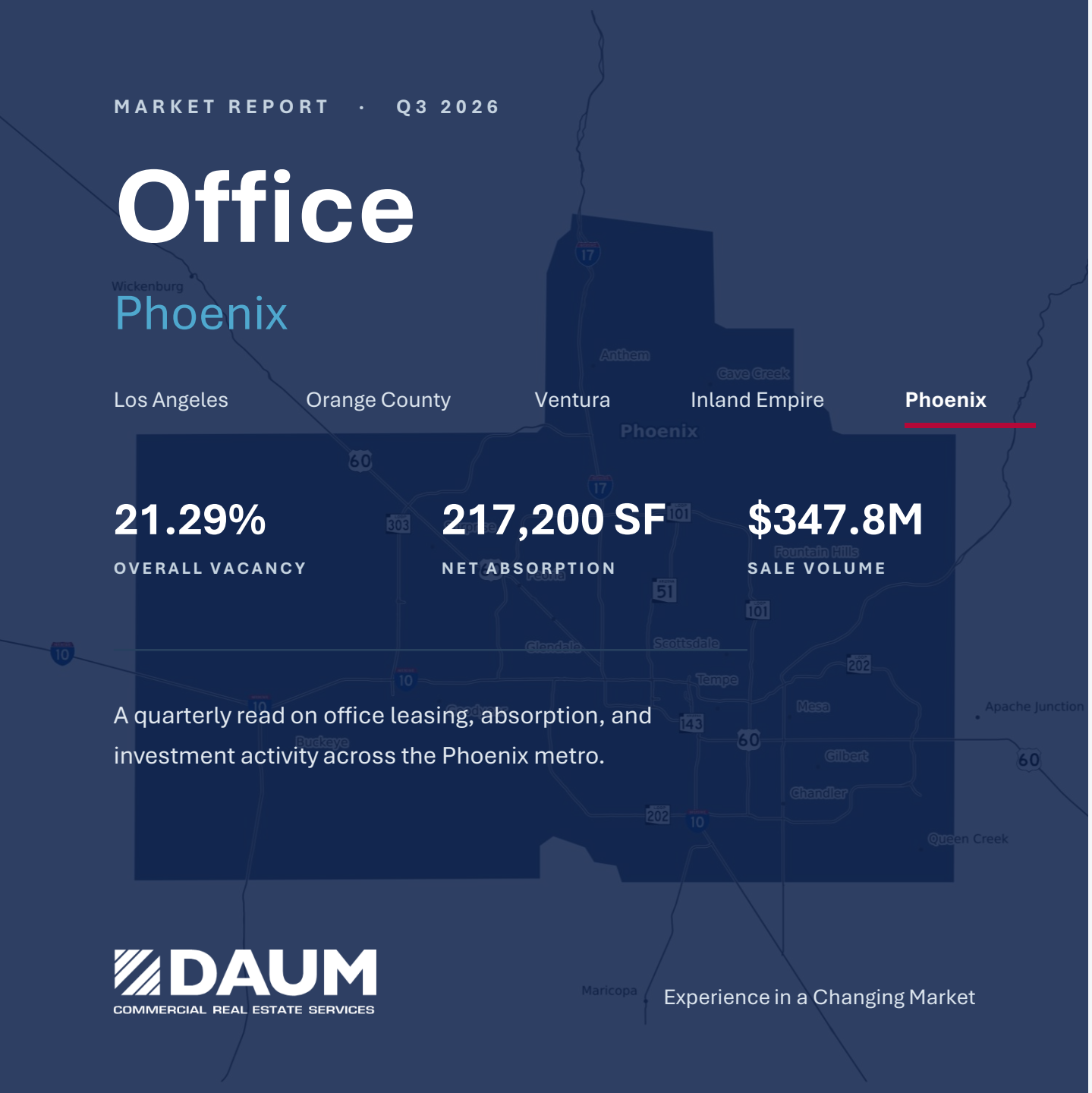
MARKET REPORT · Q3 2026

Office

Phoenix

Los Angeles | Orange County | Ventura | Inland Empire | **Phoenix**



21.29%
OVERALL VACANCY

217,200 SF
NET ABSORPTION

$347.8M
SALE VOLUME

A quarterly read on office leasing, absorption, and investment activity across the Phoenix metro.

