ECONOMIC DEVELOPMENT
ADVISORY BOARD MINUTES

November 4, 2025

The Economic Development Advisory Board of the City of Mesa met in the boardroom at 120 North Center Street, on November 4, 2025, at 7:30 a.m.

BOARDMEMBERS PRESENT	BOARDMEMBERS ABSENT	STAFF PRESENT
Kurt D. Ferstl	J. Steven Beck (excused)	Jaye O'Donnell
Michelle Genereux		Amanda Elliott
Charles Gregory*		Maribeth Smith
Anthony Ruiz*		Rob Stirling
Frank Sanders		
Andrew Schreiner		
Susan Stephensen		

EX-OFFICIO MEMBERS PRESENT	EX-OFFICIO MEMBERS ABSENT	GUESTS
Mark Freeman, Mayor	Sally Harrison (excused)	Andrew Cheney
Scott Butler, City Manager		Michelle Gulick
Richard Blake*		
Sonny Cave		
Mark Drayna		
Natascha Ovando-Karadsheh		

(*Participated in the meeting via video conference equipment)

1. Call meeting to order.

Chair Michelle Genereux called the meeting to order at 7:30 a.m.

Chair Genereux excused Board member Susan Stephensen from the beginning of the meeting. She arrived at 7:32 a.m.

2. Items from Citizens Present.

There were no items from citizens present.

3. Approval of minutes from the October 7, 2025, Economic Development Advisory Board meeting.

It was moved by Board member Frank Sanders, seconded by Vice Chair Kurt Ferstl, that the October 7, 2025, Economic Development Advisory Board meeting minutes be approved.

Upon tabulation of votes, it showed:

AYES – Ferstl-Genereux-Gregory-Ruiz-Sanders-Schreiner
NAYS – None
ABSENT – Beck-Stephensen

Chair Genereux declared the motion carried unanimously.

4. Hear an office market update presentation, followed by a discussion.

Andrew Cheney, principal with the Coppola-Cheney Team of Lee & Associates, presented an update on the metropolitan office market. He reported that the previous year reflected the worst net absorption on record, totaling approximately negative 2.1 million square feet. Year-to-date performance showed 500,000 square feet of positive absorption, largely driven by new development in the north Phoenix submarket. He noted that rents remained elevated, which continued to justify new construction costs, with most new builds being owner-user projects. Metro-wide vacancy rates measured approximately 19.5%, with Mesa's vacancy slightly higher, including sub-lease space, at 24%. Mr. Cheney anticipated that vacancy would hover in the low-20% range for an extended period.

Mesa's downtown area recorded approximately 35,000 square feet of negative absorption, though its 12.5% vacancy rate remained below the metro average. He reviewed recent sales examples, noting that older office buildings trended at approximately $70 per square foot, stating that pricing had declined since 2022 and was now below replacement cost. Mr. Cheney reported that many professional firms, including law firms and technology companies, continued to downsize due to remote-work preferences. Owners seeking to stay competitive were investing in amenity upgrades, lobby renovations, and delivering move-in-ready spec suites. Some owners were converting older office properties to industrial use, depending on product type, functional obsolescence, and location. Buildings approaching 30 years of age or older were most likely to face demolition or repurposing, often based on aesthetics more than structural issues. (See pages 1-10 in Attachment 1)

A sublease update showed that sublease availability rose from 2 million square feet at the start of COVID-19 to a peak of 7 million square feet, with some absorption occurring since then. Current sublease availability stood at approximately 5 million square feet (roughly 2.5× pre-pandemic levels). Mesa's east and downtown submarkets had no meaningful sublease inventory. Recent Mesa transactions reflected office rents in the low to mid-$20s for dated buildings. (See pages 11-50 in Attachment 1)

Mr. Cheney reported that properties with strong amenity packages leased first, while less-amenitized "island" office buildings lagged. He explained that no consistent multiplier existed for mixed-use adjacency, but proximity to retail and lifestyle features strongly influenced tenant decisions. He noted that younger workers often preferred remote work, but short commutes, curated environments, and turnkey spec suites helped attract employees back to the workplace. (See pages 51-69 in Attachment 1)

Mr. Cheney shared updates on specific Mesa projects including:

- **Union (Built-to-Suit Project)** – Currently touring prospective tenants. Although site is somewhat isolated from amenities, comparable buildings in Tempe had leased successfully.
- **Waypoint / Kimley-Horn Building** – This development is fully leased since a major tenant recently chose to renew. Rents remained lower in older product but were considered stable.
- **Mesa Grove (East of Fiesta District)** – A 70,000-square-foot plug-and-play opportunity initially marketed for industrial use; back-office groups had recently shown interest.
- **Gateway 202 – North Site (12 acres)** – Site positioned for employment uses.

Mr. Cheney summarized that few large users were currently active and that tenants were not yet done giving back space. Class A owners were continuing to invest in amenities and spec suites. Some distress existed in the market, but Mesa experienced less distress than other submarkets. (See pages 70-83 in Attachment 1)

Mayor Mark Freeman asked what actions Mesa could take to improve underperforming office areas, reiterating that industrial development brought jobs to Mesa and that Mesa's housing supply remained affordable relative to the Valley. Mr. Cheney recommended that Mesa highlight strong demographics, schools, and workforce quality as well as amplify the Union and Waypoint developments.

Board member Natascha Ovando-Karadsheh noted Mesa's historical lack of Class A inventory and asked where new commercial development should concentrate. Mr. Cheney suggested preventing tenant out-migration by developing clusters of 30–50K square foot spec-suite-ready buildings along the US-60 and Fiesta District and expanding quality office and retail pockets, such as the Stapley Center. He shared that Mesa's distance from central Phoenix remained a leasing challenge, so he emphasized the importance of creating high-quality experiences to offset this.

Jaye O'Donnell, economic development director, discussed opportunities to re-envision the Union site consistent with a "live-work-play" model. Mr. Cheney agreed that many positive conditions already existed and encouraged the City to amplify its messaging.

Chair Genereux thanked Mr. Cheney for the presentation.

5. Hear a presentation from First Things First on business community engagement to support early learning and childcare in Arizona, followed by a discussion.

Melinda Gulick, CEO of First Things First, presented on the importance of early childhood education and childcare in Arizona, emphasizing its long-term benefits for the state's sustainability and growth. First Things First is Arizona's early childhood agency which is committed to healthy development and learning from birth to age 5. It was created by voters in 2006 and funded by tobacco tax. Their three focus areas are quality childcare, strengthening families, and preventative health. She shared that 90% of brain growth happens in the first 5 years. (See pages 1-2 in Attachment 2)

Ms. Gulick presented data on childcare accessibility and affordability challenges in Arizona, highlighting that 60% of children live in dual-income households, with childcare costs exceeding 30% of family income. She emphasized that 30% of income toward childcare was far above the 7% level typically considered affordable and that this exceeded the cost of many college educations. She asserted that such conditions were not economically sustainable. The economic impact of these issues was discussed, noting that families lose $3 billion annually in earnings and job search expenses, while employers and the state lose $958 million and $725 million respectively. Successful Arizona community-based solutions were highlighted in Pima County and Tempe, emphasizing the importance of quality childcare for workforce retention. Ms. Gulick highlighted the economic impact of First Things First, and mentioned ongoing initiatives to increase funding, including efforts to close a loophole in tobacco tax products. (See pages 3-11 in Attachment 2)

Board member Sonny Cave commented that the CHIPS Act included conditions for on-site or near-site childcare and inquired what other funding opportunities might be available. Ms. Gulick replied that childcare was seen as a critical part of the CHIPS Act although funding has stalled. She added that the Department of Economic Security was recently allocated $45M to support childcare subsidies, which held off the waitlist by one month, though 9,000 families remained on the waitlist.

Board member Ovando-Karadsheh inquired about educating parents on the importance of early learning. Jackie Grainger, chief of marketing at First Things First, outlined efforts to educate parents through social media channels, YouTube Shorts, an online parent kit, and increased outreach to Spanish-speaking families. Ms. Gulick also noted a partnership with Candelen for the Family, Friend, and Neighbor (FFN) program, offering training on early childhood interaction skills and kindergarten readiness. Ms. Gulick highlighted Mesa's strong early childhood ecosystem through Mesa's Family Resource Center and the opening of the Bezos Academy, a free Montessori-based Pre-K, as evidence of both need and community commitment.

Ms. O'Donnell raised concerns about the lack of childcare spots and rising lease rates for childcare providers, leading to potential business closures. She committed to following up with Ms. Gulick and Sarah Tolar, City of Mesa education and workforce administrator, to explore support options and report back to the Board.

Board member Frank Sanders inquired if underutilized school buildings could be an option to offset facility costs. Ms. Gulick responded that some communities were doing so, though the greatest childcare shortage statewide was in the infant to age 2 range, which required specialized spaces.

In closing, Ms. Gulick encouraged employers to connect through First Things First Child Care Solutions for Businesses page to find resources to support employees, calculate the financial impact this shortage had on their business, connect with First Things First to learn about community-based solutions, and advocate for more public support. (See pages 12-13 in Attachment 2)

Chair Genereux thanked Ms. Gulick for the presentation and commitment to the community.

6. Economic Development Director's current events summary including conferences attended.

Director O'Donnell highlighted upcoming ribbon cuttings and groundbreakings including KTR (Kids that Rip) at Cannon Beach - the ultimate indoor action sports playground, Miniso located in the Mekong Plaza expansion, the FlightSafety International groundbreaking, and the XNRGY ribbon cutting.

