airport/Loop 202 | 4 | 130 | 59 | 45.0% | 8 | 9,626 | 32,508 | 5 |
| 6 | Chandler | 2 | 125 | 119 | 95.6% | 3 | 23,745 | 62,340 | 4 |
| 7 | Scottsdale Airpark | 1 | 98 | 78 | 79.6% | 4 | 35,688 | 98,000 | 3 |
| 8 | Pinal County | 1 | 14 | 9 | 59.8% | 6 | 6,313 | 14,329 | 8 |
| 9 | Midtown/Central Phoenix | 1 | 13 | 13 | 100% | 1 | 12,201 | 13,246 | 9 |
| 10 | Loop 303/Surprise | 1 | 10 | 3 | 33.3% | 9 | 15,569 | 9,984 | 10 |
| | All Other | 1 | 7 | 0 | 0% | | 21,174 | 6,820 | |
| Totals | | 24 | 1,108 | 670 | 60.4% | | 21,563 | 46,161 | |

Under Construction Properties

Phoenix Office

Properties

Square Feet

Percent of Inventory

Released

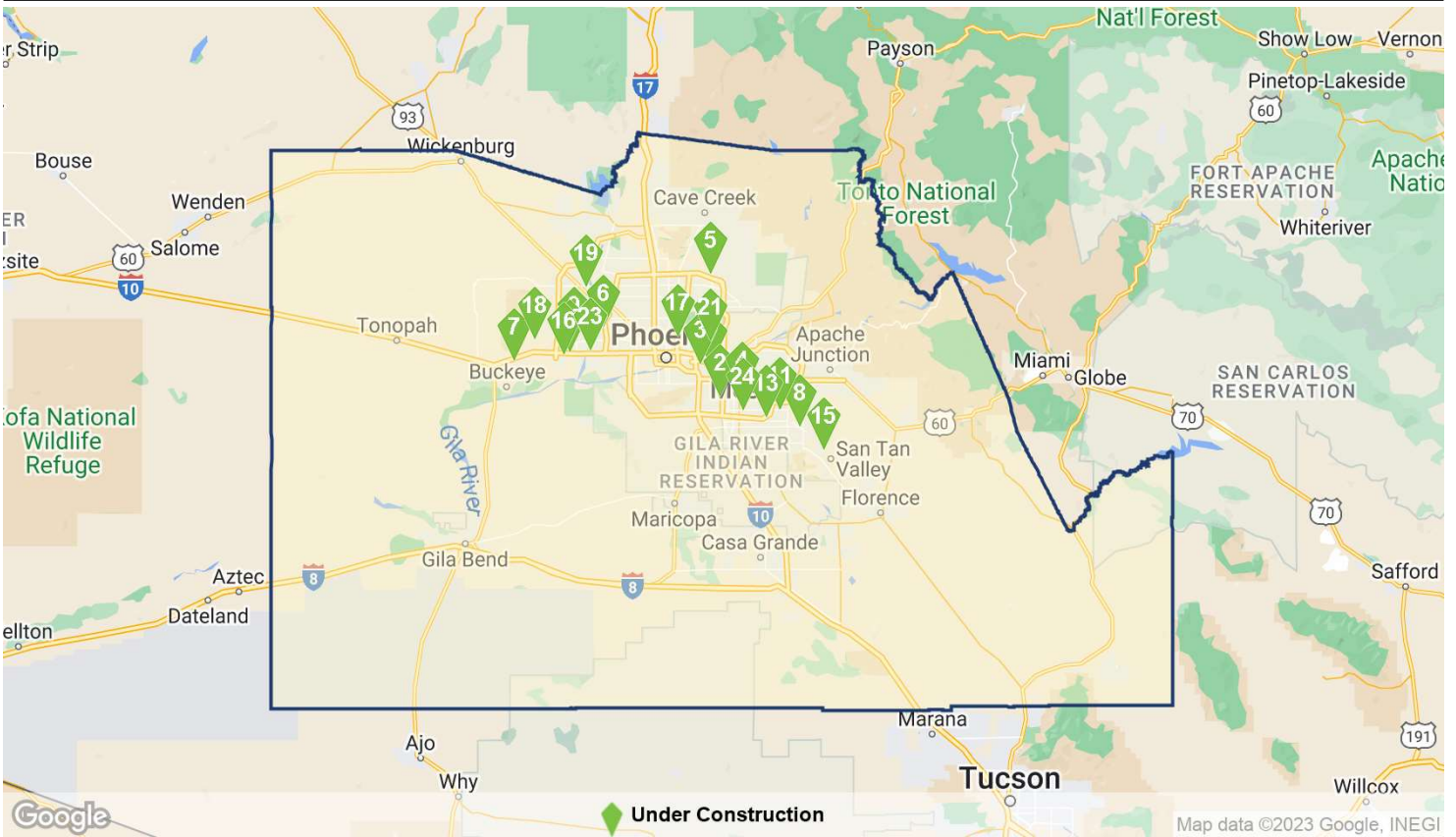
24

1,107,870

0.6%

60.4%

UNDER CONSTRUCTION PROPERTIES



UNDER CONSTRUCTION

| Property Name/Address | Rating | Bldg SF | Stories | Start | Complete | Developer/Owner |
|--|--------|---------|---------|----------|----------|--|
| 1 Rural Rd & University Dr | ★★★★☆ | 165,000 | 6 | Dec 2022 | Jul 2024 | Ryan Companies Arizona State University |
| 2 Viasat 8240 S River Pky | ★★★★☆ | 135,000 | 1 | Dec 2022 | Mar 2024 | - Levine Investments LP |
| 3 Tempe Vale - Building 2 1295 W Rio Salado Pky | ★★★★☆ | 133,356 | 3 | Mar 2023 | Apr 2024 | - - |
| 4 Bldg 3 SWC Elliot Rd & McQueen... | ★★★★☆ | 119,222 | 1 | Sep 2023 | Aug 2024 | - SunCap Property Group |
| 5 One Scottsdale Medical 20159 N Scottsdale Rd | ★★★★☆ | 98,000 | 2 | Jun 2023 | Jun 2024 | Ryan Companies - |
| 6 Bldg A 99th Ave | ★★★★☆ | 96,000 | 3 | Dec 2023 | Dec 2024 | VanTrust Real Estate LLC VanTrust Real Estate LLC |
| 7 Buckeye Medical Plaza 865 S Watson Rd | ★★★★☆ | 48,000 | 2 | May 2023 | Mar 2024 | - - |

Under Construction Properties

Phoenix Office

UNDER CONSTRUCTION

| Property Name/Address | Rating | Bldg SF | Stories | Start | Complete | Developer/Owner |
|--|-----------|---------|---------|----------|----------|--|
| 8 NWC Rittenhouse Rd &... | ★ ★ ★ ★ ★ | 45,000 | 2 | May 2023 | Mar 2024 | - |
| 9 Phase I - Block A W Wigmwam Blvd & Litchf... | ★ ★ ★ ★ ★ | 44,000 | - | Sep 2021 | Jan 2024 | - City Of Litchfield Park Arizona |
| 10 3875 E Williams Field Rd | ★ ★ ★ ★ ★ | 39,000 | 3 | Apr 2023 | Jan 2024 | Brody Associates, Inc. Brody Associates, Inc. |
| 11 Building F SWC Williams Field Rd &... | ★ ★ ★ ★ ★ | 26,032 | 2 | Jan 2023 | Jun 2024 | Brody Associates, Inc. Brody Associates, Inc. |
| 12 1360 N Bullard Ave | ★ ★ ★ ★ ★ | 25,773 | 2 | Nov 2021 | Mar 2024 | - PJF Investment Holdings, LLC |
| 13 1981 E Bonanza Ct | ★ ★ ★ ★ ★ | 20,000 | 2 | Feb 2023 | Jan 2024 | - |
| 14 Bldg 3 NWC Avondale Blvd & Mc... | ★ ★ ★ ★ ★ | 20,000 | 2 | Nov 2022 | Apr 2024 | - |
| 15 NEC Gantzel Rd & Empir... | ★ ★ ★ ★ ★ | 14,329 | 1 | Oct 2023 | Aug 2024 | - |
| 16 740 N Estrella Pky | ★ ★ ★ ★ ★ | 14,000 | 1 | Jan 2023 | Jan 2024 | - Arizona Optometric Charitable Fo... |
| 17 24th & Campbell Ave | ★ ★ ★ ★ ★ | 13,246 | 2 | Jul 2023 | Jan 2024 | - |
| 18 Building 3 4221 N Pioneer Dr | ★ ★ ★ ★ ★ | 10,000 | 1 | Oct 2023 | Mar 2024 | Spencer Bailey Spencer Bailey |
| 19 Mirage Medical Center 12329 W Bola Dr | ★ ★ ★ ★ ★ | 9,984 | 1 | Jan 2023 | Jan 2024 | - |
| 20 Bldg 2 NWC Avondale Blvd & Mc... | ★ ★ ★ ★ ★ | 7,650 | 1 | Nov 2022 | Apr 2024 | - |
| 21 7220 East 2nd Street 7220 2nd | ★ ★ ★ ★ ★ | 6,820 | 2 | Aug 2023 | Jan 2024 | - |
| 22 Bldg 4 NWC Avondale Blvd & Mc... | ★ ★ ★ ★ ★ | 6,000 | 1 | Nov 2022 | Apr 2024 | - |
| 23 Bldg 1 NWC Avondale Blvd & Mc... | ★ ★ ★ ★ ★ | 6,000 | 1 | Nov 2022 | Apr 2024 | - |
| 24 Building 6 SEC of McQueen Rd & Ch... | ★ ★ ★ ★ ★ | 5,458 | 1 | Sep 2023 | Apr 2024 | - |

The pace of transaction activity has slowed considerably in the Phoenix office market as elevated vacancies, rising interest rates, and uncertainty surrounding the sector's long-term outlook keep sales volume restrained. About \$1.3 billion traded in the most recent 12-month period, a steep decline from the most recent three-year average of \$2.5 billion per year.

Private investors have taken a larger of the buyer pool, accounting for 75% of deal volume over the past year. This compares to a five-year average of just over 50%. These investors typically target properties at lower price points and as a result, the share of sales volume for assets priced less than \$5 million has increased from about 25% in 2021 and 2022 to 40% thus far in 2023.

The impact of higher interest rates and broad-based uncertainty have led to some meaningful value degradation since the onset of the pandemic. Availability of debt financing remains scarce, and buyers are facing a challenge in how to properly value assets. A recent trade by Reliance Management highlights the shifting investment climate.

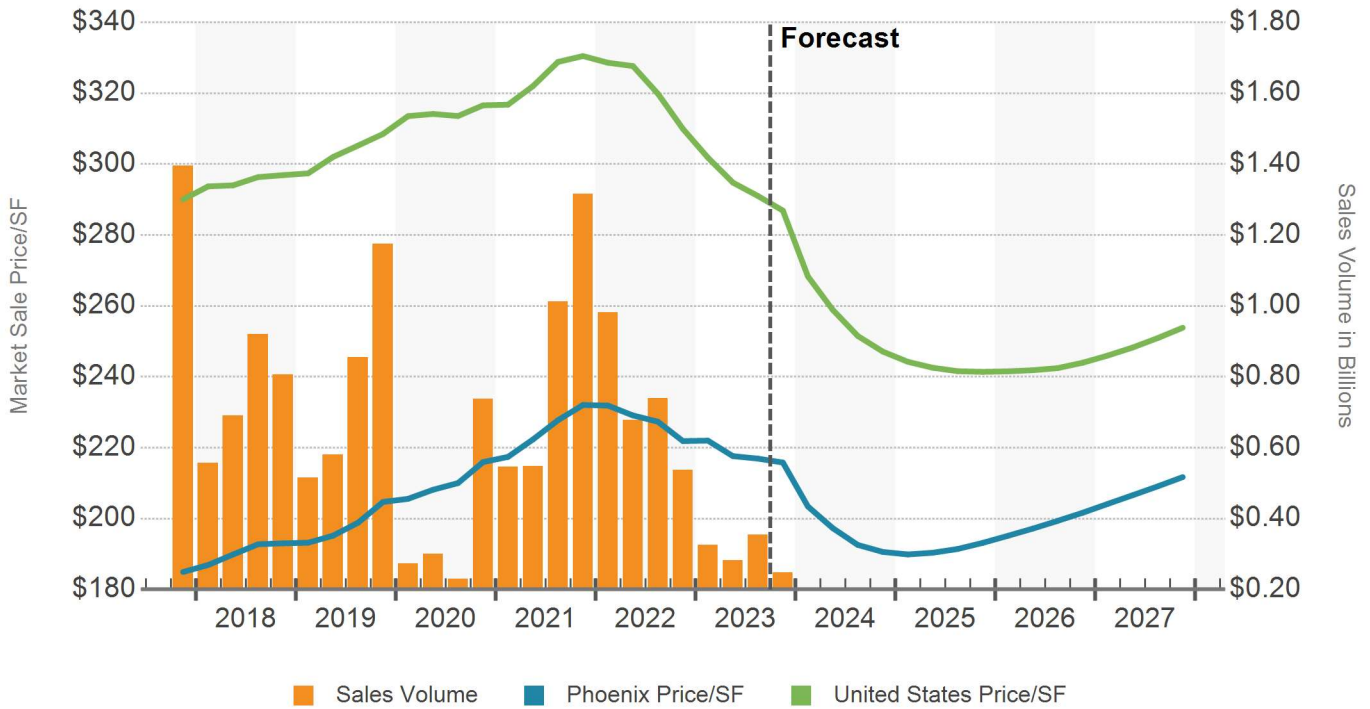
In September, Reliance Management paid \$72.1 million for a Class A office development at the southwest corner of 32nd Street and Camelback Road, a prime intersection in the Valley. The multi-story buildings and detached parking structure were delivered in the late 1990s and were 84% occupied at the time of sale. The Class A office project spans 297,700 SF, equating to a price per square foot of about \$242. The seller acquired the asset in June 2017 for \$275/SF, representing a 12%

