

# Phoenix

## TAKING RENT SPIKES, BUT PEAK MAY BE APPROACHING

### Takeaway

Despite clear signs that hiring activity in the region was cooling, activity in top-tier Class A buildings was relatively sustained during 2017. Landlords were bullish as negligible new construction and steady leasing kept availability in Class A properties within Chandler, Tempe, Scottsdale and Downtown tight. Tenants are likely to face more modest rent increases during 2018 as hiring and leasing appear to have decelerated.

### Negotiated Rent

**\$42.00**  
TOTAL GROSS RENT ▲ 11.3%

### Concessions

**\$87.50**  
▲ 7.4%

**\$55.00**  
IMPROVEMENT ALLOWANCE AVERAGE  
9.5  
FREE RENT AVERAGE (MONTHS)

### Tenant Effective Rent

**\$28.61**  
▲ 13.2%

### Building Expenses

**\$7.08**  
OPEX ▲ 4.1%

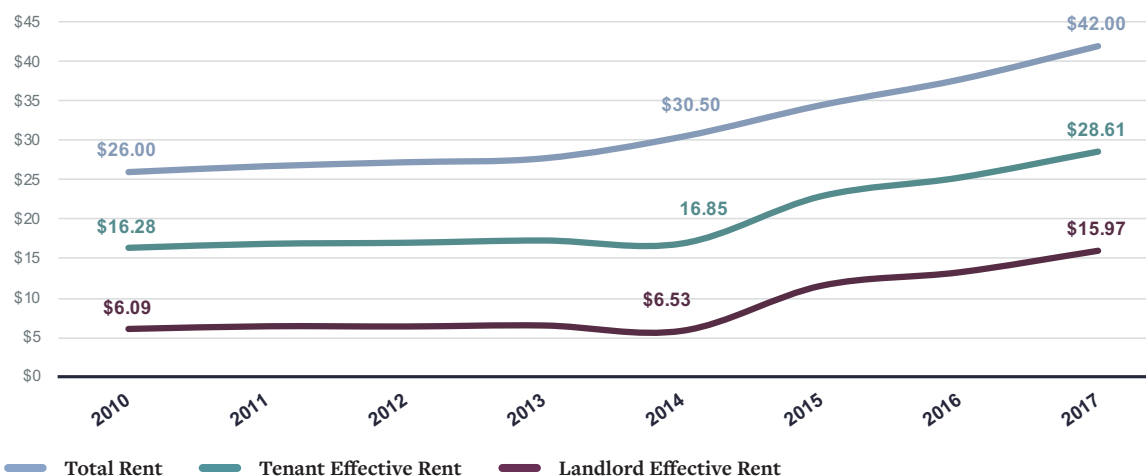
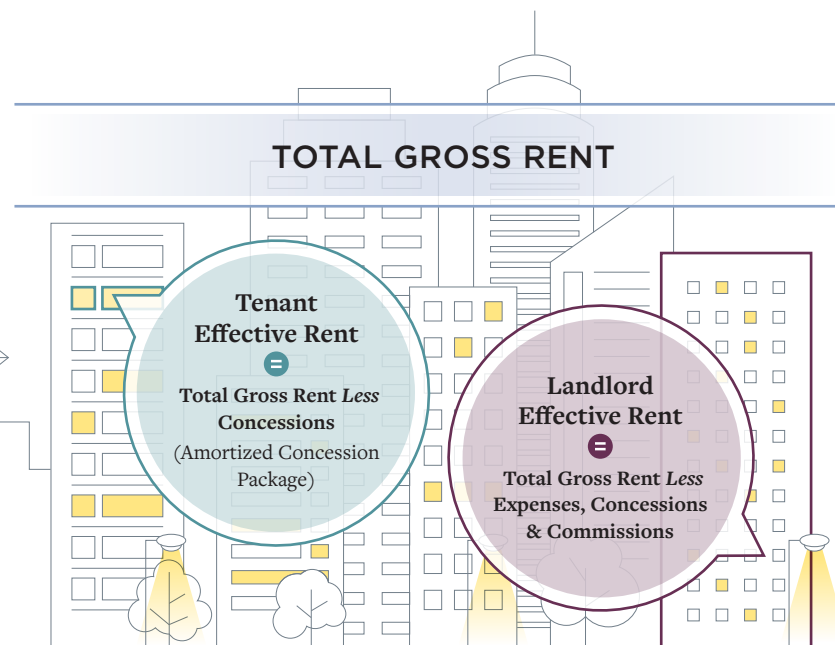
**\$3.35**  
RE TAXES ▲ 3.1%

### Landlord Effective Rent

**\$15.97**  
▲ 20.5%



**RENT SENSIBLY.**  
DO YOU KNOW WHERE YOUR RENT GOES?



### METHODOLOGY

The *Effective Rent Index* tracks what tenants truly pay for top tier Class A office space (tenant effective rent) and what landlords ultimately walk away with (landlord effective rent) once building expenses and leasing costs are deducted from net rent. Derived from negotiated office leases, the index provides critical insight into the health of each market and its position along the 'landlord-tenant favorable' spectrum. For more information about the report or detailed methodology visit: [www.savills-studley.com/research/us/effective-rent-indexes.aspx](http://www.savills-studley.com/research/us/effective-rent-indexes.aspx).