Ms. O'Donnell commented on a recent international sales mission to SEMICON Taiwan with the Arizona Commerce Authority (ACA). The delegation visited the TSMC Newcomer Training Center, which opened in 2021, and trained 56,000 individuals over the past four years. The delegation also provided community pitches to Taiwanese companies and spoke about the differences in building and operating in Arizona versus Taiwan. Wednesday through Friday the delegation attended SEMICON Taiwan. There were 1,200 exhibitors. China Airlines and Starlux announced direct flights between Taiwan and Phoenix beginning in December and January, respectively. The Office of Economic Development was working with the ACA on

a mission to SEMICON Japan in December with city leadership. Representatives from the Office of Economic Development are attending SEMICON West this week. California and Arizona will alternate hosting the conference annually. Day one's attendance in Phoenix included more than 20,000 attendees.

At the recent International Economic Development Council (IEDC) Conference the department was recognized in the gold category for best print brochure - Asian District. Ms. O'Donnell reported FY25/26 business attraction achievements which included 16 company locates, 1,700 jobs with an average wage of $72,000, and $8.5M in capital investment.

7. Introduction of new business to be discussed at a future meeting.

No new business.

8. Schedule of meetings.

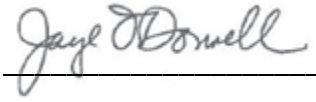
The next Economic Development Advisory Board meeting is scheduled for December 2, 2025.

9. Adjournment.

Without objection, the Economic Development Advisory Board meeting adjourned at 8:54 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Economic Development Advisory Board meeting of the City of Mesa, Arizona, held on the 4th day of November 2025. I further certify that the meeting was duly called and held and that a quorum was present.

Submitted by:



Jaye O'Donnell
Economic Development Director

ms
(Attachments – 2)

MARKET UPDATE

mesa·az

November 2025

www.c2brokerage.com/

COPPOLA·CHENEY a team within: LEE & ASSOCIATES COMMERCIAL REAL ESTATE SERVICES

Craig Coppola
Founding Principal,
CRE, CCIM, SIOR
ccoppola@leearizona.com
602-954-3762

Andrew Cheney
Principal,
CRE, CCIM, SIOR
acheney@leearizona.com
602-954-3769

Gregg Kafka
Principal,
CCIM
gkafka@leearizona.com
602-954-3777

Nick Whitehouse
Associate
nwhitehouse@leearizona.com
602-912-3531

Coppola-Cheney Team

COPPOLA·CHENEY *a team within:* LEE & ASSOCIATES COMMERCIAL REAL ESTATE SERVICES

Craig Coppola
CCIM, CRE, SIOR
Founding Principal

VISION

Andrew Cheney
CCIM, CRE, SIOR
Principal

TOUR/LEASE NEGOTIATIONS

Gregg Kafka
CCIM
Principal

TOUR/LEASE NEGOTIATIONS

Nick Whitehouse
Associate

TOUR/LEASE NEGOTIATIONS

Kaeli Cabral
Marketing Assistant

MARKETING

Jaiden Fortune
Researcher

PROSPECTING

Parker Dunn
Analyst

PROSPECTING

Chelsea Clifton
Director of Operations

TEAM OPS/ PITCH PREP

Allie Cebry
Project Coordinator

REPORTING

Mary Henk
Database Manager

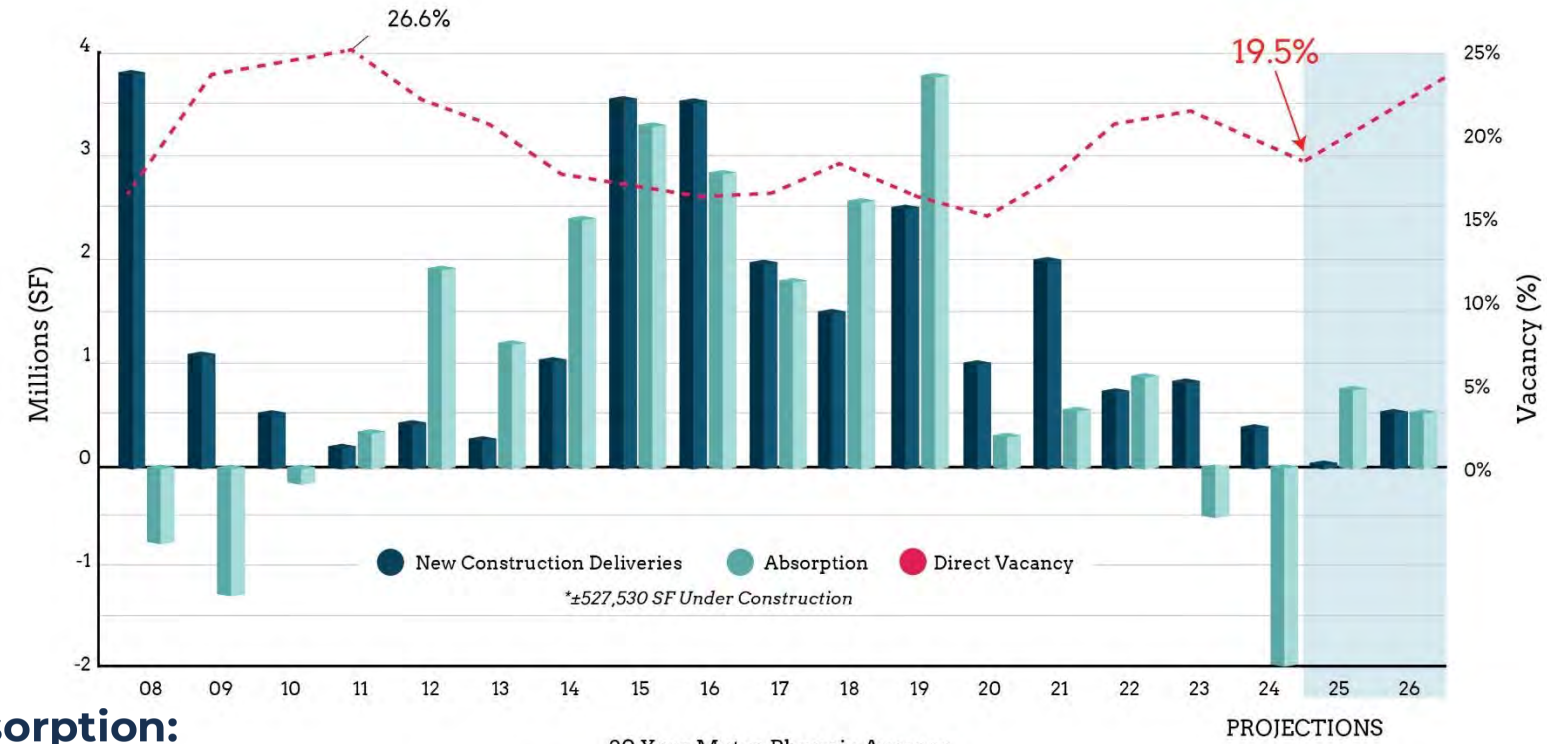
CRM

Peter Ovens-Brown
Graphic Designer

MARKETING/ PITCHES

Phoenix Metropolitan Office Market Overview

PHOENIX METRO OFFICE MARKET OVERVIEW



Net Absorption:

2021: 540,252 SF (Covid)