DAUM
COMMERCIAL REAL ESTATE SERVICES

Experience in a Changing Market

IN THIS REPORT

02 Executive Summary
03 Market Trends
04 Leasing & Sales Activity
05 Submarket Detail
07 Map & Methodology

QUARTER IN MOTION

Direct Vacancy	**18.59%**	▼ 14 bps
Leasing Activity	**1.85 MSF**	▼ 10.6%
Asking Rent FSG	**$2.64**	– $0.00
Under Construction	**817,908 SF**	▼ 11.6%

Office Market Report

DAUM
COMMERCIAL REAL ESTATE SERVICES

21.29%

OVERALL VACANCY RATE

▼ 26 bps QoQ ▼ 74 bps YoY

Q3 AT A GLANCE

Vacancy declined 26 bps from revised Q2 to 21.29% on 0.22 MSF of positive net absorption and vacant space leaving inventory. Leasing activity slowed 10.6% to 1.85 MSF, while sale volume totaled $347.8M at a median of $224.01 PSF, bringing YTD 2026 volume to $1.06B, up 20.2% from 2025.

18.59%	217,200 SF	1.9M SF	$2.64	817,908 SF	$347.8M
DIRECT VACANCY	NET ABSORPTION	LEASING ACTIVITY	ASKING RENT FSG	UNDER CONSTRUCTION	SALE VOLUME
▼ 14 bps QoQ	▼ 112,846 SF QoQ	▼ 10.6% QoQ	– $0.00 QoQ	▼ 11.6% QoQ	▲ YTD up 20.2% Y/Y

MARKET

- **Vacancy Rate:** Declined by 26 bps from revised Q2 to 21.29% in Q3. Year over Year decrease of 74 bps or 1.40 MSF as inventory fell 1.80 MSF.
- **Net Absorption:** Positive for a second straight quarter at 0.22 MSF, led by sublease space.
- **Asking Rates:** Decreased by $0.02 or 0.8% to $2.62 PSF FSG in Q3.
- **Leasing Activity:** Down 10.6% from revised Q2 to 1.85 MSF in Q3.
- **Sale Activity:** Median price PSF was $224.01, the highest since Q2 2024. Volume down 10.5% to $347.8M.
- **Construction Activity:** 0.46 MSF delivered in Q3. UC down 11.6% to 0.82 MSF.

ECONOMIC OUTLOOK

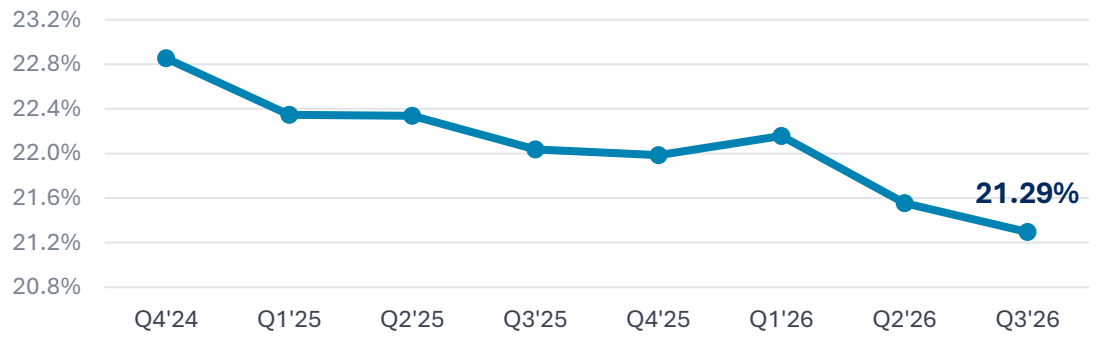
- **Interest Rates:** FOMC held rates in July, then raised by 25 bps in September to a range of 3.75%-4.00%.
- **Supply Chain:** Record volume at San Pedro Bay Port Complex totaling 5.80M TEUs in Q3. YTD Y/Y volume at the San Pedro Port Complex is up 3.6% through Sept. The cost from China/East Asia to the West Coast increased 36.2% over Q3, ending at $8,411 per container. (Freightos).
- **Geopolitics:** The conflict in Iran resumed in July after a June agreement briefly reopened the Strait of Hormuz, keeping shipping costs elevated.

Covers non-owner-occupied, multi-tenant office buildings 10,000 SF and greater across the Phoenix metro. · Source: DAUM Research, Q3 2026. · Full methodology on page 7.

Although all information is furnished regarding sale, rental or financing from sources deemed reliable, it has not been verified and no representation is made as to its accuracy.

