



2025 Q4

PHOENIX INDUSTRIAL NEWSLETTER



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QUARTERLY INDUSTRIAL STATS

The Phoenix industrial market is stabilizing, 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 15.2 million SF of net absorption in 2025, 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 12.4% today, on the back of 17.6 million SF of completions last year.

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 6.5 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

12.40%

4Q24: 12.60%



MARKET RENT

\$12.87/SF

4Q24: \$13.48/SF



NET ABSORPTION

5,041,220 SF

4Q24: 1,519,877 SF



PRICE PSF

\$198/SF

4Q24: \$174/SF

MARKET CAP RATES

6.66%

METRO PHOENIX

7.22%

NATIONAL

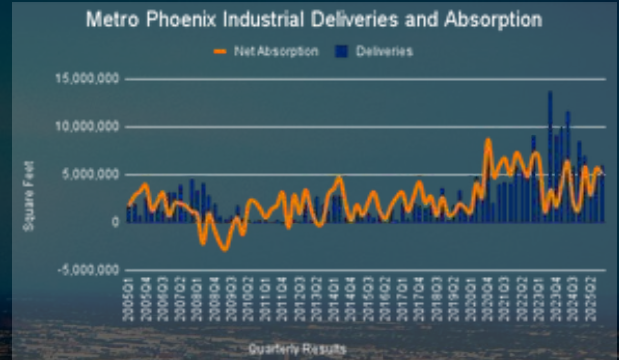
Increased competition from new supply is weighing on rent growth. Average asking rents rose 3.5% over the past year, down from 13.0% in late 2022. Annual rent growth is forecast to slow further as additional supply provides occupiers with more options. Landlords of infill assets and small bay product will likely retain greater pricing power than those of big bomber space along the metro's periphery.

The more than 18 million SF under construction, about half of which is being built on spec, is expected to keep vacancy elevated. 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.

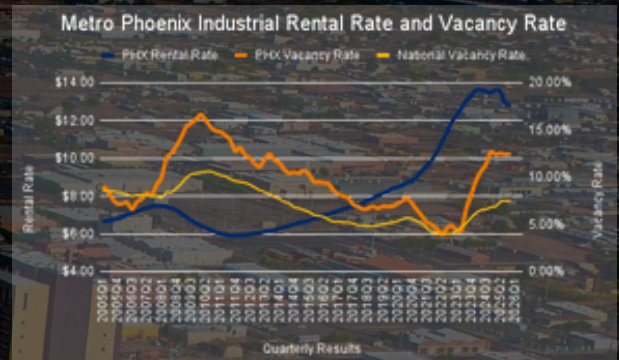
Looking beyond the near-term dislocation, the slowing pace of deliveries should allow a measured reduction in vacancy through 2026, followed by an eventual reacceleration in rent growth.

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

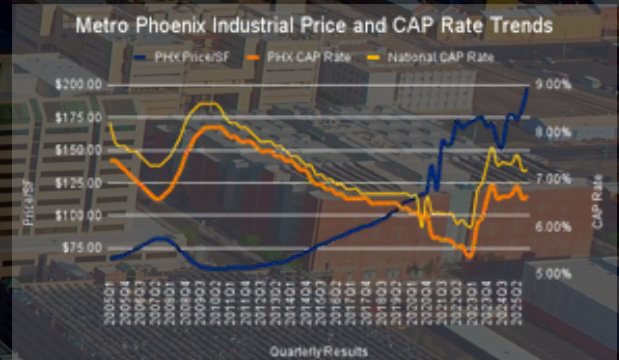
METRO PHOENIX DELIVERIES & ABSORPTION



RENTAL & VACANCY RATES



PRICES & CAP RATE TRENDS



ECONOMIC HIGHLIGHTS

Employment Data (YOY)

- 4.40% Unemployment Rate (USA) +0.10%
- 4.30% Unemployment Rate (Metro PHX) +0.60%
- 2.695 MM Employed Residents (Metro PHX)

Metro PHX Housing Trends (YOY)

- \$459,000 Median Home Price +0.019%
- 6,226 Closed Transactions +0.005%
- 63 Days on Market -22 Days
- 3.48 Months of Supply +0.09 Months