2022: 775,813 SF

2023: (484,855) SF

2024: (2,125,250) SF

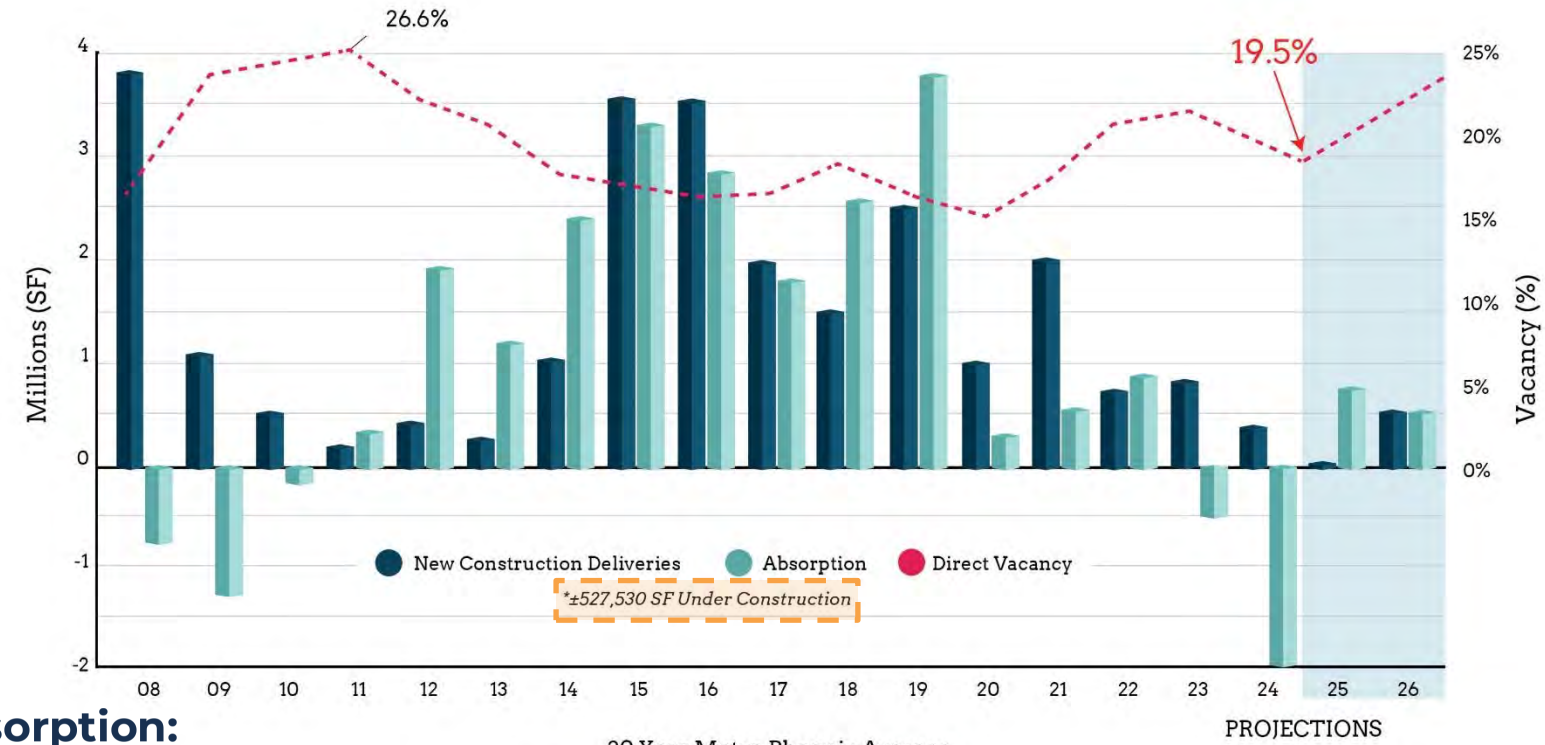
2025

- **Q1:** 398,769 SF
- **Q2:** (77,780) SF
- **Q3: 120,763 SF**

20 Year Metro Phoenix Average

±2.2M SF/YEAR	±1.6M SF/YEAR	18%
New Construction Deliveries	Net Absorption	Direct Vacancy

PHOENIX METRO OFFICE MARKET OVERVIEW



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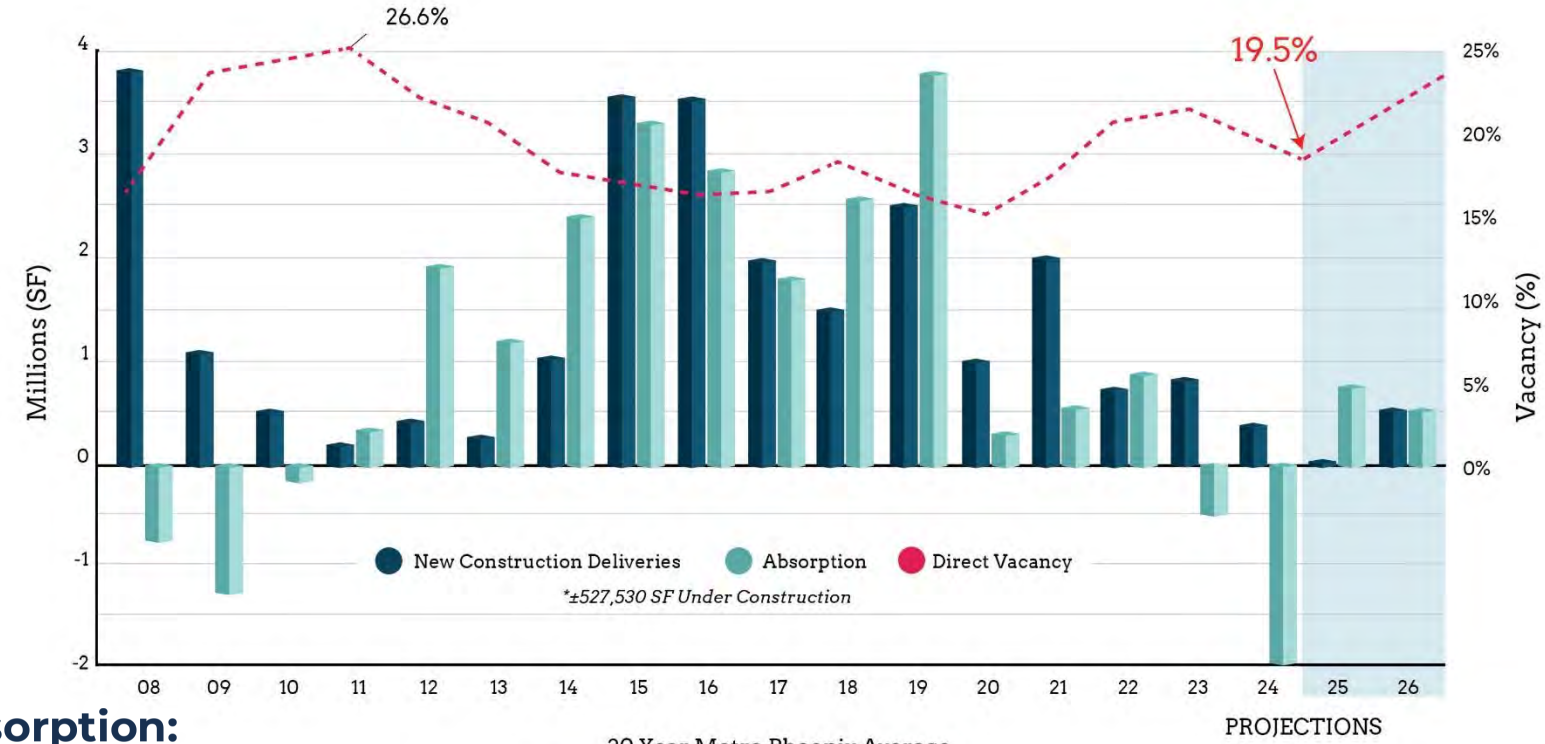

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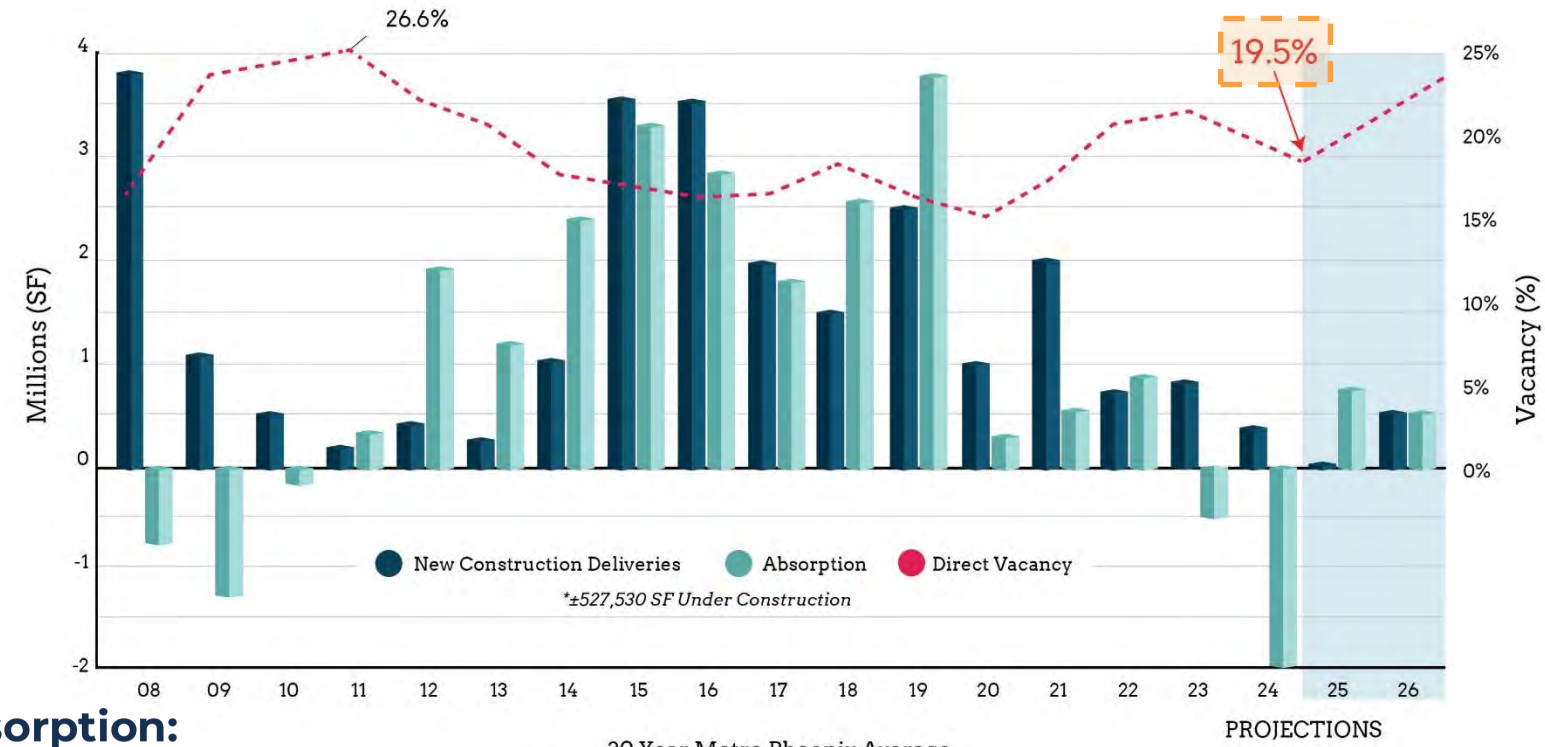

