



PHOENIX
RETAIL
NEWSLETTER

2Q2024

SVN DESERT COMMERCIAL ADVISORS

QUARTERLY RETAIL STATS

Phoenix's retail market remains tight with strong tenant demand driven by demographics, income growth, and job gains. Limited new construction and store closures have kept space availability and rent growth near record highs. Over the past year, Phoenix recorded 1.3 million SF of net absorption, ranking it among the top 10 markets. Key drivers include quick-service restaurants, beverage shops, discount retailers, and experiential tenants.

Construction is low, with 1.8 million SF delivered in the past year, down from the 2.1 million SF average from 2015 to 2019. Currently, 2.7 million SF is under construction, with only 15% available for lease, limiting supply pressures. Availability rates are at a multi-decade low of 4.6%, constraining leasing volume, which is down over 10% from pre-pandemic levels. Strong demand is reflected in the high leasing volume relative to available space.

Fewer store closures have also supported the market, with space vacated down 20% from pre-pandemic levels. Low availability and strong consumption have driven aggressive rent growth, with average asking rents up 7.2% in the past year and 32.2% over five years, ranking Phoenix among the top rent growth markets in the United States.



VACANCY

4.80%

2Q23: 4.70%



MARKET RENT

\$25.10/SF

2Q23: \$23.63/SF



NET ABSORPTION

415,338 SF

2Q23: 1,071,129 SF



PRICE / SF

\$207/SF

2Q23: \$245/SF

MARKET CAP RATES

6.53%

METRO PHOENIX

6.87%

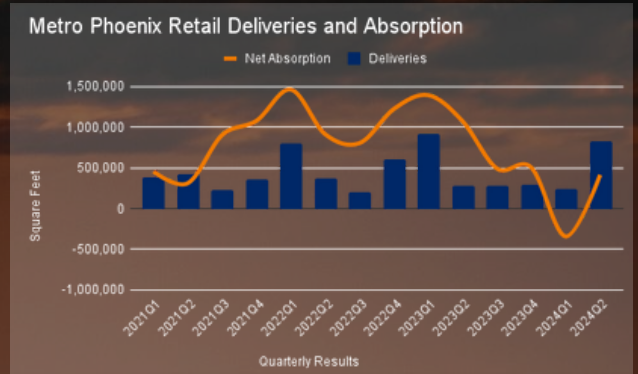
NATIONAL

Economic and consumption growth may slow, but significant weakening isn't expected. Strong demographics, job gains, and healthy incomes are forecast to maintain balance in 2024. Rent growth is expected to moderate to 5.9% by the end of 2024, but the long-term outlook remains positive due to limited new construction and demographic momentum.

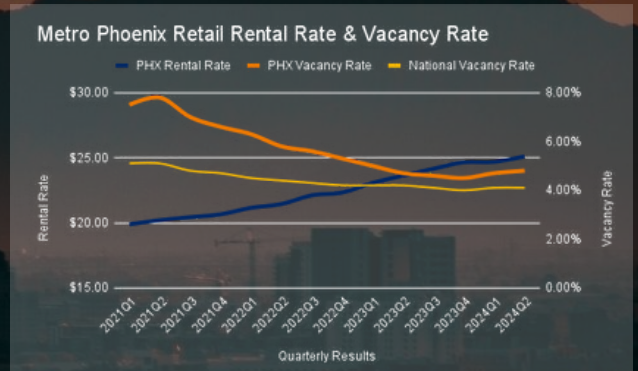
Investment activity has slowed due to higher interest rates and economic uncertainty, with \$1.7 billion in retail assets traded in the past year, a 50% decline from peak levels. Smaller deals are dominated by private investors targeting single-tenant properties and small strip centers.

Elevated interest rates and economic uncertainty will impact deal flow, but distressed sales opportunities should remain limited due tight market conditions.

