

2025 Q3

PHOENIX
INDUSTRIAL
NEWSLETTER



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QUARTERLY INDUSTRIAL STATS

The Phoenix industrial market is showing early signs of stabilization, though the near-term outlook remains uncertain. The supply-driven increase in vacancy that had hampered property performance since early 2023 has finally flattened out, as easing completions converged with steady tenant demand. Nevertheless, the unprecedented surge in construction over the past few years has kept vacancy at the highest level since the Great Recession and rent growth subdued.

While demand has eased from the frenetic pace seen in 2021 and 2022, the number of lease transactions modestly accelerated over the past year as occupiers related to logistics and retail continue to expand. These factors, along with advanced manufacturing momentum, drove 16.3 million SF of net absorption over the past 12 months, the bulk of which came from newly-built logistics properties.

Though tenant demand has been steady, it has not been enough to absorb the remarkable pace of deliveries, keeping vacancy elevated. Vacancy rose from 4.2% in mid-2022 to 12.2% today, and further increases could be in store if demand underperforms.

With nearly 90% of recent construction focused on buildings larger than 100,000 SF, vacant space has accumulated most quickly in the Valley's largest properties. The vacancy rate among existing buildings larger than 100,000 SF has climbed to a 15-year high of about 16%, and another 7 million SF of unleased space is underway of that size. Small bay product, meanwhile, is more insulated from recent construction, with vacancy among properties smaller than 50,000 SF in the low-5% range, though rates have been rising here too.



VACANCY

12.4%

3Q24: 11.30%



MARKET RENT

\$12.89/SF

3Q24: \$13.53/SF



NET ABSORPTION

5,172,975 SF

3Q24: 5,878,956 SF



PRICE PSF

\$182/SF

3Q24: \$152/SF

MARKET CAP RATES

6.61%

METRO PHOENIX

7.20%

NATIONAL

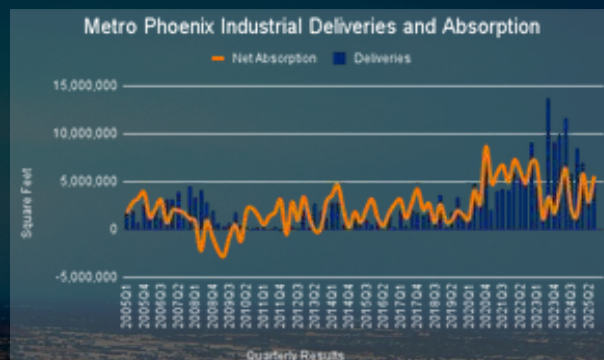
Increased competition from new supply is weighing on rent growth. Average asking rents rose 4.1% over the past year, down from 13.1% in late 2022. Annual rent growth is forecast to slow further as additional supply provides occupiers with more options. Landlords of infill assets and small bay product will likely retain greater pricing power than those of big bomber space along the metro's periphery.

The 18.2 million SF under construction, about half of which is being built on spec, is expected to put further upward pressure on vacancy. Additionally, a potential slowdown in trade and the build-out of supply chains presents a downside risk to demand formation. Access to trade points of entry in Southern California and Mexico is a strong value proposition that has supported logistics demand in Phoenix.

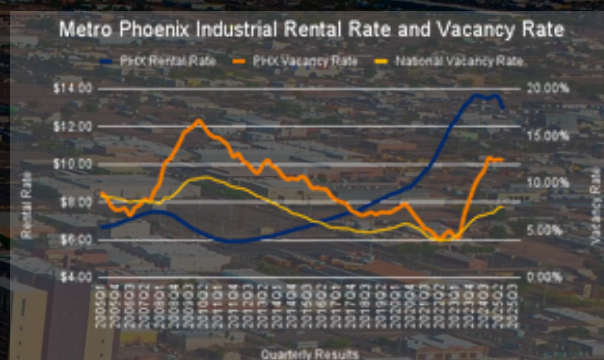
Looking beyond the near-term dislocation, the slowing pace of deliveries could allow conditions to normalize in the second half of 2026 or early 2027, setting Phoenix up for a return to tightening vacancies and an eventual reacceleration in rent growth.

