



2025 Q2

PHOENIX
INDUSTRIAL
NEWSLETTER



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QUARTERLY INDUSTRIAL STATS

Phoenix's industrial market is stabilizing after vacancies surged since 2023, now holding at 12.5%, the highest since the Great Recession. Over the past year, net absorption hit 13.2M SF—4th highest nationally—driven by logistics, construction, retail, and advanced manufacturing. Large buildings (100K+ SF) face 16%+ vacancy, while small-bay space remains tighter at 5%. Rent growth slowed to 2.1% from 13.8% in 2022 and is expected to ease further as supply pressures persist.

Leasing activity has been resilient, with large-scale commitments from Amazon, Logisticus Group, and Kenco signing in the West Valley. Small-bay space in growth areas like Laveen and Maryvale sees quicker lease-up, though large-format availability exceeds 18%. A shrinking construction pipeline should help vacancies peak in 2025 before improving.

High vacancy and heavy supply are keeping rents soft, especially in bulk distribution space. Large-space rents run from high-\$6/SF to mid-\$7/SF NNN, with million-SF deals lower. Small- and mid-bay infill properties hold stronger pricing power. Reduced deliveries in 2026–2027 may tighten vacancy and support rent recovery, but gains could be limited.

Construction remains elevated, with 90.9M SF delivered in three years. Phoenix ranks second nationally for space under construction, with 22.8 million SF underway—half on spec—concentrated in Glendale, Goodyear, Tolleson, and near Phoenix-Mesa Gateway Airport. Large-building vacancies could take years to normalize, though slowing starts suggest fewer completions ahead.



VACANCY

12.50%

2Q24: 10.60%



MARKET RENT

\$13.52/SF

2Q24: \$13..62/SF



NET ABSORPTION

2,898,638 SF

2Q24: 6,347,147 SF



PRICE PSF

\$174/SF

2Q24: \$157/SF

MARKET CAP RATES

6.85%

METRO PHOENIX

7.52%

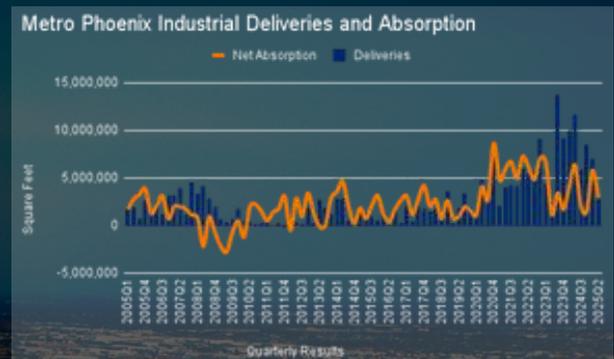
NATIONAL

Sales volume is strong—140% above pre-pandemic norms—driven by newly built, institutional-grade logistics properties. Cap rates for large, fully leased assets are in the high-6% range, up from mid-3% during the 2022 peak. Investors also target small- and mid-bay infill assets with value-add potential, such as the \$46.75M sale of Seventy5 Business Park at a 68% gain in four years. Upcoming CMBS loan maturities and merchant builder activity could sustain sales momentum, though rent and vacancy trends remain key risk factors.

Phoenix’s economy is bolstered by strong population growth—adding 85,000 residents last year—and significant corporate and manufacturing investment, notably TSMC’s \$100B expansion. With its expanding role in national supply chains and a moderating development pipeline, Phoenix’s industrial sector is positioned for gradual improvement beyond 2025.

Sources: CoStar; U.S. Department of the Treasury; AZ Commerce Authority; ARMLS; U.S. Census Bureau; U.S. Bureau of Labor Statistics.

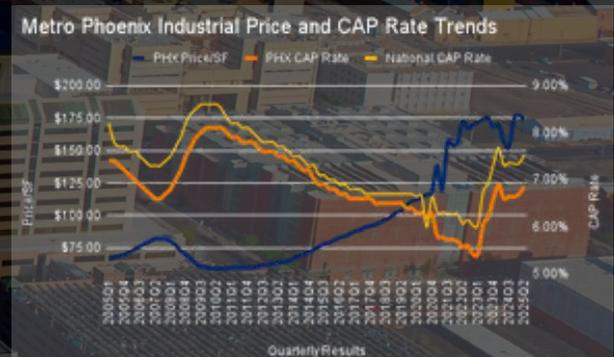
METRO PHOENIX DELIVERIES & ABSORPTION



RENTAL & VACANCY RATES



PRICES & CAP RATE TRENDS



ECONOMIC HIGHLIGHTS

Employment Data (YOY)

- 4.10% Unemployment Rate (USA) +0.00%
- 4.00% Unemployment Rate (Metro PHX) +0.13%
- 2.657 MM Employed Residents (Metro PHX)

Metro PHX Housing Trends (YOY)

- \$448,000 Median Home Price -0.01%
- 6,511 Closed Transactions +0.05%
- 57 Days on Market +10 Days
- 3.88 Months of Supply +0.97 Months