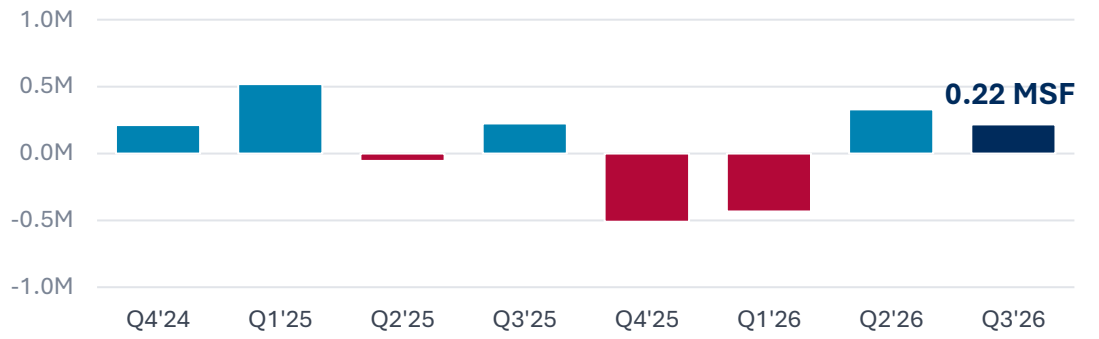
Leasing Fundamentals

Overall Vacancy



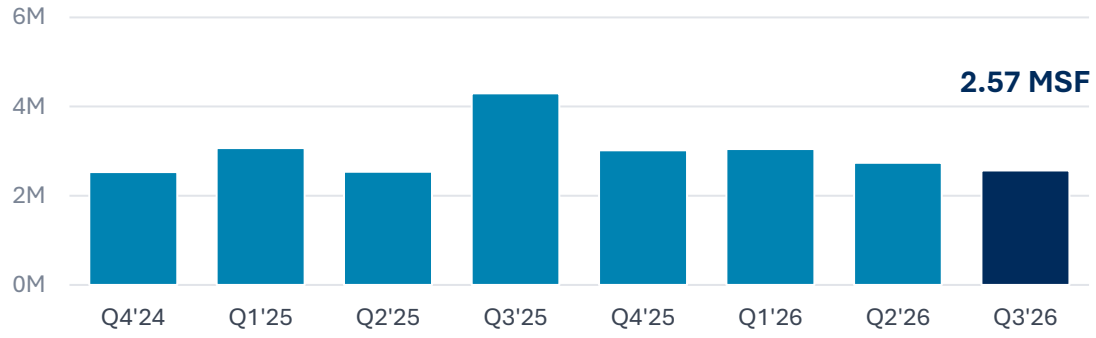
Declined by 26 bps from revised Q2 to 21.29% in Q3.

Net Absorption



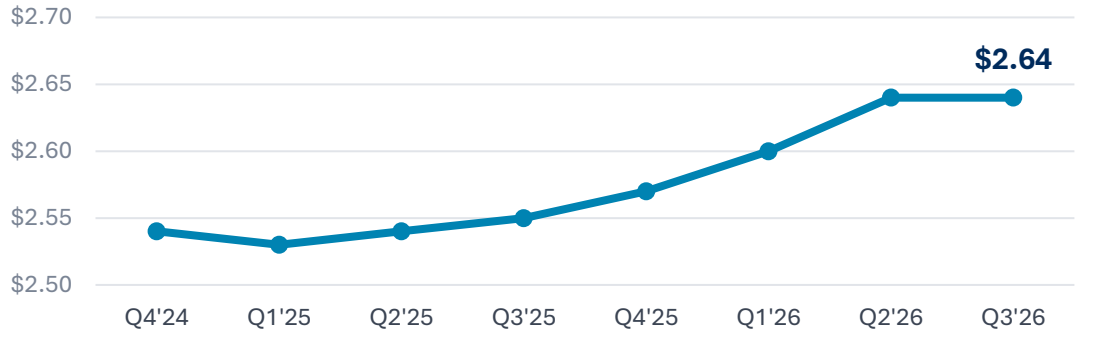
Positive for a second straight quarter, totaling 0.22 MSF in Q3.

Gross Absorption



Declined by 6.3% from revised Q2 to 2.57 MSF in Q3.

