

PHOENIX MARKET INSIGHTS

HEALTHCARE INSIDER

Our Team's View of the Phoenix Medical Office Market

LEASING ACTIVITY

Leasing held mostly steady in Q3 2026. Direct vacancy edged up to 15.2% from 15.1%, and average direct rents slipped to \$34.21/SF from \$34.39/SF on a full-service basis. Even so, rents remain about 5% higher than they were a year ago. Net absorption stayed positive for a second straight quarter at 38,803 SF, down from 60,076 SF in Q2, with most of the gain coming from sublease space. Leasing volume totaled 146,187 SF across 46 deals, meaning slightly more deals but smaller ones. Northwest Phoenix and Midtown led the way, while Central Scottsdale gave back the most space.

SALES ACTIVITY

Sales activity slowed in Q3 2026 after a busy second quarter. Total sales volume came in at \$64.1 million, down from \$151.8 million in Q2 but well ahead of the \$41.5 million recorded in Q3 2025. The difference was deal size, as this quarter saw more transactions at smaller price points. The largest sale was 10752 N 89th Pl in Scottsdale, a two-property deal that traded for \$25.5 million, or roughly 40% of the quarter's volume. One Scottsdale Landing followed at \$10.75 million, and Plaza Medical Center II in Peoria sold for \$8.5 million. Cigna also sold two West Valley buildings, one of them to a charter school. Year-to-date volume is now near \$300 million, close to last year's full-year total with a quarter still to go.

CONSTRUCTION

For the second quarter in a row, no new medical office buildings were delivered to the market. The last new project was a 68,000 SF building that came online in Q1 2026. Total inventory did grow to about 17.8 million SF, but that increase came from existing buildings being added to the tracked data, not from new construction. The pipeline is holding steady, with 8 buildings totaling roughly 405,000 SF under construction, nearly unchanged from last quarter. Developers remain selective, and high building costs mean most projects still need committed tenants or strong preleasing before breaking ground. With little new space arriving in the near term, well-located existing buildings should remain in a strong position to hold occupancy and support rents.

Market Breakdown

	Q2 2026	Q3 2026	Quarterly Change
DIRECT VACANCY RATE (%)	15.1%	15.2%	0.1%
DIRECT RENTAL RATE	\$34.39	\$34.21	(\$0.18)
SOLD (\$)	\$151.8M	\$64.1M	(\$87.7M)
NET ABSORPTION (SF)	60,076	38,803	(21,273)

▼ ABSORPTION ▲ VACANCY
▼ RENTAL RATE -- CONSTRUCTION DELIVERIES

Q3 2026 MARKET SNAPSHOT



17.7M
INVENTORY SF



146.2K
LEASED SF



\$64.1M
SALE TRANSACTIONS



\$33.22
AVERAGE DIRECT
RENTAL RATE PER SF



\$25.5M
LARGEST QUARTERLY
TRANSACTION
10752 N 89th Pl, Scottsdale, AZ

RECENT TEAM SALES



9150 W INDIAN SCHOOL RD

Phoenix, AZ

SUBMARKET	Glendale
SALE DATE	9/4/2026
SALE PRICE	\$1,765,000
SIZE	4,840 SF
PRICE/SF	\$364.67/SF



4110 N 108TH AVE

Scottsdale, AZ

SUBMARKET	Glendale
SALE DATE	9/4/2026
SALE PRICE	\$878,000
SIZE	2,536 SF
PRICE/SF	\$346.21/SF

RECENT TEAM LEASES



3330 N 2ND ST

Phoenix, AZ

SUBMARKET	Midtown
LEASE TYPE	Full Service
TENANT	Arizona Hand to Shoulder Surgery
SIZE	14,844 SF
CLASS	B



1501 N GILBERT RD

Gilbert, AZ

SUBMARKET	Superstition Corridor
LEASE TYPE	NNN
TENANT	Dignity/CommonSpirit
SIZE	10,434 SF
CLASS	B