10-Year Treasury

- 4.18% as of 12/31/2025
- -0.09% YOY | +0.04% 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	4.7M	0	4.40%	-20.6K	\$18.96	\$228	7.00%	\$21.8M
Chandler	26.5M	385K	7.50%	356K	\$15.89	\$227	6.60%	\$451M
Chandler Airport	9.8M	328K	18.50%	450K	\$14.88	\$296	6.40%	\$71.5M
Chandler N/Gilbert	50.4M	3.7M	22.30%	5M	\$15.05	\$217	6.80%	\$441M
Deer Vly/Pinnacle Pk	23.5M	1M	9.60%	1.5M	\$17.03	\$219	6.70%	\$375M
Falcon Fld/Apache Jct	6.6M	680K	5.30%	122K	\$16.83	\$234	6.80%	\$27.3M
Glendale	60.8M	3.3M	23.40%	5.8M	\$9.51	\$151	6.50%	\$1.2B
Goodyear	42.2M	4M	18.40%	3.2M	\$9.24	\$153	6.50%	\$104M
Grand Avenue	16.3M	469K	7.10%	81.9K	\$11.55	\$172	6.60%	\$68.6M
Mesa	8.1M	0	6.30%	-120K	\$14.53	\$180	6.90%	\$19.1M
North Airport	16.3M	706K	4.90%	588K	\$15.52	\$199	7.00%	\$157M
North Black Canyon	5.4M	428K	18.40%	-87.1K	\$15.85	\$185	6.90%	\$74.9M
North Outlying	231K	0	1.30%	0	\$14.84	\$169	6.90%	\$0
Northwest Outlying	40K	0	0%	0	\$15.56	\$174	7.40%	\$0
Pinal County	16.3M	394K	2.30%	2.6M	\$11.97	\$139	6.80%	\$89.9M
S Airport N of Roeser	15.5M	130K	8.20%	-478K	\$14.88	\$197	6.90%	\$174M
S Airport S of Roeser	4.8M	0	3.20%	-47K	\$15.37	\$211	6.80%	\$19.8M
SCN of Salt River	16.9M	0	6.70%	-162K	\$13.54	\$169	6.80%	\$146M
SC S of Salt River	2.8M	358K	3.40%	-9.7K	\$12.74	\$173	6.90%	\$37.2M
Scottsdale Airpark	7.2M	0	5.10%	90.9K	\$22.70	\$343	6.40%	\$47.7M
Scottsdale/Salt River	5.9M	572K	6.80%	-55.6K	\$21.38	\$239	6.70%	\$97.7M
Southwest Outlying	291K	0	0%	0	\$11.72	\$85	7.50%	\$14.6M
Surprise	8.1M	0	26.30%	551K	\$13.72	\$184	6.70%	\$77.6M
SW N of Buckeye Road	39M	606K	9.30%	2M	\$10.15	\$156	6.50%	\$212M
SW S of Buckeye Road	21.1M	125K	7.80%	-603K	\$11.33	\$177	6.40%	\$191M
Tempe East	7.1M	689K	8.70%	-60K	\$16.24	\$221	7.00%	\$74.2M
Tempe Northwest	11.4M	230K	5.50%	189K	\$16.12	\$198	7.00%	\$94.6M
Tempe Southwest	22.9M	273K	10.70%	-240K	\$14.44	\$203	6.80%	\$388M
Tolleson	49.9M	0	6.60%	-726K	\$9.97	\$162	6.30%	\$490M
W Phx N of Thomas Rd	8.3M	0	4.30%	-85.7K	\$11.48	\$136	7.30%	\$42.6M
W Phx S of Thomas Rd	7.2M	0	3.60%	-6.9K	\$11.38	\$151	6.80%	\$36.3M
Total/Averages	501,652,504	21,178,994	12.50%	13,200,000	\$13.52	\$174	6.85%	\$1,100,590,502

NOTABLE TRANSACTIONS

SALES

LUKE FIELD DISTRIBUTION



7733 N LITCHFIELD RD- BLDG C GLENDALE, AZ

Sale Date: 11/26/2025 Bldg Type: Class A
Sale Price: \$152,161,730 Built: 2024
Price/SF: \$119/SF RBA: ±1,278,653 SF

DATA CENTER



2500 W FRYE RD CHANDLER, AZ

Sale Date: 10/30/2025 Bldg Type: Class B
Sale Price: \$130,000,000 Built: 1988
Price/SF: \$680.63 RBA: ±191,000 SF

FAIRWAY COMMERCE CENTER



12250 W CORPORATE DR AVONDALE, AZ

Sale Date: 12/19/2025 Bldg Type: Class A
Sale Price: \$89,800,000 Built: 2023
Price/SF: \$199.44 RBA: ±450,260 SF

LEASES

SKY HARBOR LANDING



912 S PARK LN TEMPE, AZ

Sign Date: 12/17/2025 Bldg Type: Class C
Lease Rate: \$18.00/NNN Built: 1973
SF Leased: ±5,850 SF

