



2025 Q1

PHOENIX  
**INDUSTRIAL**  
NEWSLETTER



(480) 425-5500  
[www.svndesertcommercial.com](http://www.svndesertcommercial.com)  
5343 N 16th St. #100 | Phoenix, AZ 85016



# QUARTERLY INDUSTRIAL STATS

The Phoenix industrial market faced ongoing pressure in Q1 2025 as vacancy rose to 12.4%, the highest in 15 years. This spike followed a historic 31.1 million SF of new deliveries over the past year, nearly four times pre-pandemic averages. While net absorption hit a solid 14.4 million SF, supply continues to outpace demand.

Rent growth slowed significantly, increasing just 2.6% year-over-year, while sublease availability has grown, adding pressure to already softening rates. Newly built large-bay facilities are leasing between \$7–\$10/SF NNN, versus smaller bay and infill properties continue to show pricing strength thanks to limited new supply in that segment. Phoenix holds its ranks in the top 10 nationally for rent growth, but the pace is clearly cooling.

Investment volume remained strong despite market headwinds, totaling \$4.6 billion over the past year—140% above the 2015–2019 average. Institutional investors remain active, targeting stabilized, fully leased assets like BentallGreenOak's \$118M purchase of a 1.25M SF Amazon facility in Goodyear. However, rising cap rates—up 200 basis points since 2022—reflect growing caution amid higher interest rates and slower rent growth.

Development activity remains elevated, with 18.1 million SF under construction, 60% speculative space. Projects are heavily concentrated in submarkets like Glendale, Goodyear, and Phoenix-Mesa Gateway, where vacancies are also highest. Leasing has slowed in these areas, and developers are starting to delay or cancel new starts in response to rising availability and tempered demand.



## VACANCY

12.40%

1Q24: 9.60%



## MARKET RENT

\$13.63/SF

1Q24: \$13.61/SF



## NET ABSORPTION

5,781,710 SF

1Q24: 4,062,415 SF



## PRICE PSF

\$177/SF

1Q24: \$170/SF

## MARKET CAP RATES

6.70%

METRO PHOENIX

7.35%

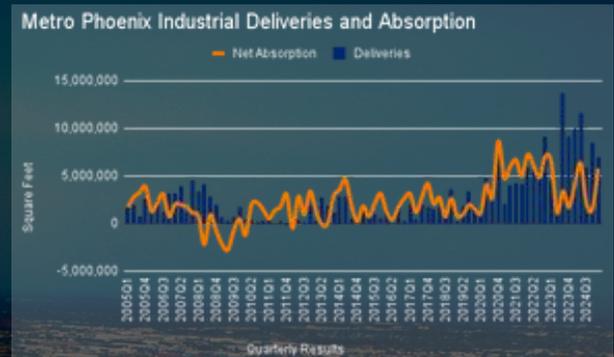
NATIONAL

While leasing demand is softening in large-scale logistics facilities, smaller and mid-bay properties in infill locations are seeing steadier performance. These assets continue to benefit from demand tied to residential construction, service industries, and light manufacturing. As speculative building slows, these assets are likely to lead the recovery over the next 12–24 months.

Looking ahead, Phoenix remains well-positioned as a long-term logistics hub thanks to its proximity to Southern California ports, affordable labor, and growing population. The region continues to attract high-profile manufacturers, including TSMC and Amkor, whose investments support future demand. Although large-scale assets face short-term challenges, investors focused on infill, well-located, or value-add opportunities may benefit from tightening conditions by 2026.

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

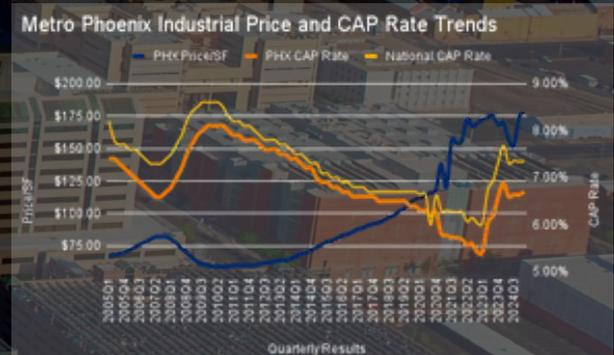
## METRO PHOENIX DELIVERIES & ABSORPTION



## RENTAL & VACANCY RATES



## PRICES & CAP RATE TRENDS



# ECONOMIC HIGHLIGHTS

## Employment Data (YOY)

- 4.20% Unemployment Rate (USA) +0.07%
- 3.60% Unemployment Rate (Metro PHX) +0.00%
- 2.426 MM Employed Residents (Metro PHX)

## Metro PHX Housing Trends (YOY)

- \$455,000 Median Home Price +0.02%
- 6,790 Closed Transactions +0.04%
- 52 Days on Market +6 Days
- 3.64 Months of Supply +1.08 Months