decline in value. When factoring in theoretical market price gains from 2017 to the market's peak near 2021, however, the implied value loss is even greater. Using CoStar's algorithmic pricing model, the overall submarket saw about a 25% increase in prices from 2Q17 to 4Q21, suggesting that the subject property may have fetched pricing in the mid-\$300s per square foot if it transacted during the peak. Sales comps for other Class A assets in the area such as the Camelback Collective and Camelback Esplanade from around that same time support this estimated value range. Using this new approximation, the recent trade points to what is more likely to be a 30% price decline from peak pricing.

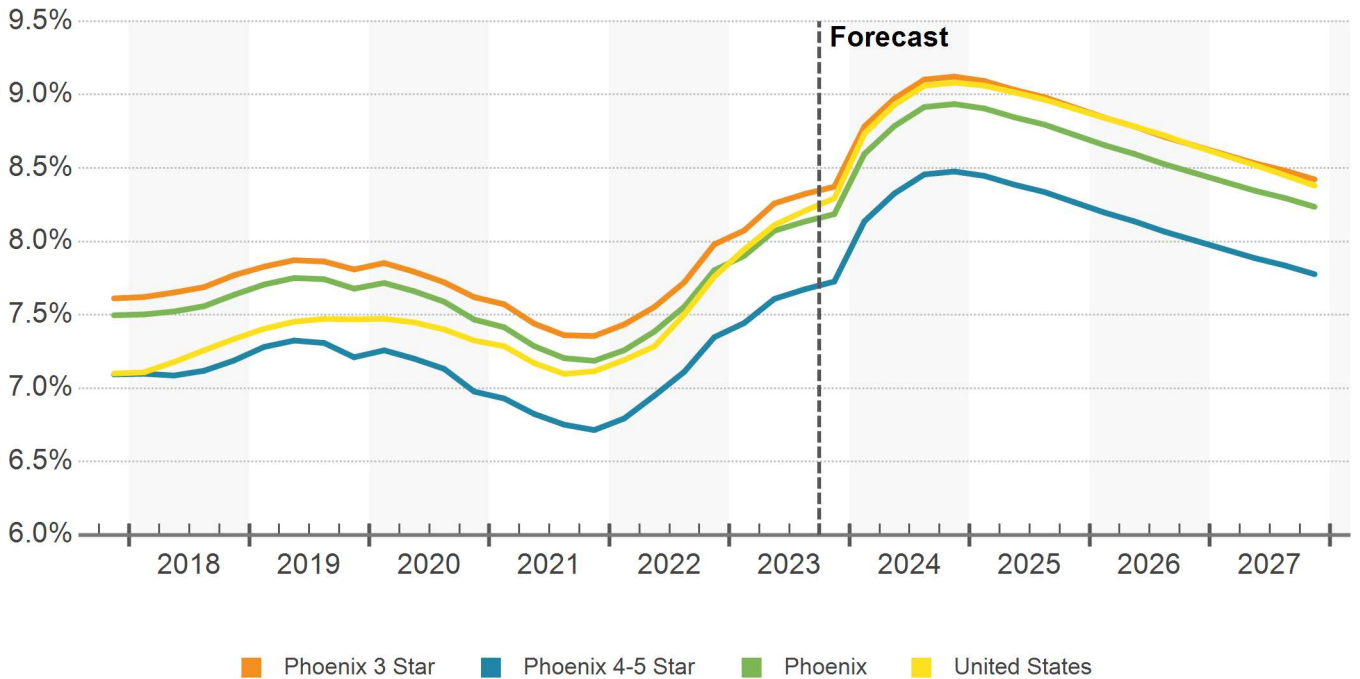
Reliance is a well-capitalized private investor, which makes it less reliant on debt financing and allows it to take a longer-term investment horizon. These unique capabilities and motivations have enabled Reliance to scoop up other well-located assets in the Valley at a discount including Gainey Center II in Central Scottsdale and the Arizona Center in Downtown Phoenix.

Looking forward, upcoming loan maturities could pose a potential risk. CoStar is tracking more than \$750 million worth of CMBS debt coming due through 2025, which may cause challenges for investors when the time comes to refinance at current interest rates. With valuations showing signs of decline, some owners may need to bring additional capital to the table to meet current lending standards, which often include lower loan-to-values. Nationally, CMBS delinquency is on the rise and could move higher in the coming quarters as underlying property performance faces headwinds.

SALES VOLUME & MARKET SALE PRICE PER SF



MARKET CAP RATE



Sales Past 12 Months

Phoenix Office

Sale Comparables

552

Avg. Cap Rate

6.6%

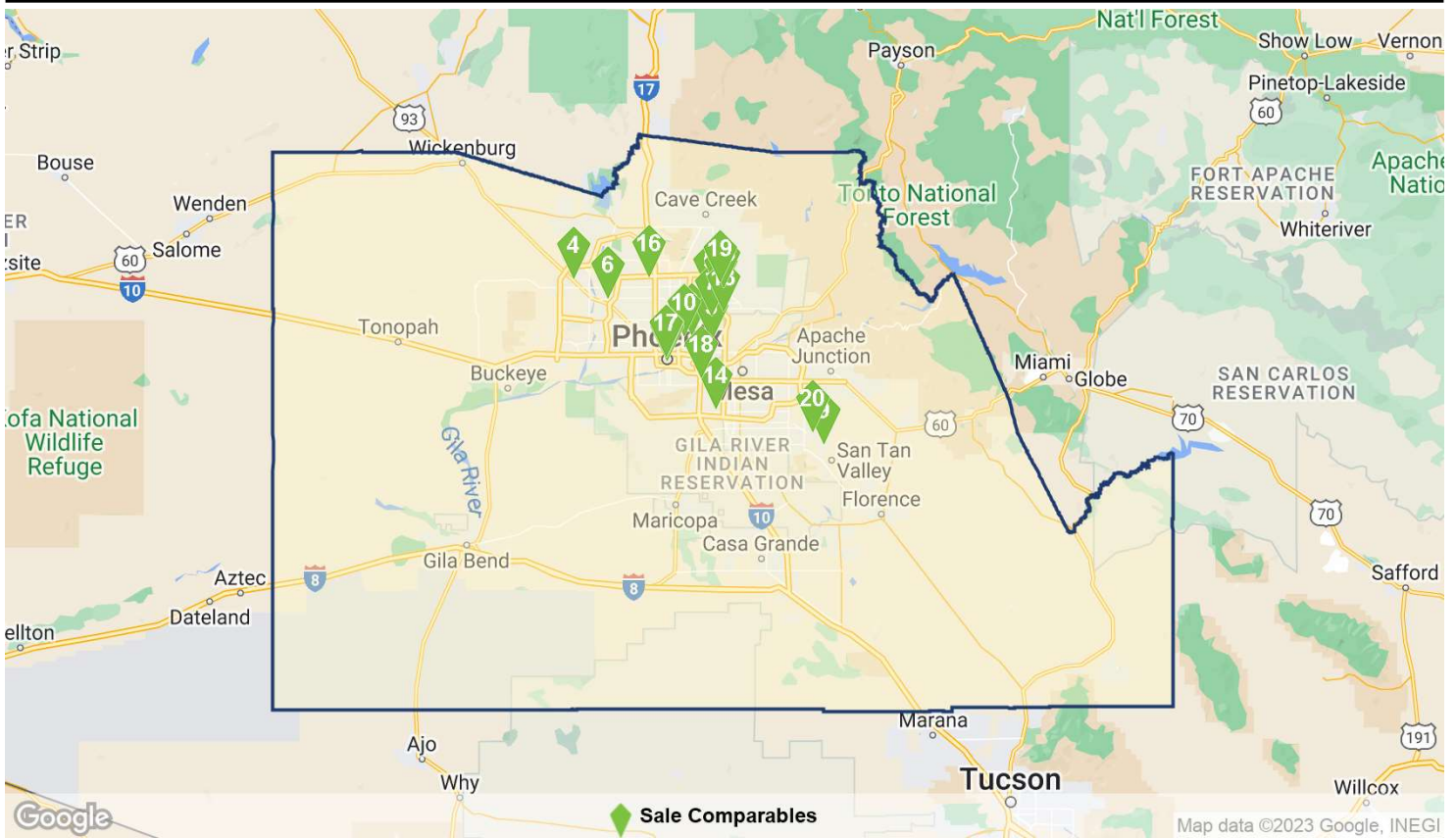
Avg. Price/SF

\$197

Avg. Vacancy At Sale

15.3%

SALE COMPARABLE LOCATIONS



SALE COMPARABLES SUMMARY STATISTICS

| Sales Attributes | Low | Average | Median | High |
|---------------------------|-----------|---------------|-------------|--------------|
| Sale Price | \$200,000 | \$3,789,858 | \$1,600,000 | \$48,913,526 |
| Price/SF | \$4.47 | \$197 | \$254 | \$1,075 |
| Cap Rate | 5.0% | 6.6% | 6.4% | 11.4% |
| Time Since Sale in Months | 0.0 | 6.3 | 6.6 | 12.0 |
| Property Attributes | Low | Average | Median | High |
| Building SF | 636 | 21,517 | 6,774 | 409,889 |
| Stories | 1 | 2 | 1 | 20 |
| Typical Floor SF | 636 | 10,887 | 5,749 | 197,127 |
| Vacancy Rate At Sale | 0% | 15.3% | 0% | 100% |
| Year Built | 1875 | 1985 | 1985 | 2023 |
| Star Rating | ★ ★ ★ ★ ★ | ★ ★ ★ ★ ★ 2.5 | ★ ★ ★ ★ ★ | ★ ★ ★ ★ ★ |

