

PHOENIX

HEALTHCARE MARKET | Q3 2025



21.3 MSF
Inventory



144K SF
Net Absorption



13.7%
Direct Vacancy



3.5M SF
Total Availability



300K SF
Under Construction

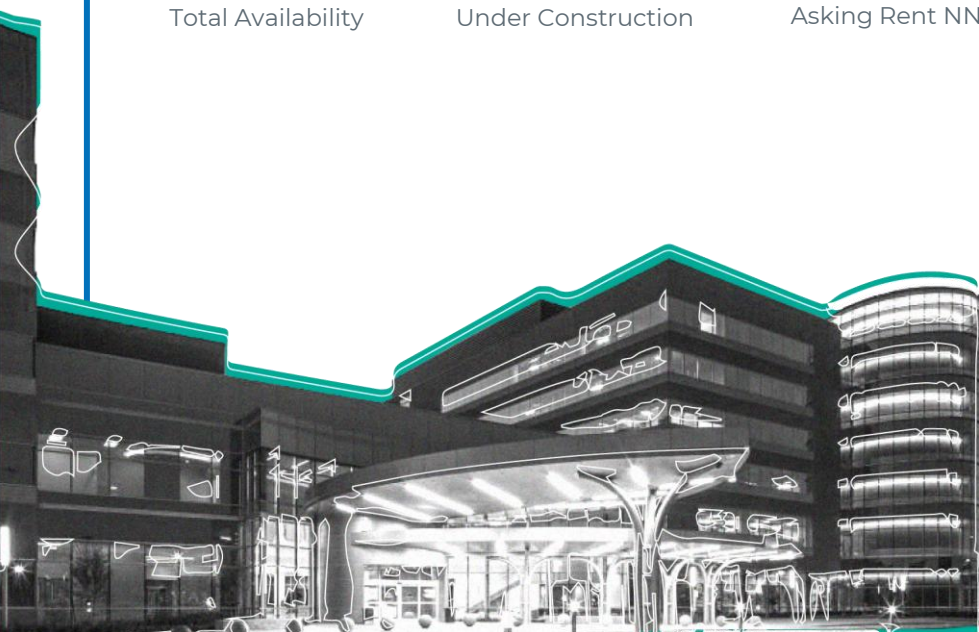


\$24.89 PSF
Asking Rent NNN

Consistent demand leads to another positive quarter in Q3

Market Observations

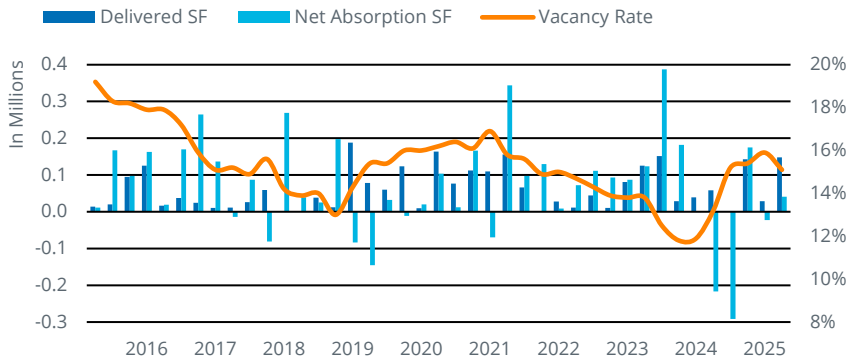
- The Phoenix medical office market continued its healthy pace in Q3, driven by consistent demand, and ongoing investments in the region. MOB vacancy rates improved by 140 basis points vs Q2 2025, ending at 13.7%.
- Single-story MOB's continue to outperform multi-story options where the direct vacancy rate has climbed to 16.5%, above pre-pandemic benchmarks. HonorHealth's recent 50K square-foot lease at the three-story Chandler Integrated Care medical office conversion project defied this trend in Q3.
- Total sales volume reached \$116M, a slight decline vs Q2, with year-to-date sales activity down 30% compared to this time last year. The highest priced transaction was Medical Properties Trust's sale of St Luke's Behavioral Center in Midtown to College Health Enterprises for \$37M (\$366/SF). Not far behind at \$35M (\$713/SF) was Sila Realty Trust's acquisition of a 49K SF rehabilitation center in Peoria from AEW.
- New construction remains steady with 300K square-feet underway, slightly below the two-year quarterly average. Work has begun at the 60K square-foot Melrose Professional Park in Gilbert, offering medical condos in the 5K-20K square-foot range, further evidence of the demand for smaller, specialized clinics in the fast-growing suburbs.
- Average triple net asking rates remain up over 4% compared to a year ago, ending Q3 2025 at \$24.89/SF. The Scottsdale submarket commands the highest asking rates where the current average is over \$28.00/SF.





