

PHOENIX  
**INDUSTRIAL**

NEWSLETTER



**3Q2024**

SVN DESERT COMMERCIAL ADVISORS

# QUARTERLY INDUSTRIAL STATS

The Phoenix industrial market is experiencing a significant transformation, characterized by a surge in new development and a corresponding rise in vacancy rates. Rent growth has slowed down from the double-digit increases seen in previous years, and further supply is expected to keep vacancy rates elevated through mid-2025.

This influx has driven the industrial vacancy rate up to 11.7%, a sharp increase from just 4.1% in mid-2022. Vacancy rates have surged due to record-high deliveries, particularly for properties larger than 100,000 SF. Smaller bay spaces under 50,000 SF are in higher demand and maintain lower vacancy rates. However, leasing activity remains strong, with 10.3 million SF of net absorption over the past year, driven by the logistics and manufacturing sectors.

Phoenix has one of the most aggressive industrial development pipelines in the U.S., with 29.4 million SF under construction, representing 6.1% of existing inventory. The bulk of construction is focused on larger properties, with vacant space accumulating quickly in this segment. The West Valley and Phoenix-Mesa Gateway Airport region are major construction hotspots. However, a slowdown in construction starts due to higher interest rates suggests that new supply may ease by late 2025.



## VACANCY

11.30%

3Q23: 6.60%



## MARKET RENT

\$13.53/SF

3Q23: \$13.04/SF



## NET ABSORPTION

2,070,966 SF

3Q23: 3,414,328 SF



## PRICE / SF

\$152/SF

3Q23: \$175/SF

## MARKET CAP RATES

6.64%

METRO PHOENIX

7.36%

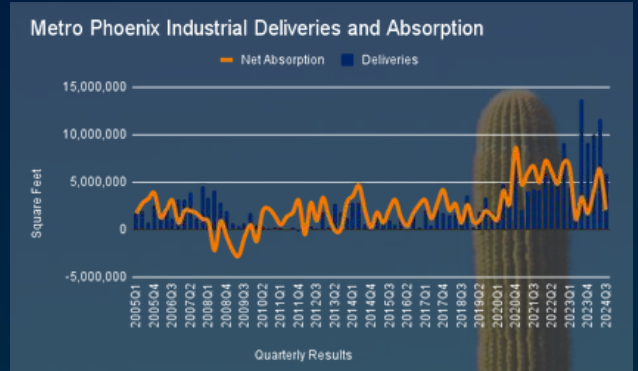
NATIONAL

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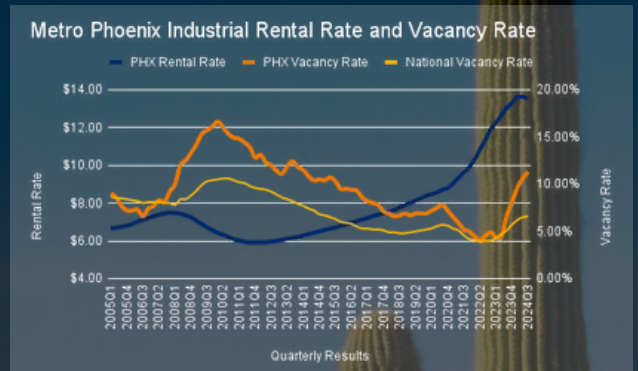
A strong market for industrial investment, Phoenix reported \$2.5 billion in sales in the first nine months of 2024. This surge in new construction has attracted institutional investors, with fully leased logistics properties commanding cap rates that have increased by 200 BP since 2022.

Phoenix's economy continues to thrive, and major investments from companies like TSMC and Intel in semiconductor manufacturing are further boosting job creation and solidifying Phoenix's position as a key industrial hub.