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

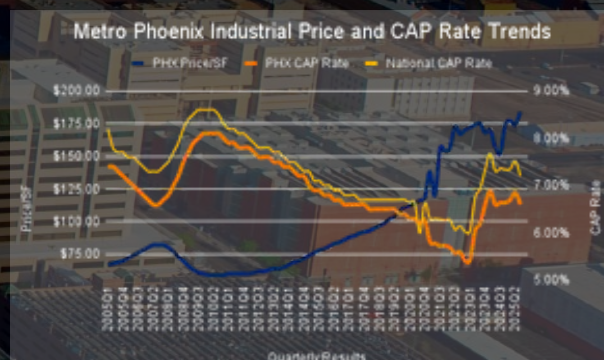
METRO PHOENIX DELIVERIES & ABSORPTION



RENTAL & VACANCY RATES



PRICES & CAP RATE TRENDS



ECONOMIC HIGHLIGHTS

Employment Data (YOY)

- 4.30% Unemployment Rate (USA)
- 3.70% Unemployment Rate (Metro PHX)
- 1.4% Job Growth Q3 (Metro PHX)

+0.40%
+0.10%

Metro PHX Housing Trends (YOY)

- \$450,000 Median Home Price
- 6,215 Closed Transactions
- 85 Days on Market
- 3.80 Months of Supply

+0.05%
+0.14%
+15 Days
+0.50 Months

10-Year Treasury

- 4.01% as of 10/24/2025
- 0.20% 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
Central Phoenix	346K	0	7.40%	-28.8K	\$19.05	\$228	7.00%	\$24.6M
Chandler	2.3M	1M	8.50%	473K	\$15.89	\$217	6.70%	\$414M
Chandler Airport	2M	328K	19.40%	395K	\$14.78	\$276	6.60%	\$184M
Chandler N/Gilbert	12.2M	6.2M	22.30%	3.6M	\$15.05	\$223	6.60%	\$420M
Deer Vly/Pinnacle Pk	2.9M	224K	12.30%	1.4M	\$17.25	\$221	6.70%	\$291M
Falcon Fld/Apache Jct	979K	771K	13.30%	43K	\$16.76	\$230	6.70%	\$29.2M
Glendale	14.5M	3.9M	22.90%	5.3M	\$9.50	\$151	6.50%	\$1B
Goodyear	7.8M	3M	17.20%	2.2M	\$9.13	\$148	6.50%	\$171M
Grand Avenue	1.7M	469K	9.80%	416K	\$11.82	\$174	6.60%	\$63.6M
Mesa	563K	0	7.10%	-107K	\$14.49	\$179	6.80%	\$200M
North Airport	1.5M	706K	9.40%	104K	\$15.40	\$196	7.00%	\$131M
North Black Canyon	1.5M	428K	25.00%	-12.2K	\$15.93	\$186	6.80%	\$21.2M
North Outlying	3K	0	1.30%	0	\$14.82	\$169	6.90%	\$0
Northwest Outlying	0	0	0%	0	\$15.62	\$173	7.30%	\$0
Pinal County	384K	1M	2.40%	1.4M	\$12.17	\$139	6.70%	\$40.5M
S Airport N of Roeser	1.4M	130K	8.80%	-448K	\$14.76	\$198	6.80%	\$124M
S Airport S of Roeser	354K	0	7.30%	-38.6K	\$15.31	\$206	6.80%	\$63.9M
SC N of Salt River	1.2M	0	7.10%	156K	\$13.45	\$169	6.70%	\$112M
SC S of Salt River	78.4K	0	2.80%	7.9K	\$12.77	\$173	6.90%	\$125M
Scottsdale Airpark	437K	0	6.10%	-3.2K	\$22.51	\$342	6.40%	\$71.4M
Scottsdale/Salt River	722K	305K	11.70%	-69.8K	\$21.34	\$229	6.70%	\$27.8M
Southwest Outlying	0	0	0%	0	\$11.48	\$84	7.40%	\$14.6M
Surprise	2.3M	115K	29.90%	134K	\$13.49	\$187	6.60%	\$63.8M
SW N of Buckeye Road	5.2M	1.2M	13.20%	741K	\$10.12	\$156	6.50%	\$200M
SW S of Buckeye Road	1.5M	0	7.10%	-277K	\$11.28	\$175	6.40%	\$207M
Tempe East	1.2M	689K	15.50%	-67K	\$16.19	\$222	7.00%	\$48.8M
Tempe Northwest	796K	230K	6.90%	-24.9K	\$15.94	\$194	7.00%	\$227M
Tempe Southwest	2.8M	658K	12.20%	87.9K	\$14.39	\$201	6.80%	\$543M
Tolleson	4.2M	230K	8.30%	-744K	\$9.96	\$162	6.30%	\$589M
W Phx N of Thomas Rd	481K	0	5.80%	-36.5K	\$11.44	\$137	7.20%	\$37M
W Phx S of Thomas Rd	97.3K	0	1.30%	100K	\$11.38	\$151	6.70%	\$40.5M
Total/Averages	508M	20.17M	12.40%	16.1M	\$12.89	\$182	6.61%	\$5.36B

