



2025 Q2

PHOENIX
RETAIL
NEWSLETTER



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QUARTERLY RETAIL STATS

Phoenix's retail market remains one of the strongest in the country, with vacancy holding at a historic low of 4.5%. Demand continues to outpace new supply, supported by steady population growth and robust consumer spending. Over the past year, net absorption reached 2.8 million SF, driven by expansions in grocery, fitness, dining, and healthcare. Power centers, neighborhood centers, and freestanding retail all recorded positive leasing, with discount retailers, quick-service restaurants, and medical users among the most active.

Leasing activity is anchored by necessity-based and experiential retail, with chains like Sprouts, Aldi, EOS Fitness, and Dutch Bros expanding across the Valley. Entertainment and dining concepts are also gaining traction. High-growth suburban areas in the West Valley and Southeast Valley continue to attract new tenants.

Rent growth remains solid at 5.2% YOY, outpacing the national average, and asking rents average \$25.90/SF. Limited new development and strong tenant demand are keeping upward pressure on rents, concessions are minimal, and landlords maintain strong negotiating leverage in most areas.

Construction activity is constrained, with just 1.8 million SF underway, reflecting high financing costs and limited available land in prime trade areas. Most projects are preleased or part of mixed-use developments, reducing the risk of oversupply. Developers are prioritizing grocery-anchored centers, medical retail, and build-to-suit projects for national brands. This supply discipline is expected to keep vacancy rates near record lows through at least 2026.



VACANCY

4.50%

2Q24: 4.80%



MARKET RENT

\$25.90/SF

2Q24: \$25.10/SF



NET ABSORPTION

1,034,124 SF

2Q24: 415,338 SF



PRICE PSF

\$252/SF

2Q24: \$207/SF

MARKET CAP RATES

6.89%

METRO PHOENIX

7.19%

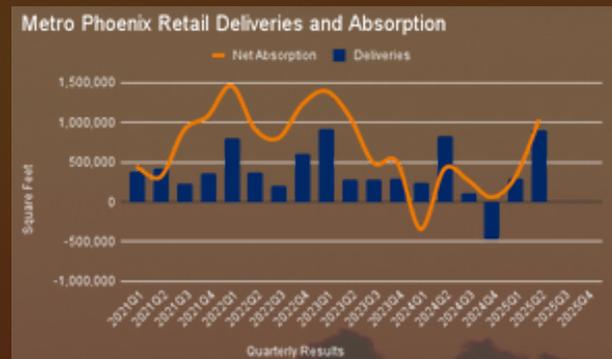
NATIONAL

Retail investment sales are healthy, totaling \$2.5 billion over the past year, about 20% above the pre-pandemic norm. Cap rates for high-quality, single-tenant net lease assets remain in the mid-5% range, while multi-tenant centers trade in the mid-to high-6% range. Rising interest rates have tempered pricing momentum, but investor demand remains resilient given Phoenix's strong fundamentals.

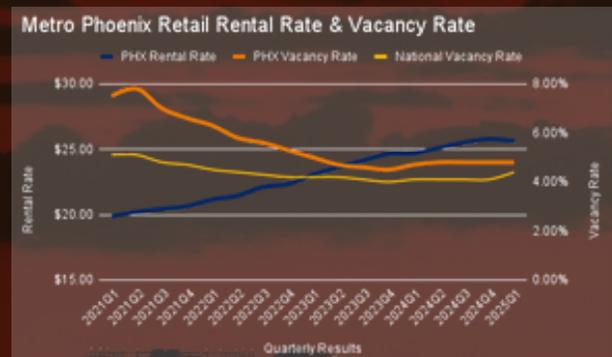
The market outlook is optimistic, supported by the region's rapid population growth, favorable job trends, and business-friendly climate. Retailers are strategically expanding in high-growth corridors, and mixed-use projects are integrating retail into vibrant, walkable environments. With limited new supply and strong tenant demand, Phoenix's retail sector is positioned to maintain low vacancies and steady rent growth, even amid broader economic uncertainty.