Sales Past 12 Months

Phoenix Office

RECENT SIGNIFICANT SALES

| Property Name - Address | Property | | | | Sale | | | |
|--|----------|----------|---------|---------|------------|--------------|----------|----------|
| | Rating | Yr Built | Bldg SF | Vacancy | Sale Date | Price | Price/SF | Cap Rate |
| 1 3131 E Camelback Rd | ★★★★★ | 1998 | 198,567 | 25.6% | 9/21/2023 | \$48,913,526 | \$246 | - |
| 2 4200 E Camelback Rd | ★★★★★ | 2023 | 70,000 | 0% | 2/17/2023 | \$48,500,000 | \$693 | - |
| 3 Scottsdale Financial Cen... 4110 N Scottsdale Rd | ★★★★★ | 1982 | 109,968 | 3.9% | 6/23/2023 | \$44,000,000 | \$400 | - |
| 4 Webb Medical Plaza Buil... 14416 W Meeker Blvd | ★★★★★ | 2004 | 71,515 | 0% | 9/29/2023 | \$33,250,000 | \$465 | - |
| 5 Mesquite Corporate Center 14646 N Kierland Blvd | ★★★★★ | 1999 | 79,537 | 11.0% | 3/8/2023 | \$32,000,000 | \$402 | - |
| 6 Arizona Medical Clinic 13640 N Plaza Del Rio Blvd | ★★★★★ | 1988 | 73,327 | 0% | 3/8/2023 | \$29,000,000 | \$395 | - |
| 7 Gainey Center II 8501 N Scottsdale Rd | ★★★★★ | 2000 | 152,247 | 12.3% | 7/31/2023 | \$26,500,000 | \$174 | - |
| 8 Scottsdale Northsight 14350 N 87th St | ★★★★★ | 2004 | 138,693 | 31.3% | 11/7/2023 | \$26,500,000 | \$191 | - |
| 9 Ironwood Medical Office... 37200 N Gantzel Rd | ★★★★★ | 2019 | 61,302 | 11.2% | 9/22/2023 | \$23,300,000 | \$380 | - |
| 10 3133 E Camelback Rd | ★★★★★ | 1999 | 99,113 | 74.0% | 9/21/2023 | \$23,186,474 | \$234 | - |
| 11 Lincoln Union 475 E Lincoln St | ★★★★★ | 1970 | 65,000 | 0% | 10/2/2023 | \$21,650,000 | \$333 | - |
| 12 One Arizona Center 400 E Van Buren St | ★★★★★ | 1990 | 345,568 | 63.3% | 7/13/2023 | \$19,984,142 | \$58 | - |
| 13 Scottsdale Gateway II 8901 E Mountain View Rd | ★★★★★ | 1999 | 107,885 | 36.0% | 1/25/2023 | \$19,450,000 | \$180 | - |
| 14 Norte @ Chandler Corpo... 4100 W Galveston St | ★★★★★ | 2016 | 85,797 | 30.3% | 1/10/2023 | \$17,200,000 | \$200 | - |
| 15 Bldg B 16552 N 90th St | ★★★★★ | 2007 | 128,998 | 0% | 10/3/2023 | \$15,929,760 | \$123 | - |
| 16 19640 N 31st Ave | ★★★★★ | 1990 | 124,170 | 0% | 3/1/2023 | \$15,000,000 | \$121 | - |
| 17 200EVB 200 E Van Buren St | ★★★★★ | 1996 | 245,513 | 45.4% | 11/30/2023 | \$14,500,000 | \$59 | - |
| 18 1330 W Southern Ave | ★★★★★ | 1998 | 150,000 | 0% | 4/20/2023 | \$13,350,000 | \$89 | - |
| 19 Pinnacle 101 - Phase I 17851 N 85th St | ★★★★★ | 2006 | 93,000 | 0% | 7/28/2023 | \$12,500,000 | \$134 | - |
| 20 22363 E Domingo Rd | ★★★★★ | 2023 | 22,000 | 13.1% | 12/19/2023 | \$12,182,064 | \$554 | - |

Phoenix remains one of the nation's better-performing markets for employment growth, adding 43,000 jobs in the trailing 12-month period ending October 2023. The labor market now has 154,500 more jobs than it did before the pandemic, the fourth-largest gain in the nation. The local economy was highly resilient during the pandemic, thanks to a diversified employment base across a broad range of industries. Metro Phoenix lost about a quarter million positions in March and April 2020, but by July 2021, Phoenix fully regained those losses, nearly a full year ahead of the U.S. This marks a stark contrast to its protracted recovery from the global financial crisis, when Phoenix didn't recoup its job losses until well after the broader nation did.

The competitive advantage and growth drivers that have historically stimulated growth in the Valley remain strong. Relative affordability and job prospects are attracting people living in dense and expensive cities to Phoenix. The increase in remote work has given more people mobility and has enticed residents in California or East Coast markets to relocate, bringing their high-wage jobs with them. Population growth, a diversifying economy, relative affordability, and business-friendly regulation have strengthened the Phoenix value proposition. These characteristics attracted an average of 175 net new people to the Phoenix metro each day in 2022 and made Maricopa County the fastest-growing county in the country, on an absolute basis.

An influx of residents and the market's large educational institutions and colleges are significant contributors to the local talent pool. Metro Phoenix is home to the country's largest public and private universities: Arizona State University (ASU) and Grand Canyon University (GCU). ASU enrollment surpassed 145,000 students in fall 2023, spread across five campuses and including online students. ASU's primary location in Tempe is the largest, with more than 57,000 students on campus. Beyond producing new graduates, the universities collaborate with local employers on research and classroom curricula. Additionally, the strong private-public partnership between the local employers and the state's

excellent community college system supports the upskilling of talent, strengthening the area's workforce.

Businesses are selecting Phoenix to expand because of the extensive labor pool and favorable regulatory treatment. Numerous employers have announced expansions and relocations since the pandemic. Taiwan Semiconductor Manufacturing Company (TSMC) made national headlines when it confirmed plans to build a second fabrication plant in north Phoenix. The move increases the firm's investment from \$12 billion to \$40 billion, creating 10,000 high-tech jobs. Preliminary estimates from city economic development officials indicate the investment by TSMC could bring up to 45 additional businesses to the Valley that support and supply the plant. Additionally, Intel is underway on a \$20 billion expansion at its Chandler campus, where the semiconductor giant is building two new fabs alongside its four existing ones. Microsoft, Google, and Apple have invested in data centers throughout the metro. While labor is the primary driver behind the market's business attraction success, relative affordability and a more accommodating regulatory environment help tip the scale in favor of Phoenix when companies make their site selection decision.

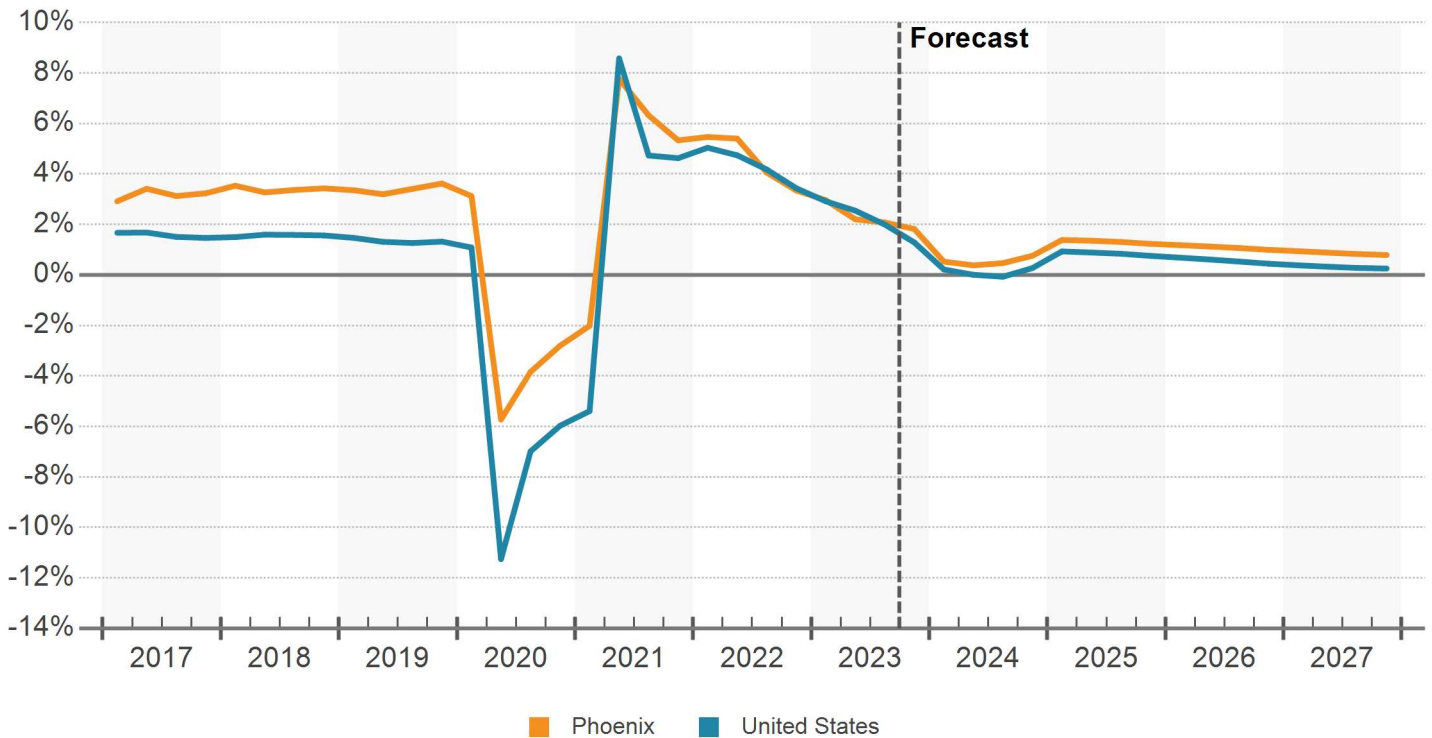
The number of companies moving to metro Phoenix is noteworthy, but the diversity of industries has helped sustain the region's long-term stability. Phoenix was synonymous with cheap labor and land that attracted call centers and back-office operators more than a decade ago. The economy depended on industries associated with household growth—construction, lending, brokerage, tile and cabinet manufacturers, etc. Because of its past reliance on housing, Phoenix was among the hardest-hit metros during the Great Recession; the market lost more than 240,000 jobs, 25% of which were in the construction industry alone. Phoenix recovered from the Great Recession about two years after the U.S. The companies that Phoenix is attracting have evolved, and the market has emerged as a hub for advanced manufacturing, aerospace, logistics, technology, life sciences, and finance.

PHOENIX EMPLOYMENT BY INDUSTRY IN THOUSANDS

| Industry | CURRENT JOBS | | CURRENT GROWTH | | 10 YR HISTORICAL | | 5 YR FORECAST | |
|--|--------------|------------|----------------|--------------|------------------|--------------|---------------|--------------|
| | Jobs | LQ | Market | US | Market | US | Market | US |
| Manufacturing | 149 | 0.8 | 0.37% | 0.05% | 2.51% | 0.72% | 0.64% | 0.08% |
| Trade, Transportation and Utilities | 456 | 1.0 | 0.79% | 0.21% | 2.46% | 1.07% | 0.49% | 0.14% |
| Retail Trade | 243 | 1.0 | 1.18% | 0.48% | 1.36% | 0.25% | 0.44% | 0.09% |
| Financial Activities | 222 | 1.6 | 0.41% | 0.60% | 3.29% | 1.46% | 0.59% | 0.14% |
| Government | 243 | 0.7 | 3.88% | 1.61% | 0.72% | 0.37% | 0.73% | 0.40% |
| Natural Resources, Mining and Construction | 162 | 1.2 | 2.17% | 1.56% | 5.07% | 2.35% | 1.39% | 0.27% |
| Education and Health Services | 383 | 1.0 | 3.65% | 3.15% | 3.84% | 1.88% | 1.52% | 0.66% |
| Professional and Business Services | 406 | 1.2 | 3.02% | 0.79% | 2.84% | 2.02% | 0.84% | 0.50% |
| Information | 42 | 0.9 | -5.20% | -2.66% | 1.81% | 1.11% | 1.04% | 0.33% |
| Leisure and Hospitality | 246 | 1.0 | 2.36% | 3.09% | 2.36% | 1.49% | 1.16% | 0.83% |
| Other Services | 70 | 0.8 | -4.46% | 1.78% | 0.80% | 0.64% | 0.65% | 0.27% |
| Total Employment | 2,380 | 1.0 | 1.84% | 1.36% | 2.69% | 1.31% | 0.91% | 0.40% |

