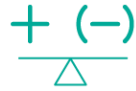


PHOENIX

HEALTHCARE MARKET | Q2 2025



22.1 MSF
Inventory



41K SF
Net Absorption



15.1%
Direct Vacancy



3.3M SF
Total Availability



300K SF
Under Construction

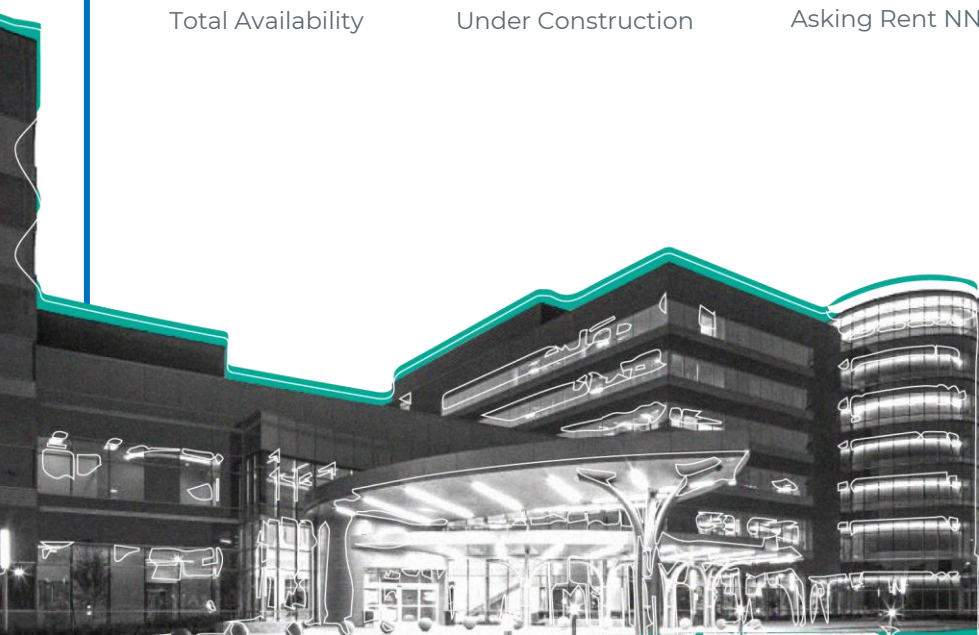


\$31.48 PSF
Asking Rent NNN

Healthcare conditions are looking positive through Q2

Market Observations

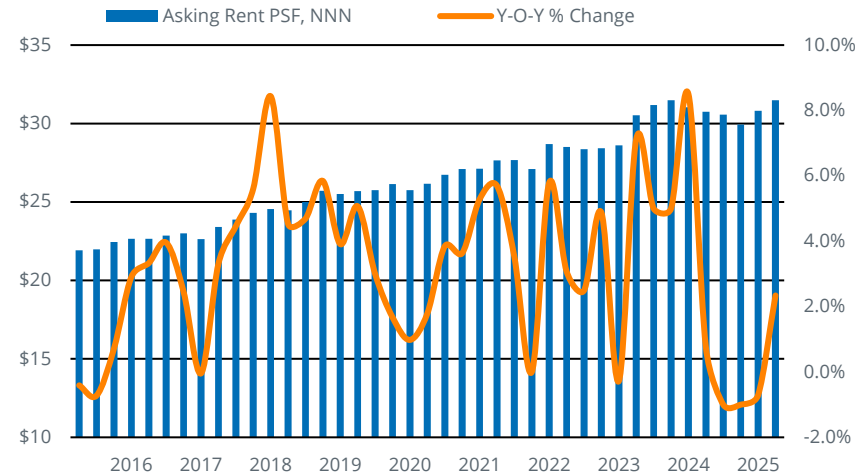
- Phoenix MOB vacancy rates improved by 80 basis points vs Q1 2025, ending at 15.1%, the lowest level since Q2 2024. Absorption was seen primarily in Class A buildings where the direct vacancy rate improved 2% quarter-over-quarter.
- Total sales volume declined 30% vs Q1 but remained in line with the prior two-year average. Activity was highlighted by the \$44.6M sale of Scottsdale Centre from MIG Real Estate to Baseline Partners.
- Construction levels remained on par with Q1 at roughly 300K SF under construction, led by the new 100K SF HonorHealth Campus at Pima Center. This new center is expected to deliver in Q3 and is already roughly 80% leased.
- Triple Net asking rates are up over 2% compared to a year ago, ending Q2 2025 at \$31.48/SF, the highest rate since Q4 2023. The rising rents may signal renewed landlord confidence and tightening conditions in select submarkets.