NOTABLE TRANSACTIONS

SALES

27TH AVE INDUSTRIAL COLD STORAGE



**625 S 27TH AVE
PHOENIX, AZ 85009**

Sale Date: 09/17/25 Bldg Type: Class A
Sale Price: \$55.03M Built: 1980
Price/SF: \$64.74 RBA: ±850,000 SF
Cap Rate: N/A

RIVERSIDE 43



**2200 S 43RD AVE
PHOENIX, AZ 85009**

Sale Date: 07/09/25 Bldg Type: Class A
Sale Price: \$34.2M Built: 2017
Price/SF: \$136.78 RBA: ±250,043 SF
Cap Rate: N/A

WEST CAMELBACK MANUFACTURING



**4455 W CAMELBACK RD
PHOENIX, AZ 85031**

Sale Date: 09/26/25 Bldg Type: Class B
Sale Price: \$26M Built: 2015
Price/SF: \$174.86 RBA: ±148,689 SF
Cap Rate: N/A

LEASES

SCOTTSDALE AIRPARK - UNIT G



**14325 N 79TH ST
SCOTTSDALE, AZ 85260**

Sign Date: 09/02/25 Bldg Type: Class C
Lease Rate: \$21/SF Built: 1980
Tenant: Royal Mines & Mineral Corp SF Leased: ±4,550 SF

3414 S. 48TH ST WAREHOUSES - UNIT 106-1008



**3414 S 48TH ST
PHOENIX, AZ**

Sign Date: 09/30/25 Bldg Type: Class B
Lease Rate: \$18.60/SF Built: 1983
Tenant: N/A SF Leased: ±7,155 SF

REDFIELD INDUSTRIAL PARK - UNIT 150

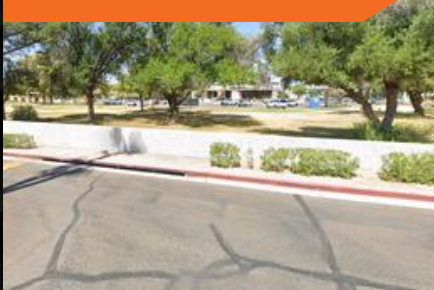


**7625 E REDFIELD RD
SCOTTSDALE, AZ**

Sign Date: 09/02/25 Bldg Type: Class B
Lease Rate: \$ 20.40/SF Built: 1980
Tenant: N/A SF Leased: ±4,684 SF

LAND TRANSACTIONS

44TH & CAMELBACK RAW LAND



**4557 E CAMELBACK RD
PHOENIX, AZ**

Sale Date: 08/29/25 Zoning: R-24
Sale Price: \$11M Acres: ±1.47 AC
Buyer: RN Properties

MILUM TEXTILE SERVICES



**333 N 7TH AVE
PHOENIX, AZ**

Sale Date: 09/17/25 Zoning: DTC-VAN
Sale Price: \$8.5M Acres: ±2.39 AC
Buyer: 333 N 7th St. LLC

SCOTTSDALE ROAD & SHEA



**7000 E SHEA BLVD
SCOTTSDALE, AZ**

Sale Date: 07/01/25 Zoning: C-2
Sale Price: \$5.71M Acres: ±5.21 AC
Buyer: Shea Residences Owner LLC