## 10-Year Treasury

- 4.23% as of 03/31/2025
- +0.03% YOY | -0.01% 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	4,576,230	0	4.66%	-103,164	\$18.76	\$218	7.06%	\$5,313,500
Chandler	25,915,490	886,847	6.08%	803,957	\$15.91	\$209	6.76%	\$182,588,176
Chandler Airport	9,388,364	432,098	18.82%	-241,042	\$16.02	\$273	6.63%	\$150,000
Chandler/N Gilbert	46,310,905	4,431,273	25.08%	2,898,533	\$15.76	\$217	6.68%	\$28,458,096
Deer Valley/ Pinnacle Peak	23,001,296	445,825	10.42%	1,530,343	\$17.57	\$213	6.74%	\$66,732,852
Falcon Field/ Apache Junction	6,585,959	430,014	6.00%	-26,901	\$17.24	\$217	6.85%	\$10,775,000
Glendale	57,046,866	3,307,514	27.15%	6,776,329	\$12.12	\$141	6.61%	\$161,416,992
Goodyear	41,126,509	2,346,749	22.56%	1,985,390	\$10.58	\$141	6.60%	\$7,634,350
Grand Avenue	15,733,641	669,071	5.87%	484,022	\$12.11	\$161	6.73%	\$3,473,000
Mesa	7,890,565	0	5.43%	-131,196	\$14.66	\$171	6.93%	\$8,530,901
N Airport	15,389,012	92,450	4.97%	-43,170	\$16.03	\$186	7.10%	\$4,850,000
N Black Canyon	5,375,054	0	16.80%	-111,982	\$16.31	\$175	6.97%	\$9,385,000
N Outlying	231,013	0	1.30%	0	\$14.32	\$161	6.96%	\$0
NW Outlying	40,024	0	0.00%	0	\$15.07	\$169	7.33%	\$0
Pinal County	14,646,926	1,101,500	3.52%	2,003,032	\$12.72	\$134	6.74%	\$8,470,000
S Airport N of Roeser	15,583,703	130,300	6.38%	-482,639	\$14.89	\$187	6.93%	\$16,616,885
S Airport S of Roeser	4,826,389	0	2.39%	-20,231	\$15.41	\$195	6.90%	\$0
SC N of Salt River	16,897,081	0	5.96%	354,007	\$13.70	\$162	6.82%	\$6,400,000
SC S of Salt River	2,756,743	0	3.28%	-22,694	\$13.34	\$168	7.00%	\$2,000,000
Scottsdale Airpark	6,927,336	45,047	6.43%	-103,289	\$21.85	\$324	6.40%	\$20,463,980
Scottsdale/Salt River	5,563,332	305,375	1.66%	47,297	\$21.81	\$222	6.68%	\$4,675,000
Surprise	7,409,820	305,158	27.18%	897,356	\$15.89	\$185	6.71%	\$9,075,000
SW N of Buckeye Rd	38,165,929	926,198	11.21%	-224,845	\$10.32	\$148	6.49%	\$9,748,688
SW S of Buckeye Rd	20,954,010	379,938	3.73%	-393,569	\$11.83	\$173	6.41%	\$17,000,000
Tempe East	6,998,622	430,382	7.09%	-163,244	\$16.33	\$215	7.05%	\$6,000,000
Tempe NW	11,323,219	413,096	3.86%	527,122	\$15.80	\$185	7.03%	\$53,116,692
Tempe SW	22,559,603	384,364	8.33%	46,936	\$14.40	\$195	6.83%	\$71,486,352
Tolleson	49,749,892	95,580	5.12%	136,741	\$10.86	\$159	6.26%	\$103,738,456
W Phoenix N of Thomas Rd	8,401,636	0	3.41%	221,714	\$11.16	\$129	7.31%	\$4,383,570
W Phoenix S of Thomas Rd	7,361,740	0	3.12%	122,277	\$11.63	\$143	6.83%	\$7,030,200
<b>Total/Averages</b>	<b>498,736,909</b>	<b>17,558,779</b>	<b>12.40%</b>	<b>16,767,090</b>	<b>\$13.63</b>	<b>\$177</b>	<b>6.70%</b>	<b>\$829,512,690</b>

# NOTABLE TRANSACTIONS

## SALES



**1355 S CLEARVIEW AVE  
CHANDLER, AZ**

Sale Date: 03/07/2025    Bldg Type: Class B  
Sale Price: \$10,400,000    Built: 1998  
Price/SF: \$178.11    RBA: ±58,390 SF  
Cap Rate: 7.25%



**9701 N 151<sup>ST</sup> AVE - BLDG A  
WADDELL, AZ**

Sale Date: 02/21/2025    Bldg Type: Class A  
Sale Price: \$39,000,000    Built: 2023  
Price/SF: \$177.08    RBA: ±220,240 SF



**11701 N 32<sup>ND</sup> AVE  
SURPRISE, AZ**

Sale Date: 01/28/2025    Bldg Type: Class A  
Sale Price: \$20,500,000    Built: 2023  
Price/SF: \$150.85    RBA: ±135,896 SF