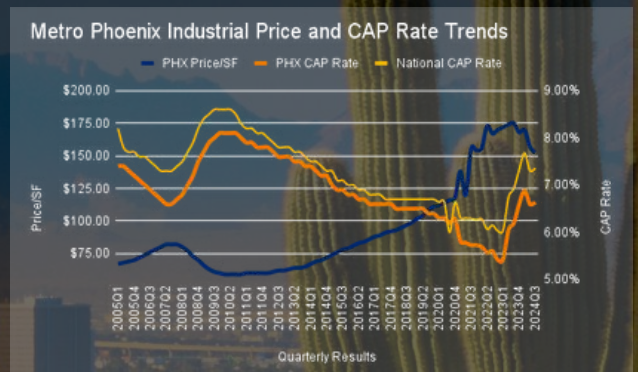
## METRO PHOENIX DELIVERIES & ABSORPTION



## RENTAL AND VACANCY RATES



## PRICES AND CAP RATE TRENDS



## ECONOMIC HIGHLIGHTS

### Employment Data (YOY)

- 4.10% Unemployment Rate (USA) +0.30%
- 3.50% Unemployment Rate (Metro PHX) -0.40%
- 2.603 MM Employed Residents (Metro PHX)

### Metro PHX Housing Trends (YOY)

- \$440,000 Median Home Price +0.02%
- 5,333 Closed Transactions +0.04%
- 52 Days on Market +16 Days
- 3.65 Months of Supply +1.31 Months

### 10-Year Treasury

- 3.81% as of 9/30/2024
- -0.78% YOY | -0.10% MOM

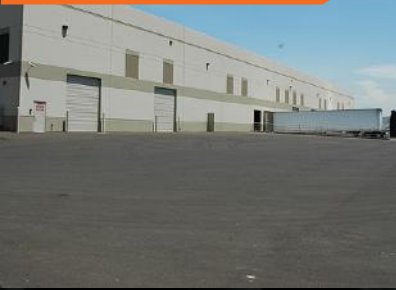
# SUBMARKET ANALYTICS

	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	4,543,113	0	3.6%	-28,800	\$18.88	\$215	7.1%	\$4,196,500
Chandler	25,167,959	580,879	5.5%	627,997	\$16.00	\$215	6.6%	\$24,190,170
Chandler Airport	9,044,144	532,470	13.5%	457,337	\$16.07	\$295	6.4%	\$215,239,200
Chandler/N Gilbert	45,988,872	4,262,485	26.5%	3,734,054	\$15.67	\$216	6.6%	\$79,902,056
Deer Valley/ Pinnacle Peak	21,857,824	1,629,780	10.0%	816,812	\$17.52	\$210	6.7%	\$50,152,000
Falcon Field/ Apache Junction	6,474,854	60,145	5.3%	-1,090	\$17.27	\$209	6.8%	\$11,165,000
Glendale	48,838,830	11,885,258	19.3%	5,810,033	\$12.00	\$139	6.6%	\$223,358,000
Goodyear	36,428,506	5,846,126	25.2%	815,794	\$10.33	\$139	6.5%	\$51,643,148
Grand Avenue	15,391,177	697,312	7.3%	-217,210	\$11.97	\$155	6.7%	\$20,430,000
Mesa	7,879,863	0	5.6%	-136,913	\$14.66	\$169	6.9%	\$3,765,000
N Airport	15,288,986	0	5.9%	-356,486	\$15.90	\$182	7.1%	\$24,675,000
N Black Canyon	5,346,149	0	17.6%	-487,611	\$16.39	\$172	6.9%	\$2,239,966
N Outlying	231,013	0	1.3%	-3,000	\$14.29	\$158	6.9%	\$0
NW Outlying	40,024	0	0.0%	0	\$15.09	\$166	7.3%	\$0
Pinal County	13,604,996	1,778,000	5.6%	1,146,237	\$12.59	\$130	6.7%	\$13,750,000
S Airport N of Roeser	15,554,291	0	4.5%	-218,416	\$14.77	\$181	6.9%	\$21,750,000
S Airport S of Roeser	4,760,508	0	3.0%	-7,934	\$15.12	\$191	6.8%	\$3,000,000
SC N of Salt River	16,791,604	106,220	6.8%	-238,454	\$13.52	\$158	6.8%	\$6,787,500
SC S of Salt River	2,735,073	0	3.0%	-16,951	\$13.24	\$165	7.0%	\$0
Scottsdale Airpark	7,026,017	45,047	4.9%	9,914	\$21.90	\$318	6.4%	\$28,050,000
Scottsdale/Salt River	5,597,477	242,740	1.8%	-2,266	\$21.86	\$208	6.8%	\$78,673,248
SW Outlying	99,833	0	0.0%	0	\$10.50	\$94	7.8%	\$0
Surprise	6,554,019	1,042,288	20.3%	890,523	\$15.68	\$181	6.7%	\$22,040,000
SW N of Buckeye Rd	37,839,287	99,498	11.7%	-1,173,344	\$10.21	\$141	6.5%	\$48,774,940
SW S of Buckeye Rd	20,923,620	253,460	3.3%	506,670	\$11.59	\$167	6.4%	\$0
Tempe East	7,012,820	0	7.7%	-398,176	\$16.50	\$210	7.0%	\$8,485,000
Tempe NW	11,039,350	191,096	5.7%	156,047	\$15.85	\$179	7.1%	\$35,050,000
Tempe SW	22,470,228	88,700	8.5%	-558,526	\$14.35	\$189	6.8%	\$43,953,736
Tolleson	49,272,856	300,000	3.1%	619,443	\$10.42	\$153	6.2%	\$8,200,000
W Phoenix N of Thomas Rd	8,394,210	0	4.1%	31,693	\$11.16	\$124	7.4%	\$3,802,200
W Phoenix S of Thomas Rd	7,334,998	0	3.5%	20,867	\$11.58	\$139	6.8%	\$4,104,000
<b>Total/Averages</b>	<b>479,532,501</b>	<b>29,641,504</b>	<b>7.9%</b>	<b>11,798,244</b>	<b>\$14.61</b>	<b>\$180</b>	<b>6.8%</b>	<b>\$1,037,376,664</b>