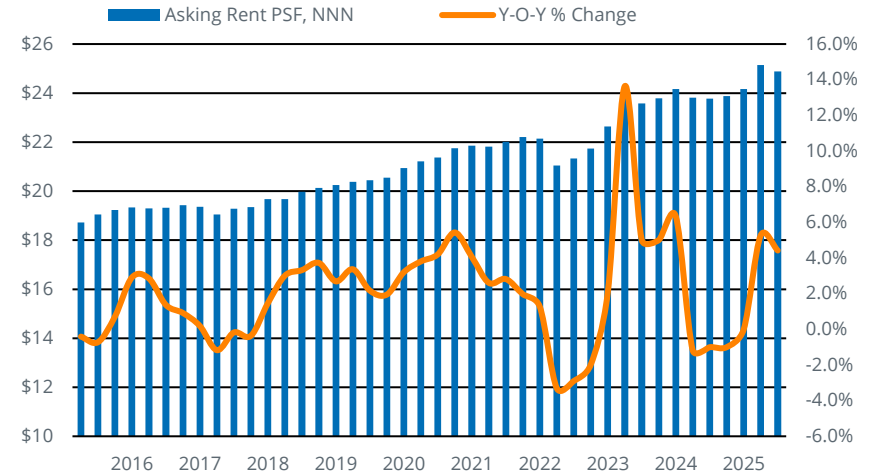
- In August, plans were approved for HonorHealth to develop an eight-acre medical district in Vistancia, with rights to expand onto an additional eight acres as demand grows. Offering primary, urgent, concierge, and other ambulatory care services, the deal reflects an increase of health systems' repurposing office and industrial space into multi-tenant medical campuses, prioritizing suburban locations near residential growth neighborhoods.
- Specialty-focused medical users and practice-anchored developments have been a stabilizing force even as large institutional projects dominate headlines. New projects emphasize shell space, higher power loads, and accessibility improvements to accommodate specialized users. This reflects a shift toward future-proofing medical offices for evolving technology and mixed outpatient uses.
- Arizona is emerging as a national hub for life sciences, with projects like Discovery Oasis in North Phoenix driving lab space growth and medical innovation. Dense, collaborative bioscience corridors and strategic partnerships are attracting global investment, positioning the state as a leader in medical manufacturing and biotech, continuing to drive opportunities in medical commercial real estate.

DELIVERY IMPACT ON KEY INDICATORS



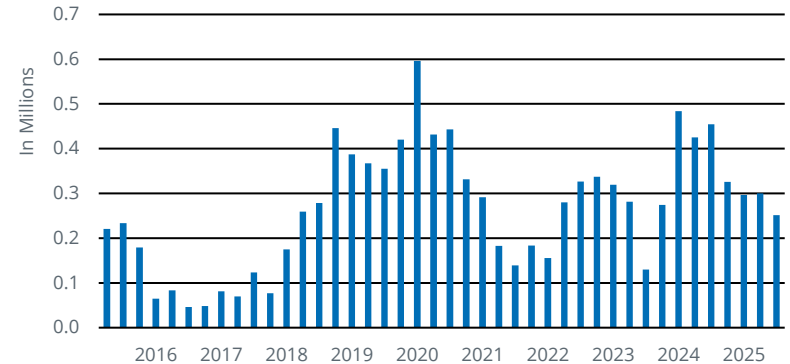
Source: CoStar, Transwestern

ASKING RENT



Source: CoStar, Transwestern

UNDER CONSTRUCTION



Source: CoStar, Transwestern



Notable Sales

Sale Date	Address	Property Type	Total SF	Sale Price	Price Per SF	Buyer Company
9/5/25	13451 N 94 th Dr, Peoria	Rehabilitation Hospital	49,128	\$35,036,000	\$713.00	Sila Realty Trust Inc.
8/22/25	1800 E Van Buren St, Phoenix (Part of 3 Property Sale)	General & Behavioral Health Hospital	452,920	\$48,000,000	\$105.98	College Health Enterprises
8/22/25	3345 S Val Vista Dr, Gilbert	Medical Outpatient	88,472	\$23,000,000	\$259.97	RX Health & Science Trust, Inc.
7/31/25	15800 N Litchfield Rd, Surprise	Medical Outpatient	26,200	\$10,400,000	\$396.95	Elliot Bay Capital Trust, LLC



Research Methodology

The information in this report is the result of a compilation of information on flex and industrial properties located in the Phoenix metro area. This report includes single tenant, multi-tenant and owner-user properties 10,000 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