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New Construction Deliveries	Net Absorption	Direct Vacancy

COPPOLA·CHENEY *a team within:* LEE & ASSOCIATES COMMERCIAL REAL ESTATE SERVICES

PHOENIX METRO OFFICE MARKET OVERVIEW

20 Year Metro Phoenix Average

±2.2M SF/YEAR	±1.6M SF/YEAR	18%	±2.1M SF/YEAR
New Construction Deliveries	Net Absorption	Direct Vacancy	Sublease Inventory

Net Absorption:

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2022-2025 Q2 ABSORPTION

ket	Total Absorption 2022 (SF)	Total Absorption 2023 (SF)	Total Absorption 2024 (SF)	Total Absorption 2025 Q1 (SF)	Total Absorption 2025 Q2 (SF)	Total Absorption 2025 Q3 (SF)
Metro Phoenix	**775,813**	**(355,027)**	**(2,125,250)**	**398,769**	**(77,780)**	**120,763**
Camelback	351,356	(60,325)	113,827	22,843	(21,128)	(251)
Midtown	(72,813)	9,230	(338,907)	73,587	(4,937)	(41,189)
Downtown	109,930	(62,802)	66,487	(5,231)	(83,849)	50,781
Scottsdale Airpark	239,357	102,077	153,050	7,166	(25,769)	92,230
Mesa Downtown	36,020	(10,081)	(7,115)	7,185	(326)	(35,293)
Mesa East	(17,914)	(76,657)	24,197	56,177	(9,549)	14,858
Tempe	(342,593)	(528,484)	(6,048)	240,346	(138,746)	28,945
Chandler	383,171	(14,871)	(383,148)	41,528	56,503	184,912
Deer Valley	262,384	84,300	(269,294)	44,741	(69,954)	(111,747)

DIRECT VACANCY RATES

ket	Vacancy 2022 (%)	Vacancy 2023 (%)	Vacancy 2024 (%)	Vacancy 2025 Q1 (%)	Vacancy 2025 Q2 (%)	Vacancy 2025 Q3 (%)
Metro Phoenix	**17.5%**	**17.8%**	**19.9%**	**19.6%**	**19.8%**	**19.5%**
Camelback	19.1%	21.1%	18.7%	18.4%	19.9%	19.9%
Midtown	25.2%	23.9%	27.2%	26.4%	26.5%	25.9%
Downtown	21.8%	24.9%	24.6%	24.7%	26.0%	25.2%
Scottsdale Airpark	12.9%	14.5%	13.0%	12.9%	13.1%	12.2%
Mesa Downtown	8.0%	9.5%	10.2%	9.1%	9.7%	12.5%
Mesa East	23.8%	31.0%	29.2%	24.6%	25.3%	23.5%
Tempe	18.9%	23.4%	23.0%	23.3%	24.2%	22.4%
Chandler	12.0%	13.7%	18.4%	17.9%	17.0%	14.7%
Deer Valley	17.8%	12.2%	16.0%	14.4%	15.7%	18.2%

Sales Update

SALES COMPS

TOP OF MARKET SALES - 2025

2801 E. Camelback

Price: $48,250,000
Price/SF: $416.53/SF
Size: 115,838 RSF
Closed Date: 6/30/2025

Element at Kierland

Price: $18,479,487
Price/SF: $309.18
Size: 59,770 RSF
Closed Date: 3/7/2025

Scottsdale Quarter

Price: $645,100,00
Price/SF: $729.11
Size: 884,783 RSF
Closed Date: 6/26/2025

SALES COMPS

PORTFOLIO SALES - 2025

Block 23

Price: $77,354,361
Price/SF: $251.97/SF
Size: 307,000 RSF
Closed Date: 8/15/2025

5090 N. 40th St.

Price: $39,835,000
Price/SF: $230.26
Size: 173,000 RSF
Closed Date: 8/15/2025

6991 E. Camelback Rd.

Price: $39,865,763
Price/SF: $229.11
Size: 174,000 RSF
Closed Date: 8/15/2025

3200 W. Ray

Price: $29,226,908
Price/SF: $218.93
Size: 133,500 RSF
Closed Date: 8/15/2025

3100 W. Ray

Price: $27,718,379
Price/SF: $207.63
Size: 133,500 RSF
Closed Date: 8/15/2025

1600 N. Desert

Price: $11,781,938
Price/SF: $144.56
Size: 81,500 RSF
Closed Date: 8/15/2025

1700 N. Desert

Price: $10,972,931
Price/SF: $134.64
Size: 81,500 RSF
Closed Date: 8/15/2025

City Office Portfolio Sale
$266,000,000 with 1,251,704 SF of space, at avg price/sf $212.51

SALES COMPS

NOTABLE SALES - 2025

2155 E. Go Daddy Way

Price: $35,250,000
Price/SF: $235
Size: 150,000 RSF
Closed Date: 6/6/2025

4950 S. 48th Street

Price: $22,400,000
Price/SF: $305.27
Size: 73,377 RSF
Closed Date: 5/16/2025

2045 E. Innovation Circle

Price: $22,050,000
Price/SF: $226.14
Size: 97,504 RSF
Closed Date: 3/20/2025

SALES COMPS

UGLY SALES - 2025

2800 N. Central

Price: $28,500,000
Price/SF: $76.87
Size: 370,736 RSF
Closed Date: 7/22/2025

Elliot Center

Price: $13,500,000
Price/SF: $60.43
Size: 223,392 RSF
Closed Date: 1/22/2025

111 W. Monroe

Price: $17,080,000
Price/SF: $65.27
Size: 261,672 RSF
Closed Date: 6/23/2025

4645 E. Cotton Center

Price: $10,050,000
Price/SF: $86
Size: 116,858 RSF
Closed Date: 7/22/2025

SALES COMPS

2024

24th At Camelback II

Price: $97,900,000
Price/SF: $319.02
Size: 306,877 RSF
Closed Date: 10/30/2024

24th At Camelback

Price: $86,100,000
Price/SF: $278.89
Size: 308,723 RSF
Closed Date: 4/25/2024

The Beam on Farmer

Price: $56,200,000
Price/SF: $306.64
Size: 183,274 RSF
Closed Date: 05/16/2024

Northsight Corporate Center

Price: $42,250,000
Price/SF: $304.44
Size: 138,781 RSF
Closed Date: 4/30/2024

7272 Old Town

Price: $42,250,000
Price/SF: $255.72
Size: 165,220 RSF
Closed Date: 12/17/2024

Camelback Lakes – 2850

Price: $60,000,000
Price/SF: $260.62
Size: 230,222 RSF
Closed Date: 5/28/2024

SALES COMPS

2023

Lunrs Tower

Price: $6,900,000
Price/SF: $102.76
Size: 67,144 RSF
Closed Date: 5/10/2023

Mesquite Corporate Center

Price: $32,000,000
Price/SF: $402.33
Size: 79,537 RSF
Closed Date: 3/8/2023

3131/3133

Price: $72,100,000
Price/SF: $239.95
Size: 300,482 RSF
Closed Date: 9/1/2023

The Grove

Price: $48,500,000
Price/SF: $692.86
Size: 70,000 RSF
Closed Date: 2/17/2023

Chandler Corporate Center I & II

Price: $22,000,000
Price/SF: $161.76
Size: 136,004 RSF
Closed Date: 1/4/2023

2022

Promenade Corporate Center

Price: $56,500,000
Price/SF: $220.44
Size: 256,308 RSF
Closed Date: 11/22/2022

Camelback Collective

Price: $66,350,000
Price/SF: $572.78
Size: 115,838 RSF
Closed Date: 7/21/2022

Sales Comps:

1. Overall pricing has declined since 2022
2. Multiple different reasons owners are selling
3. Pricing way below replacement cost

STRESSED OUT BUILDINGS

One Two and Three Gateway

Status: Foreclosure

Size: 330,000 SF

Scoop: Western Alliance will operate until market recovers

STRESSED OUT BUILDINGS

East Gateway

Status: Sold for $82/SF

Size: 250,000

Scoop: Sold to local Buyer

Existing Owner couldn't perform after anchor tenant walked

STRESSED OUT BUILDINGS

Summit

Status: Owner cannot fund new TI's

Size: 300,000 SF

Scoop: Will be coming to market for sale

Evolving Tenant Trends - 2025:

1. Tenants right-sizing (still)
2. Lobby Updates
3. Case Studies
4. Back-Office
5. Spec Suites

1. Right-sizing

RIGHT-SIZING

KUTAKROCK ATTORNEYS AT LAW	35,000 SF ↓ 23,000 SF	VIAD	25,000 SF ↓ 7,000 SF
FENNEMORE.	70,000 SF ↓ 54,000 SF	AON	20,000 SF ↓ 3,000 SF
BlueYonder	70,000 SF ↓ 54,000 SF	PERKINSCOIE	80,000 SF ↓ 31,000 SF

RIGHT-SIZING

United Way	32,000 SF ↓ 14,000 SF	AVNET	180,000 SF ↓ 150,000 SF
HSAG HEALTH SERVICES ADVISORY GROUP	90,000 SF ↓ 30,000 SF	Regus	50,000 SF ↓ 25,000 SF
workiva	36,000 SF ↓ 0 SF	yelp	100,000 SF ↓ 1,100 SF

2. Lobby Updates

LOBBY UPDATES - HFL

LOBBY UPDATES - HFL

LOBBY UPDATES - BOND

LOBBY UPDATES - BOND

LOBBY UPDATES – ESPLANADE

LOBBY UPDATES – ESPLANADE

LOBBY UPDATES – ESPLANADE

3. Case Studies

WHAT'S LEASING?