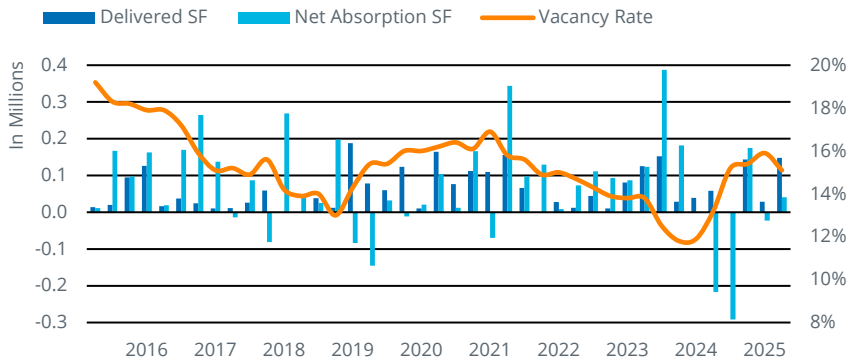


- The **Vacancy trends** highlight a split within the Phoenix medical office market. Single-story buildings, valued for their accessibility and ease of navigation, maintained tight occupancy. In contrast, multi-story, multi-tenant properties experienced the bulk of occupancy losses, as these larger facilities tend to be less convenient for patients and providers.
- Annual population growth** for those aged 65 years or older increased 3.1% in Arizona, according to the U.S. Census Bureau, the steady growth will continue to support underlying demand at medical office properties. Job growth in the healthcare services sector has also been notably strong, lagging only the construction sector in percentage growth since 2020.
- Medical office users continue to pay **premium rates** for access to affluent populations, with asking rents in Scottsdale reaching \$35.00/SF NNN at some new developments. West Valley retirement hubs like Surprise and Sun City have also seen strong rent growth, with above average asking rates rising in the Loop 303/ Surprise and Arrowhead submarkets over the past year.

ASKING RENT

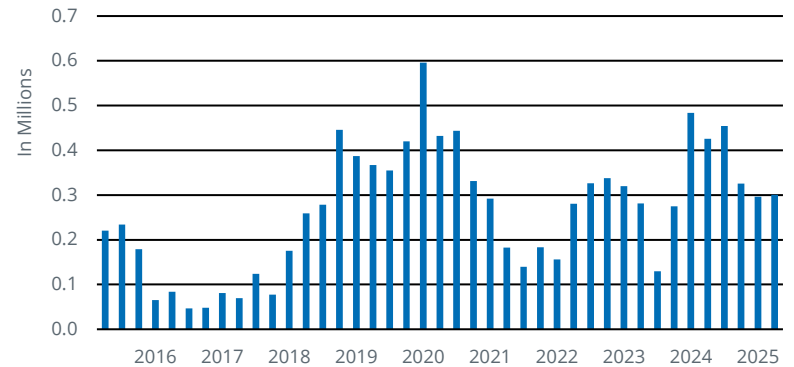


DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



Notable Sales

Address	Total SF	Sale Price	Price Per SF	Sale Date	Buyer Company
9089 E Bahia Dr, Scottsdale	15,691 SF	\$5,900,000	\$376.01	6/18/25	Sun Valley Builders
7373 N Scottsdale Rd, Scottsdale	163,311 SF	\$44,580,000	\$272.98	6/6/25	Baseline Partners
13028 W Rancho Sante Fe Blvd, Avondale	29,000 SF	\$16,000,000	\$551.72	5/8/25	Montecito Medical Real Estate
455 E 6 th St (2 Property Portfolio), Mesa	26,734 SF	\$11,913,393	\$445.63	5/15/25	NETSTREIT Corp
21240 E Ocotillo Rd, Queen Creek	11,202 SF	\$7,150,000	\$638.28	4/10/25	Steven Zeff



Research Methodology

The information in this report is the result of a compilation of information on flex and industrial properties located in the Baltimore metro area. This report includes single tenant, multi-tenant and owner-user properties 15,000 SF and larger, excluding data centers, biotech, and properties owned by a government agency

About Transwestern

Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at transwestern.com and [@Transwestern](https://twitter.com/Transwestern)

For more Information

Ian Wolfe

Senior Research Analyst
Ian.Wolfe@transwestern.com
213.314.5056

Copyright © 2025 Transwestern. All rights reserved. No part of this work may be reproduced or distributed to third parties without written permission of the copyright owner. The information contained in this report was gathered by Transwestern from CoStar and other primary and secondary sources.

transwestern.com