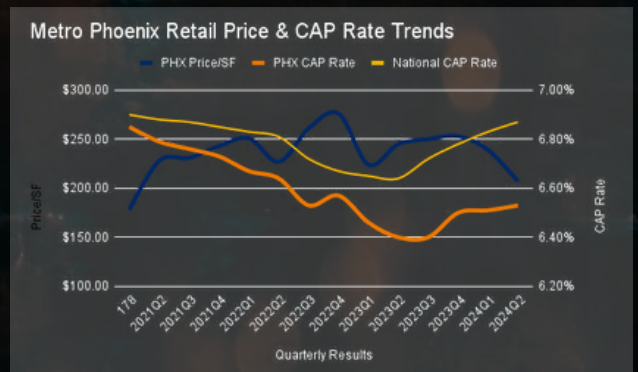
METRO PHOENIX DELIVERIES & ABSORPTION



RENTAL AND VACANCY RATES



PRICES AND CAP RATE TRENDS



ECONOMIC HIGHLIGHTS

Employment Data (YOY)

- 3.80% Unemployment Rate (USA) +0.10%
- 2.90% Unemployment Rate (Metro PHX) -0.40%
- 2.615 MM Employed Residents (Metro PHX)

Metro PHX Housing Trends (YOY)

- \$450,000 Median Home Price +0.01%
- 6,157 Closed Transactions -0.06%
- 39 Days on Market -7 Days
- 2.91 Months of Supply +0.35 Months

10-Year Treasury

- 4.36% as of 6/28/2024
- +0.55% YOY | -0.15% MOM

SUBMARKET ANALYTICS

	Inventory (Millions)	Under Construction SF	Total Vacancy Rate	12 Mo. Absorption	Market Rent/SF	Market Sale Price/SF	Market CAP Rate	12 Mo. Sales Volume
Ahwatukee Foothills	3,235,937	0	4.0%	3,993	\$26.69	\$269	6.7%	\$6,688,820
Airport Area	4,473,782	0	4.3%	179	\$20.75	\$238	6.5%	\$825,000
Anthem	2,755,970	24,948	2.7%	34,876	\$28.66	\$307	6.2%	\$4,682,400
Apache Junction	2,410,802	113,232	7.7%	2,925	\$20.81	\$230	6.6%	\$4,025,000
Carefree	1,871,100	0	5.0%	-15,398	\$28.69	\$319	6.0%	\$1,650,000
Central Scottsdale	17,200,247	56,766	3.7%	-103,673	\$36.03	\$306	6.2%	\$47,700,000
Chandler	16,997,379	18,407	5.3%	-14,446	\$26.06	\$242	6.7%	\$6,745,000
Central Peoria/ Arrowhead	10,689,954	20,850	5.0%	57,039	\$29.15	\$272	6.6%	\$38,397,064
Deer Valley	2,380,507	0	0.2%	26,490	\$35.49	\$342	6.3%	\$0
Downtown Phoenix	8,627,246	108,000	5.7%	-38,109	\$23.70	\$253	6.3%	\$30,657,000
East Phoenix	9,138,645	752	4.7%	30,500	\$21.74	\$246	6.5%	\$37,431,000
Fountain Hills	764,638	0	5.1%	-5,774	\$21.78	\$276	6.3%	\$5,359,500
Gateway Airport	3,240,084	68,017	6.3%	-22,796	\$28.50	\$283	6.7%	\$7,639,000
Gila River Outlying	356,950	1,600	0.0%	0	\$20.58	\$227	6.3%	\$0
Gilbert	17,278,777	181,147	2.9%	81,597	\$26.62	\$275	6.6%	\$11,410,000
Glendale	12,031,950	68,897	3.7%	250,153	\$22.11	\$234	6.6%	\$30,085,946
Goodyear	4,043,315	187,091	1.7%	17,526	\$25.21	\$267	6.4%	\$3,575,000
Laveen	1,830,194	7,000	1.3%	82,203	\$30.01	\$296	6.4%	\$15,865,000
Loop 101/I-10	3,683,198	80,356	2.2%	20,015	\$28.82	\$274	6.5%	\$0
North Goodyear/ Litchfield	6,558,809	504,707	3.4%	400,481	\$28.19	\$272	6.5%	\$3,600,000
North Phoenix/ I-17 Corridor	16,152,447	0	7.5%	186,018	\$18.56	\$205	6.7%	\$3,525,000
NE Outlying Maricopa	17,164	0	0.0%	0	\$15.11	\$257	6.1%	\$0
North Buckeye	281,010	37,367	1.4%	16,432	\$24.94	\$288	6.4%	\$0
North Scottsdale	14,283,799	148,304	3.5%	92,581	\$30.96	\$309	6.2%	\$26,982,500
Outlying Pinal Cty	9,111,920	12,855	6.5%	117,612	\$20.35	\$241	6.5%	\$17,846,962
Queen Creek	2,890,325	60,079	2.4%	192,754	\$26.77	\$295	6.4%	\$1,100,000
Red Mountain/Mesa	31,444,921	158,945	7.8%	-287,873	\$20.56	\$210	6.8%	\$56,419,656
South Buckeye	1,820,059	2,200	1.8%	-6,366	\$27.42	\$290	6.2%	\$0
South Mountain	1,676,869	1,438	10.2%	89,178	\$26.52	\$267	6.8%	\$0
South Phoenix	1,969,744	2,400	5.9%	-56,935	\$21.33	\$268	6.3%	\$2,515,000
South Scottsdale	3,378,539	0	7.4%	309	\$22.33	\$279	6.3%	\$6,281,195
Sun City	3,976,969	6,260	4.4%	61,169	\$20.24	\$223	6.7%	\$1,700,000
Surprise/ North Peoria	5,762,364	203,246	2.5%	3,608	\$29.42	\$289	6.4%	\$1,550,000
Tempe	8,479,000	130,644	5.9%	15,925	\$23.78	\$270	6.3%	\$8,689,768
Tolleson	3,172,884	21,851	2.5%	18,436	\$23.98	\$258	6.6%	\$1,595,000
West Outlying Maricopa	857,680	0	0.8%	-6,202	\$18.06	\$215	6.6%	\$2,877,000
West Phoenix/ Maryvale	8,632,016	0	2.5%	75,319	\$20.65	\$206	6.7%	\$13,495,000
Total/Averages	243,477,194	2,227,359	4.0%	1,319,746	\$24.88	\$265	6.5%	\$400,912,811