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

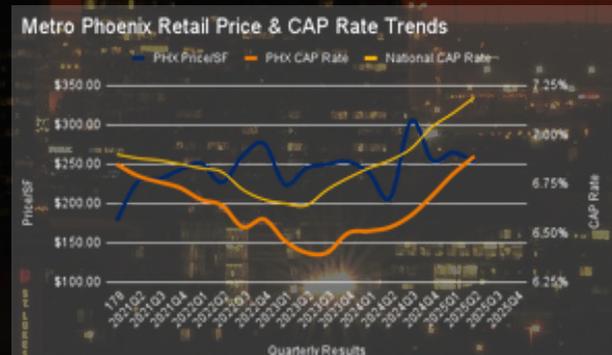
METRO PHOENIX DELIVERIES & ABSORPTION



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
Ahwatukee Foothills	3,235,379	0	5.18%	-36,916	\$26.94	\$265	6.98%	\$1,500,000
Airport Area	3,931,827	0	5.68%	-46,384	\$21.99	\$235	6.82%	\$1,910,000
Anthem	2,857,538	8,720	2.36%	28,746	\$29.74	\$307	6.44%	\$6,500,000
Apache Junction	2,560,865	34,502	7.23%	140,366	\$21.76	\$239	7.05%	\$1,766,000
Carefree	1,858,738	0	4.24%	14,866	\$29.00	\$314	6.34%	\$13,400,000
Central Scottsdale	17,266,362	0	3.63%	73,127	\$37.00	\$296	6.63%	\$20,293,672
Chandler	17,193,643	21,973	4.76%	101,374	\$26.36	\$236	7.03%	\$30,411,868
Central Peoria/ Arrowhead	10,703,036	17,959	5.11%	39,323	\$29.57	\$273	6.83%	\$26,991,000
Deer Valley	2,392,156	5,000	0.83%	-10,702	\$35.61	\$334	6.58%	\$4,407,500
Deer Valley/Airport	2,085	0	0.00%	0	\$29.45	\$264	6.11%	\$0
Downtown Phoenix	8,473,550	0	4.28%	67,955	\$23.79	\$243	6.66%	\$5,948,800
East Phoenix	9,118,032	0	5.36%	-62,943	\$22.63	\$245	6.84%	\$29,090,570
Fountain Hills	763,337	0	3.09%	15,474	\$22.69	\$260	6.54%	\$0
Gateway Airport	3,207,349	308,974	4.41%	97,385	\$28.88	\$270	7.18%	\$121,000,000
Gila River Outlying	358,550	0	0.00%	1,600	\$20.91	\$222	6.69%	\$0
Gilbert	18,193,005	261,274	2.40%	261,238	\$27.03	\$265	6.97%	\$23,081,836
Glendale	12,168,794	74,645	4.60%	-54,849	\$22.93	\$239	6.88%	\$7,910,000
Goodyear	4,088,195	106,900	2.69%	-19,053	\$26.23	\$280	6.51%	\$1,150,000
Laveen	1,873,598	0	1.81%	-41	\$29.72	\$296	6.61%	\$2,342,561
Loop 101/I-10	3,309,216	50,600	3.48%	4,162	\$28.32	\$279	6.67%	\$2,600,000
North Goodyear/ Litchfield	8,769,948	155,306	2.01%	618,556	\$30.44	\$284	6.56%	\$4,100,000
North Phoenix/ I-17 Corridor	15,195,385	2,006	7.00%	-850,419	\$19.41	\$199	7.12%	\$31,771,284
NE Outlying Maricopa	17,164	0	0.00%	0	\$16.19	\$266	6.27%	\$0
North Buckeye	323,697	0	3.03%	39,880	\$25.73	\$310	6.42%	\$0
North Scottsdale	14,074,559	134,180	3.07%	136,825	\$31.35	\$287	6.80%	\$18,517,000
Outlying Pinal Cty	9,567,872	152,110	6.24%	15,152	\$21.22	\$244	6.74%	\$10,978,368
Paradise Valley	36,884	0	0.00%	0	\$32.17	\$218	6.81%	\$0
Queen Creek	3,089,769	122,157	0.51%	150,785	\$27.90	\$285	6.83%	\$16,610,869
Red Mountain/ Mesa	30,147,101	48,515	6.97%	-37,012	\$21.03	\$209	7.19%	\$66,389,048
South Buckeye	1,815,303	521,550	0.65%	25,198	\$29.54	\$297	6.38%	\$56,000,000
South Mountain	1,672,972	9,800	10.16%	2,385	\$27.31	\$264	7.13%	\$3,225,000
South Phoenix	1,885,870	0	5.30%	23,997	\$22.64	\$281	6.47%	\$4,134,000
South Scottsdale	3,269,730	0	5.35%	-3,017	\$23.31	\$286	6.52%	\$13,955,000
Sun City	3,962,782	0	5.24%	-26,015	\$20.86	\$227	6.98%	\$10,108,867
Superstition Corridor	1,176	0	0.00%	0	\$28.17	\$316	6.50%	\$0
Surprise/ North Peoria	6,096,688	37,488	1.17%	354,532	\$30.30	\$295	6.62%	\$26,963,000
Tempe	8,268,961	150,000	5.56%	78,071	\$24.49	\$267	6.61%	\$7,880,000
Tolleson	3,367,310	3,762	4.79%	-49,497	\$25.30	\$265	6.77%	\$7,100,000
West Outlying Maricopa	881,991	0	0.25%	4,932	\$18.80	\$220	6.74%	\$1,695,000
West Phoenix/ Maryvale	8,653,801	0	4.83%	-203,756	\$21.50	\$206	6.95%	\$5,742,500
Total/Averages	244,654,218	2,227,421	4.50%	895,325	\$25.90	\$252	6.89%	\$585,473,743