INDUSTRIAL CONDO REPORT

METRO PHOENIX



1

NW VALLEY

PRICE PSF

\$249.00

RENT PSF

\$19.40

2

SW VALLEY

PRICE PSF

\$182.00

RENT PSF

\$17.68

3

PHOENIX

PRICE PSF

\$324.00

RENT PSF

\$17.42

4

SCOTTSDALE/PV

PRICE PSF

\$423.00

RENT PSF

\$25.62

5

SE VALLEY

PRICE PSF

\$269.00

RENT PSF

\$16.86



PRICE PSF

\$293.00

YOY ▼ -6.95%



RENT PSF

\$12.89/SF

▼ -4.73%



DEALS SOLD

18

▲ 20.00%



INVENTORY (MOS.)

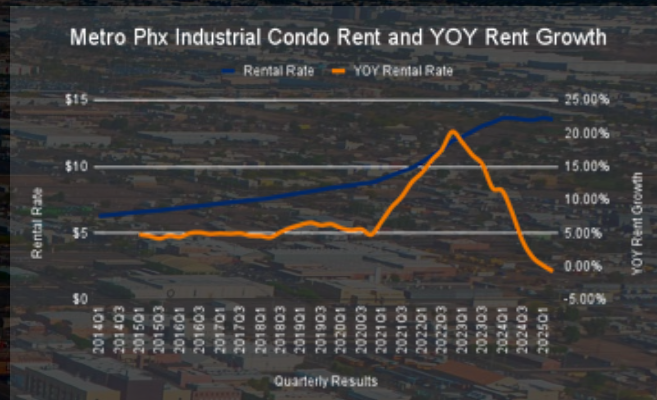
2.60

▲ 17.11%

SALES PRICE PSF AND SALES VOLUME



RENT PSF AND YOY RENT GROWTH



NOTABLE TRANSACTIONS

SANTAN DOBSON BUSINESS PARK - UNIT 8-12



2227 W PECOS RD
CHANDLER, AZ

Sale Date: 08/19/25 Bldg Type: 2 Star Flex Light
 Sale Price: \$2.85M Distribution Condo
 Price/SF: \$260.01 Built: 2006
 Cap Rate: N/A RBA: ±20,414 SF

MOHAWK COMMERCE PARK - UNIT 164



2650 E MOHAWK LN
PHOENIX, AZ

Sale Date: 08/01/28 Bldg Type: 2 Star Industrial
 Sale Price: \$1.7M Warehouse Condo
 Price/SF: \$340.41 Built: 2007
 Cap Rate: N/A RBA: ±27,644 SF

HAYDEN BUSINESS CENTER - UNIT C2



14201 N HAYDEN RD
SCOTTSDALE, AZ

Sale Date: 08/15/25 Bldg Type: 3 Star Flex
 Sale Price: \$1.35M Showroom Condo
 Price/SF: \$432.83 Built: 1998
 Cap Rate: N/A RBA: ±12,500 SF

ROSEMONT WAREHOUSE CONDOS - UNIT 103



1810 N ROSEMONT
MESA, AZ

Sale Date: 07/25/25 Bldg Type: 2 Star Industrial
 Sale Price: \$1.2M Warehouse Condo
 Price/SF: \$274.66 Built: 2015
 Cap Rate: N/A RBA: ± 12,862 SF

DIAL BLVD BUSINESS PARK - UNIT 11



16055 N DIAL BLVD
SCOTTSDALE, AZ

Sale Date: 08/20/25 Bldg Type: 2 Star Industrial
 Sale Price: \$1.14M Warehouse Condo
 Price/SF: \$411.57 Built: 1990
 Cap Rate: N/A RBA: ± 23,241 SF

GILBERT COMMONS - UNIT 131



219 S WILLIAM DILLARD DR
GILBERT, AZ

Sale Date: 09/02/25 Bldg Type: 2 Star Industrial
 Sale Price: \$1.06M Showroom Condo
 Price/SF: \$312.50 Built: 2005
 Cap Rate: N/A RBA: ±18,473 SF



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