Asking Rents (FSG)

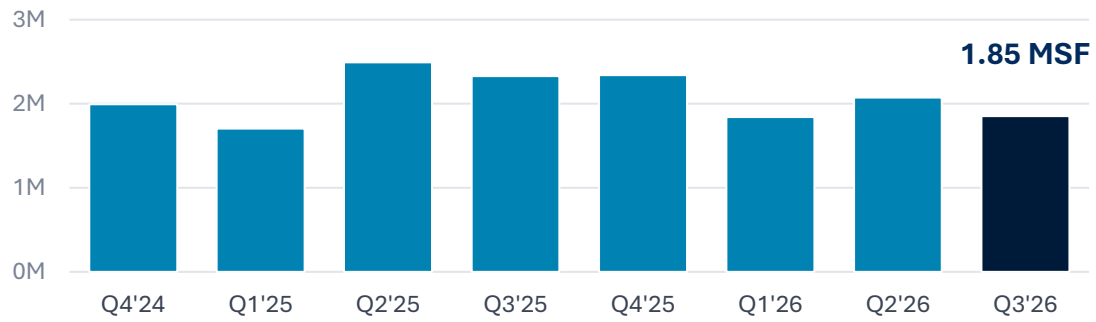


Decreased by $0.02 or 0.8% to $2.62 PSF FSG in Q3.

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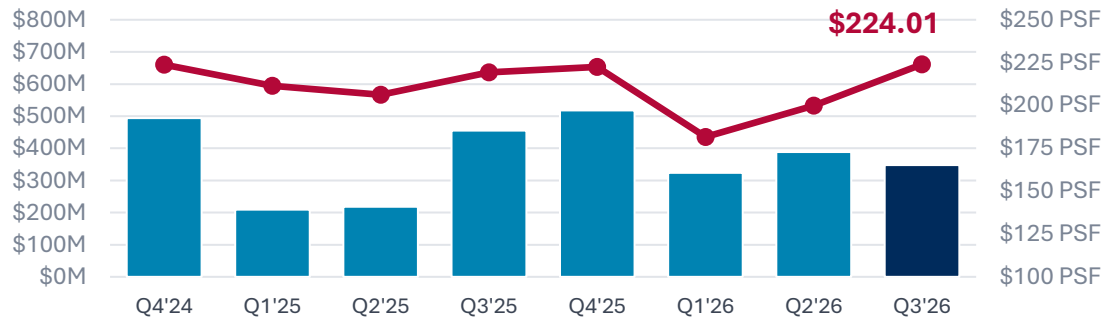
Leasing & Sales Activity

Leasing Activity



Declined by 10.6% from revised Q2 to 1.85 MSF in Q3.

Sales Volume & Median Price PSF



The median price PSF in Q3 was $224.01, the highest since Q2 2024. Volume down 10.5% to $347.8M.

NOTABLE LEASE TRANSACTIONS

PROPERTY	SUBMARKET	TENANT	SF	Type
1665 W Alameda Dr	East Valley	Lincoln Tech	91,037	Direct
410 N 44th St	East Phoenix	Undisclosed	84,262	Direct
201 E Washington St	Central Corridor	Arizona Commerce Authority	44,734	Direct
500 E Rio Salado Pky	East Valley	Undisclosed	42,000	Sublease
2111 E Highland Ave	East Phoenix	Strategic Mission Critical	38,293	Direct

NOTABLE SALE TRANSACTIONS

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / PSF
2415 E Camelback Rd	East Phoenix	Esplanade III Owner/ SWVP Esplanade	223,550	$86.00M/ $384.70 PSF
Arrowhead Portfolio (4 Props.)	NW Phoenix	Natl. Healthcare/ Altera Fund | TPG	133,986	$26.93M/ $201.03 PSF
5500-5540 W Chandler Blvd	Airport	Beacon ZFH V/ Chandler Commons	120,305	$30.50M/ $253.52 PSF
17235 N 75th Ave	NW Phoenix	Arrowhead Exec./ 17235 Piedmont	101,932	$25.25M/ $247.71 PSF
10752 N 89th Pl	Scottsdale	West Coast Capital/ Albany Road	82,278	$25.50M/ $309.92 PSF