24TH AT CAMELBACK

- Location, spec suite success, highly amenitized
- Financial Services firms less than 20,000 SF are very active.

ESPLANADE III

- Best views in the city, neighborhood within a neighborhood
- Committed owner and trophy asset

GROVE

- Brand new product in right location sells, best amenities in town
- There was pent-up demand in Camelback Corridor.

WHAT'S LEASING?

THE QUAD

- Spent the money right the first time – MINIMAL TIs on the renewal, meeting area, and restaurant on site
- Tenants will pay more to not have to go through TI construction.

SKYSONG

- Synergy with tech-related companies, great access to labor
- ASU + great product = 740,000 SF of success.

LINK

- Cool restaurant on site, top-shelf spec suites
- Cool design and spec suites will overcome B-location.

WHAT'S LEASING?

PARK CENTRAL

- Transformed multi-use site, retail use in office space sped up leasing
- Comprehensive plan and comprehensive team wins.

CAVASSON

- Freeway Access and Frontage, mixed-use development
- Deep pockets can build superior product and amenities.

GAINEY CENTER II

- Great located project with new FOCUS
- A responsive owner/broker team and some cash can help occupancy jump from 50% to 80%, and quickly

WHAT'S LEASING?

ESPLANADE I, II, IV, V

- There will always be tenants who want simply the best
- They are beating George Oliver at their own game, for now

HAYDEN FERRY LAKESIDE

- Iconic project repositioning itself
- Reimagined lobbies and outdoor areas, connecting it to lake more effectively

THE BEAM

- New exciting construction
- Fresh capital and fresh operator energy

4. Back-Office

BACK-OFFICE

Back Office Characteristics

- General Office or flex R & D
- Parking ratio >/= 5.8:1,000 SF
- </= 3 Stories
- >/= 49,000 SF

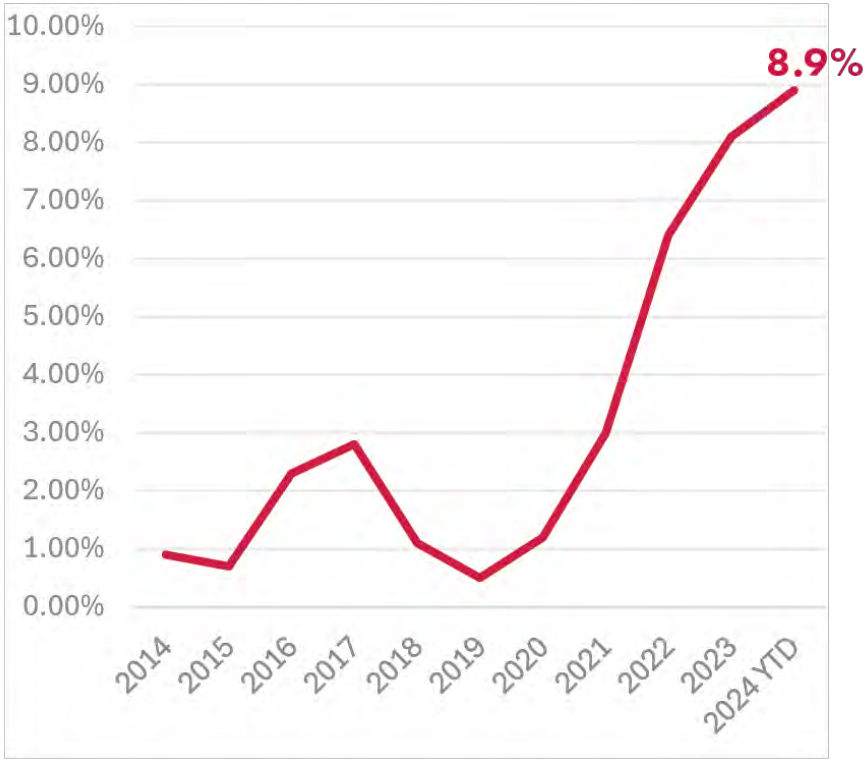
BACK-OFFICE

Key Indicators

- Total Inventory
  - 23.2 Million SF
- Direct Vacancy
  - 21.4%
- Sublease Vacancy
  - 8.9%
- Asking Rates
  - $24.36/SF/Year, Full Service

BACK-OFFICE

SUBLET VACANCY



DIRECT VACANCY

BACK-OFFICE – CONVERSIONS

1515 W. 14th Street

LPC Bought for $83/SF

Was 220,000 SF of Office

Will be 127,000 SF of Distribution

BACK-OFFICE – CONVERSIONS

Regents Centre – 1910 W. University Tempe

Class B Office with A Spec Suites

In escrow with Opus

Entire campus will be industrial

BACK-OFFICE – CONVERSIONS

Crossfirst – I-17 Lincoln

LPC Bought for $42/SF

Was 350k SF of Office

Will be 390k SF of Industrial

BACK-OFFICE – CONVERSIONS

erimeter Center Land – NWC Princess and 101

16.5 Acres

Was going to be 3 and 4 story Office

Will be 4 Industrial Flex buildings

BACK-OFFICE – CONVERSIONS

Elliot Ctr – 875 W. Elliot

Sold for $60/SF

Was 220,000 SF of Office

Will be 274,000 SF of Industrial

BACK-OFFICE – CONVERSIONS

9977 N. 90th Street

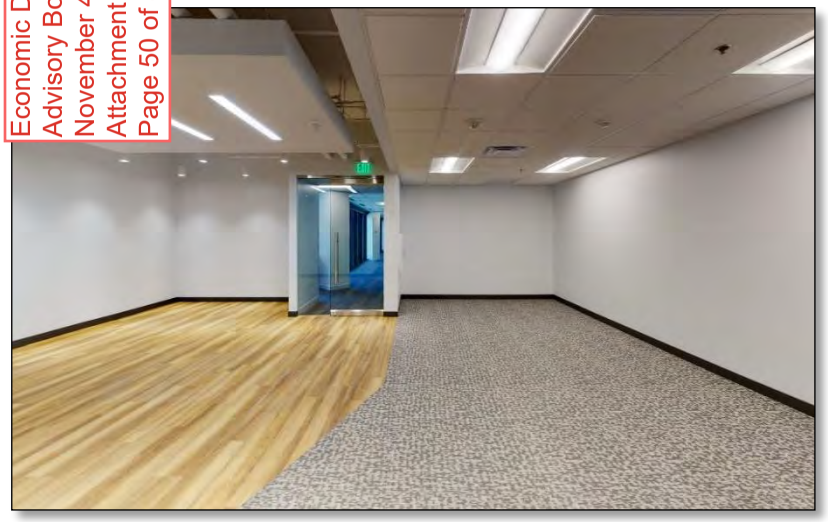
Sold for $77/SF

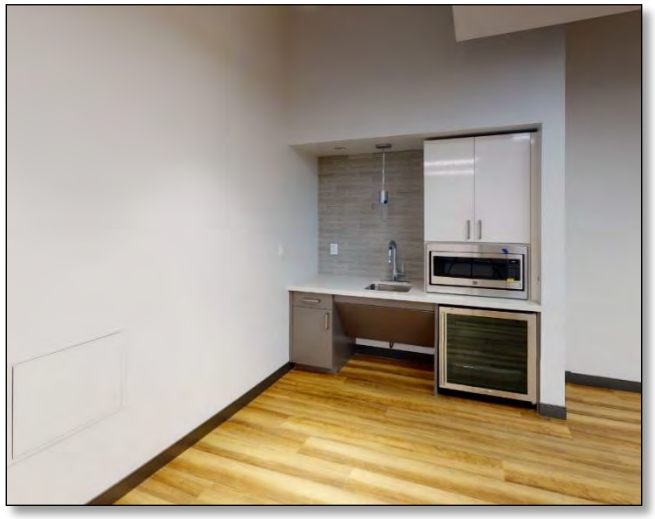
Was Office

Will be Medical

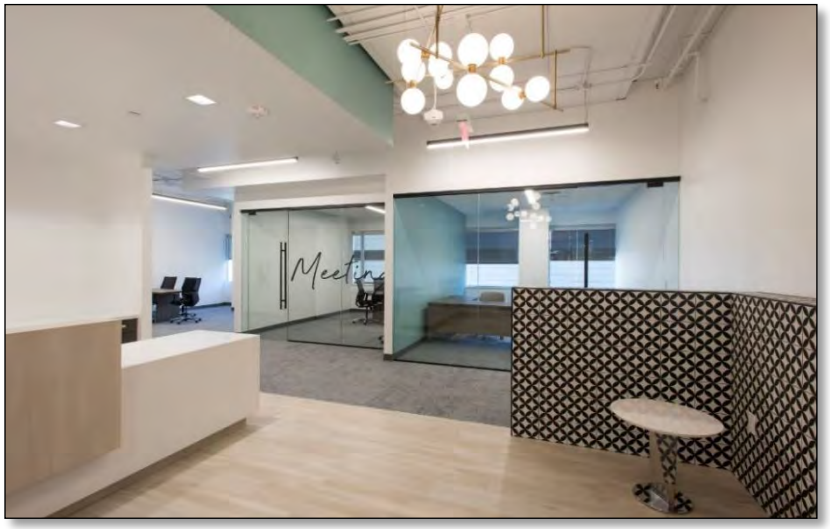
5. Spec Suites

INCREASING QUALITY OF SPEC SUITES





Yesterday's Spec Suite



Today's Spec Suite

INCREASING QUALITY OF SPEC SUITES

- LL's building ±5-10 spec suites at once
- They lease
- Rents grow

INCREASING QUALITY OF SPEC SUITES

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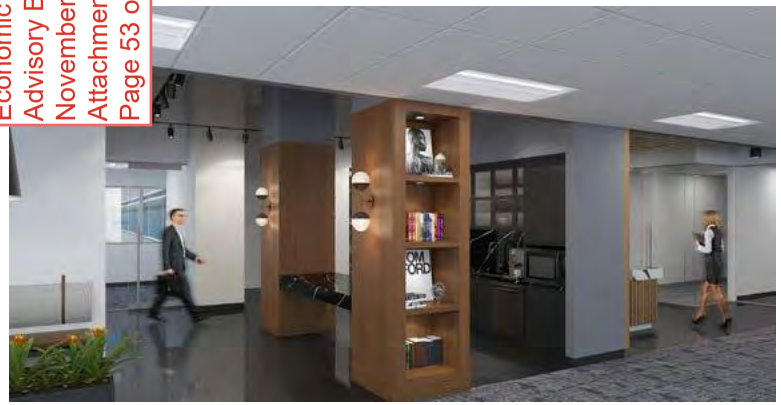
INCREASING QUALITY OF SPEC SUITES



