



PHOENIX

# RETAIL

NEWSLETTER

**3Q2024**

SVN DESERT COMMERCIAL ADVISORS

# QUARTERLY RETAIL STATS

The Phoenix retail market remains one of the tightest in the U.S., driven by strong demographic trends, steady income growth, and significant job gains. These factors have bolstered tenant demand, keeping space availability near all-time lows despite economic uncertainties. Over the past 12 months, the market absorbed 770,000 SF of retail space, ranking Phoenix among the top 15 markets for retail demand nationwide. Quick-service restaurants, beverage shops, and discount retailers have been leading new lease signings.

Tenant demand for retail space in Phoenix remains robust, over the past year, 770,000 SF of net absorption has been recorded, helping maintain a low vacancy rate of 4.8%. Leasing activity has remained strong, not due to an increase in demand, but rather due to fewer store closures, which have significantly reduced turnover.

Phoenix has established itself as one of the leading markets for rent growth in the U.S., with asking rents rising 6.3% in the past year and 32.2% over the last five years. This rent surge has given landlords considerable pricing power during negotiations, particularly for high-demand retail spaces. Moving forward, rent growth is expected to moderate to around 3% annually by 2025, as the broader economy slows and tenants face challenges in absorbing higher rents.



## VACANCY

4.80%

3Q23: 4.60%



## MARKET RENT

\$25.51/SF

3Q23: \$24.15/SF



## NET ABSORPTION

273,033 SF

3Q23: 491,071 SF



## PRICE / SF

\$305/SF

3Q23: \$250/SF

## MARKET CAP RATES

6.59%

METRO PHOENIX

6.93%

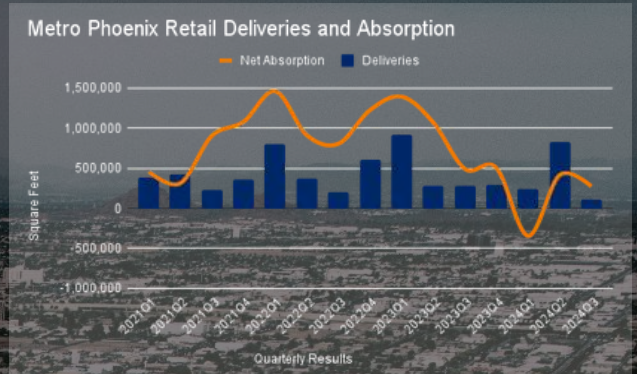
NATIONAL

Retail construction remains low, with just 1.7 million SF of new space delivered in the past 12 months. Despite a slight uptick in construction activity with 2.9 million SF underway, less than 20% of that space is available for lease. Most new projects are pre-leased, keeping supply pressures low.

Investment activity in Phoenix's retail market has slowed considerably over the past 18 - 24 months due to rising interest rates and economic uncertainty. Smaller transactions remain active, with cap rates ranging from 5% - 8%. The total value of retail transactions in the past 12 months reached \$1.8 billion, a 45% decrease from the record highs seen in 2021 and 2022.

Phoenix's economy is thriving, adding nearly 49,000 jobs in the past year, with major expansions from companies like TSMC and Intel, ensuring continued growth in retail demand.

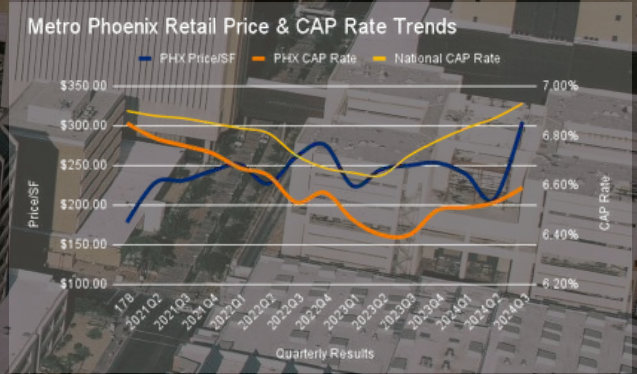
## METRO PHOENIX DELIVERIES & ABSORPTION