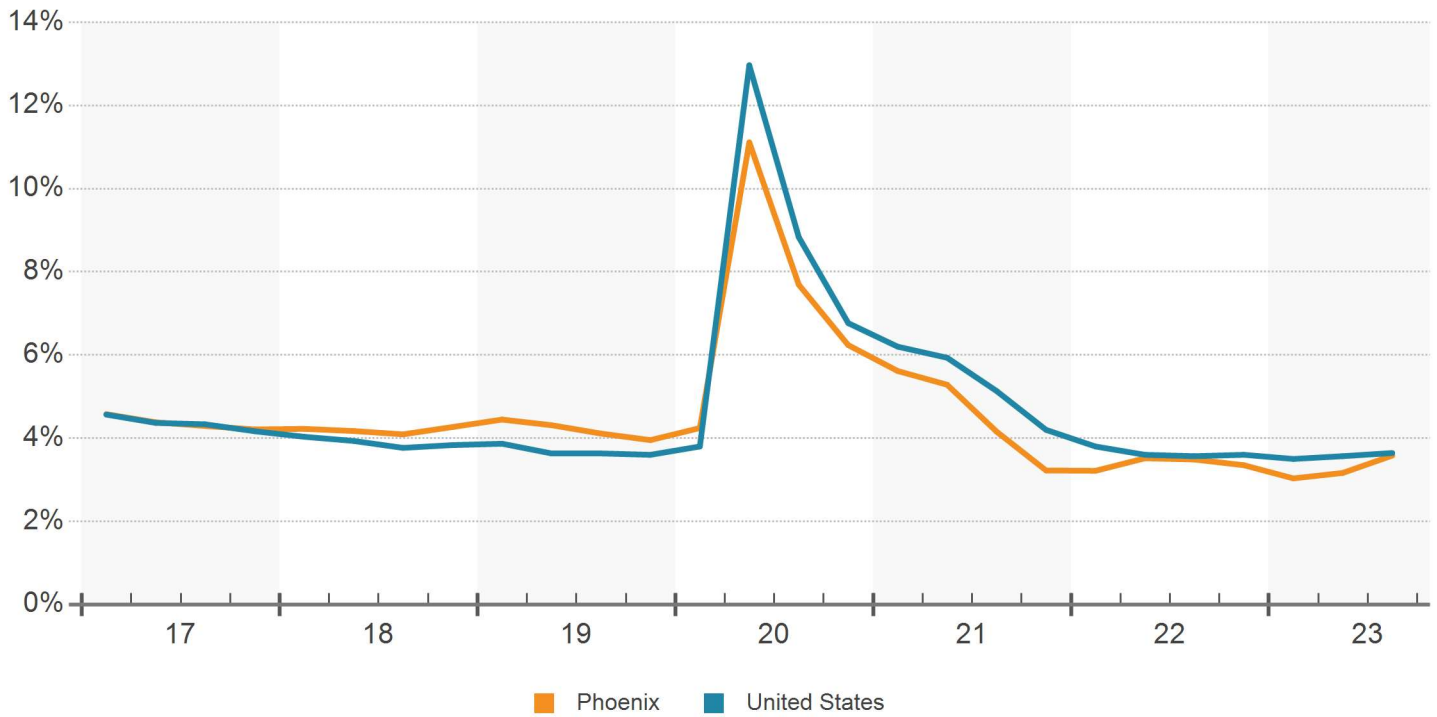
Source: Oxford Economics
LQ = Location Quotient

JOB GROWTH (YOY)

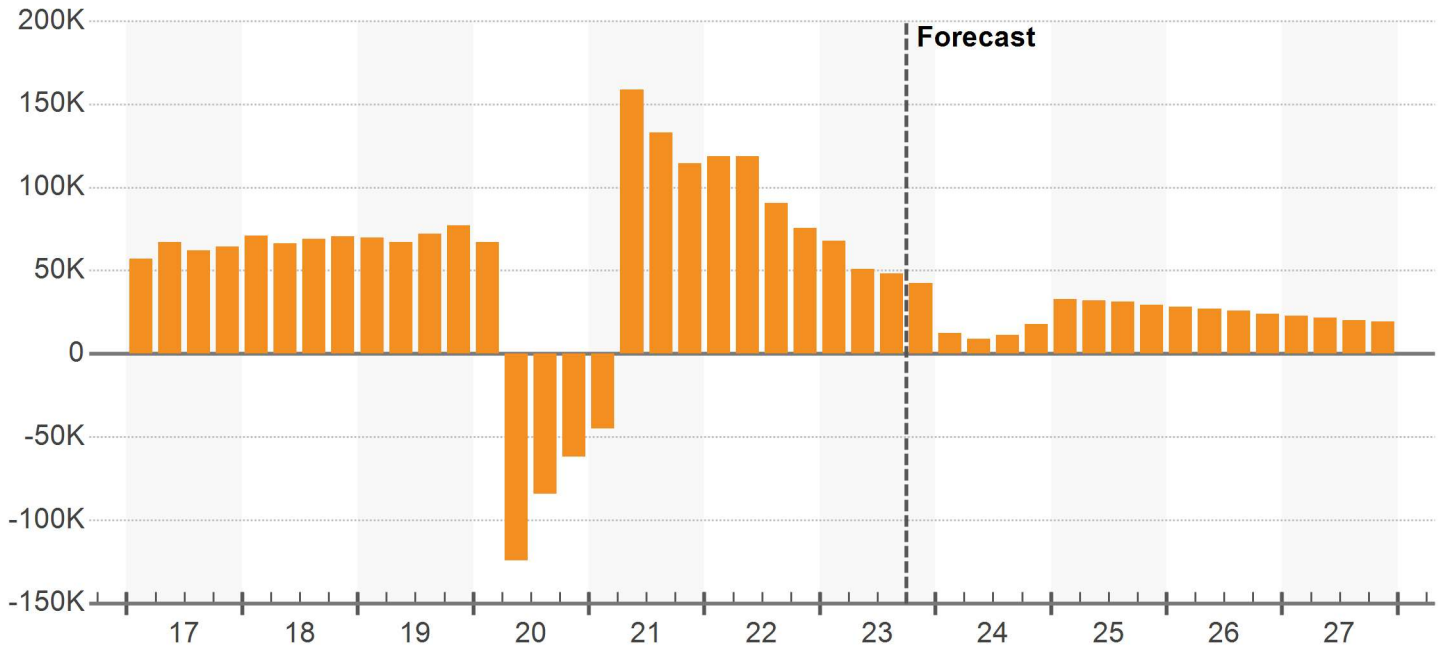


Source: Oxford Economics

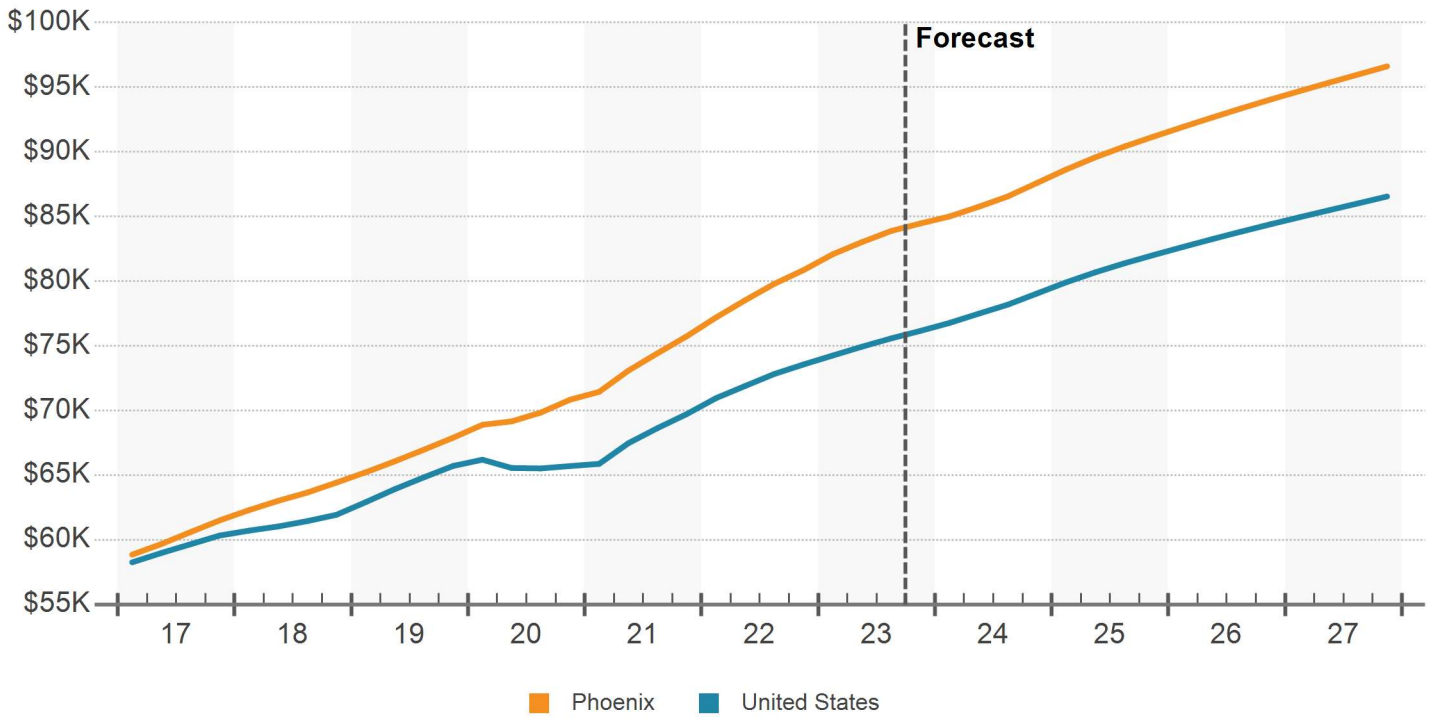
UNEMPLOYMENT RATE (%)



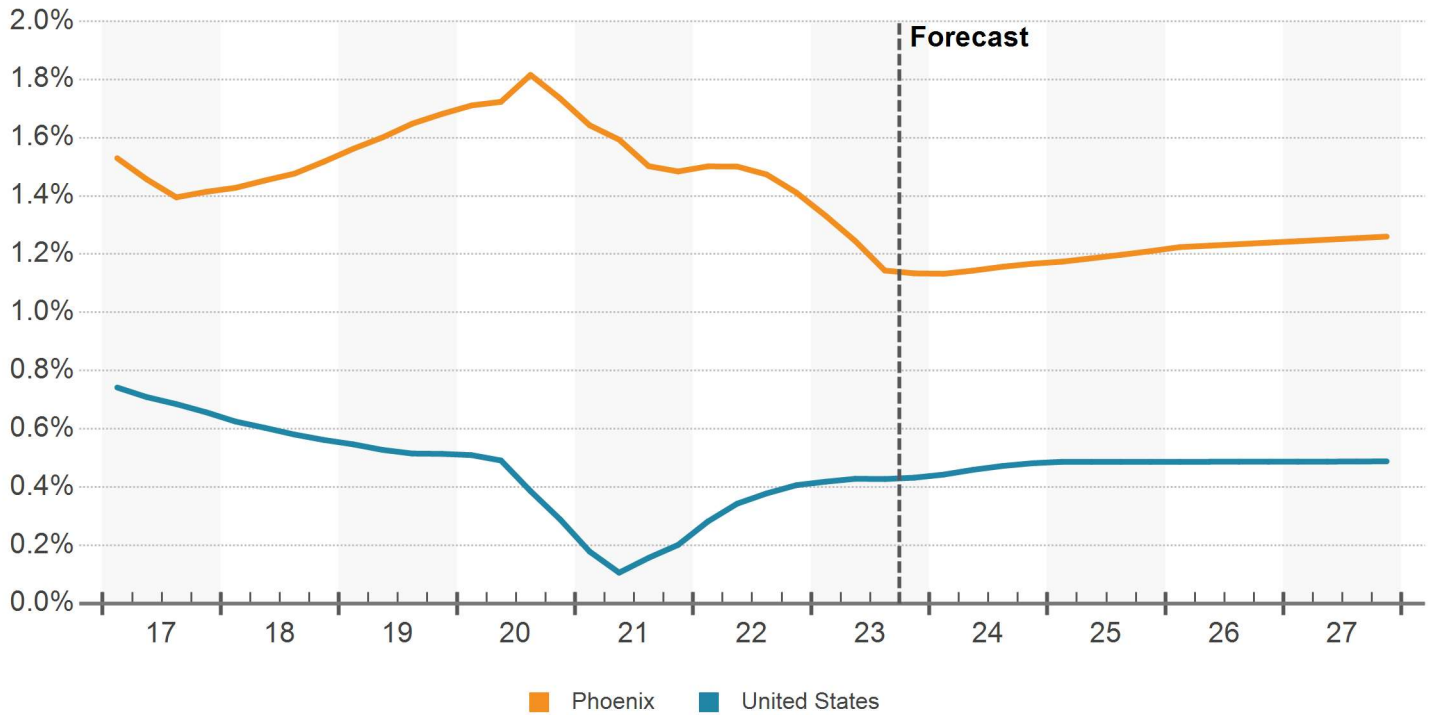
NET EMPLOYMENT CHANGE (YOY)