INCREASING QUALITY OF SPEC SUITES

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INCREASING QUALITY OF SPEC SUITES

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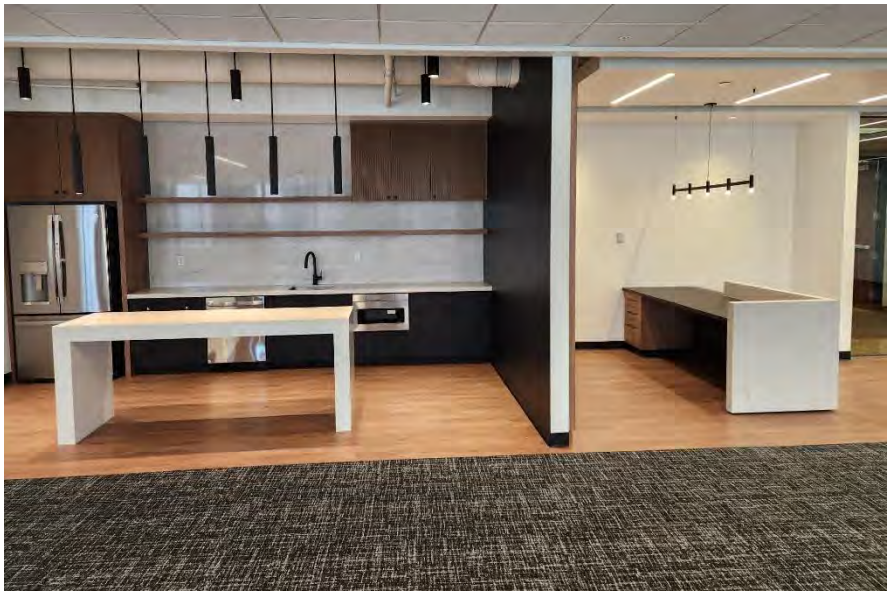
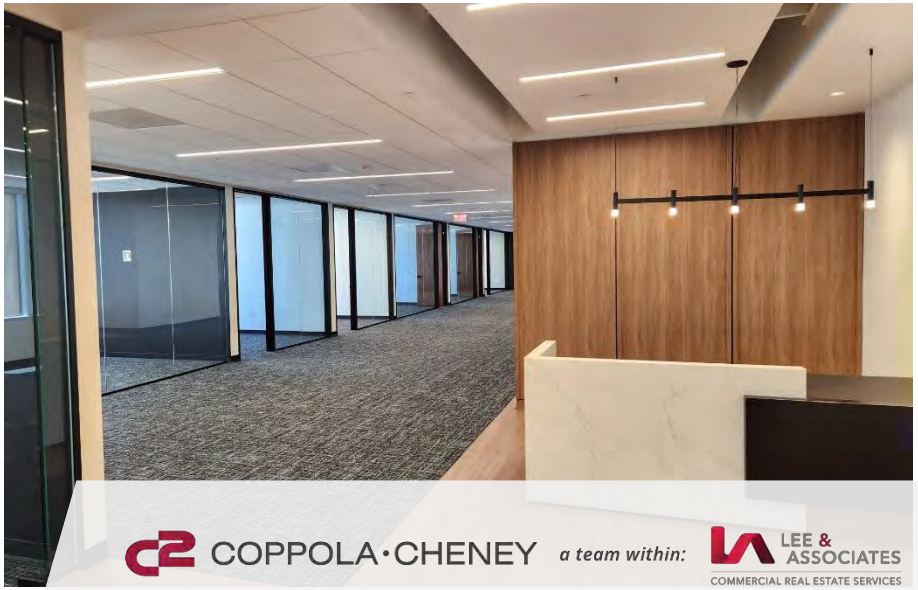
SPEC SUITES – COLLIER CTR





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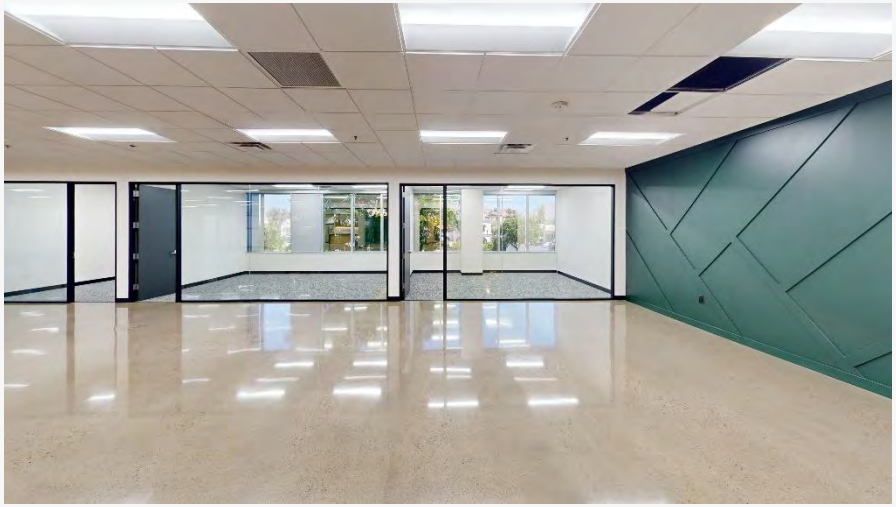
SPEC SUITES – 3131 E CAMELBACK



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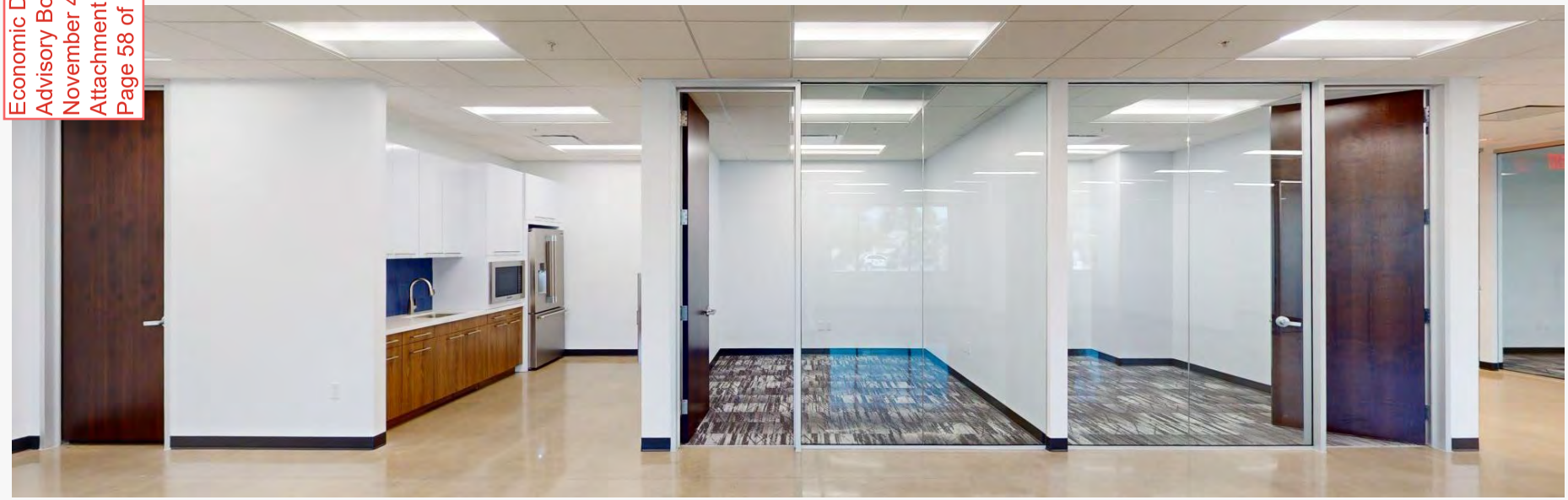
SPEC SUITES – GAINEY CENTER II



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Sublease Update

METRO PHOENIX SUBLEASE INVENTORY

2020-2024 average annual total available sublease space was 5,315,240 SF.

Sublease space now expiring and becoming direct space.

