

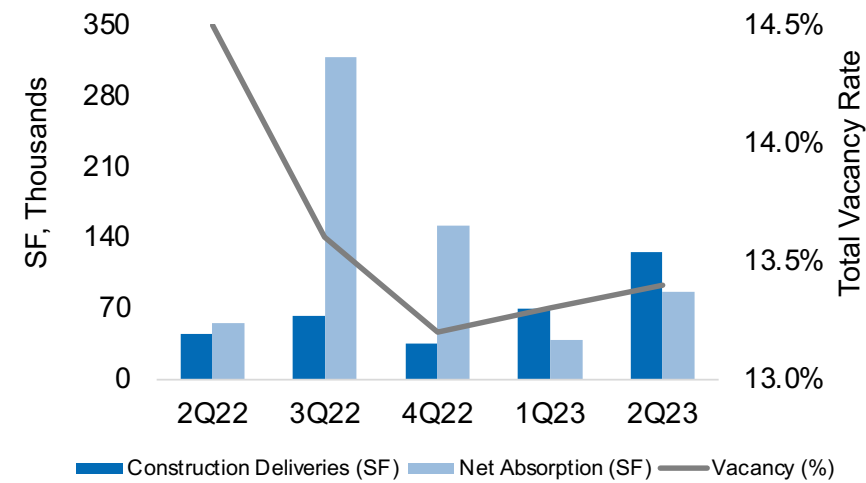
# Medical Office Market Snapshot: Phoenix-Tucson

Arizona continues to respond to growing population and healthcare demands with several exciting announcements this quarter. **Banner Health** unveiled plans for a \$400 million hospital and ancillary services development in Scottsdale. **HonorHealth** broke ground on a \$60 million project in Scottsdale, **Hammes** commenced work on a 48,000 SF MOB in Buckeye and Phoenix continues to be seen as a **Hub for Life Sciences Researchers**.

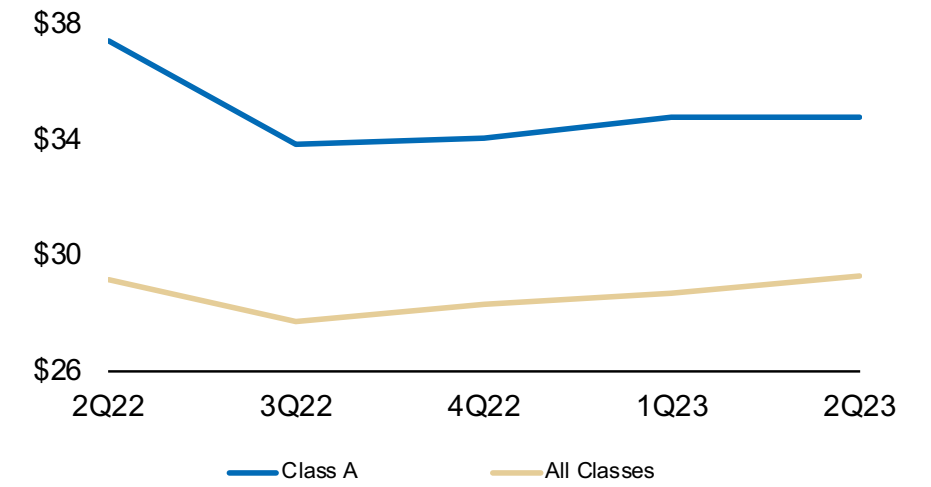
## Phoenix-Tucson Versus the U.S.

	Phoenix-Tucson	U.S.
Total Inventory	30.5 MSF	1.5 BSF
Total Vacancy	13.40%	8.90%
5-Year Net Absorption as a % of Inventory	6.60%	2.80%
5-Year Con. Deliveries as a % of Inventory	7.00%	4.40%
5-Year Sold SF as a % of Inventory	24.80%	22.20%

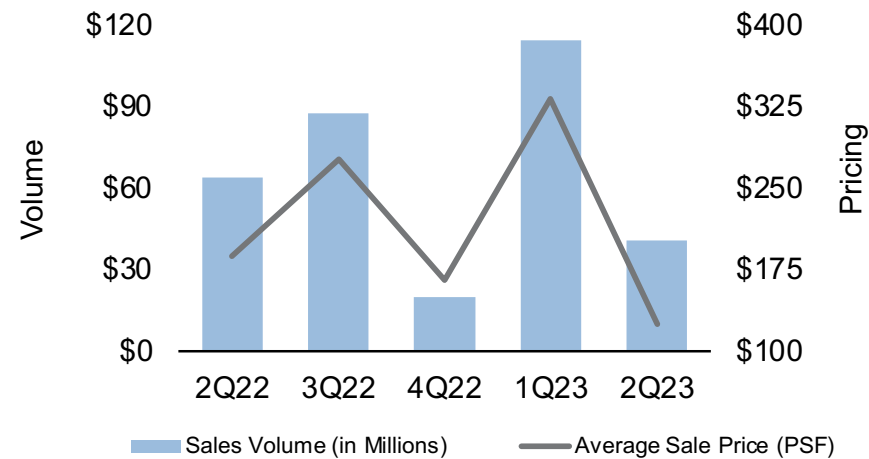
## Vacancy, Net Absorption, Construction Deliveries



## Direct Average Asking Rent (Annual, FSG)



## Sales Volume and Average Price/SF



## Notable Sales

Building	Address	SF	Price/SF
Anthem Medical Center	41930 N. Venture Dr. Anthem, AZ	20,500	\$368
East Valley Professional Plaza	1220 S. Higley Rd. Mesa, AZ	18,928	\$260
3294 N. Alma School	2394 N. Alma School Chandler, AZ	10,446	\$622

## Highlights and News

- While the sales volume and pricing per square foot dropped due to the volatility in the market, there continues to be activity.
- The Notable Sales COMPs are MOB's demonstrating that the Arizona market is still attracting qualified buyers and obtaining strong pricing.
- The MOB sales reflect that both the investor appetite and owner/user pool are active.
- While there was an increase in vacancy, there continues to be positive absorption and an increase in rental rates.

Source: Newmark Research, CoStar; data includes medical office buildings with RBAs in excess of 10,000 square feet.

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