## 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
Ahwatukee Foothills	3,232,862	0	4.0%	-11,564	\$26.67	\$269	6.7%	\$2,837,500
Airport Area	4,477,261	0	4.8%	-22,290	\$21.03	\$241	6.5%	\$4,025,000
Anthem	2,751,810	27,348	2.4%	33,204	\$29.08	\$312	6.2%	\$10,290,000
Apache Junction	2,410,027	117,632	7.7%	-8,753	\$20.87	\$229	6.7%	\$5,052,500
Carefree	1,864,862	0	5.6%	-38,284	\$28.59	\$321	6.0%	\$23,000,000
Central Scottsdale	17,035,768	56,766	3.2%	34,744	\$36.59	\$308	6.3%	\$121,235,880
Chandler	17,065,983	29,455	5.0%	357	\$26.15	\$241	6.8%	\$59,751,480
Central Peoria/ Arrowhead	10,718,745	21,700	5.0%	72,941	\$29.23	\$274	6.6%	\$1,450,000
Deer Valley	2,374,176	5,000	0.3%	5,164	\$34.92	\$340	6.3%	\$0
Downtown Phoenix	8,628,577	108,000	5.3%	-74,896	\$23.92	\$255	6.4%	\$33,293,968
East Phoenix	9,067,883	0	4.7%	-37,134	\$22.04	\$249	6.5%	\$26,191,000
Fountain Hills	765,527	0	3.6%	10,874	\$22.40	\$263	6.4%	\$24,296,964
Gateway Airport	3,198,187	100,732	5.4%	54,069	\$28.56	\$285	6.8%	\$3,109,787
Gila River Outlying	356,950	1,600	0.0%	0	\$21.36	\$227	6.4%	\$0
Gilbert	17,313,203	243,447	2.8%	22,222	\$26.76	\$275	6.6%	\$62,013,248
Glendale	12,034,158	103,632	3.6%	135,439	\$22.56	\$236	6.7%	\$7,213,000
Goodyear	4,051,398	194,409	2.3%	-6,413	\$25.84	\$267	6.5%	\$3,000,000
Laveen	1,856,210	7,000	0.4%	97,049	\$30.43	\$296	6.5%	\$0
Loop 101/I-10	3,698,723	80,356	3.0%	7,844	\$29.49	\$273	6.6%	\$2,570,000
North Goodyear/ Litchfield	6,606,406	458,607	3.4%	387,093	\$28.33	\$271	6.6%	\$7,178,153
North Phoenix/ I-17 Corridor	16,190,478	4,086	7.4%	71,891	\$18.99	\$205	6.8%	\$8,652,830
NE Outlying Maricopa	17,164	0	0.0%	0	\$15.84	\$266	6.1%	\$0
North Buckeye	281,010	37,367	1.4%	6,832	\$25.76	\$289	6.4%	\$0
North Scottsdale	14,340,252	159,004	3.1%	104,545	\$31.19	\$309	6.3%	\$8,450,000
Outlying Pinal Cty	9,117,988	26,438	6.6%	84,299	\$20.75	\$245	6.5%	\$7,400,000
Queen Creek	2,941,996	81,479	1.8%	272,953	\$26.73	\$297	6.4%	\$38,476,400
Red Mountain/Mesa	31,226,244	68,850	7.8%	-213,338	\$20.64	\$210	6.9%	\$72,253,128
South Buckeye	1,820,409	429,610	2.3%	-16,402	\$28.83	\$291	6.2%	\$0
South Mountain	1,676,869	1,438	10.5%	39,599	\$26.98	\$269	6.8%	\$0
South Phoenix	1,972,944	2,400	5.2%	-32,688	\$21.83	\$270	6.3%	\$1,100,000
South Scottsdale	3,377,924	0	6.6%	7,205	\$22.47	\$280	6.3%	\$20,925,000
Sun City	3,931,320	0	4.5%	34,097	\$20.60	\$225	6.8%	\$2,100,000
Surprise/ North Peoria	5,802,911	226,018	2.4%	9,927	\$29.77	\$292	6.4%	\$3,500,000
Tempe	8,493,823	280,644	6.3%	1,833	\$24.19	\$269	6.4%	\$5,683,674
Tolleson	3,190,980	23,976	2.5%	23,814	\$24.46	\$260	6.6%	\$6,802,792
West Outlying Maricopa	866,831	0	1.2%	-10,456	\$18.54	\$220	6.6%	\$2,525,000
West Phoenix/ Maryvale	8,635,473	0	3.1%	-14,501	\$20.96	\$204	6.8%	\$5,585,333
<b>Total/Averages</b>	<b>243,393,332</b>	<b>2,896,994</b>	<b>3.9%</b>	<b>1,031,276</b>	<b>\$25.23</b>	<b>\$266</b>	<b>6.5%</b>	<b>\$579,962,637</b>