10-Year Treasury

- 4.24% as of 06/30/2025
- -0.12% YOY | -0.27% 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
Central Phoenix	4,627,561	0	4.21%	-28,221	\$18.68	\$212	7.24%	\$5,254,850
Chandler	26,096,735	1,172,293	6.41%	784,414	\$16.16	\$205	6.93%	\$7,300,000
Chandler Airport	9,386,720	432,098	15.69%	56,888	\$15.71	\$260	6.84%	\$41,660,000
Chandler/N Gilbert	46,845,195	4,320,820	25.42%	2,680,695	\$15.68	\$213	6.86%	\$168,694,256
Deer Valley/ Pinnacle Peak	23,512,636	217,179	10.94%	1,346,029	\$17.46	\$203	7.01%	\$49,581,448
Falcon Field/ Apache Junction	6,588,140	441,344	6.25%	-16,287	\$17.32	\$214	7.05%	\$2,924,000
Glendale	57,867,406	4,805,344	27.26%	3,189,645	\$11.96	\$141	6.75%	\$190,338,000
Goodyear	41,344,659	2,346,749	20.58%	2,456,835	\$10.44	\$139	6.79%	\$370,500
Grand Avenue	15,769,358	1,137,713	5.45%	545,983	\$12.04	\$161	6.88%	\$9,885,000
Mesa	7,893,921	0	6.46%	-134,833	\$14.57	\$168	7.12%	\$4,515,400
N Airport	15,334,904	685,196	5.45%	-16,214	\$15.74	\$187	7.26%	\$25,970,500
N Black Canyon	5,393,842	0	17.38%	-62,868	\$16.35	\$170	7.18%	\$5,075,000
N Outlying	231,013	0	1.30%	0	\$14.26	\$157	7.18%	\$0
NW Outlying	40,024	0	0.00%	0	\$15.18	\$164	7.57%	\$0
Pinal County	14,101,781	1,641,500	3.66%	434,228	\$12.65	\$132	6.94%	\$295,000
S Airport N of Roeser	15,533,881	130,300	6.24%	-450,581	\$14.73	\$185	7.10%	\$31,442,756
S Airport S of Roeser	4,827,926	0	2.67%	-18,020	\$15.38	\$192	7.09%	\$3,200,000
SCN of Salt River	16,926,083	0	5.93%	351,737	\$13.55	\$160	7.00%	\$31,860,010
SC S of Salt River	2,741,072	357,721	3.16%	-27,654	\$13.18	\$165	7.14%	\$29,500,000
Scottsdale Airpark	6,975,499	45,047	6.04%	-84,284	\$21.89	\$316	6.60%	\$3,641,500
Scottsdale/Salt River	5,844,648	305,375	5.64%	58,073	\$21.74	\$222	6.82%	\$16,023,802
SW Outlying	291,223	0	0.00%	0	\$13.47	\$82	7.95%	\$14,563,879
Surprise	7,603,562	114,543	29.83%	457,875	\$15.57	\$181	6.88%	\$44,500,000
SW N of Buckeye Rd	37,926,798	1,333,378	11.97%	-662,206	\$10.17	\$148	6.63%	\$91,702,664
SW S of Buckeye Rd	21,208,239	0	4.64%	-130,662	\$11.50	\$168	6.57%	\$15,100,000
Tempe East	7,017,321	689,109	7.23%	-130,096	\$16.35	\$211	7.26%	\$10,247,393
Tempe NW	11,474,842	250,000	6.58%	275,297	\$15.80	\$182	7.22%	\$2,280,000
Tempe SW	22,551,538	657,705	7.75%	183,825	\$14.27	\$190	7.03%	\$123,460,000
Tolleson	49,921,107	95,580	5.15%	354,970	\$10.61	\$157	6.43%	\$141,544,544
W Phoenix N of Thomas Rd	8,409,462	0	3.60%	167,814	\$11.21	\$126	7.52%	\$17,860,000
W Phoenix S of Thomas Rd	7,365,408	0	2.58%	214,363	\$11.54	\$140	7.02%	\$11,800,000
Total/Averages	501,652,504	21,178,994	12.50%	13,200,000	\$13.52	\$174	6.85%	\$1,100,590,502

NOTABLE TRANSACTIONS

SALES



DEER VALLEY 30

**1750 W ALAMEDA RD - BLDG C
PHOENIX, AZ**

Sale Date: 06/19/2025 Bldg Type: Class A
Sale Price: \$14,600,100 Built: 2025
Price/SF: \$221.09 RBA: ±66,037 SF



SARIVAL LOGISTICS CENTER

**6390 N SARIVAL AVE
LITCHFIELD PARK, AZ**

Sale Date: 05/30/2025 Bldg Type: Class A
Sale Price: \$128,200,000 Built: 2022
Price/SF: \$110.82 RBA: ±1,156,860 SF
Cap Rate: 5.76%



INDUSTRIAL WAREHOUSE

**2377 S ARIZONA AVE
CHANDLER, AZ**

Sale Date: 06/17/2025 Bldg Type: Class A
Sale Price: \$41,150,000 Built: 2024
Price/SF: \$226.53 RBA: ±181,655 SF