DISTRIBUTION CENTER



7028 W VAN BUREN AVE- BLDG 3 PHOENIX, AZ

Sign Date: 10/06/2025 Bldg Type: Class B
Lease Rate: \$20.21/NNN Built: 2005
SF Leased: ±10,090 SF

WAREHOUSE BUILDING



14255 N 79TH ST SCOTTSDALE, AZ

Sign Date: 11/06/2025 Bldg Type: Class C
Lease Rate: \$21.00/SF IG Built: 1985
SF Leased: ±16,757 SF

LAND TRANSACTIONS

INDUSTRIAL LAND



296TH AVE BUCKEYE, AZ

Sale Date: 12/23/2025 Prop Type: Land
Sale Price: \$68,500,000 Prop Subtype: Industrial
Buyer: Burlington Stores Warehouse Space
Acres: ±178 AC

INDUSTRIAL LAND



5760 N COTTON LN LITCHFIELD PARK, AZ

Sale Date: 12/18/2025 Prop Type: Land
Sale Price: \$58,470,238 Prop Subtype: Industrial
Buyer: Vantage Data - Data Center
Centers Acres: ±70.63 AC

B85 TECHNOLOGY PARK



SE BASELINE RD & SR-85 BUCKEYE, AZ

Sale Date: 12/31/2025 Prop Type: Land
Sale Price: \$32,500,000 Prop Subtype: Industrial
Buyer: Buckeye Logistics Park
Acres: ±213.83 AC

INDUSTRIAL CONDO REPORT

METRO PHOENIX



1

NW VALLEY

PRICE PSF

N/A

RENT PSF

\$16.73

2

SW VALLEY

PRICE PSF

\$199

RENT PSF

\$17.22

3

PHOENIX

PRICE PSF

\$441

RENT PSF

\$15.37

4

SCOTTSDALE/PV

PRICE PSF

\$577

RENT PSF

\$25.75

5

SE VALLEY

PRICE PSF

\$260

RENT PSF

\$17.44



PRICE PSF

\$215.00

YOY ▲ 3.72%



RENT PSF

\$12.87/SF

▼ 4.53%



DEALS SOLD

19

▲ 58.33%



INVENTORY (MOS.)

3.8

▲ 18.75%

SALES PRICE PSF AND SALES VOLUME



RENT PSF AND YOY RENT GROWTH



NOTABLE TRANSACTIONS

AIRPLANE HANGAR CONDO



1825 W KNUDSEN DR, 1ST FLOOR - 3 PHOENIX, AZ

Sale Date: 12/15/2025 Bldg Type: Airplane Hanger Condo
Sale Price: \$3,800,000
Price/SF: \$440.68
Built: 2008
GBA: ±47,212 SF

GARAGES OF SCOTTSDALE



400 E ADOBE DR, GROUND - 110 SCOTTSDALE, AZ

Sale Date: 10/08/2025 Bldg Type: Industrial Warehouse Condo
Sale Price: \$3,150,000
Price/SF: \$525.00
Built: 2018
GBA: ±40,000 SF

PALOMA KYRENE OFFICE INDUSTRIAL PARK



6150 W GILA SPRINGS PL, 1ST FLOOR - 26 CHANDLER, AZ

Sale Date: 11/12/2025 Bldg Type: Flex Light Manufacturing Condo
Sale Price: \$2,250,000
Price/SF: \$316.01
Built: 2007
GBA: ±51,939 SF

GLEN HARBOR COMMERCE PARK



7888 N GLEN HARBOR BLVD, 1ST FLOOR - 1B GLENDALE, AZ

Sale Date: 10/03/2025 Bldg Type: Warehouse Condo
Sale Price: \$2,000,000
Price/SF: \$198.65
Built: 2008
GBA: ±19,907 SF

FIREROCK COMMERCE PARK



9521 N TECHNOLOGY DR, 1ST FLOOR - C2/C3 FOUNTAIN HILLS, AZ

Sale Date: 12/23/2025 Bldg Type: Warehouse Condo
Sale Price: \$2,000,000
Price/SF: \$202.53
Built: 2007
GBA: ±14,790 SF

TOY BARN STORAGE CONDO



7317 E HELM DR, 1ST FLOOR - C295 SCOTTSDALE, AZ

Sale Date: 10/16/2025 Bldg Type: Self-Storage Condo
Sale Price: \$1,300,000
Price/SF: \$866.67
Built: 2023
GBA: ±24,511 SF



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