## LEASES



**2224-2226 W SHANGRI LA RD  
PHOENIX, AZ**

Sign Date: 03/03/2025    Bldg Type: Class C  
Lease Rate: \$13.20 / NNN    Built: 1971 | Reno: 2013  
Tenant: REF Rental    SF Leased: ±18,250 SF



**SEC 99<sup>TH</sup> AVE & BUCKEYE RD  
TOLLESON, AZ**

Sign Date: 03/03/2025    Bldg Type: Class A  
Lease Rate: \$10.25 / NNN    Built: 2023  
Tenant: Kellogg Supply Co    SF Leased: ±246,997 SF



**10760 N 132<sup>ND</sup> AVE  
SURPRISE, AZ**

Sign Date: 01/29/2025    Bldg Type: Class B  
Lease Rate: \$13.80 / NNN    Built: 2025  
Tenant: Akima    SF Leased: ±42,900 SF

## LAND TRANSACTIONS



**SIGNAL BUTTE & WARNER RD  
MESA, AZ**

Sale Date: 03/27/2025    Prop Type: Land  
Sale Price: \$13,794,586    Prop Subtype: Industrial  
Buyer: ATLAS    Acres: ±38.38 AC



**SEC 55<sup>TH</sup> AVE & W BETHANY HOME RD  
GLENDALE, AZ**

Sale Date: 02/12/2025    Prop Type: Land  
Sale Price: \$4,872,500    Prop Subtype: Industrial  
Buyer: D&R Self Storage    Acres: ±4.41AC



**21815 N 16<sup>TH</sup> ST  
PHOENIX, AZ**

Sale Date: xx/xx/xx    Prop Type: Land  
Sale Price: \$1,715,000    Prop Subtype: Industrial  
Buyer: Lone Star Landscaping Inc    Acres: ± 2.5AC

# INDUSTRIAL CONDO REPORT

METRO PHOENIX



1

NW VALLEY

PRICE PSF

**\$212**

RENT PSF

**\$11.05**

2

SW VALLEY

PRICE PSF

**\$229**

RENT PSF

**\$13.09**

3

PHOENIX

PRICE PSF

**\$308**

RENT PSF

**\$12.91**

4

SCOTTSDALE/PV

PRICE PSF

**\$371**

RENT PSF

**\$22.12**

5

SE VALLEY

PRICE PSF

**\$286**

RENT PSF

**\$15.54**



**PRICE PSF**

**\$313.00**

**YOY** ▲ 15.93%



**RENT PSF**

**\$13.63/SF**

▲ 0.15%



**DEALS SOLD**

**18**

▼ 18.18%



**INVENTORY (MOS.)**

**2.87**

▲ 2.62%

**SALES PRICE PSF AND SALES VOLUME**



**RENT PSF AND YOY RENT GROWTH**



**NOTABLE TRANSACTIONS**

**MCDOWELL MOUNTAIN BUSINESS CENTER 2**



**16414 N 91<sup>ST</sup> ST B-103  
SCOTTSDALE, AZ**

Sale Date: 02/14/2025 Bldg Type: Class B  
Sale Price: \$2,675,000 Built: 2004  
Price/SF: \$397.77 DBA: ±6,725SF

**OLIVE BUSINESS PARK**



**9299 W OLIVE AVE #109  
PEORIA, AZ**

Sale Date: 02/04/2025 Bldg Type: Class B  
Sale Price: \$737,000 Built: 2006  
Price/SF: \$237.36 DBA: ±3,105 SF

**DEER VALLEY BUSINESS PARK**



**2010 W PARKSIDE LN #150 & #152  
PHOENIX, AZ**

Sale Date: 01/29/2025 Bldg Type: Class B  
Sale Price: \$1,740,000 Built: 2006  
Price/SF: \$309.39 DBA: ±5,624 SF

**DIAL BLVD BUSINESS PARK**



**16055 N DIAL BLVD #6  
SCOTTSDALE, AZ**

Sale Date: 01/10/2025 Bldg Type: Class C  
Sale Price: \$1,116,990 Built: 1999  
Price/SF: \$405 DBA: ±2,758 SF

**AIRPLANE HANGAR CONDO**



**8302 N CAVE CREEK RD N-1  
CAREFREE, AZ**

Sale Date: 02/18/2025 Bldg Type: Class C  
Sale Price: \$850,000 Built: 1989  
Price/SF: \$279.33 DBA: ±3,043 SF

**GATEWAY AIRPORT BUSINESS CENTER**



**7257 S ATWOOD #106  
MESA, AZ**

Sale Date: 02/14/2025 Bldg Type: Class B  
Sale Price: \$670,450 Built: 2008  
Price/SF: \$282.06 DBA: ±2,377 SF



(480) 425-5500

[WWW.SVNDESERTCOMMERCIAL.COM](http://WWW.SVNDESERTCOMMERCIAL.COM)

5343 N 16TH ST #100 | PHOENIX, AZ 85016