# NOTABLE TRANSACTIONS

## SALES

### INDUSTRIAL WAREHOUSE



**7885 N GLEN HARBOR BLVD  
GLENDALE, AZ**

Sale Date: 9/20/24      Bldg Type: Class A  
Sale Price: \$15,600,000      Year Built: 2006  
Price/SF: \$198.27      RBA: 78,682 SF

### FALCON PARK 303 - PHASE II



**15152 W CAMELBACK RD  
LITCHFIELD PARK, AZ**

Sale Date: 7/15/24      Bldg Type: Class A  
Sale Price: \$50,000,000      Year Built: 2023  
Price/SF: \$153.37      RBA: 326,018 SF

### UNIVERSITY LOGISTICS CENTER



**1345 S 52ND ST  
TEMPE, AZ**

Sale Date: 7/19/24      Bldg Type: Class A  
Sale Price: \$27,500,000      Year Built: 1986/Reno: 2024  
Price/SF: \$244.88      RBA: 112,300 SF

## LEASES

### INDUSTRIAL BUILDING



**840 N 52ND AVE  
PHOENIX, AZ**

Sign Date: 7/1/24      Bldg Type: Class B  
Lease Rate: \$20.76/NNN      Year Built: 1987  
Tenant: United Rental      SF Leased: 15,024 SF

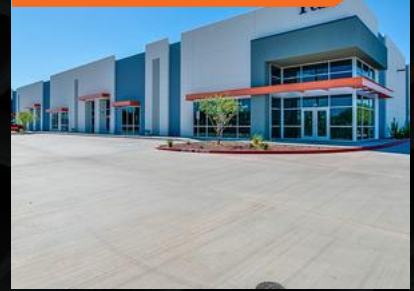
### INDUSTRIAL WAREHOUSE



**360 S SMITH RD  
TEMPE, AZ**

Sign Date: 8/4/24      Bldg Type: Class A  
Lease Rate: \$19.80/NNN      Year Built: 2021  
Tenant: Branded Bills      SF Leased: 96,407 SF

### 1 EAST DEER VALLEY



**1 E DEER VALLEY RD #240  
PHOENIX, AZ**

Sign Date: 8/9/24      Bldg Type: Class A  
Lease Rate: \$24.00/IG      Year Built: 2017  
Tenant: R.J. Gurley      SF Leased: 4,192 SF  
Construction

## LAND TRANSACTIONS

### PECOS 17



**7214 E PECOS RD  
MESA, AZ**

Sale Date: 8/23/24      Prop Type: Land  
Sale Price: \$6,500,000      Prop Subtype: Industrial  
Buyer: Cavan      AC: 18.25 Acres  
Commercial