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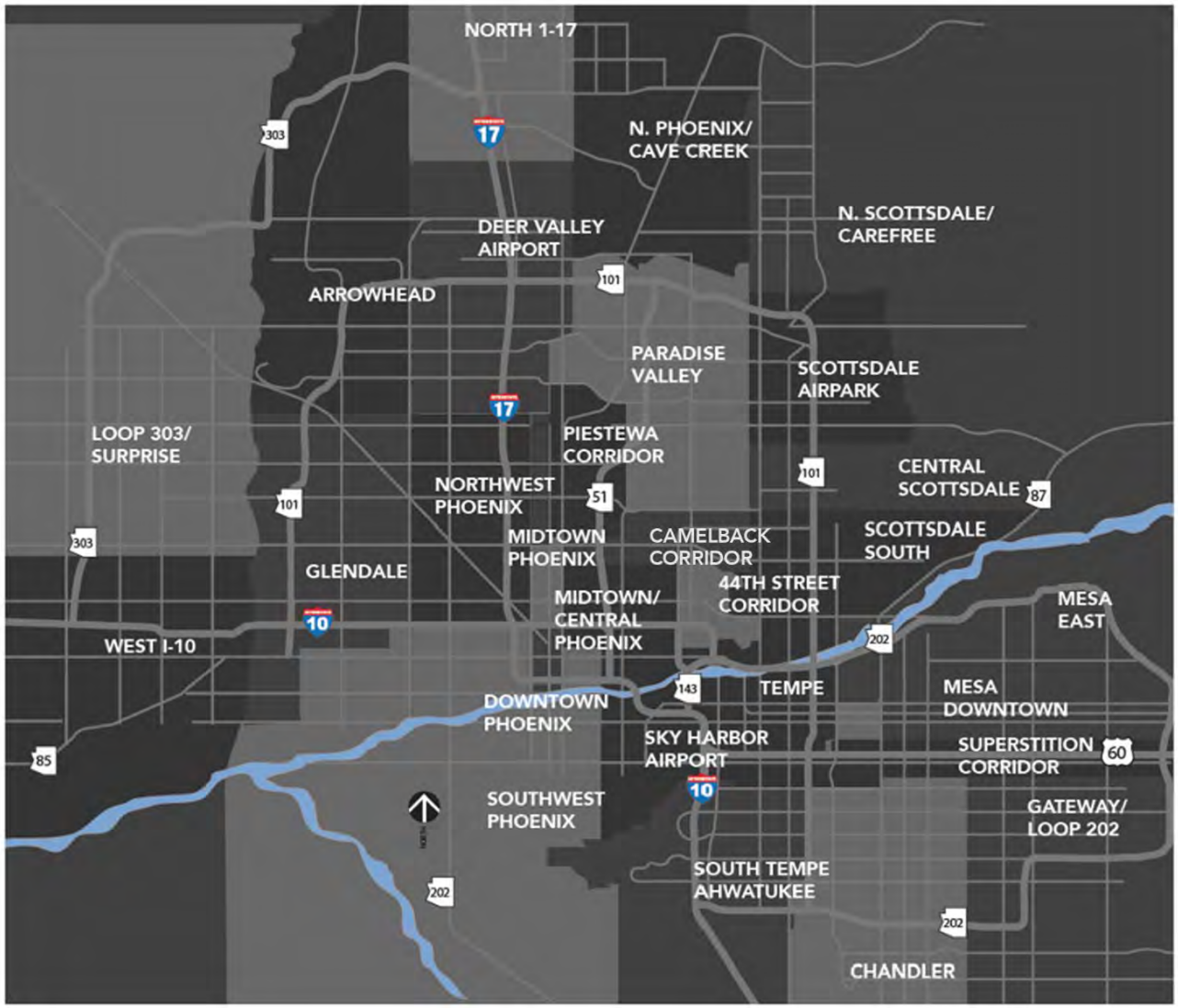
CLASS A SUBLEASE BREAKDOWN

Space Size	Number of Options
100k+ SF	52 spaces (in 11 properties)
50k – 100k SF	61 spaces (in 17 properties)
25k – 50k SF	78 spaces (in 29 properties)
10k – 25k SF	47 spaces (in 38 properties)
Under 10k SF	80 spaces (in 65 properties)

SUBLEASE MAP



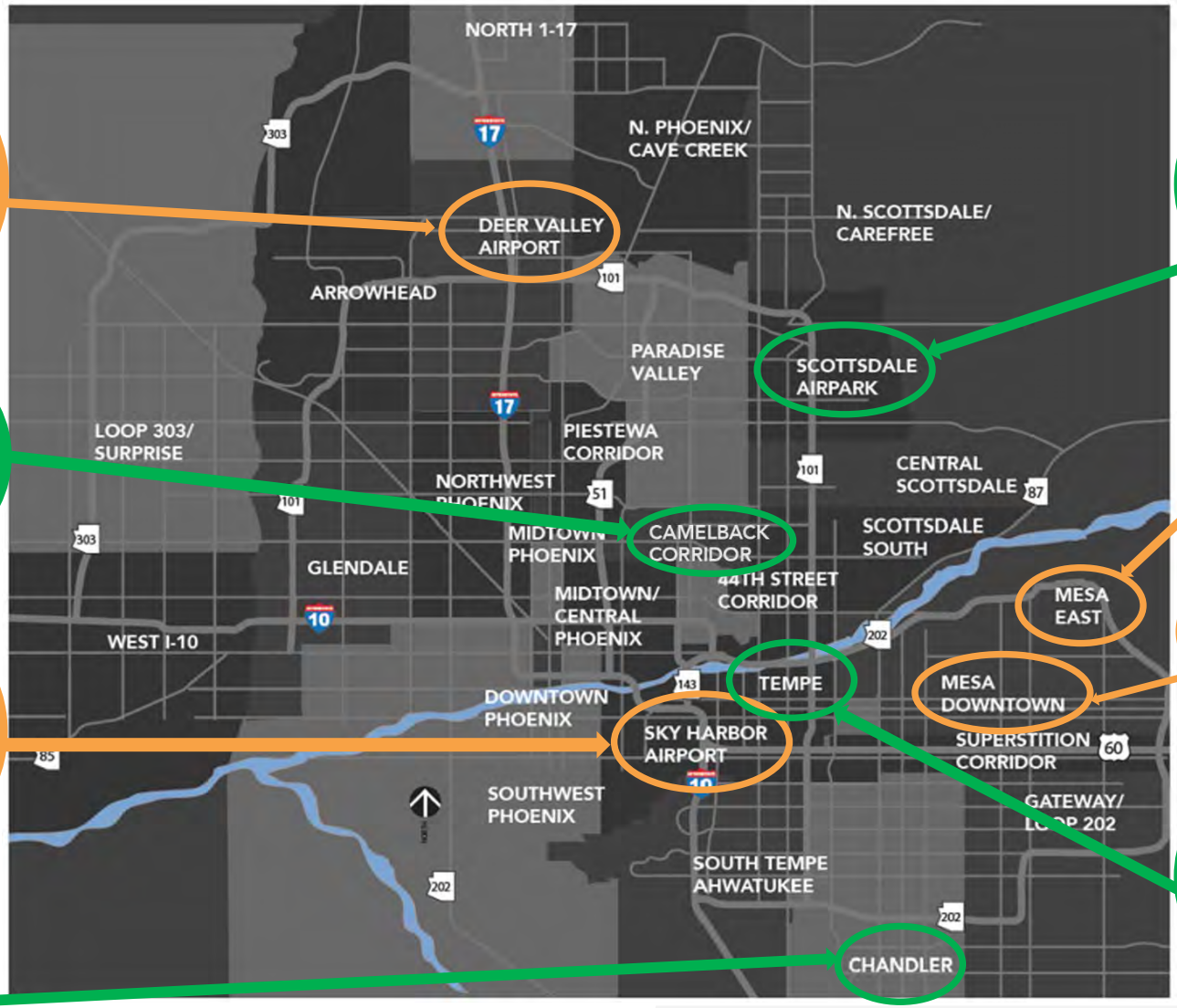
SUBLEASE MAP

Deer Valley Airport
486,602 SF ↑
13,983

Camelback
181,449SF ↑
2,531

Sky Harbor Airport
570,052 SF ↑
18,943

Chandler
530,529 SF ↓ ↓
(180,158)



Scottsdale Airpark
253,381 SF ↓
(40,987)

Mesa East
0 SF

Mesa Downtown
0 SF

Tempe
642,350 SF ↓ ↓
(246,251)

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Recent Transactions

RECENT TRANSACTIONS

	Company	Address Property Name	Size (SF)	Lease Term Rate Structure	Eff. Rate Rate Type Free Rent	TI's / Comments
2/7/25 1/1/26	coates IRRIGATION	Greenfield Road Offices 1420 N Greenfield Rd	1,360	36 months $19.50/SF with 3% annual increases	**$20.09** **NNN** 0 months free	• **As-is renewal with no TI**
2/7/25 2/1/25	Calm Psych	Mesa Tower 1201 S Alma School Rd	1,434	40 months $25.50/SF with $0.50/SF annual increases	**$22.91/SF** **FSG** 5 months free	• **TIs: $10.00/SF**
1/31/25 2/1/25	Deeann Griebel	Mesa Tower 1201 S Alma School Rd	2,091	63 months $25.95/SF with 3% annual increases	**$26.44/SF** **FSG** 3 months free	• **TIs: $0.00/SF**
1/16/25 7/1/25	ARIZONA DEPARTMENT of CHILD SAFETY	Mesa Tower 1201 S Alma School Rd	49,207	60 months $23.50/SF with no annual increases	**$23.50/SF** **FSG** 0 months free	• **TIs: $0.00/SF**
12/9/24 2/1/25		Portico Place I 2121 W Chandler Blvd	4,048	65 months $29.50/SF with 3% annual increases	**$29.28/SF** **FSG** 5 months free	• **TIs: $20.00/SF**