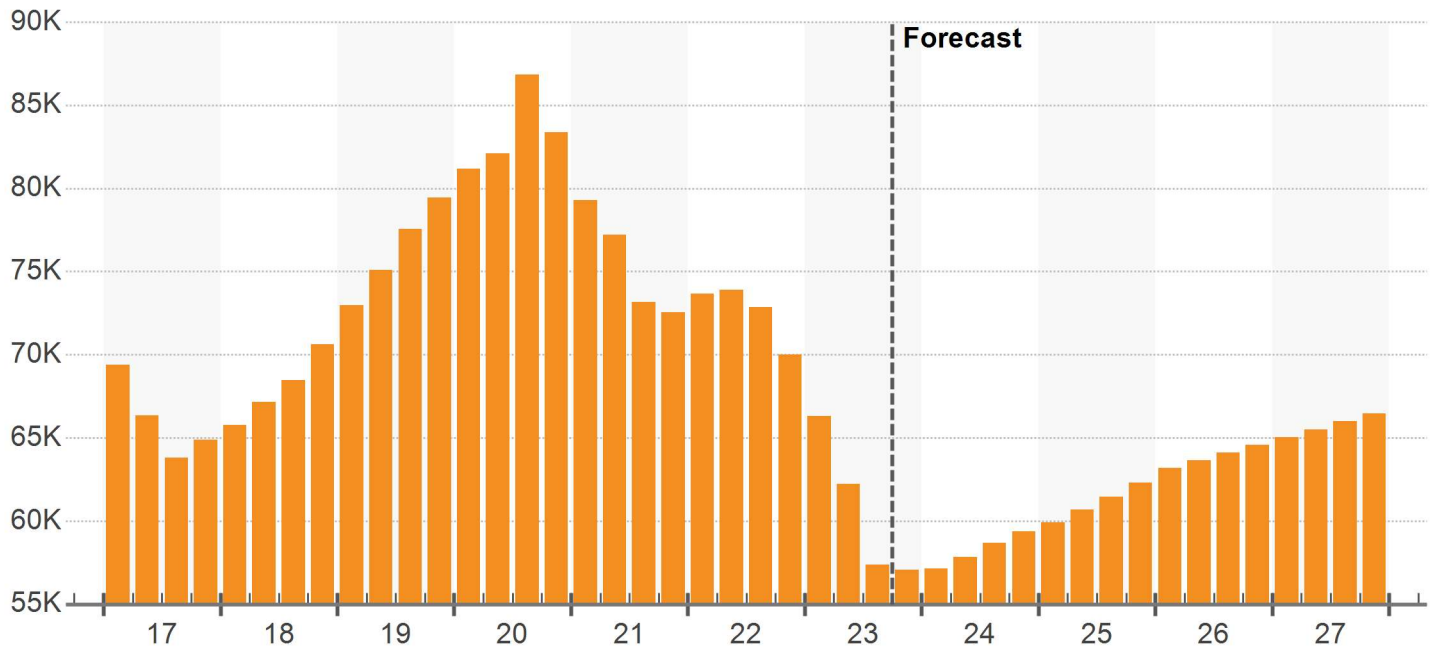
MEDIAN HOUSEHOLD INCOME



POPULATION GROWTH (YOY %)



NET POPULATION CHANGE (YOY)

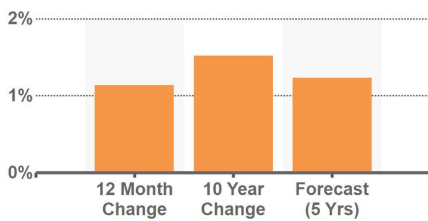


DEMOGRAPHIC TRENDS

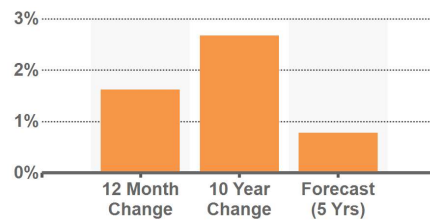
| Demographic Category | Current Level | | 12 Month Change | | 10 Year Change | | 5 Year Forecast | |
|-------------------------|---------------|-------------|-----------------|------|----------------|-------|-----------------|------|
| | Metro | US | Metro | US | Metro | US | Metro | US |
| Population | 5,086,170 | 335,065,875 | 1.1% | 0.4% | 1.5% | 0.5% | 1.2% | 0.5% |
| Households | 1,920,352 | 130,811,625 | 1.3% | 0.6% | 1.9% | 0.9% | 1.3% | 0.6% |
| Median Household Income | \$84,389 | \$76,086 | 4.5% | 3.6% | 5.0% | 3.8% | 3.3% | 3.1% |
| Labor Force | 2,636,152 | 167,576,531 | 1.6% | 1.8% | 2.7% | 0.8% | 0.8% | 0.2% |
| Unemployment | 3.6% | 3.6% | 0.2% | 0% | -0.3% | -0.3% | - | - |

Source: Oxford Economics

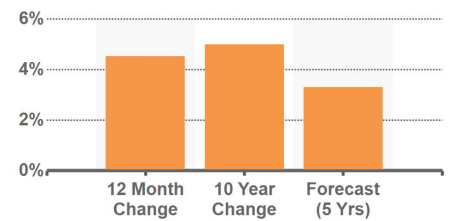
POPULATION GROWTH



LABOR FORCE GROWTH



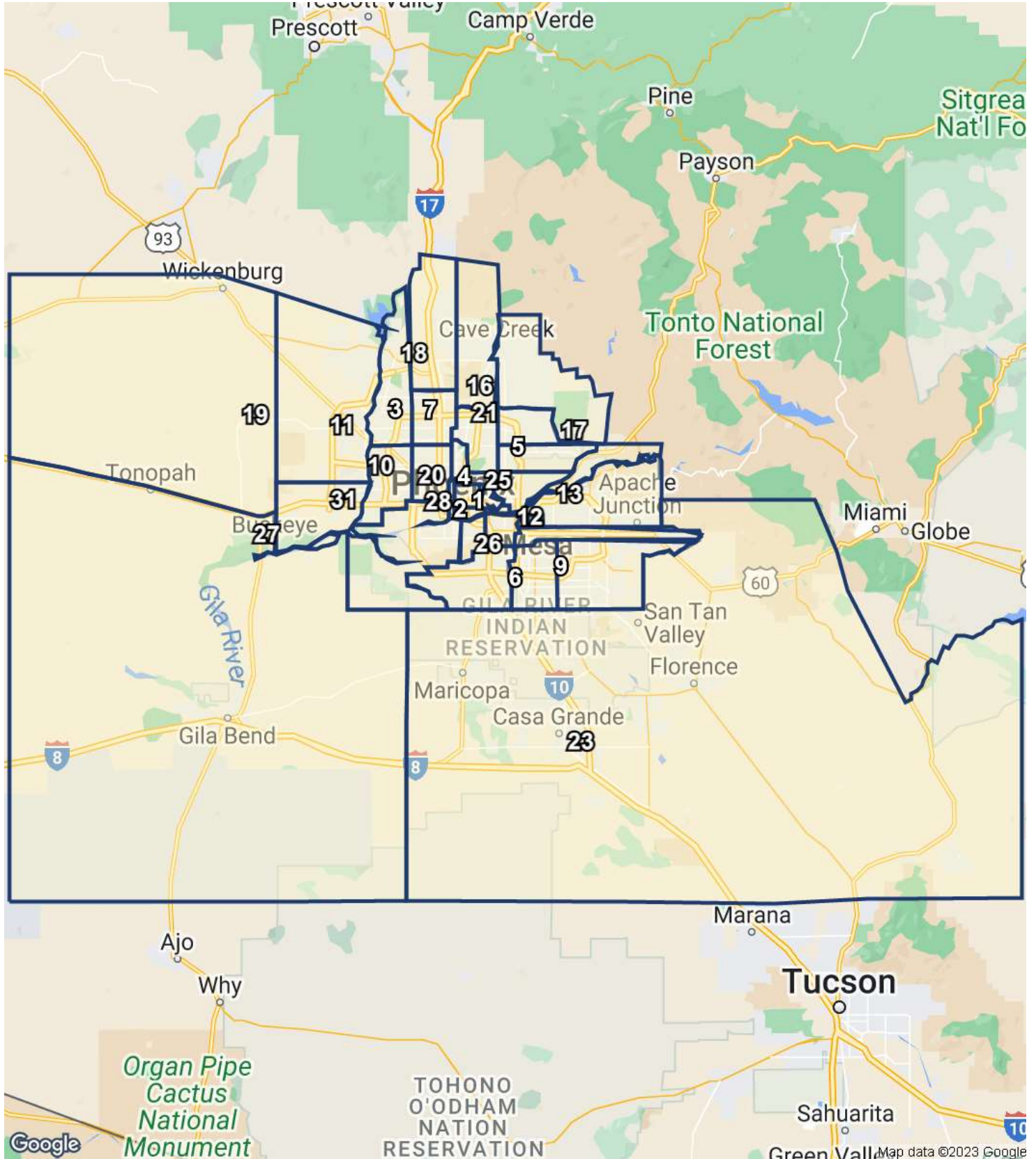
INCOME GROWTH



Source: Oxford Economics

Submarkets

PHOENIX SUBMARKETS



SUBMARKET INVENTORY

| No. | Submarket | Inventory | | | | 12 Month Deliveries | | | | Under Construction | | | |
|-----|--------------------------|-----------|----------|----------|------|---------------------|----------|---------|------|--------------------|----------|---------|------|
| | | Bldgs | SF (000) | % Market | Rank | Bldgs | SF (000) | Percent | Rank | Bldgs | SF (000) | Percent | Rank |
| 1 | 44th Street Corridor | 150 | 4,044 | 2.1% | 19 | 0 | 0 | 0% | - | 0 | - | - | - |
| 2 | Airport Area | 123 | 5,353 | 2.7% | 15 | 0 | 0 | 0% | - | 0 | - | - | - |
| 3 | Arrowhead | 382 | 4,840 | 2.5% | 17 | 0 | 0 | 0% | - | 0 | - | - | - |
| 4 | Camelback Corridor | 216 | 9,520 | 4.9% | 8 | 2 | 116 | 1.2% | 3 | 0 | - | - | - |
| 5 | Central Scottsdale | 400 | 9,219 | 4.7% | 9 | 1 | 80 | 0.9% | 5 | 0 | - | - | - |
| 6 | Chandler | 546 | 12,965 | 6.6% | 4 | 1 | 6 | 0% | 11 | 2 | 125 | 1.0% | 6 |
| 7 | Deer Valley/Airport | 288 | 12,448 | 6.4% | 5 | 0 | 0 | 0% | - | 0 | - | - | - |
| 8 | Downtown | 187 | 11,498 | 5.9% | 6 | 0 | 0 | 0% | - | 0 | - | - | - |
| 9 | Gateway Airport/Loop 202 | 309 | 2,974 | 1.5% | 22 | 4 | 78 | 2.6% | 6 | 4 | 130 | 4.4% | 5 |
| 10 | Glendale | 213 | 3,686 | 1.9% | 20 | 1 | 36 | 1.0% | 8 | 5 | 136 | 3.7% | 3 |
| 11 | Loop 303/Surprise | 171 | 2,662 | 1.4% | 23 | 0 | 0 | 0% | - | 1 | 10 | 0.4% | 10 |
| 12 | Mesa Downtown | 202 | 1,494 | 0.8% | 27 | 0 | 0 | 0% | - | 0 | - | - | - |
| 13 | Mesa East | 476 | 5,022 | 2.6% | 16 | 2 | 40 | 0.8% | 7 | 0 | - | - | - |
| 14 | Midtown | 390 | 13,432 | 6.9% | 3 | 0 | 0 | 0% | - | 0 | - | - | - |
| 15 | Midtown/Central Phoenix | 504 | 6,149 | 3.1% | 13 | 2 | 93 | 1.5% | 4 | 1 | 13 | 0.2% | 9 |
| 16 | N Phoenix/Cave Creek | 20 | 156 | 0.1% | 30 | 0 | 0 | 0% | - | 0 | - | - | - |
| 17 | N Scottsdale/Carefree | 197 | 1,889 | 1.0% | 25 | 0 | 0 | 0% | - | 0 | - | - | - |
| 18 | North I-17 | 64 | 1,006 | 0.5% | 28 | 0 | 0 | 0% | - | 0 | - | - | - |
| 19 | Northwest Outlying | 37 | 139 | 0.1% | 31 | 0 | 0 | 0% | - | 0 | - | - | - |
| 20 | Northwest Phoenix | 845 | 11,020 | 5.6% | 7 | 0 | 0 | 0% | - | 0 | - | - | - |
| 21 | Paradise Valley | 272 | 5,474 | 2.8% | 14 | 0 | 0 | 0% | - | 0 | - | - | - |
| 22 | Piestewa Peak Corridor | 202 | 3,458 | 1.8% | 21 | 0 | 0 | 0% | - | 0 | - | - | - |
| 23 | Pinal County | 282 | 1,780 | 0.9% | 26 | 1 | 6 | 0.3% | 12 | 1 | 14 | 0.8% | 8 |
| 24 | Scottsdale Airpark | 395 | 14,097 | 7.2% | 2 | 2 | 182 | 1.3% | 2 | 1 | 98 | 0.7% | 7 |
| 25 | Scottsdale South | 518 | 8,084 | 4.1% | 10 | 0 | 0 | 0% | - | 1 | 7 | 0.1% | 11 |
| 26 | South Tempe/Ahwatukee | 294 | 7,462 | 3.8% | 11 | 0 | 0 | 0% | - | 1 | 135 | 1.8% | 4 |
| 27 | Southwest Outlying | 36 | 312 | 0.2% | 29 | 0 | 0 | 0% | - | 0 | - | - | - |
| 28 | Southwest Phoenix | 209 | 4,505 | 2.3% | 18 | 0 | 0 | 0% | - | 0 | - | - | - |
| 29 | Superstition Corridor | 440 | 6,805 | 3.5% | 12 | 2 | 9 | 0.1% | 9 | 0 | - | - | - |
| 30 | Tempe | 522 | 21,265 | 10.9% | 1 | 2 | 260 | 1.2% | 1 | 2 | 298 | 1.4% | 1 |
| 31 | West I-10 | 168 | 2,558 | 1.3% | 24 | 1 | 8 | 0.3% | 10 | 5 | 142 | 5.5% | 2 |