### DATA CENTER



**7823 W SELDON LN  
PEORIA, AZ**

Sale Date: 9/27/24      Prop Type: Land  
Sale Price: \$42,232,500      Prop Subtype: Industrial  
Buyer: Aligned Data      AC: 12.36 Acres  
Centers

### BECKER BOARDS



**1851 S 19TH AVE  
PHOENIX, AZ**

Sale Date: 8/12/24      Prop Type: Land  
Sale Price: \$2,600,000      Prop Subtype: Industrial  
Buyer: Becker Boards      AC: 2.60 Acres  
LLC

# INDUSTRIAL CONDO REPORT

METRO PHOENIX



1

NW VALLEY

PRICE PSF

**\$235**

RENT PSF

**\$14.01**

2

SW VALLEY

PRICE PSF

**\$212**

RENT PSF

**\$10.72**

3

PHOENIX

PRICE PSF

**\$370**

RENT PSF

**\$12.74**

4

SCOTTSDALE/PV

PRICE PSF

**\$432**

RENT PSF

**\$22.64**

5

SE VALLEY

PRICE PSF

**\$272**

RENT PSF

**\$15.36**



### PRICE PSF

\$314.00

YOY ▼ -7.37%



### RENT PSF

\$13.53/SF

▼ 3.76%



### DEALS SOLD

15

▼ 87.50%

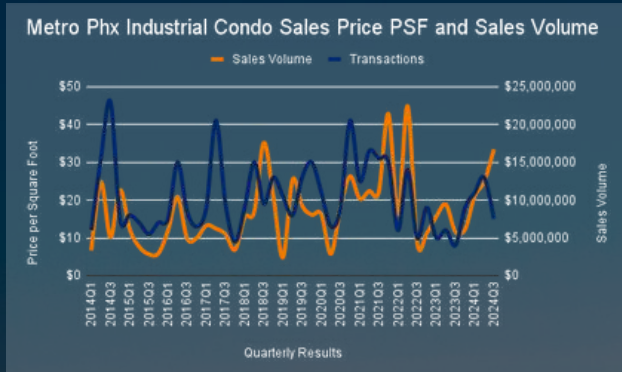


### INVENTORY (MOS.)

4.58

▼ 3.62%

### SALES PRICE PSF AND SALES VOLUME



### RENT PSF AND YOY RENT GROWTH



## NOTABLE TRANSACTIONS

#### SCOTTSDALE RIDGE BUSINESS CENTER II



7343 E ADOBE DR - UNIT 115  
SCOTTSDALE, AZ

Sale Date: 7/30/24 Bldg Type: Class B  
Sale Price: \$1,743,250 Year Built: 2008  
Price/SF: \$475.00 DBA: 3,670 SF

#### AIRPLANE HANGAR



1825 W KNUDSEN DR - UNIT 120  
PHOENIX, AZ

Sale Date: 9/16/24 Bldg Type: Class B  
Sale Price: \$3,894,000 Year Built: 2008  
Price/SF: \$399.96 DBA: 9,736 SF

#### MOHAWK COMMERCE CENTER



2630 E MOHAWK LN - UNIT 136  
PHOENIX, AZ

Sale Date: 9/30/24 Bldg Type: Class B  
Sale Price: \$88,500 Year Built: 2006  
Price/SF: \$327.48 DBA: 2,707 SF

#### OLIVE BUSINESS PARK



9299 W OLIVE AVE - UNITS 510/511  
PEORIA, AZ

Sale Date: 8/29/24 Bldg Type: Class B  
Sale Price: \$1,450,000 Year Built: 2006  
Price/SF: \$233.49 DBA: 6,210 SF

#### LIGHT DISTRIBUTION CONDO



7890 E MCCLAIN DR - UNIT 2  
SCOTTSDALE, AZ

Sale Date: 7/8/24 Bldg Type: Class C  
Sale Price: \$1,950,000 Year Built: 1998  
Price/SF: \$400.16 DBA: 4,873 SF

#### PALOMA KYRENE OFFICE INDUSTRIAL PARK



6100 W GILA SPRINGS PL - UNIT 3  
CHANDLER, AZ

Sale Date: 9/16/24 Bldg Type: Class B  
Sale Price: \$1,320,170 Year Built: 2007  
Price/SF: \$317.12 DBA: 4,163 SF



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