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By Submarket

SUBMARKET STATISTICS

SUBMARKET	INVENTORY (SF)	% OF TOTAL	DIRECT VACANT (SF)	DIRECT VACANCY	OVERALL VACANT (SF)	OVERALL VACANCY	QTR NET ABSORPTION	YTD NET ABSORPTION	YTD LEASING ACTIVITY	UNDER CONSTR. (SF)	YTD COMPL. (SF)	AVG. RENT FSG	SALES VOLUME	PRICE PSF
Airport	9,581,909	7%	1,530,752	15.98%	2,268,933	23.68%	12,178	114,035	285,713	–	0	$2.44	$30.5M	$253.52
Central Corridor	20,945,227	15%	5,595,241	26.71%	5,733,079	27.37%	161,933	–224,123	532,054	–	0	$2.35	–	–
East Phoenix	15,148,664	11%	2,883,220	19.03%	3,125,219	20.63%	–97,734	–105,497	1,055,204	40,000	0	$2.92	$92.8M	$288.54
East Valley	33,820,912	25%	5,502,535	16.27%	7,073,408	20.91%	–53,200	–59,990	1,440,330	104,476	87,745	$2.79	$40.6M	$218.17
North Phoenix	5,780,454	4%	1,123,083	19.43%	1,340,317	23.19%	–10,197	–82,191	224,416	–	487,530	$2.67	–	–
NW Phoenix	17,066,425	13%	3,686,155	21.60%	3,948,175	23.13%	18,043	197,229	565,497	51,000	30,000	$2.34	$68.9M	$184.78
Pinal County	678,245	1%	18,023	2.66%	53,688	7.92%	18,266	–39,278	5,972	–	0	$2.06	$4.1M	$125.62
Scottsdale	25,867,758	19%	4,015,716	15.52%	4,447,958	17.19%	100,902	256,544	1,352,479	533,678	0	$2.92	$54.2M	$292.02
West Phoenix	6,475,954	5%	809,499	12.50%	834,841	12.89%	67,009	57,638	308,275	88,754	12,075	$2.80	$56.7M	$300.75
Phoenix Totals	135,365,548	100%	25,164,224	18.59%	28,825,618	21.29%	217,200	114,367	5,769,940	817,908	617,350	$2.64	$347.8M	$224.01

135,365,548 SF total market size · Source: DAUM Research, Q3 2026

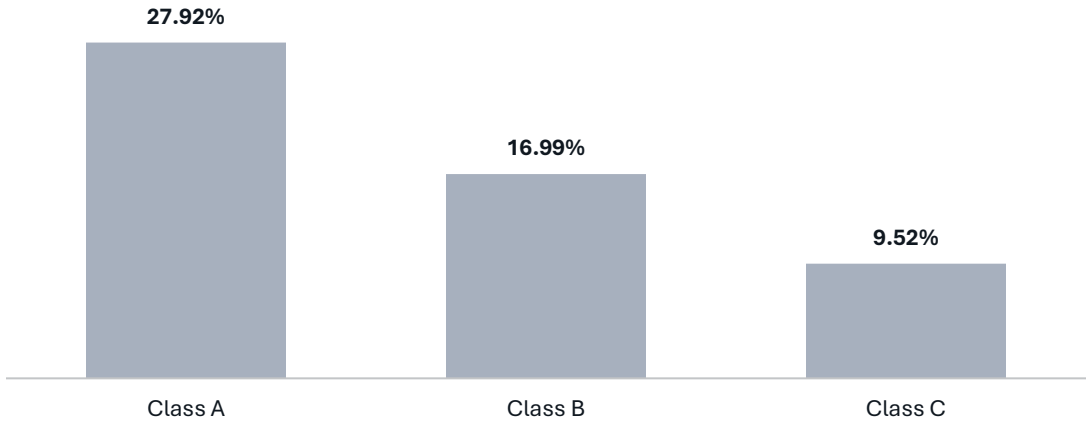
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By Building Class

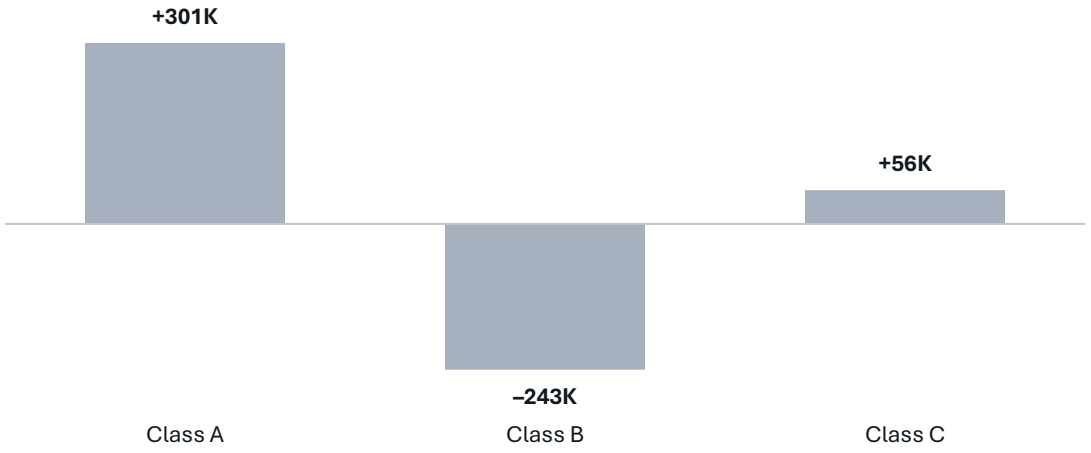
STATISTICS BY BUILDING CLASS

BUILDING CLASS	INVENTORY (SF)	% OF TOTAL	VACANCY RATE	AVG. ASKING RENT FSG	YTD NET ABSORPTION	UNDER CONSTR. (SF)
Class A	60,791,944	45%	27.92%	$2.92	300,789	159,754
Class B	63,747,465	47%	16.99%	$2.29	–242,523	658,154
Class C	10,726,873	8%	9.52%	$1.90	56,101	–
Phoenix Totals	**135,365,548**	**100%**	**21.29%**	**$2.64**	**114,367**	**817,908**