SUBMARKET RENT

| No. | Submarket | Market Rent | | 12 Month Market Rent | | QTD Annualized Market Rent | |
|-----|--------------------------|-------------|------|----------------------|------|----------------------------|------|
| | | Per SF | Rank | Growth | Rank | Growth | Rank |
| 1 | 44th Street Corridor | \$29.85 | 10 | 2.4% | 28 | 0% | 28 |
| 2 | Airport Area | \$27.46 | 18 | 3.1% | 27 | 0.6% | 15 |
| 3 | Arrowhead | \$28.64 | 15 | 4.0% | 12 | 0.5% | 20 |
| 4 | Camelback Corridor | \$36.91 | 1 | 2.4% | 30 | -0.3% | 30 |
| 5 | Central Scottsdale | \$29.85 | 9 | 4.1% | 10 | 1.3% | 4 |
| 6 | Chandler | \$29.50 | 11 | 3.9% | 14 | 0.4% | 25 |
| 7 | Deer Valley/Airport | \$28.80 | 14 | 3.4% | 22 | 0.2% | 27 |
| 8 | Downtown | \$32.41 | 3 | 2.3% | 31 | -1.4% | 31 |
| 9 | Gateway Airport/Loop 202 | \$29.38 | 12 | 4.6% | 3 | 0.8% | 8 |
| 10 | Glendale | \$29.91 | 8 | 3.7% | 20 | 0.5% | 19 |
| 11 | Loop 303/Surprise | \$30.56 | 7 | 3.8% | 19 | 0.4% | 22 |
| 12 | Mesa Downtown | \$21.36 | 31 | 5.1% | 1 | 2.4% | 1 |
| 13 | Mesa East | \$26.55 | 21 | 4.5% | 5 | 0.6% | 16 |
| 14 | Midtown | \$26.88 | 19 | 2.4% | 29 | -0.1% | 29 |
| 15 | Midtown/Central Phoenix | \$24.58 | 28 | 3.2% | 25 | 0.5% | 18 |
| 16 | N Phoenix/Cave Creek | \$24.94 | 26 | 3.9% | 15 | 0.7% | 11 |
| 17 | N Scottsdale/Carefree | \$25.48 | 23 | 4.3% | 8 | 1.0% | 7 |
| 18 | North I-17 | \$26.84 | 20 | 4.1% | 9 | 1.3% | 5 |
| 19 | Northwest Outlying | \$25.16 | 25 | 4.6% | 4 | 0.8% | 9 |
| 20 | Northwest Phoenix | \$23.30 | 29 | 4.0% | 11 | 0.4% | 23 |
| 21 | Paradise Valley | \$29.34 | 13 | 3.3% | 24 | 0.3% | 26 |
| 22 | Piestewa Peak Corridor | \$25.84 | 22 | 3.5% | 21 | 0.6% | 14 |
| 23 | Pinal County | \$22.61 | 30 | 4.4% | 7 | 0.7% | 10 |
| 24 | Scottsdale Airpark | \$32.38 | 4 | 3.8% | 16 | 1.4% | 2 |
| 25 | Scottsdale South | \$32.33 | 5 | 3.3% | 23 | 0.7% | 13 |
| 26 | South Tempe/Ahwatukee | \$27.97 | 17 | 3.2% | 26 | 0.4% | 24 |
| 27 | Southwest Outlying | \$24.80 | 27 | 4.7% | 2 | 0.7% | 12 |
| 28 | Southwest Phoenix | \$28.08 | 16 | 4.0% | 13 | 0.6% | 17 |
| 29 | Superstition Corridor | \$25.19 | 24 | 4.5% | 6 | 1.3% | 3 |
| 30 | Tempe | \$32.96 | 2 | 3.8% | 18 | 0.5% | 21 |
| 31 | West I-10 | \$31.27 | 6 | 3.8% | 17 | 1.0% | 6 |

SUBMARKET VACANCY & NET ABSORPTION

| No. | Submarket | Vacancy | | | 12 Month Absorption | | | |
|-----|--------------------------|-----------|---------|------|---------------------|----------|------|-----------------|
| | | SF | Percent | Rank | SF | % of Inv | Rank | Construc. Ratio |
| 1 | 44th Street Corridor | 618,484 | 15.3% | 18 | 43,969 | 1.1% | 7 | - |
| 2 | Airport Area | 1,171,661 | 21.9% | 27 | (88,758) | -1.7% | 27 | - |
| 3 | Arrowhead | 450,319 | 9.3% | 9 | (35,101) | -0.7% | 18 | - |
| 4 | Camelback Corridor | 1,902,272 | 20.0% | 25 | (253,506) | -2.7% | 29 | - |
| 5 | Central Scottsdale | 1,376,228 | 14.9% | 17 | (47,873) | -0.5% | 20 | - |
| 6 | Chandler | 2,073,875 | 16.0% | 21 | (76,602) | -0.6% | 25 | - |
| 7 | Deer Valley/Airport | 1,914,278 | 15.4% | 19 | 143,763 | 1.2% | 2 | - |
| 8 | Downtown | 2,443,049 | 21.2% | 26 | (292,876) | -2.5% | 30 | - |
| 9 | Gateway Airport/Loop 202 | 134,747 | 4.5% | 5 | 99,363 | 3.3% | 5 | 0.8 |
| 10 | Glendale | 457,635 | 12.4% | 14 | (27,124) | -0.7% | 17 | - |
| 11 | Loop 303/Surprise | 218,399 | 8.2% | 8 | (994) | 0% | 13 | - |
| 12 | Mesa Downtown | 207,018 | 13.9% | 16 | (55,228) | -3.7% | 21 | - |
| 13 | Mesa East | 638,156 | 12.7% | 15 | (75,178) | -1.5% | 24 | - |
| 14 | Midtown | 2,581,479 | 19.2% | 24 | 21,265 | 0.2% | 10 | - |
| 15 | Midtown/Central Phoenix | 366,499 | 6.0% | 6 | 153,703 | 2.5% | 1 | 0.6 |
| 16 | N Phoenix/Cave Creek | 3,098 | 2.0% | 1 | (1,768) | -1.1% | 14 | - |
| 17 | N Scottsdale/Carefree | 226,588 | 12.0% | 11 | (17,616) | -0.9% | 15 | - |
| 18 | North I-17 | 38,678 | 3.8% | 4 | 114,843 | 11.4% | 4 | - |
| 19 | Northwest Outlying | - | - | - | 0 | 0% | - | - |
| 20 | Northwest Phoenix | 1,855,080 | 16.8% | 23 | 133,509 | 1.2% | 3 | - |
| 21 | Paradise Valley | 675,549 | 12.3% | 13 | (43,298) | -0.8% | 19 | - |
| 22 | Piestewa Peak Corridor | 419,604 | 12.1% | 12 | (76,921) | -2.2% | 26 | - |
| 23 | Pinal County | 60,940 | 3.4% | 3 | (20,395) | -1.1% | 16 | - |
| 24 | Scottsdale Airpark | 2,259,378 | 16.0% | 22 | (63,482) | -0.5% | 22 | - |
| 25 | Scottsdale South | 1,272,205 | 15.7% | 20 | 58,190 | 0.7% | 6 | - |
| 26 | South Tempe/Ahwatukee | 1,643,855 | 22.0% | 28 | (191,564) | -2.6% | 28 | - |
| 27 | Southwest Outlying | - | - | - | 0 | 0% | - | - |
| 28 | Southwest Phoenix | 136,697 | 3.0% | 2 | 24,364 | 0.5% | 9 | - |
| 29 | Superstition Corridor | 728,166 | 10.7% | 10 | (66,367) | -1.0% | 23 | - |
| 30 | Tempe | 5,002,918 | 23.5% | 29 | (1,141,979) | -5.4% | 31 | - |
| 31 | West I-10 | 199,400 | 7.8% | 7 | 29,163 | 1.1% | 8 | 0.3 |

OVERALL SUPPLY & DEMAND

| Year | Inventory | | | Net Absorption | | |
|------|-------------|-----------|----------|----------------|----------|--------------------|
| | SF | SF Growth | % Growth | SF | % of Inv | Construction Ratio |
| 2027 | 198,028,438 | 807,351 | 0.4% | 684,241 | 0.3% | 1.2 |
| 2026 | 197,221,087 | 556,681 | 0.3% | 242,187 | 0.1% | 2.3 |
| 2025 | 196,664,406 | 425,496 | 0.2% | (271,807) | -0.1% | - |
| 2024 | 196,238,910 | 915,266 | 0.5% | (2,420,945) | -1.2% | - |
| 2023 | 195,323,644 | 711,070 | 0.4% | (1,796,358) | -0.9% | - |
| YTD | 195,329,301 | 716,727 | 0.4% | (1,718,155) | -0.9% | - |
| 2022 | 194,612,574 | 1,108,281 | 0.6% | (1,459,369) | -0.7% | - |
| 2021 | 193,504,293 | 2,436,418 | 1.3% | (19,644) | 0% | - |
| 2020 | 191,067,875 | 2,534,656 | 1.3% | (265,251) | -0.1% | - |
| 2019 | 188,533,219 | 2,945,311 | 1.6% | 4,077,581 | 2.2% | 0.7 |
| 2018 | 185,587,908 | 1,077,505 | 0.6% | 3,471,194 | 1.9% | 0.3 |
| 2017 | 184,510,403 | 1,705,255 | 0.9% | 2,962,248 | 1.6% | 0.6 |
| 2016 | 182,805,148 | 2,650,679 | 1.5% | 4,102,395 | 2.2% | 0.6 |
| 2015 | 180,154,469 | 3,143,406 | 1.8% | 4,262,290 | 2.4% | 0.7 |
| 2014 | 177,011,063 | 460,922 | 0.3% | 2,319,236 | 1.3% | 0.2 |
| 2013 | 176,550,141 | (266,290) | -0.2% | 1,627,018 | 0.9% | - |
| 2012 | 176,816,431 | 1,349,412 | 0.8% | 3,167,822 | 1.8% | 0.4 |
| 2011 | 175,467,019 | 550,105 | 0.3% | 1,049,382 | 0.6% | 0.5 |

4 & 5 STAR SUPPLY & DEMAND

| Year | Inventory | | | Net Absorption | | |
|------|------------|-----------|----------|----------------|----------|--------------------|
| | SF | SF Growth | % Growth | SF | % of Inv | Construction Ratio |
| 2027 | 72,948,412 | 1,028,291 | 1.4% | 702,250 | 1.0% | 1.5 |
| 2026 | 71,920,121 | 777,052 | 1.1% | 413,698 | 0.6% | 1.9 |
| 2025 | 71,143,069 | 645,482 | 0.9% | 214,317 | 0.3% | 3.0 |
| 2024 | 70,497,587 | 962,576 | 1.4% | (71,685) | -0.1% | - |
| 2023 | 69,535,011 | 522,811 | 0.8% | (1,404,787) | -2.0% | - |
| YTD | 69,535,011 | 522,811 | 0.8% | (1,433,960) | -2.1% | - |
| 2022 | 69,012,200 | 1,062,660 | 1.6% | (2,074,518) | -3.0% | - |
| 2021 | 67,949,540 | 2,354,089 | 3.6% | (185,149) | -0.3% | - |
| 2020 | 65,595,451 | 1,865,152 | 2.9% | 487,050 | 0.7% | 3.8 |
| 2019 | 63,730,299 | 2,661,449 | 4.4% | 3,188,266 | 5.0% | 0.8 |
| 2018 | 61,068,850 | 1,142,926 | 1.9% | 1,643,651 | 2.7% | 0.7 |
| 2017 | 59,925,924 | 1,794,610 | 3.1% | 1,736,233 | 2.9% | 1.0 |
| 2016 | 58,131,314 | 2,317,228 | 4.2% | 2,119,557 | 3.6% | 1.1 |
| 2015 | 55,814,086 | 2,665,510 | 5.0% | 2,740,019 | 4.9% | 1.0 |
| 2014 | 53,148,576 | 884,722 | 1.7% | 1,297,415 | 2.4% | 0.7 |
| 2013 | 52,263,854 | 29,592 | 0.1% | 521,851 | 1.0% | 0.1 |
| 2012 | 52,234,262 | 940,896 | 1.8% | 1,707,975 | 3.3% | 0.6 |
| 2011 | 51,293,366 | 463,427 | 0.9% | 904,024 | 1.8% | 0.5 |