NOTABLE SALES

DESERT GLEN SHOPPING CENTER



**5490 W BELL RD
GLENDALE, AZ**

Sale Date: 06/26/2025
Sale Price: \$2,950,000
Price/SF: \$207.60

Bldg Type: Freestanding
- Neighborhood
Built: 2004
GLA: ±14,210 SF

THE HABIT



**5110 W INDIAN SCHOOL RD
PHOENIX, AZ**

Sale Date: xx/xx/xx
Sale Price: \$2,900,000
Price/SF: \$944.32
Cap Rate: 6.00%

Bldg Type: Fast Food
Built: 2020
GLA: ±3,071 SF

PECOS RANCH



**1990 W GERMANN RD
CHANDLER, AZ**

Sale Date: 04/15/2025
Sale Price: \$6,650,000
Price/SF: \$809.99
Cap Rate: 5.65%

Bldg Type: Freestanding
- Neighborhood
Built: 2024
GLA: ±8,210 SF

ANDY'S FROZEN CUSTARD



**1545 ELLIOT RD
GILBERT, AZ**

Sale Date: 06/06/2025
Sale Price: \$3,125,000
Price/SF: \$2,450.98
Cap Rate: 6.75%

Bldg Type: Quick Service - Fast Food
Built: 2024
GLA: ±1,275 SF

CORONA DEL SOL PLAZA



**4949 W RAY RD
CHANDLER, AZ**

Sale Date: 06/03/2025
Sale Price: \$13,400,000
Price/SF: \$215.88

Bldg Type: Storefront
Built: 2018
GLA: ±62,071 SF

LAKE PLEASANT CROSSING



**9800 W HAPPY VALLEY RD
PEORIA, AZ**

Sale Date: 06/04/2025
Sale Price: \$3,150,000
Price/SF: \$703.44

Bldg Type: Restaurant
Built: 2017
GLA: ±4,478 SF

ROSE GARDEN CENTER



**21043 N CAVE CREEK RD
PHOENIX, AZ**

Sale Date: 04/28/2025
Sale Price: \$7,117,000
Price/SF: \$174.81
Cap Rate: 7.59%

Bldg Type: Storefront
Built: 2002 | Reno: 2023
GLA: ±40,713 SF

DUTCH BROS



**2012 N SCOTTSDALE RD - B
SCOTTSDALE, AZ**

Sale Date: 06/20/2025
Sale Price: \$1,590,000
Price/SF: \$1,745.33
Cap Rate: 5.00%

Bldg Type: Freestanding - Quick Service
Built: 2020
GLA: ±911 SF

TUTOR TIME



**8348 W DEER VALLEY RD
PEORIA, AZ**

Sale Date: 06/09/2025
Sale Price: \$3,950,000
Price/SF: \$345.16

Bldg Type: Daycare Center
Built: 2002
GLA: ±11,444 SF



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