26320 N LAKE PLEASANT PKWY

Peoria, AZ

SUBMARKET	Arrowhead
LEASE TYPE	NNN
TENANT	AUUA
SIZE	7,000 SF
CLASS	A

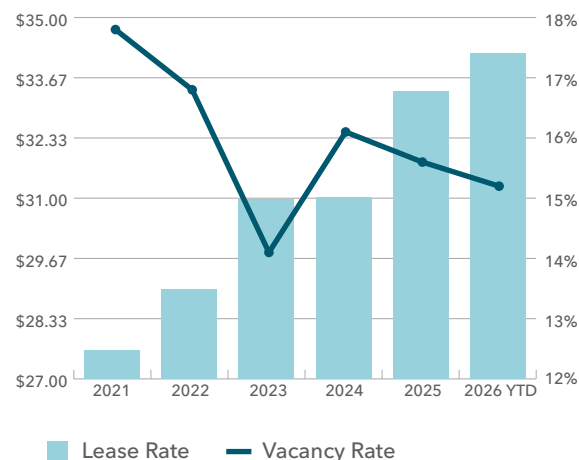


3805 E BELL RD

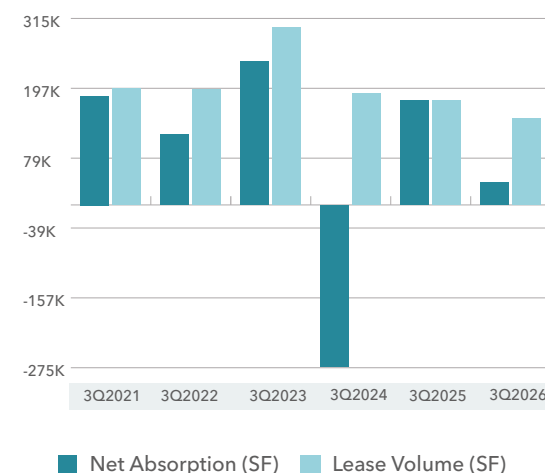
Phoenix, AZ

SUBMARKET	Paradise Valley
LEASE TYPE	Full Service
TENANT	Tenet Business Services Corp
SIZE	4,677 SF
CLASS	A

