



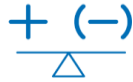
**96.4M**

Inventory SF



**24.1%**

Total Availability



**(224.0K)**

Net Absorption SF



**527.5K**

Under Construction SF



**16.8%**

Direct Vacant Available Rate



**\$32.08**

Full Service Rent PSF

## Stability Marks Year-End Finish

### Market Observations

- Direct vacancy remained flat quarter-over-quarter at 16.8% in Q4 2025, marking a 20-basis-point improvement year-over-year. Downtown/Midtown continued to post the highest vacancy at 23.3%, while Tempe recorded the lowest rate at 11.0%, supported by several Q4 move-ins at Hayden Ferry Lakeside.
- Net absorption totaled -224K SF in Q4 2025, reversing from a positive Q3; however, the market still finished the year with positive absorption of 305K SF, a notable improvement over 2024. Class A recorded +99K SF of net absorption, while Class B posted -323K SF. Notable Q4 events included the American Automobile Association's 206K SF, 10-year sale-leaseback expiration in Glendale and 81K SF of positive leasing activity at Bond in the Camelback Corridor
- Average full-service asking rents were \$32.08 per square foot in Q4 2025, up +1.8% quarter-over-quarter and +2.3% year-over-year. At the submarket level, Camelback Corridor led at \$39.71 PSF (+5.4% YoY) with Tempe ending Q4 at \$38.24 (+3.0% YoY). Other notable movers include Scottsdale South rising to \$41.42 PSF (+8.5% YoY) and the East Valley to \$31.82 PSF (+1.6% YoY).
- The construction pipeline contracted to 527K SF in Q4 following the delivery of 73K SF of office space at the Central Station redevelopment Downtown. Current activity is now headlined by the City North development (410K SF) and Fender's new 77K SF headquarters within the luxury mixed-use project at Cactus Road and Tatum Boulevard.

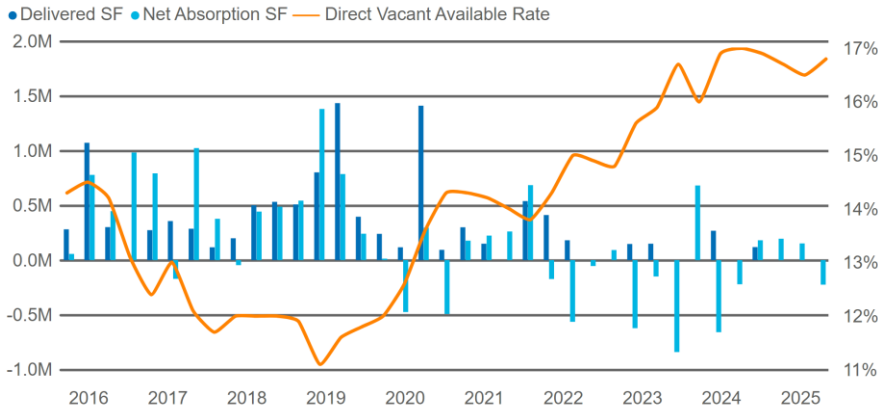




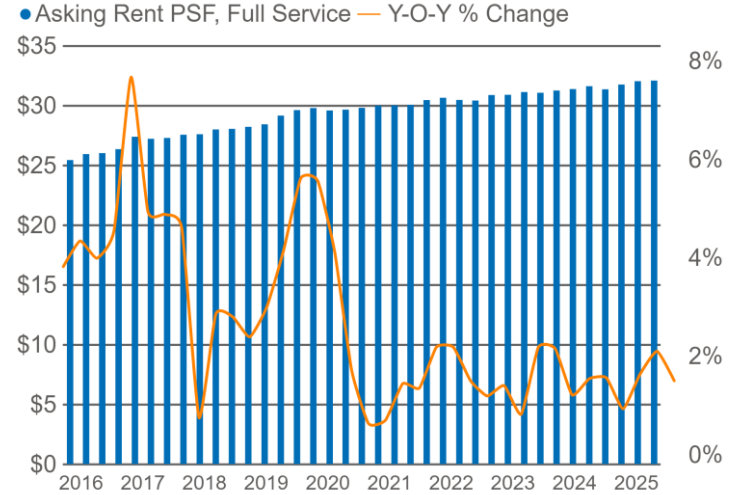
# PHOENIX OFFICE MARKET | Q4 2025

- Driven by a strong finish to the year, Q4 sales activity surpassed \$390M. A key highlight included the \$27M sale of 8530-8550 S. Priest Drive to Maricopa Community Colleges in a deal brokered by Transwestern. Full year 2025 sales rose 7% over 2024, bolstered by the Q4 sale of Axis Raintree in Scottsdale for \$70.7M (\$394/SF) and Norterra West in Deer Valley for \$45.7M (\$310/SF).
- The region's recent stabilization is bolstered by a significant lack of supply-side pressure. Over the past three years, only 2.1M sf of new office space was completed, a total that trails the 2015-2019 annual average by more than 20%.
- Sublease availability has dropped steadily over the past three years, now at 4.8M sf, reflecting a 30% decrease from the peak of 7M sf at the end of 2023. Occupiers are increasingly absorbing sublease space to secure high-quality, move-in-ready offices at a significant discount, prioritizing the financial and term flexibility that these "plug-and-play" options provide in a high-cost construction environment. In a Q4 example, financial firm, Yrefy, agreed to sublease 154K sf at a Class A office in the Scottsdale Airport submarket.