RECENT TRANSACTIONS

	Company	Address Property Name	Size (SF)	Lease Term Rate Structure	Eff. Rate Rate Type Free Rent	TI's / Comments
7/1/25 9/1/26	Taft/	Esplanade II 2525 E Camelback Rd	24,895	130 months $62.50/SF with 2.5% annual bumps.	**$65.98** **Full Service** 10 months free	• **TIs: $120/SF**
7/1/25 2/1/26	ATS Applied Technology Services	Biltmore Center 2398 E Camelback Rd	14,256	132 months $50.00/SF w/ $1/SF annual increases	**$49.55/SF** **Full Service** 12 months free	• **TIs: $85.00/SF**
7/1/25 9/15/25	Holland & Hart	Biltmore Center 2398 E Camelback Rd	9,851	37 months $53.00/SF w/ 3% annual increases	**$53.22/SF** **Full Service** **1 Month Free**	• **TIs: $20.00/SF**
1/1/25 7/1/25	BLOCK	BOND 3200 E Camelback Rd	9,995	99 months $51.00/SF w/ $1.00 annual increases	**$51.00/SF** **FSG** 3 months free	• **TIs: $80.00/SF**
12/1/24 3/1/25	Path Forward	Esplanade II 2525 E Camelback Rd	9,605	39 months $60.00/SF w/ 3% annual increases	**$57.06/SF** **FSG** 3 months free	• **TIs: $17.00/SF**

CURRENT LEASING TRENDS

Users coming back want:

1. Enhanced Experience (currently, juice worth the squeeze)
2. Growth Potential
3. Shorter Term Leases
4. Ready to Occupy Space – MUST BE VERY COOL

New Product Update

RECENT DELIVERIES

2023

The Arbor

SIZE: 152,094
C of O: 10% Leased
Today: 75% Leased

ICON at Perimeter Center

SIZE: 32,054 SF
C of O: 100% Leased
Build to Suit

2022

The Beam

SIZE: 183,526
C of O: 0% Leased
Today: 75% Leased

Gen 1 @ GSQ

SIZE: 152,094
C of O: 5% Leased
Today: 83% Leased

2021

Axis

SIZE: 175,094
C of O: 0% Leased
Today: 93% Leased

100 Mill

SIZE: 287,000
C of O: 55% Leased
Today: 96% Leased

RECENT DELIVERIES

2024

Cavasson Phase II

SIZE: 150,000
C of O: 47% Leased
Today: 63% Leased

Rio Yards

SIZE: 150,000
C of O: 0% Leased
Today: 0% Leased

UNDER CONSTRUCTION

2025

Sprouts HQ at City North

SIZE: 150,000
Build to Suit

Republic Services Building

SIZE: 265,525
Build to Suit

Mesa Projects

Union

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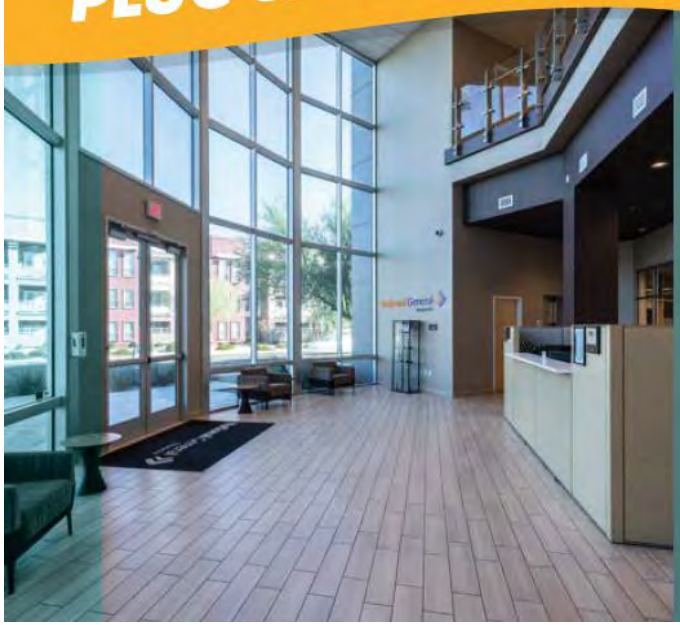
WayPoint

827 W. Grove

MESA GROVE

PLUG & PLAY SPACE



827 W. Grove

827 WEST GROVE AVENUE • MESA, ARIZONA

Build to Suit

Gateway 202

HQ Opportunity for
Office/Medical/Industrial/Education
Future East
Terminal
Future Site Access
PAD C
±33 AC
Ray Road
Exit to Freeway
Entrance to Site
PAD A
±67 AC
Hawes Road
PAD B
±42 AC
202
Entrance to Site
Exit to Freeway
24
24

Gateway 202

ELLIOT RD.
WARNER RD.
WILLIAMS FIELD RD.
PECOS RD.
GERMANN RD.
202
24
S HAWES RD.
S ELLSWORTH RD.
E RAY RD.
REEKER RD.
SOSSAMAN RD.
SITE
Google
amazon
facebook
Apple
D·R·HORTON
Hopewell
HAWES CROSSING
EASTMARK
SIHI
BOYER
Cadence
Gulfstream
DSV
CRG
LG Energy Solution
Lowe's
GALACTIC
ASU EAST
Aces
GREYSTAR
TARGET
ROSS
CVS
CHASE
ULTA
TJ·MAXX
bealls
JO-ANN
rue21
NORTH

Gateway 202

Future East
Terminal
PAD C
±33 AC
PAD A
±67 AC
PAD B
±42 AC
Ray Road
Hawes Road
24
202
ASU
Arizona State University
GATEWAY
202
Gateway 202 - Loop 202 & Hawes Road
±142 Acres For Lease
/Sale/Build to Suit
Owned By:
SIHI
Exclusively Represented By:
COPPOLA·CHENEY
a team within:
LEE & ASSOCIATES

Summary

KEY LEASING TAKEAWAYS

1. Net Absorption is on track to stay positive this year
2. Few large users out there
3. Many Tenants are not finished giving back space
4. Spec Suites, *done right,* will lease
5. Class A owners investing in new Class A lobbies
6. Conversions from Back Office and Office becoming more common
7. *Some* distress is here

POTENTIAL FUTURE TRENDS

- Work from Home continues for significant number of tenants
- Zombie buildings will still show up in '26/'27
- Absorption will remain tepid for the next two years
- Building obsolescence further amplifies, B, B- and C have a tough future. No matter the price. Deep pockets could win.
- Deeply discounted A- building in good locations will be available.
- Many tenants remain a hostage due to high relocation costs

MARKET UPDATE

mesa·az

November 2025

www.c2brokerage.com/

COPPOLA·CHENEY a team within: LEE & ASSOCIATES COMMERCIAL REAL ESTATE SERVICES

Craig Coppola
Founding Principal,
CRE, CCIM, SIOR
ccoppola@leearizona.com
602-954-3762

Andrew Cheney
Principal,
CRE, CCIM, SIOR
acheney@leearizona.com
602-954-3769

Gregg Kafka
Principal,
CCIM
gkafka@leearizona.com
602-954-3777

Nick Whitehouse
Associate
nwhitehouse@leearizona.com
602-912-3531

Arizona's Early Childhood Agency

Committed to healthy development and learning from birth to age 5.

90%

of brain growth happens in the first 5 years!

Created by voters in 2006 and funded by tobacco tax.

Our three focus areas are:

- Quality child care
- Strengthening families
- Preventive health

We have a child care crisis.

Demand exceeds supply.

304,000 children in Arizona may need child care, but only **230,000 slots** exist.

Child care wages are low.

$14.60/hour is the national median, making recruitment and retention difficult.

Families can't afford more.

12-32% of income is spent on child care; **infant care** costs more than state college tuition.

The child care crisis:
Impact on working families.

90%
Say costs have increased

73%
Report child care options decreased

35%
Left a job

82%
Missed work

17% child care gap in Mesa

33,887 children aged 5 and under.

23,746 children live in home where both parents work.

14,482 available child care slots with licensed providers.

Here's Arizona's economic case for child care.

Economic Impact of Early Childhood

FIRST THINGS FIRST

Arizona's economy loses $4.7 billion annually.

Families lose
$3 billion annually
in earnings and job search expenses.

Employers lose
$958 million
annually due to absences & turnover.

The state loses
$725 million
annually in tax revenue.

Arizona community based solutions

PEEPS
funds 1,600 scholarships in Pima County through library property tax

Tempe PRE
serves 200
Preschoolers through Tempe City Council funding

Greater Yuma Child Care Taskforce
convened by economic development group

conomic impact of First Things First

$324 million
Economic output

2,800
Jobs supported

$8.5 million
State revenue

$9.7 million
Local tax revenue

Read more:
FTF investments contribute over $300 million annually to economy

How can you support?

1. **Connect through our Child Care Solutions for Businesses page.**
   - Find resources to support employees
   - Calculate the financial impact on your business
   - Connect with FTF to learn about community-based solutions
1. **Advocate for more public support.**

Thank you.

#

FirstThingsFirst.org