VACANCY RATE BY BUILDING CLASS



YTD NET ABSORPTION BY BUILDING CLASS (THOUSANDS SF)



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Map & Methodology

SUBMARKET MAP



METHODOLOGY & TERMINOLOGY

Methodology

Non-owner-occupied, multi-tenant office buildings that are 10,000 square feet and greater.

Direct Vacancy Rate

Total vacant direct space divided by total rentable square footage.

Net Absorption

Net change in occupied space: positive changes (move-ins) less negative changes (move-outs).

Direct Vacant SF

Vacant space ready for occupancy, offered for lease or sale directly by the landlord.

Vacancy W/ Sublet Rate

Total vacant direct and sublease space divided by total rentable square footage.

Under Construction

Planned buildings where construction has started but no Certificate of Occupancy yet.

Total Vacant W/ Sublet SF

Vacant space offered by the landlord or for sublease by the current tenant.

Gross Absorption

Total change in occupied space, counting occupied space but not space vacated.

Completed in 2026

New buildings with original construction completed in 2026 and granted a C of O.

DAUM OFFICES

MARKET	ADDRESS	PHONE
Los Angeles	801 S Figueroa St. Suite 600 Los Angeles, CA 90017	213-626-9101
Los Angeles North	21820 Burbank Blvd. Suite 130 Woodland Hills, CA 91367	818-887-3600
Santa Clarita Valley	27200 Tourney Rd. Suite 425 Valencia, CA 91355	661-705-2299
San Gabriel Valley	13181 Crossroads Pkwy N. Suite 100 City of Industry, CA 91746	562-695-7244
South Bay	19191 S Vermont Ave. Suite 850 Torrance, CA 90502	310-538-6700
Mid-Counties	13810 Cerritos Corporate Dr. Suite C Cerritos, CA 90703	562-207-3300

MARKET	ADDRESS	PHONE
Orange County	4400 MacArthur Blvd. Suite 950 Newport Beach, CA 92660	949-724-1900
Ventura County	751 Daily Dr. Suite 105 Camarillo, CA 93010	805-987-8866
Inland Empire	3595 E Inland Empire Blvd. Bldg 5 Ontario, CA 91764	909-980-1234
Phoenix	1702 E Highland Ave. Suite 120 Phoenix, AZ 85016	602-957-7300
Indian Wells	74900 Highway 111, Suite 221 Indian Wells, CA 92210	760-253-8539

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ECONOMIC OVERVIEW · Q3 2026

Economic Overview

National Indicators

BOTTOM LINE FOR CRE

Record Q3 port volume and a 3.6% GDP nowcast show firm goods demand, but the Fed's September hike and a 10-Year near 5% raise financing costs, while 11.2% input inflation keeps new supply constrained, favoring well-located existing buildings.

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Experience in a Changing Market

