

Not just another day at the office

It's not often you put three commercial brokers together in a room and get a consensus on any number of topics. This is particularly true with office brokers.

REIAC Southwest's 3Q Breakfast Series in September presented a trio of industry veterans who all agreed that the pulse of the market overall feels real good right now. And not just the office market.



"There is a lot of confidence out there," said Chris Latvaaho, a Vice President with JLL. "A lot of companies are being attracted to the Valley because of an affordable cost of living. I see the year finishing really strong."

Metro Phoenix's office market is one of the most active in the Southwest, said Bryan Traute, Executive Vice President Advisory & Transactions Services with CBRE.

"There is great product all over the Valley," Traute said, "from Westgate to Southeast Chandler. North Scottsdale, lots of Class A stuff. Parts of the Southeast Valley are seeing new development."



Across the Valley there is a lot of office construction. While not as much as during the last cycle, 40 percent of what is under construction now is 40 percent preleased. This includes 1.8 million square feet of spec space.

"There are no signs of concern with that much construction," Traute said. "Never in my career have I seen this kind of velocity."

One sector on a particularly fast trajectory is medical office, according to Bill Cook, Senior VP Brokerage Services at The Plaza Companies.

“Our foot is on the gas right now,” Cook said. “We have three buildings coming out of the ground at the Estrella campus and another in Mesa. There is no vacant medical space on the market, shell or medical office building.”

Other topics discussed:

- Hot spots in the market: “Tempe, South Scottsdale ... a lot of activity on Camelback. Midtown is extremely busy,” Latvaaho said.
- Co-working space: “Enterprise is what is driving it. Regus has the spaces. The one-offs that don’t have relationships are going to struggle. Not every Class A office is a good fit for co-working,” Traute said.
- Trends: “Micro hospitals ... keep your eyes on where they are going in,” Cook said.

“We have grown up as a city,” Latvaaho said. “Our labor force is more diverse than in the past and that is making a huge difference.”