Supply & Demand Trends

Phoenix Office

3 STAR SUPPLY & DEMAND

| Year | Inventory | | | Net Absorption | | |
|------|------------|-----------|----------|----------------|----------|--------------------|
| | SF | SF Growth | % Growth | SF | % of Inv | Construction Ratio |
| 2027 | 86,392,188 | 0 | 0% | 79,502 | 0.1% | 0 |
| 2026 | 86,392,188 | 0 | 0% | (24,798) | 0% | - |
| 2025 | 86,392,188 | 0 | 0% | (231,048) | -0.3% | - |
| 2024 | 86,392,188 | 169,855 | 0.2% | (1,352,851) | -1.6% | - |
| 2023 | 86,222,333 | 224,914 | 0.3% | (168,535) | -0.2% | - |
| YTD | 86,222,333 | 224,914 | 0.3% | (83,775) | -0.1% | - |
| 2022 | 85,997,419 | 167,471 | 0.2% | 101,847 | 0.1% | 1.6 |
| 2021 | 85,829,948 | 506,576 | 0.6% | (269,483) | -0.3% | - |
| 2020 | 85,323,372 | 730,535 | 0.9% | (155,767) | -0.2% | - |
| 2019 | 84,592,837 | 397,947 | 0.5% | 723,938 | 0.9% | 0.5 |
| 2018 | 84,194,890 | 90,877 | 0.1% | 1,214,336 | 1.4% | 0.1 |
| 2017 | 84,104,013 | 169,973 | 0.2% | 689,792 | 0.8% | 0.2 |
| 2016 | 83,934,040 | 430,927 | 0.5% | 1,035,598 | 1.2% | 0.4 |
| 2015 | 83,503,113 | 591,780 | 0.7% | 1,124,317 | 1.3% | 0.5 |
| 2014 | 82,911,333 | (147,223) | -0.2% | 529,342 | 0.6% | - |
| 2013 | 83,058,556 | (62,386) | -0.1% | 1,011,967 | 1.2% | - |
| 2012 | 83,120,942 | 526,532 | 0.6% | 1,697,954 | 2.0% | 0.3 |
| 2011 | 82,594,410 | 234,265 | 0.3% | 405,639 | 0.5% | 0.6 |

1 & 2 STAR SUPPLY & DEMAND

| Year | Inventory | | | Net Absorption | | |
|------|------------|-----------|----------|----------------|----------|--------------------|
| | SF | SF Growth | % Growth | SF | % of Inv | Construction Ratio |
| 2027 | 38,687,838 | (220,940) | -0.6% | (97,511) | -0.3% | - |
| 2026 | 38,908,778 | (220,371) | -0.6% | (146,713) | -0.4% | - |
| 2025 | 39,129,149 | (219,986) | -0.6% | (255,076) | -0.7% | - |
| 2024 | 39,349,135 | (217,165) | -0.5% | (996,409) | -2.5% | - |
| 2023 | 39,566,300 | (36,655) | -0.1% | (223,036) | -0.6% | - |
| YTD | 39,571,957 | (30,998) | -0.1% | (200,420) | -0.5% | - |
| 2022 | 39,602,955 | (121,850) | -0.3% | 513,302 | 1.3% | - |
| 2021 | 39,724,805 | (424,247) | -1.1% | 434,988 | 1.1% | - |
| 2020 | 40,149,052 | (61,031) | -0.2% | (596,534) | -1.5% | - |
| 2019 | 40,210,083 | (114,085) | -0.3% | 165,377 | 0.4% | - |
| 2018 | 40,324,168 | (156,298) | -0.4% | 613,207 | 1.5% | - |
| 2017 | 40,480,466 | (259,328) | -0.6% | 536,223 | 1.3% | - |
| 2016 | 40,739,794 | (97,476) | -0.2% | 947,240 | 2.3% | - |
| 2015 | 40,837,270 | (113,884) | -0.3% | 397,954 | 1.0% | - |
| 2014 | 40,951,154 | (276,577) | -0.7% | 492,479 | 1.2% | - |
| 2013 | 41,227,731 | (233,496) | -0.6% | 93,200 | 0.2% | - |
| 2012 | 41,461,227 | (118,016) | -0.3% | (238,107) | -0.6% | - |
| 2011 | 41,579,243 | (147,587) | -0.4% | (260,281) | -0.6% | - |

OVERALL RENT & VACANCY

| Year | Market Rent | | | | Vacancy | | |
|------|-------------|-------|----------|--------------|------------|---------|----------|
| | Per SF | Index | % Growth | Vs Hist Peak | SF | Percent | Ppts Chg |
| 2027 | \$29.90 | 126 | 2.0% | 5.0% | 35,659,049 | 18.0% | 0% |
| 2026 | \$29.31 | 123 | 1.6% | 2.9% | 35,527,628 | 18.0% | 0.1% |
| 2025 | \$28.85 | 121 | 0.1% | 1.3% | 35,204,705 | 17.9% | 0.3% |
| 2024 | \$28.82 | 121 | -2.1% | 1.2% | 34,499,040 | 17.6% | 1.6% |
| 2023 | \$29.43 | 124 | 3.3% | 3.3% | 31,154,510 | 16.0% | 1.2% |
| YTD | \$29.42 | 124 | 3.5% | 3.3% | 31,076,255 | 15.9% | 1.2% |
| 2022 | \$28.48 | 120 | 5.3% | 0% | 28,641,373 | 14.7% | 1.2% |
| 2021 | \$27.03 | 114 | 5.2% | -5.1% | 26,073,723 | 13.5% | 1.1% |
| 2020 | \$25.70 | 108 | 1.0% | -9.8% | 23,614,193 | 12.4% | 1.3% |
| 2019 | \$25.44 | 107 | 5.0% | -10.7% | 20,814,286 | 11.0% | -0.8% |
| 2018 | \$24.24 | 102 | 3.6% | -14.9% | 21,949,065 | 11.8% | -1.4% |
| 2017 | \$23.40 | 98 | 4.5% | -17.8% | 24,435,220 | 13.2% | -0.9% |
| 2016 | \$22.39 | 94 | 6.3% | -21.4% | 25,781,892 | 14.1% | -1.0% |
| 2015 | \$21.06 | 88 | 7.5% | -26.0% | 27,207,391 | 15.1% | -0.9% |
| 2014 | \$19.59 | 82 | 4.9% | -31.2% | 28,357,246 | 16.0% | -1.1% |
| 2013 | \$18.67 | 78 | 2.4% | -34.4% | 30,273,541 | 17.1% | -1.0% |
| 2012 | \$18.24 | 77 | -0.8% | -36.0% | 32,171,949 | 18.2% | -1.2% |
| 2011 | \$18.38 | 77 | -3.5% | -35.5% | 33,986,007 | 19.4% | -0.3% |

4 & 5 STAR RENT & VACANCY

| Year | Market Rent | | | | Vacancy | | |
|------|-------------|-------|----------|--------------|------------|---------|----------|
| | Per SF | Index | % Growth | Vs Hist Peak | SF | Percent | Ppts Chg |
| 2027 | \$34.93 | 125 | 1.6% | 2.3% | 19,143,538 | 26.2% | 0.1% |
| 2026 | \$34.38 | 123 | 1.2% | 0.7% | 18,818,392 | 26.2% | 0.2% |
| 2025 | \$33.97 | 122 | -0.3% | -0.6% | 18,455,936 | 25.9% | 0.4% |
| 2024 | \$34.07 | 122 | -2.4% | -0.3% | 18,025,674 | 25.6% | 1.1% |
| 2023 | \$34.92 | 125 | 2.2% | 2.2% | 16,991,880 | 24.4% | 2.6% |
| YTD | \$34.92 | 125 | 2.4% | 2.2% | 17,021,032 | 24.5% | 2.6% |
| 2022 | \$34.16 | 123 | 3.6% | 0% | 15,064,261 | 21.8% | 4.3% |
| 2021 | \$32.96 | 118 | 2.8% | -3.5% | 11,927,083 | 17.6% | 3.2% |
| 2020 | \$32.06 | 115 | -0.3% | -6.1% | 9,387,845 | 14.3% | 1.7% |
| 2019 | \$32.16 | 116 | 5.9% | -5.8% | 8,009,743 | 12.6% | -1.4% |
| 2018 | \$30.38 | 109 | 3.2% | -11.1% | 8,536,560 | 14.0% | -1.1% |
| 2017 | \$29.45 | 106 | 3.7% | -13.8% | 9,037,285 | 15.1% | -0.5% |
| 2016 | \$28.39 | 102 | 8.7% | -16.9% | 9,076,156 | 15.6% | -0.3% |
| 2015 | \$26.12 | 94 | 9.3% | -23.5% | 8,876,521 | 15.9% | -0.9% |
| 2014 | \$23.90 | 86 | 6.1% | -30.0% | 8,924,691 | 16.8% | -1.2% |
| 2013 | \$22.52 | 81 | 3.0% | -34.1% | 9,398,153 | 18.0% | -1.0% |
| 2012 | \$21.86 | 79 | -0.9% | -36.0% | 9,890,412 | 18.9% | -1.8% |
| 2011 | \$22.06 | 79 | -2.7% | -35.4% | 10,657,491 | 20.8% | -1.1% |

3 STAR RENT & VACANCY

| Year | Market Rent | | | | Vacancy | | |
|------|-------------|-------|----------|--------------|------------|---------|----------|
| | Per SF | Index | % Growth | Vs Hist Peak | SF | Percent | Ppts Chg |
| 2027 | \$28.43 | 124 | 2.2% | 6.6% | 13,203,633 | 15.3% | -0.1% |
| 2026 | \$27.82 | 121 | 1.8% | 4.3% | 13,283,135 | 15.4% | 0% |
| 2025 | \$27.33 | 119 | 0.3% | 2.5% | 13,258,337 | 15.3% | 0.3% |
| 2024 | \$27.25 | 119 | -1.9% | 2.2% | 13,027,289 | 15.1% | 1.7% |
| 2023 | \$27.77 | 121 | 4.1% | 4.1% | 11,504,583 | 13.3% | 0.4% |
| YTD | \$27.77 | 121 | 4.3% | 4.1% | 11,419,799 | 13.2% | 0.3% |
| 2022 | \$26.67 | 116 | 5.9% | 0% | 11,111,110 | 12.9% | 0.1% |
| 2021 | \$25.19 | 110 | 6.7% | -5.5% | 11,045,486 | 12.9% | 0.8% |
| 2020 | \$23.61 | 103 | 1.4% | -11.5% | 10,285,427 | 12.1% | 0.9% |
| 2019 | \$23.28 | 101 | 4.3% | -12.7% | 9,399,125 | 11.1% | -0.4% |
| 2018 | \$22.32 | 97 | 3.9% | -16.3% | 9,725,116 | 11.6% | -1.4% |
| 2017 | \$21.48 | 94 | 5.1% | -19.4% | 10,928,575 | 13.0% | -0.6% |
| 2016 | \$20.43 | 89 | 4.1% | -23.4% | 11,448,394 | 13.6% | -0.8% |
| 2015 | \$19.63 | 86 | 6.1% | -26.4% | 12,029,641 | 14.4% | -0.8% |
| 2014 | \$18.50 | 81 | 3.5% | -30.6% | 12,619,488 | 15.2% | -0.8% |
| 2013 | \$17.87 | 78 | 2.2% | -33.0% | 13,296,053 | 16.0% | -1.3% |
| 2012 | \$17.49 | 76 | 1.1% | -34.4% | 14,370,406 | 17.3% | -1.5% |
| 2011 | \$17.29 | 75 | -4.0% | -35.2% | 15,537,476 | 18.8% | -0.3% |