IN THIS SECTION

02 Trade & Growth

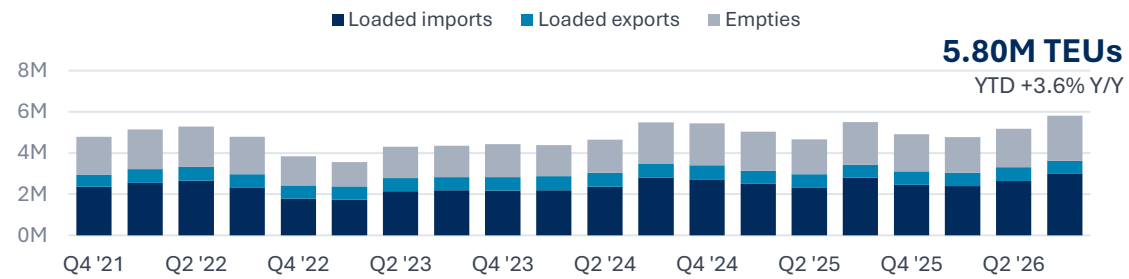
03 Prices, Labor & Capital

QUARTER IN MOTION

Port Volume, San Pedro Bay	**5.80M TEUs**	▲ 5.4% Y/Y
Trans-Pacific Freight	**$8,411**	▲ 36.2% Q/Q
Retail Inventory-to-Sales	**1.36**	2019 avg 1.46
Real GDP, Q3 GDPNow	**3.6%**	Q2 BEA 2.2%
CPI, September Y/Y	**3.7%**	▲ 0.2 pt Q/Q
Unemployment Rate	**4.2%**	Unch. Q/Q
Fed Funds Target	**3.75–4.00%**	▲ 25 bps Q/Q
10-Year Treasury, 9/30	**5.29%**	Sep avg 4.99%
Construction Input Costs	**159.1**	▲ 59.1% vs 1/20

Trade & Growth

Port Volume



Q3 port volume rose 5.4% Y/Y to a record 5.80M TEUs; loaded imports up 6.2% support distribution space demand.

Source: Ports of Los Angeles and Long Beach. Quarterly totals of monthly TEUs; Q3 2026 is a record since 1995.

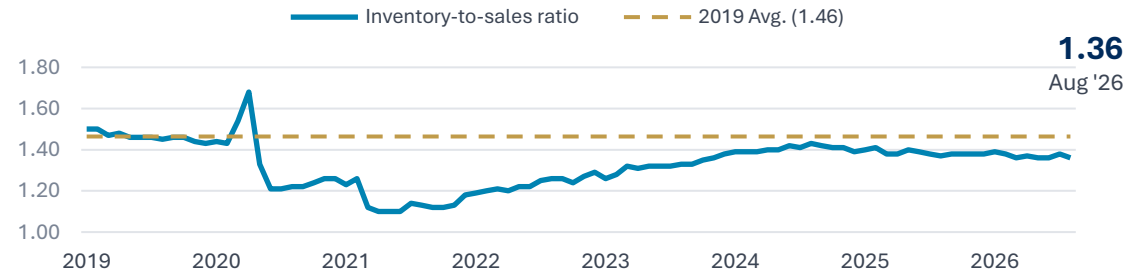
Freight Rates



Trans-Pacific spot rates rose 36.2% in Q3 to $8,411, the highest since June 2022; landed costs keep rising for importers.

Source: Freightos Baltic Index (FBX01), Asia to N. America West Coast, weekly to 9/25/2026. Events: CRS; UN News.

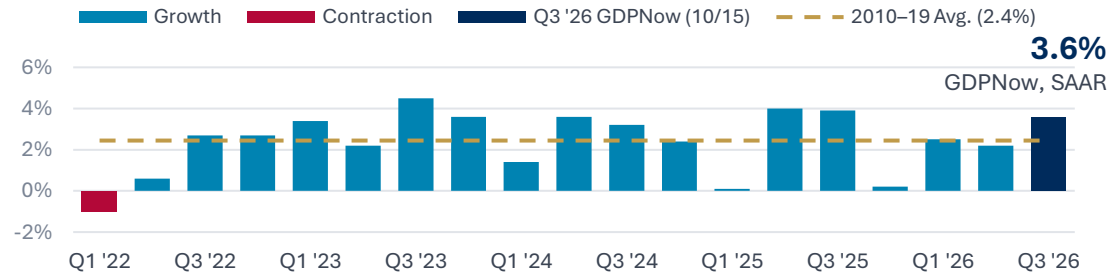
Retail Inventory to Sales



Retail inventory-to-sales was 1.36 in August after Census revisions, still below the 1.46 2019 norm; lean stocks temper storage demand.

Source: U.S. Census Bureau via FRED (RETAILIRSA), seasonally adjusted, 2026 annual revision. Latest: August 2026.

GDP



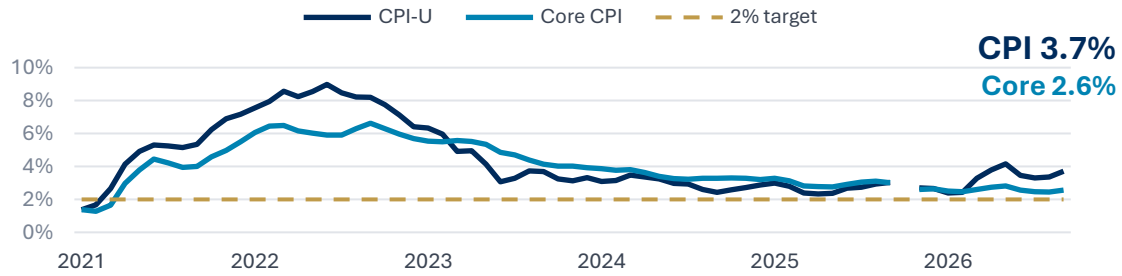
GDP: Q2 revised to 2.2%; GDPNow puts Q3 at 3.6%, with inventory building adding 1.9 points, a warehouse tailwind.