NOTABLE SALES

DOWNTOWN PHX RESTAURANT



**1110 E WASHINGTON ST
PHOENIX, AZ**

Sale Date: 6/27/24 Bldg Type: Class B
Sale Price: \$1,925,000 Year Built: 1950
Price/SF: \$478.26 GLA: 4,025 SF

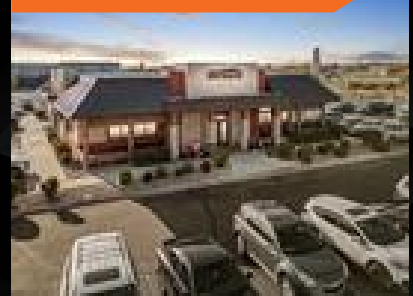
SERVICE STATION



**9920 W GLENDALE AVE
GLENDALE, AZ**

Sale Date: 6/25/24 Bldg Type: Class B
Sale Price: \$5,700,000 Year Built: 1999
Price/SF: \$2,065.97 GLA: 2,759 SF

OUTBACK STEAKHOUSE



**1650 S CLEARVIEW AVE
MESA, AZ**

Sale Date: 5/28/24 Bldg Type: Class B
Sale Price: \$4,289,000 Year Built: 1996
Price/SF: \$691.77 GLA: 6,200 SF

VILLAGE CENTER



**4304-4326 E CACTUS RD
PHOENIX, AZ**

Sale Date: 6/18/24 Bldg Type: Class B
Sale Price: \$26,582,500 Year Built: 1988
Price/SF: \$146.73 GLA: 181,166 SF

AUTO REPAIR



**18808 N 32ND ST
PHOENIX, AZ**

Sale Date: 5/16/24 Bldg Type: Class B
Sale Price: \$12,551,000 Year Built: 2023
Price/SF: \$319.32 GLA: 39,306 SF

BURGER KING



**13725 N FOUNTAIN HILLS BLVD
FOUNTAIN HILLS, AZ**

Sale Date: 5/13/24 Bldg Type: Class B
Sale Price: \$2,149,500 Year Built: 1995
Price/SF: \$829.28 GLA: 2,592 SF

SAN TAN PAVILIONS



**1805 E WILLIAMS FIELD RD
GILBERT, AZ**

Sale Date: 4/26/24 Bldg Type: Class B
Sale Price: \$3,485,000 Year Built: 2022
Price/SF: \$580.83 GLA: 6,000 SF

STOREFRONT RETAIL



**3937-3941 N BROWN AVE
SCOTTSDALE, AZ**

Sale Date: 4/24/24 Bldg Type: Class C
Sale Price: \$2,800,000 Year Built: 1920
Price/SF: \$460.60 GLA: 6,079 SF

GRAVITY COFFEE



**5250 W BELL RD
GLENDALE, AZ**

Sale Date: 4/22/24 Bldg Type: B
Sale Price: \$2,051,000 Year Built: 2023
Price/SF: \$1,391.45 GLA: 1,474 SF



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