1 & 2 STAR RENT & VACANCY

| Year | Market Rent | | | | Vacancy | | |
|------|-------------|-------|----------|--------------|-----------|---------|----------|
| | Per SF | Index | % Growth | Vs Hist Peak | SF | Percent | Ppts Chg |
| 2027 | \$24.14 | 130 | 2.6% | 8.2% | 3,311,878 | 8.6% | -0.2% |
| 2026 | \$23.53 | 127 | 2.2% | 5.5% | 3,426,101 | 8.8% | -0.1% |
| 2025 | \$23.04 | 124 | 0.6% | 3.3% | 3,490,432 | 8.9% | 0.2% |
| 2024 | \$22.89 | 124 | -1.5% | 2.6% | 3,446,077 | 8.8% | 2.0% |
| 2023 | \$23.24 | 125 | 4.2% | 4.2% | 2,658,047 | 6.7% | 0.5% |
| YTD | \$23.24 | 125 | 4.3% | 4.2% | 2,635,424 | 6.7% | 0.4% |
| 2022 | \$22.31 | 120 | 8.9% | 0% | 2,466,002 | 6.2% | -1.6% |
| 2021 | \$20.49 | 111 | 8.3% | -8.2% | 3,101,154 | 7.8% | -2.0% |
| 2020 | \$18.92 | 102 | 4.1% | -15.2% | 3,940,921 | 9.8% | 1.3% |
| 2019 | \$18.17 | 98 | 4.0% | -18.5% | 3,405,418 | 8.5% | -0.7% |
| 2018 | \$17.47 | 94 | 3.8% | -21.7% | 3,687,389 | 9.1% | -1.9% |
| 2017 | \$16.82 | 91 | 5.5% | -24.6% | 4,469,360 | 11.0% | -1.9% |
| 2016 | \$15.95 | 86 | 5.1% | -28.5% | 5,257,342 | 12.9% | -2.5% |
| 2015 | \$15.18 | 82 | 6.1% | -32.0% | 6,301,229 | 15.4% | -1.2% |
| 2014 | \$14.31 | 77 | 5.5% | -35.9% | 6,813,067 | 16.6% | -1.7% |
| 2013 | \$13.56 | 73 | 1.1% | -39.2% | 7,579,335 | 18.4% | -0.7% |
| 2012 | \$13.42 | 72 | -5.6% | -39.9% | 7,911,131 | 19.1% | 0.3% |
| 2011 | \$14.20 | 77 | -4.8% | -36.3% | 7,791,040 | 18.7% | 0.3% |

OVERALL SALES

| Year | Completed Transactions (1) | | | | | | Market Pricing Trends (2) | | |
|------|----------------------------|--------|----------|-------------|--------------|--------------|---------------------------|-------------|----------|
| | Deals | Volume | Turnover | Avg Price | Avg Price/SF | Avg Cap Rate | Price/SF | Price Index | Cap Rate |
| 2027 | - | - | - | - | - | - | \$211.72 | 132 | 8.2% |
| 2026 | - | - | - | - | - | - | \$201.67 | 126 | 8.5% |
| 2025 | - | - | - | - | - | - | \$193.17 | 121 | 8.7% |
| 2024 | - | - | - | - | - | - | \$190.60 | 119 | 8.9% |
| 2023 | - | - | - | - | - | - | \$215.82 | 135 | 8.2% |
| YTD | 512 | \$1.2B | 3.8% | \$3,001,706 | \$198.20 | 6.6% | \$217.34 | 136 | 8.1% |
| 2022 | 889 | \$2.9B | 7.8% | \$4,373,269 | \$235.01 | 6.2% | \$221.87 | 139 | 7.8% |
| 2021 | 1,053 | \$3.4B | 8.3% | \$3,841,933 | \$225.29 | 6.8% | \$232.05 | 145 | 7.2% |
| 2020 | 715 | \$1.5B | 4.1% | \$2,758,865 | \$226.76 | 7.4% | \$215.93 | 135 | 7.5% |
| 2019 | 1,065 | \$3.1B | 9.5% | \$4,279,310 | \$192.93 | 7.3% | \$204.71 | 128 | 7.7% |
| 2018 | 982 | \$3B | 10.2% | \$4,056,038 | \$176.81 | 7.2% | \$193.04 | 121 | 7.6% |
| 2017 | 830 | \$2.7B | 8.2% | \$4,457,100 | \$211.31 | 7.4% | \$184.96 | 116 | 7.5% |
| 2016 | 819 | \$2.3B | 9.0% | \$3,574,413 | \$165.82 | 7.5% | \$184.57 | 115 | 7.2% |
| 2015 | 838 | \$3.2B | 11.3% | \$5,001,374 | \$168.44 | 7.7% | \$177.11 | 111 | 7.2% |
| 2014 | 795 | \$1.8B | 8.5% | \$3,146,569 | \$135.09 | 7.9% | \$165.65 | 104 | 7.3% |
| 2013 | 729 | \$1.4B | 7.2% | \$2,637,022 | \$119.87 | 7.9% | \$156.36 | 98 | 7.5% |
| 2012 | 770 | \$1.4B | 6.5% | \$2,423,068 | \$133.05 | 8.2% | \$152.59 | 95 | 7.6% |

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

4 & 5 STAR SALES

| Year | Completed Transactions (1) | | | | | | Market Pricing Trends (2) | | |
|------|----------------------------|----------|----------|--------------|--------------|--------------|---------------------------|-------------|----------|
| | Deals | Volume | Turnover | Avg Price | Avg Price/SF | Avg Cap Rate | Price/SF | Price Index | Cap Rate |
| 2027 | - | - | - | - | - | - | \$256.47 | 131 | 7.8% |
| 2026 | - | - | - | - | - | - | \$244.98 | 125 | 8.0% |
| 2025 | - | - | - | - | - | - | \$235.28 | 120 | 8.3% |
| 2024 | - | - | - | - | - | - | \$232.83 | 119 | 8.5% |
| 2023 | - | - | - | - | - | - | \$265.47 | 135 | 7.7% |
| YTD | 23 | \$386.1M | 4.0% | \$20,321,367 | \$175.76 | - | \$267.42 | 136 | 7.7% |
| 2022 | 93 | \$1.3B | 8.2% | \$40,823,235 | \$283.35 | 6.2% | \$274.72 | 140 | 7.3% |
| 2021 | 58 | \$1.4B | 7.9% | \$33,382,242 | \$285.93 | 6.5% | \$291.49 | 148 | 6.7% |
| 2020 | 21 | \$630.5M | 3.4% | \$35,029,721 | \$354.97 | 7.1% | \$272.16 | 139 | 7.0% |
| 2019 | 83 | \$1.7B | 13.5% | \$29,855,788 | \$206.80 | 7.1% | \$255.78 | 130 | 7.2% |
| 2018 | 57 | \$1.3B | 11.4% | \$23,542,880 | \$201.43 | 6.1% | \$239.63 | 122 | 7.2% |
| 2017 | 44 | \$1.5B | 9.6% | \$44,460,186 | \$286.61 | 6.2% | \$228.07 | 116 | 7.1% |
| 2016 | 55 | \$1.2B | 12.5% | \$25,185,473 | \$209.33 | 6.8% | \$227.49 | 116 | 6.8% |
| 2015 | 71 | \$1.8B | 16.6% | \$27,694,968 | \$207.18 | 6.4% | \$221.28 | 113 | 6.8% |
| 2014 | 32 | \$763.6M | 8.1% | \$27,272,455 | \$182.56 | 7.0% | \$207.56 | 106 | 6.8% |
| 2013 | 47 | \$514.4M | 7.0% | \$11,431,368 | \$141.07 | 7.0% | \$196.12 | 100 | 7.0% |
| 2012 | 19 | \$577.6M | 5.5% | \$30,400,232 | \$200.34 | 7.1% | \$193.43 | 99 | 7.1% |

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

3 STAR SALES

| Year | Completed Transactions (1) | | | | | | Market Pricing Trends (2) | | |
|------|----------------------------|----------|----------|-------------|--------------|--------------|---------------------------|-------------|----------|
| | Deals | Volume | Turnover | Avg Price | Avg Price/SF | Avg Cap Rate | Price/SF | Price Index | Cap Rate |
| 2027 | - | - | - | - | - | - | \$197.24 | 131 | 8.4% |
| 2026 | - | - | - | - | - | - | \$187.67 | 125 | 8.7% |
| 2025 | - | - | - | - | - | - | \$179.55 | 119 | 8.9% |
| 2024 | - | - | - | - | - | - | \$176.95 | 118 | 9.1% |
| 2023 | - | - | - | - | - | - | \$199.47 | 133 | 8.4% |
| YTD | 292 | \$595.6M | 3.9% | \$2,822,606 | \$211.70 | 6.6% | \$200.82 | 134 | 8.3% |
| 2022 | 453 | \$1.2B | 8.1% | \$3,566,049 | \$217.63 | 6.1% | \$204.56 | 136 | 8.0% |
| 2021 | 538 | \$1.5B | 8.9% | \$3,424,058 | \$210.05 | 6.6% | \$212.98 | 142 | 7.4% |
| 2020 | 388 | \$647.8M | 4.3% | \$2,166,397 | \$189.77 | 7.3% | \$198.92 | 132 | 7.6% |
| 2019 | 510 | \$1.1B | 7.4% | \$3,076,609 | \$199.08 | 7.2% | \$190.20 | 126 | 7.8% |
| 2018 | 485 | \$1.4B | 11.2% | \$3,777,860 | \$166.22 | 7.1% | \$179.94 | 120 | 7.8% |
| 2017 | 396 | \$928.8M | 7.3% | \$3,191,705 | \$179.07 | 7.4% | \$173.19 | 115 | 7.6% |
| 2016 | 403 | \$823.9M | 7.7% | \$2,542,913 | \$139.39 | 7.3% | \$173.49 | 115 | 7.3% |
| 2015 | 410 | \$1.1B | 9.9% | \$3,681,490 | \$148.05 | 7.6% | \$165.22 | 110 | 7.3% |
| 2014 | 409 | \$772.6M | 8.9% | \$2,759,455 | \$123.75 | 8.0% | \$154.64 | 103 | 7.4% |
| 2013 | 346 | \$766M | 8.1% | \$3,152,143 | \$124.74 | 8.2% | \$146.31 | 97 | 7.6% |
| 2012 | 469 | \$683M | 7.8% | \$2,121,162 | \$119.70 | 8.9% | \$141.84 | 94 | 7.8% |

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.

1 & 2 STAR SALES

| Year | Completed Transactions (1) | | | | | | Market Pricing Trends (2) | | |
|------|----------------------------|----------|----------|-------------|--------------|--------------|---------------------------|-------------|----------|
| | Deals | Volume | Turnover | Avg Price | Avg Price/SF | Avg Cap Rate | Price/SF | Price Index | Cap Rate |
| 2027 | - | - | - | - | - | - | \$163.53 | 141 | 8.6% |
| 2026 | - | - | - | - | - | - | \$155.04 | 134 | 8.9% |
| 2025 | - | - | - | - | - | - | \$147.81 | 127 | 9.1% |
| 2024 | - | - | - | - | - | - | \$145.15 | 125 | 9.3% |
| 2023 | - | - | - | - | - | - | \$163.01 | 141 | 8.6% |
| YTD | 197 | \$228M | 3.1% | \$1,317,985 | \$208.56 | 6.6% | \$164.14 | 142 | 8.5% |
| 2022 | 343 | \$424.4M | 6.7% | \$1,458,392 | \$184.41 | 6.2% | \$165.45 | 143 | 8.2% |
| 2021 | 457 | \$490.6M | 8.0% | \$1,220,284 | \$163.27 | 7.0% | \$167.76 | 145 | 7.7% |
| 2020 | 306 | \$261.2M | 4.7% | \$1,083,648 | \$163.30 | 7.7% | \$152.86 | 132 | 8.0% |
| 2019 | 472 | \$316.7M | 7.6% | \$1,038,372 | \$131.73 | 7.6% | \$145.35 | 125 | 8.2% |
| 2018 | 440 | \$302.2M | 6.4% | \$947,337 | \$141.63 | 7.4% | \$138.58 | 120 | 8.1% |
| 2017 | 390 | \$305M | 8.2% | \$1,081,669 | \$123.19 | 7.6% | \$133.82 | 115 | 8.0% |
| 2016 | 361 | \$269.4M | 6.7% | \$1,036,325 | \$126.23 | 8.0% | \$132.28 | 114 | 7.7% |
| 2015 | 357 | \$250.2M | 7.1% | \$929,952 | \$96.37 | 8.2% | \$124.32 | 107 | 7.7% |
| 2014 | 354 | \$260.4M | 8.3% | \$990,170 | \$90.62 | 8.2% | \$114.99 | 99 | 7.9% |
| 2013 | 336 | \$156.8M | 5.8% | \$610,097 | \$71.17 | 7.9% | \$107.45 | 93 | 8.2% |
| 2012 | 282 | \$144.8M | 5.0% | \$605,694 | \$73.33 | 7.6% | \$103.24 | 89 | 8.4% |

(1) Completed transaction data is based on actual arms-length sales transactions and levels are dependent on the mix of what happened to sell in the period.

(2) Market price trends data is based on the estimated price movement of all properties in the market, informed by actual transactions that have occurred.