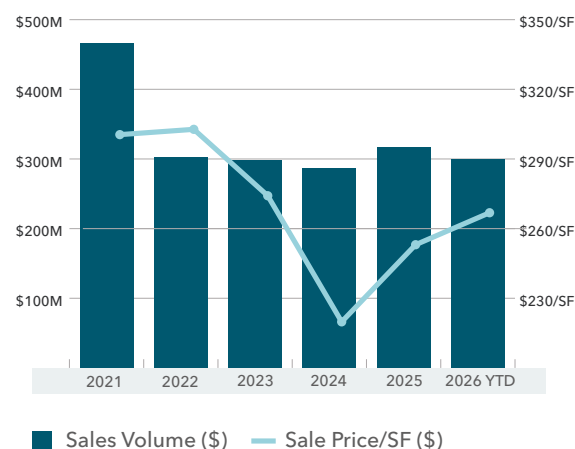
LEASE RATE & VACANCY



NET ABSORPTION & LEASE VOLUME

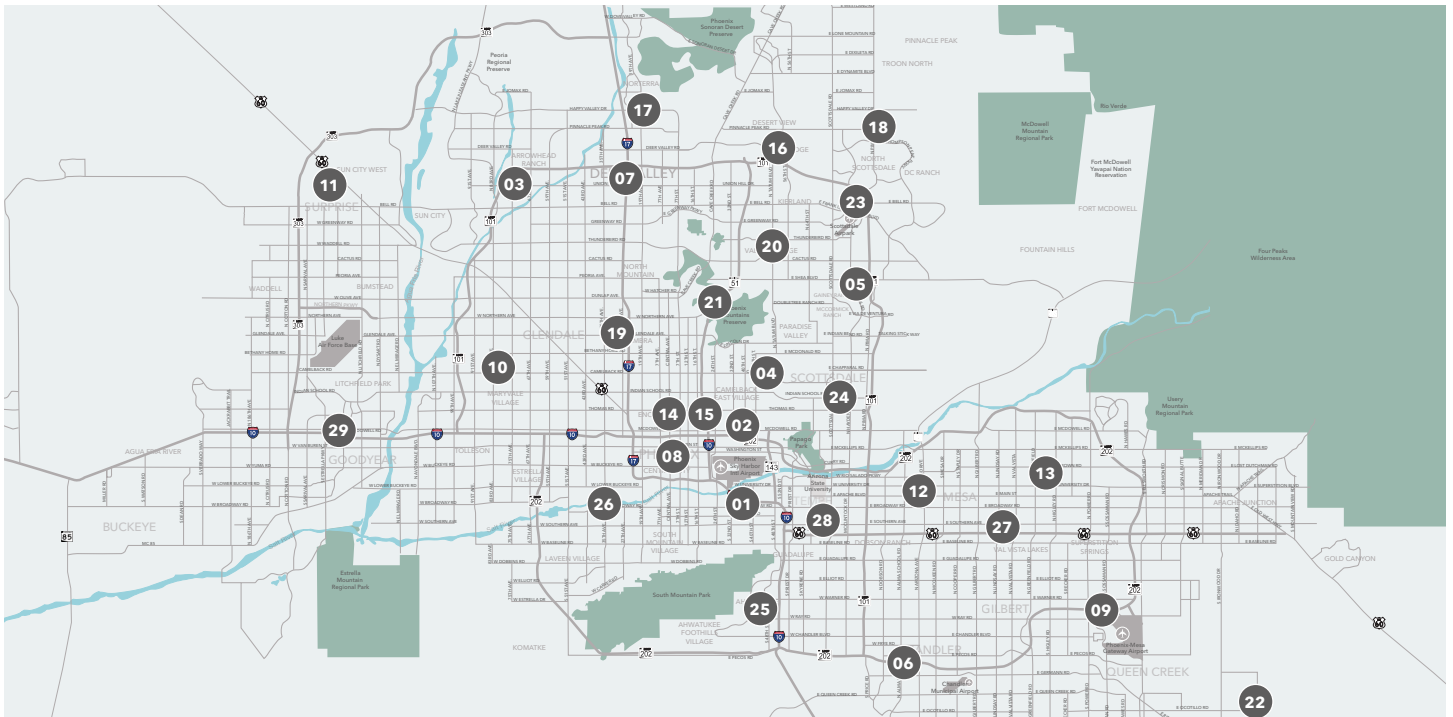


SALES VOLUME & SALE PRICE/SF



PHOENIX SUBMARKET STATISTICS - Q3 2026

#	Submarket	Total Inventory SF	Direct Rental Rate	Direct Vacancy Rate	Total Available Rate	Total Net Absorption	Total Leasing SF	Sales Volume
1	Airport Area	110,187	\$24.00	27.8%	27.8%	8,858	0	\$-
2	44th Street Corridor	98,685	\$24.01	53.4%	53.4%	13,685	0	\$-
3	Arrowhead	1,481,904	\$36.45	9.8%	16.5%	(17,890)	8,121	\$-
4	Camelback Corridor	422,261	-	7.9%	23.5%	(1,945)	0	\$-
5	Central Scottsdale	1,801,014	\$34.30	26.6%	25.5%	(56,229)	22,054	\$25,500,000
6	Chandler	967,842	\$37.30	11.6%	12.6%	(9,102)	8,802	\$-
7	Deer Valley/Airport	1,280,870	\$30.58	22.2%	25.7%	(3,768)	25,286	\$5,800,000
8	Downtown	44,510	\$21.31	14.7%	14.7%	(1,619)	0	\$-
9	Gateway Airport/Loop 202	1,190,730	\$52.04	11.4%	19.6%	29,381	2,698	\$-
10	Glendale	813,773	\$40.90	5.3%	10.8%	3,517	1,327	\$3,800,000
11	Loop 303/ Surprise	744,930	\$32.43	7.1%	9.3%	23,468	7,778	\$-
12	Mesa Downtown	26,734	-	0.0%	0.0%	0	0	\$-
13	Mesa East	288,076	\$23.13	12.7%	12.2%	(2,851)	0	\$5,200,000
14	Midtown	681,141	\$25.60	14.8%	14.8%	46,109	8,055	\$-
15	Midtown/Central Phoenix	1,154,169	\$28.09	16.2%	13.7%	(37,789)	0	\$-
16	N Phoenix/Cave Creek	26,871	\$29.19	9.1%	0.0%	0	0	\$-
17	North I-17	141,961	\$33.51	15.2%	19.0%	0	0	\$-
18	N Scottsdale/Carefree	96,701	\$26.97	18.6%	10.2%	0	8,114	\$-
19	Northwest Phoenix	1,088,857	\$22.56	22.9%	30.6%	53,123	8,074	\$10,350,000
20	Paradise Valley	911,248	\$32.45	17.8%	23.8%	(6,815)	3,649	\$-
21	Piestewa Peak Corridor	199,886	-	18.4%	27.5%	1,513	1,513	\$-
22	Pinal County	285,739	\$24.53	1.6%	15.0%	985	985	\$-
23	Scottsdale Airpark	702,759	\$40.95	8.7%	14.7%	6,103	1,729	\$10,750,000
24	Scottsdale South	497,768	\$29.93	4.7%	6.1%	1,704	1,704	\$-
25	South Tempe/Ahwatukee	431,855	\$29.68	16.4%	16.3%	963	1,455	\$-
26	Southwest Phoenix	83,393	\$22.86	6.3%	6.3%	0	0	\$-
