

FOR THE EXCLUSIVE USE OF MDEPINTO@LEEARIZONA.COM

From the Phoenix Business Journal:

<http://www.bizjournals.com/phoenix/news/2017/04/27/office-space-wells-fargo-indeed-land-big-leases.html>

Office space: Wells Fargo, Indeed land big leases and 5 other takeaways from the first quarter

➔ SUBSCRIBER CONTENT:

Apr 27, 2017, 11:36am MST

Wells Fargo & Co. (NYSE: WFC) and Indeed.com highlight the list of the top commercial offices leases in the Phoenix region during the first quarter.

That is according to new data from the Lee & Associates Commercial Real Estate Services.

Wells Fargo leased 115,394 square feet in Chandler at Price and Queen Creek roads.

The San Francisco-based bank has a big campus Chandler.

Indeed Inc. — which operates the Indeed.com employment website — has leased 24,398 square feet the Galleria Corporate Center in Scottsdale.

Indeed plans on hiring 100 employees for that office.

The Galleria's tenant roster includes [Yelp Inc.](#) (NYSE: YELP) and Weebly.

Other top leases during the quarter include NPL taking just under 74,600 square feet and Marsh & McLennan (NYSE: MMC) renewing for more than 34,500 square feet near Deer Valley Airport and Endurance International leasing 71,600 square feet in Tempe.

[Andrew Cheney](#), a principal with Lee, said 2017 is on track for 3.2 million square feet of net leasing.

The region still grapples with a 21 percent vacancy rate for Class B office space and whether activity can be diversified and broadened beyond Tempe. He also noted the first quarter didn't see a lot of big lease deals.

"The size of tenants in the market remains smaller," Cheney said. "Two of the top five transactions this quarter were 35,000 square feet and 24,000 square feet, respectively."

Here's five other key numbers to know from the first quarter office market.

- **10 percent:** That's the vacancy rate in Tempe where office demand and development remain the strongest in the Phoenix market. The regional vacancy rate is 18.9 percent, according to Lee & Associates.
- **\$24.67:** That is average asking rent for office space in the Valley. Office rents average \$28.20 for Class A space.
- **-80,019:** That is the negative absorption (i.e. leasing) in midtown Phoenix during 1Q. That means more space was vacated than leased up during the quarter. Midtown's vacancy rate is 24.9 percent.
- **\$140.15:** That is average price per square foot for office buildings sold during the first quarter.
- **16.6 percent:** That is the office vacancy rate in downtown Phoenix.

Mike Sunnucks



LEE & ASSOCIATES
Andrew Cheney