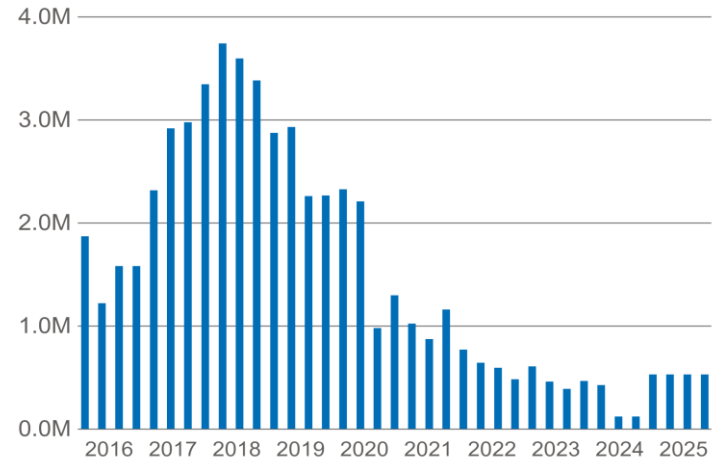
## DELIVERY IMPACT ON KEY INDICATORS



## ASKING RENT



## UNDER CONSTRUCTION





# PHOENIX OFFICE MARKET | Q4 2025

## OFFICE MARKET INDICATORS – ALL SPACE

MARKET	INVENTORY	DIRECT VACANT AVAILABLE SF	DIRECT VACANT AVAILABLE RATE	TOTAL AVAILABILITY RATE	UNDER CONSTRUCTION SF	QUARTERLY NET ABSORPTION SF	ASKING RENT PSF, FULL SERVICE
Airport Area	10,569,182	1,888,598	17.9%	30.6%	0	82,143	\$29.72
Downtown/Midtown	15,928,758	3,712,081	23.3%	28.7%	0	(294,060)	\$27.91
Camelback Corridor	10,477,473	1,752,939	16.7%	23.7%	40,000	52,451	\$39.71
Tempe	12,625,924	1,383,087	11.0%	20.2%	0	226,201	\$38.24
East Valley	11,595,506	1,857,510	16.0%	21.9%	0	(103,572)	\$32.33
North Phoenix	8,608,540	1,139,543	13.2%	19.8%	410,025	(153,906)	\$26.95
West Valley	2,086,606	369,352	17.7%	24.7%	0	(12,762)	\$31.92
Scottsdale	16,939,295	2,436,052	14.4%	20.8%	0	(57,018)	\$36.44
North Central Phoenix	7,537,839	1,624,173	21.5%	27.9%	77,507	36,527	\$26.47
<b>Total</b>	<b>96,369,123</b>	<b>16,163,335</b>	<b>16.8%</b>	<b>24.1%</b>	<b>527,532</b>	<b>(223,996)</b>	<b>\$32.08</b>



## Research Methodology

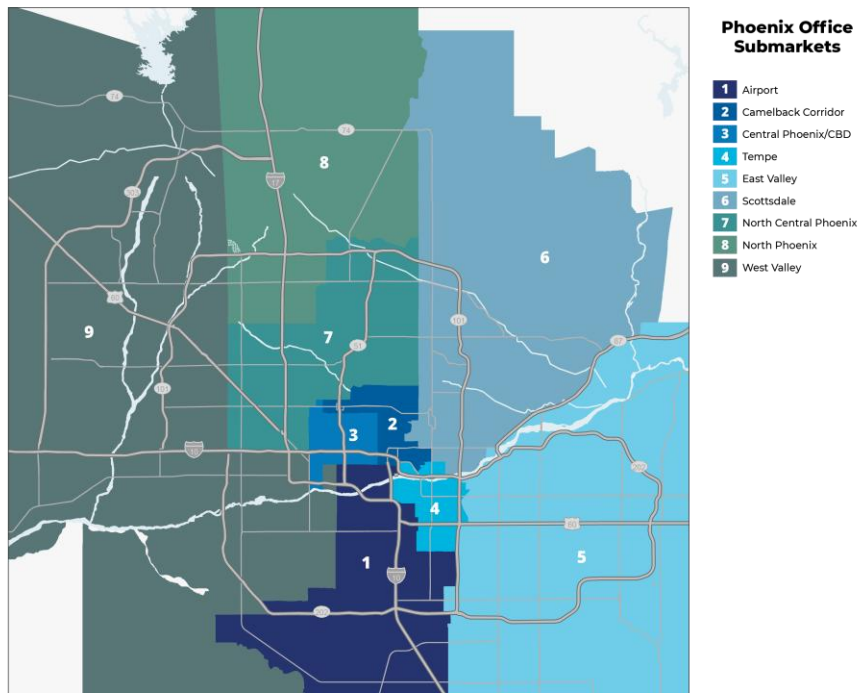
The information in this report is a compilation of single- and multitenant office properties 10,000 SF and larger in Phoenix. Medical offices and government-owned buildings are excluded from analysis.

## 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](https://transwestern.com) and [@Transwestern](https://twitter.com/Transwestern).

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