

Tempe and Chandler, the Fastest Growing Office Markets in Phoenix

In the last three years, 75% of the new office product delivered in the Tempe or Chandler/Gilbert markets.

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Tempe and Chandler-Gilbert are the fastest growing office markets in the Greater Phoenix region. In the last three years, the majority of new office construction has been built in these two markets, and the construction pipeline is continuing to grow. Phoenix's local economy has benefitted from job and population growth, which is driving company expansion and migration to these markets.

"Over the past three years Tempe and Chandler/Gilbert have been the fastest growing office markets delivering approximately 75% of the new space," **Mark Seale**, principal and director of brokerage services at **Avison Young**, tells GlobeSt.com. "The rapid growth is primarily due to the availability of well-educated talent and adjacent array of newer housing communities."

The current construction pipeline in Tempe and Chandler-Gilbert continues to lead the new development activity in the market. The two markets have a combined 2.5 million square feet of office product under development. That is about 65% of the total construction in the Greater Phoenix market. "We are going to be seeing some of the highest asking rents we have ever seen in this area with some mega projects breaking ground this year," says Seale. "Watermark is a 1.9 million-square-foot mixed-use project on Tempe's north shore that is currently under construction and will be a driver and an additional draw for companies to this submarket. Downtown Tempe, in particular, continues to be the highest priced rental market for the entire valley."

Downtown Tempe, in particular, is a hotspot for office activity. In the last five years, several companies have migrated to the market, including ADP, State Farm Insurance, Freedom Financial, Silicon Valley Bank and American Airlines. "Downtown Tempe is almost



Mark Seale

the central point of the valley geographically," says Seale. "Downtown's urban feel is accentuated with over 100 restaurants and retail amenities within walking distance. There is also nearby access to all the major Phoenix freeways, light rail, and the city-wide bus service and it is just minutes from Sky Harbor International Airport, one of the busiest airports in the world."

Downtown Tempe is also the home of ASU, making it a talent hotspot. To accommodate the office market growth, there has also been an increase in multifamily development. "Multifamily housing has been on the rise, providing new, amenity-rich residences for locals looking to live where they work and play adding to the overall cool vibe," says Seale. "Four apartment developments have been built since 2015, totaling 1,033 units, and four new construction projects, which will add an additional 1,399 units, are currently underway here."

Kelsi Borland is a freelance writer and editor living whose work has appeared in such publications as Travel + Leisure, Angeleno and Riviera Orange County.