LEASES



THE COMMONS AT WEST 10

**4645-4655 W MCDOWELL RD
PHOENIX, AZ**

Sign Date: 05/27/2025 Bldg Type: Class B
Lease Rate: \$12.60/NNN Built: 2000
Tenant: Unlimited Bag & SF Leased: ±10,977 SF
Supply LLC



51ST AVE & ROOSEVELT
DISTRIBUTION CENTER

**515 N 51ST AVE - BLDG B
PHOENIX, AZ**

Sign Date: 05/01/2025 Bldg Type: Class A
Lease Rate: \$9.00/IG Built: 1967
Tenant: Goodwill SF Leased: ±44,511 SF



WAREHOUSE BUILDING

**102 W WATKINS ST
PHOENIX, AZ**

Sign Date: 04/28/2025 Bldg Type: Class C
Lease Rate: \$10.20/NNN Built: 1983
Tenant: Convention SF Leased: ±75,140 SF
Solutions Inc.

LAND TRANSACTIONS



VALENCIA COTTON GIN

**25516 W SOUTHERN AVE
BUCKEYE, AZ**

Sale Date: 04/21/2025 Prop Type: Land
Sale Price: \$5,500,000 Prop Subtype: Industrial
Buyer: Next Gen Warehouse Space
Buckeye LLC Acres: ±18.50 AC



ELLIOT ROAD
TECHNOLOGY CORRIDOR

**ELLIOT RD & EVERTON TERRACE
MESA, AZ**

Sale Date: 05/07/2025 Prop Type: Land
Sale Price: \$43,952,475 Prop Subtype: Industrial
Buyer: IV3 Eastmark 202 - Office
Logistics Center, LLC Acres: ±43.87 AC



INDUSTRIAL LAND

**NWC ELISEO FELIX JR WAY & RILEY DR
AVONDALE, AZ**

Sale Date: 06/06/2025 Prop Type: Land
Sale Price: \$2,650,000 Prop Subtype: Industrial
Buyer: BPG Assets, LLC Park
Acres: ±4.79 AC

INDUSTRIAL CONDO REPORT

METRO PHOENIX



1

NW VALLEY

PRICE PSF

\$211

RENT PSF

\$14.03

2

SW VALLEY

PRICE PSF

\$182

RENT PSF

\$10.81

3

PHOENIX

PRICE PSF

\$279

RENT PSF

\$19.81

4

SCOTTSDALE/PV

PRICE PSF

\$650

RENT PSF

\$20.65

5

SE VALLEY

PRICE PSF

\$277

RENT PSF

\$15.28



PRICE PSF

\$510.00

YOY ▲ 75.26%



RENT PSF

\$13.52/SF

▼ 0.73%



DEALS SOLD

35

▲ 34.62%



INVENTORY (MOS.)

1.95

▼ 19.83%

SALES PRICE PSF AND SALES VOLUME



RENT PSF AND YOY RENT GROWTH



NOTABLE TRANSACTIONS

OLIVE AVENUE BUSINESS PARK



9299 W OLIVE AVE - #804-805
PEORIA, AZ

Sale Date: 06/03/2025 Bldg Type: Industrial
Sale Price: \$1,560,000 Warehouse
Price/SF: \$210.70 Built: 2006
DBA: ±7,404 SF

DEER VALLEY BUSINESS CENTER II



1745 W DEER VALLEY RD - #132 & 134
PHOENIX, AZ

Sale Date: 05/28/2025 Bldg Type: Light
Sale Price: \$1,860,000 Distribution - Flex
Price/SF: \$285.54 Built: 2005 | Reno: 2022
DBA: ±6,514 SF

AIRPLANE HANGAR CONDO



7333 E HELM DR, 1ST FLOOR - HANGAR 2
SCOTTSDALE, AZ

Sale Date: 05/16/2025 Bldg Type: Airplane
Sale Price: \$12,350,000 Hangar Condo
Price/SF: \$871.25 Built: 2025
DBA: ±14,175 SF

MCCORMICK RANCH COMMERCE CENTER



9319 N 94TH WAYV - #700
SCOTTSDALE, AZ

Sale Date: 05/01/2025 Bldg Type: Warehouse
Sale Price: \$1,140,000 Condo
Price/SF: \$383.06 Built: 1987
DBA: ±2,976 SF

SCOTTSDALE RIDGE BUSINESS CENTER



7291 E ADOBE DR - #115
SCOTTSDALE, AZ

Sale Date: 04/18/2025 Bldg Type: Light
Sale Price: \$1,450,000 Distribution - Flex
Price/SF: \$451.29 Built: 2006
DBA: ±3,213 SF

GILBERT COMMONS



219 S WILLIAM DILLARD DR - #141
GILBERT, AZ

Sale Date: 05/01/2025 Bldg Type: Industrial
Sale Price: \$750,000 Warehouse
Price/SF: \$282.06 Built: 2005
DBA: ±2,659 SF



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