Source: BEA via FRED (A191RL1Q225SBEA), Q2 third est. 9/30/26. Q3: Atlanta Fed GDPNow model nowcast, 10/15/26.

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Prices, Labor & Capital

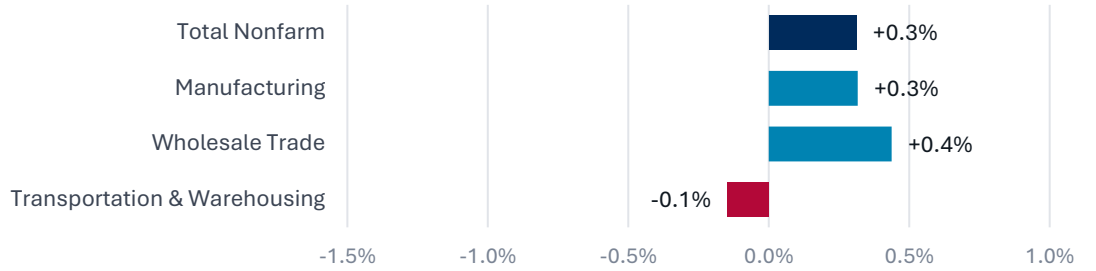
Inflation



CPI rose to 3.7% in September as gasoline jumped 9.1% m/m; core was 2.6%, keeping rate relief off the table.

Source: BLS via FRED (CPIAUCSL, CPILFESL), Y/Y from SA indexes. Through September 2026; Oct 2025 not published.

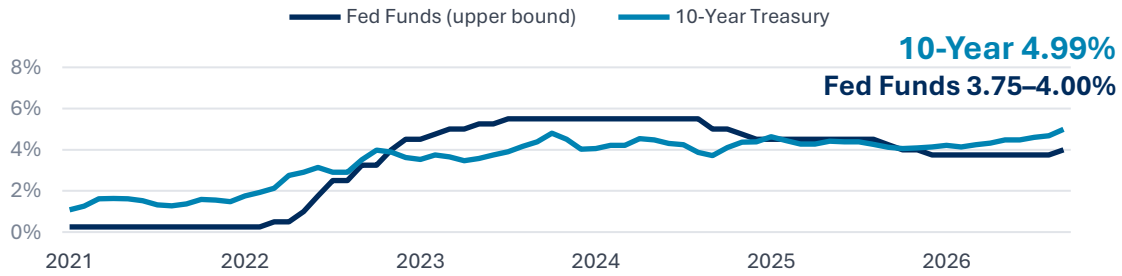
Employment



Industrial-using payrolls were mixed Y/Y in September and total hiring slowed to 29,000; occupier expansion stays cautious.

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics, SA. Sept. 2026 (preliminary) vs. Sept. 2025.

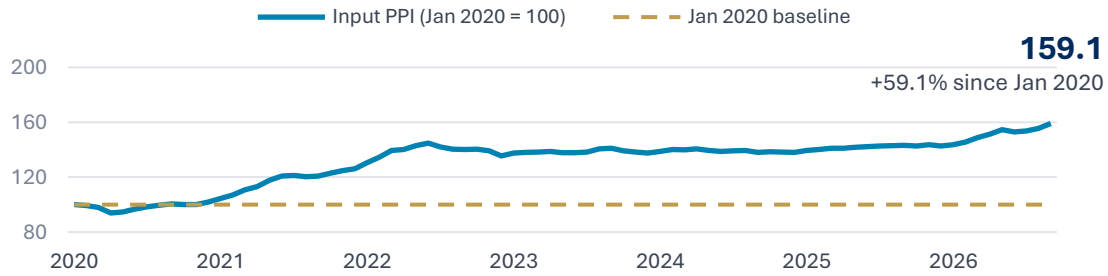
Interest Rates



The Fed raised rates to 3.75–4.00% on Sept. 16; the 10-Year averaged 4.99% in September, lifting debt costs for owners.

Source: Federal Reserve; Federal Reserve H.15 via FRED (GS10, monthly average). Through September 2026.

Construction Input Costs



Nonresidential construction input prices rose 11.2% Y/Y to 59.1% above January 2020, raising replacement costs and limiting new supply.

Source: U.S. Bureau of Labor Statistics via FRED (WPUIP2312001), not seasonally adjusted. Through September 2026.

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