27	Superstition Corridor	1,323,918	\$36.66	21.0%	22.6%	(26,663)	9,214	\$-
28	Tempe	341,625	\$27.44	7.3%	7.3%	(2,281)	0	\$2,740,000
29	West I-10	515,875	\$44.43	8.3%	8.7%	16,346	25,629	\$-
Phoenix Avg/Totals		17,755,282	\$34.21	15.2%	18.54%	38,803	146,187	\$64,140,000



ADVANCE

Earlier this year, we endeavored on a path towards more growth and more success as a team. Part of the growth strategy was to hire a business coach to help us identify ourselves as a team, establish team goals and winning strategies to achieve those goals. This process has been exciting, challenging, eye-opening and has made us stronger and closer than ever before.

Another part of our growth strategy was to grow our team and our business intentionally and strategically. Heading into Q4 2026, we're thrilled to officially welcome three outstanding new team members to the fold. Amita Sall and Makai Rich join us to strengthen our Tenant Representation bench, while Shannon Hamer steps in to elevate our Agency Representation team.

What started as a tight-knit crew, has now become a formidable 12-person powerhouse: perfectly positioned and fully geared up for long-term growth.

Our newest team members embody our core values and bring specialized expertise that will add immediate value to our growing client base. These additions are sharpening our edge and strengthening our position as leaders in healthcare real estate. More top-notch market experts collaborating towards a common goal: deliver the highest and best service to our clients while providing unmatched market intelligence in a timely manner.

Please reach out if we can be of service to you. Let's finish the year strong.

Sincerely,

Perry Gabuzzi, CCIM

OUR TEAM STATS

YTD 2026

5.0M+

SQUARE FOOT
PORTFOLIO

\$160.2M

TOTAL
CONSIDERATION

585K SF

TRANSACTIONS
CLOSED

115

TRANSACTIONS
CLOSED

15

COMPLETED
SALES

100

COMPLETED
LEASES

Phoenix healthcare experts with over 145+ years of combined experience

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