# NOTABLE SALES

## ANGIE'S LOBSTER



**4989 W RAY RD  
CHANDLER, AZ**

Sale Date: 9/27/24      Bldg Type: Class B  
 Sale Price: \$3,420,000      Year Built: 1997 / 2010  
 Price/SF: \$1,151.13      GLA: 2,971 SF

## SCOTTSDALE NORTH MARKETPLACE



**31307-31313 N SCOTTSDALE RD  
SCOTTSDALE, AZ**

Sale Date: 8/6/24      Bldg Type: Class A  
 Sale Price: \$23,000,000      Year Built: 2007  
 Price/SF: \$338.24      GLA: 68,000 SF

## STOREFRONT RETAIL



**6911 N 75TH AVE  
GLENDALE, AZ**

Sale Date: 7/31/24      Bldg Type: Class B  
 Sale Price: \$4,763,000      Year Built: 2023  
 Price/SF: \$567.02      GLA: 8,400 SF

## GRAVITY COFFEE



**3939 S VAL VISTA DR  
GILBERT, AZ**

Sale Date: 8/9/24      Bldg Type: Class B  
 Sale Price: \$2,542,000      Year Built: 2024  
 Price/SF: \$3,389.33      GLA: 750 SF

## SERVICE STATION



**1742 N HIGLEY RD  
GILBERT, AZ**

Sale Date: 9/18/24      Bldg Type: Class B  
 Sale Price: \$6,369,427      Year Built: 2017  
 Price/SF: \$561.73      GLA: 11,339 SF

## ARBY'S



**525 W BROADWAY RD  
TEMPE, AZ**

Sale Date: 7/29/24      Bldg Type: Class C  
 Sale Price: \$1,510,000      Year Built: 1978  
 Price/SF: \$515.01      GLA: 2,932 SF

## FREESTANDING RETAIL



**17750 W ELLIOT RD  
GOODYEAR, AZ**

Sale Date: 9/3/24      Bldg Type: Class B  
 Sale Price: \$3,000,000      Year Built: 1997  
 Price/SF: \$327.40      GLA: 9,163 SF

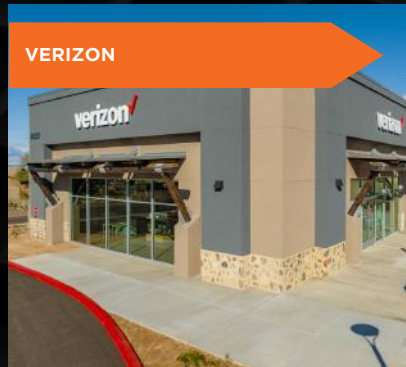
## STOREFRONT RETAIL



**822 N 6TH AVE  
PHOENIX, AZ**

Sale Date: 7/15/24      Bldg Type: Class C  
 Sale Price: \$1,200,000      Year Built: 1914  
 Price/SF: \$461.89      GLA: 2,598 SF

## VERIZON



**4828 E CAREFREE HWY  
CAVE CREEK, AZ**

Sale Date: 7/1/24      Bldg Type: B  
 Sale Price: \$2,450,000      Year Built: 2022  
 Price/SF: \$816.67      GLA: 3,000 SF



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