



PHOENIX

RETAIL

NEWSLETTER

1Q2024

SVN DESERT COMMERCIAL ADVISORS

QUARTERLY RETAIL STATS

Phoenix's retail market is characterized by historically tight conditions as it approaches the second half of 2024. Strong demographic trends, sustained income growth, and healthy job gains are driving robust tenant demand. These factors, combined with a modest construction pipeline and limited store closures, have contributed to exceptionally low space availability and significant rent growth.

Tenant demand in Phoenix remains strong, with 2.0 million square feet (SF) of net absorption recorded over the past year, ranking the city among the nation's top 10 markets for demand. Quick-service restaurants, beverage shops, and experiential concepts are among the dominant players in the leasing landscape, occupying smaller format suites. Larger boxes are filled by gyms, off-price retailers, and other experiential concepts, reflecting evolving consumer preferences.

The market's steady improvement is underpinned by a lack of new construction, with just 1.4 million SF of net new retail space delivered in the past year. Supply-side pressure remains limited, with only 15% of the 2.7 million SF currently under construction available for lease. Despite tight market conditions, aggressive rent growth continues, with the average asking rent rising by 7.9% over the past year and 31.7% over the past five years.



VACANCY

4.70%

1Q23: 5.00%



MARKET RENT

\$24.69/SF

1Q23: \$23.06/SF



NET ABSORPTION

-341,668 SF

1Q23: 1,393,596 SF



PRICE / SF

\$239/SF

1Q23: \$224/SF

MARKET CAP RATES

6.51%

METRO PHOENIX

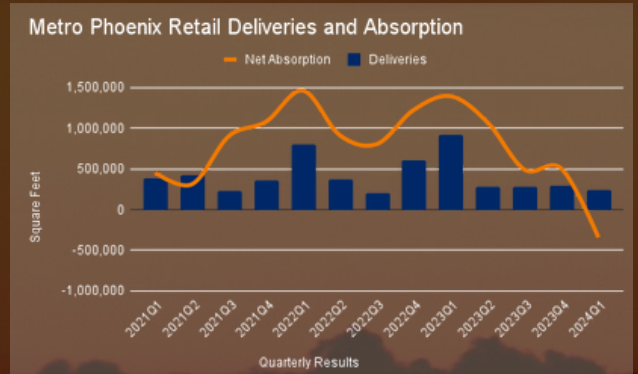
6.83%

NATIONAL

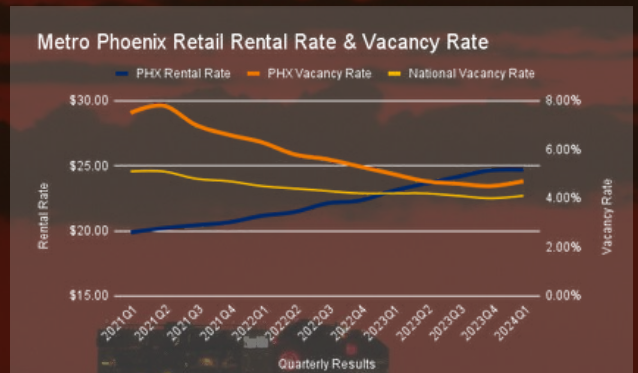
Leasing activity has moderated slightly, primarily driven by reduced store closures rather than an increase in new leases. National retailers, buoyed by healthy balance sheets and strong profit margins, are minimizing vacancies. Quick-service restaurants, coffee shops, and beauty/wellness service providers are among the most active tenants, with smaller format spaces under 5,000 SF dominating lease signings.

Looking ahead, while a slowdown in economic growth is anticipated, the lack of supply-side pressure and continued demographic momentum are expected to maintain market balance. Phoenix's retail market remains well-positioned for continued strength, supported by favorable supply-demand dynamics and robust economic fundamentals.

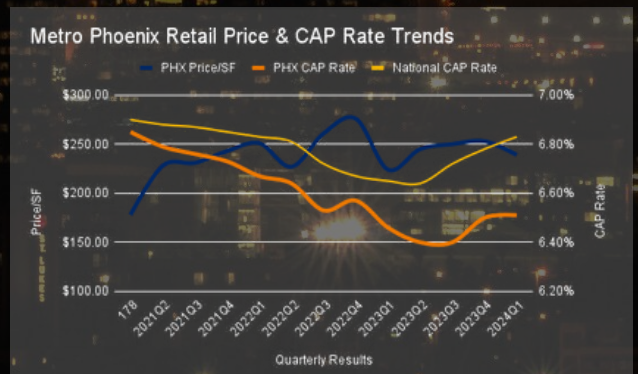
METRO PHOENIX DELIVERIES & ABSORPTION



RENTAL AND VACANCY RATES



PRICES AND CAP RATE TRENDS



ECONOMIC HIGHLIGHTS

Employment Data (YOY)

- 3.80% Unemployment Rate (USA) +0.10%
- 3.30% Unemployment Rate (Metro PHX) -0.20%
- 2.606MM Employed Residents (Metro PHX)

Metro PHX Housing Trends (YOY)

- \$445,000 Median Home Price -0.09%
- 6,541 Closed Transactions -0.13%
- 46 Days on Market -31 Days
- 2.56 Months of Supply +0.28 Months

10-Year Treasury

- 4.20% as of 3/28/2024
- +0.65% YOY | -0.07% 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	3,234,565	0	4.5%	3,830	\$26.31	\$267	6.6%	\$1,080,000
Airport Area	4,469,638	0	3.3%	53,130	\$20.52	\$237	6.5%	\$1,160,000
Anthem	2,743,048	11,065	3.1%	14,968	\$27.81	\$305	6.2%	\$2,100,000
Apache Junction	2,398,089	33,500	7.1%	23,866	\$20.41	\$227	6.6%	\$8,597,000
Carefree	1,869,784	0	5.7%	-33,958	\$28.23	\$319	6.0%	\$245,000
Central Scottsdale	17,179,341	61,766	3.5%	-109,894	\$35.54	\$304	6.2%	\$45,832,952
Chandler	16,980,712	3,181	5.5%	-303	\$25.65	\$239	6.7%	\$10,746,263
Central Peoria/Arrowhead	10,672,161	5,985	5.3%	-2,469	\$28.70	\$267	6.6%	\$10,848,281
Deer Valley	2,373,312	0	0.2%	31,509	\$34.97	\$338	6.3%	\$4,483,000
Downtown Phoenix	8,524,565	138,000	5.5%	-18,252	\$23.43	\$251	6.3%	\$14,362,267
East Phoenix	9,126,492	752	4.0%	208,998	\$21.37	\$243	6.4%	\$5,785,000
Fountain Hills	764,288	0	4.1%	-14,172	\$21.58	\$274	6.2%	\$995,000
Gateway Airport	3,163,824	124,640	4.1%	19,018	\$27.96	\$280	6.7%	\$10,125,000
Gila River Outlying	356,950	0	0.0%	0	\$20.24	\$225	6.3%	\$0
Gilbert	17,240,122	192,468	3.1%	72,254	\$26.31	\$273	6.6%	\$8,050,000
Glendale	11,935,895	112,458	4.2%	160,381	\$21.63	\$230	6.7%	\$11,755,665
Goodyear	4,013,402	212,981	1.4%	22,295	\$24.80	\$265	6.4%	\$6,275,000
Laveen	1,725,262	17,707	1.5%	8,032	\$29.56	\$294	6.4%	\$0
Loop 101/I-10	3,659,078	80,656	2.4%	2,979	\$28.34	\$271	6.5%	\$5,673,000
North Goodyear/Litchfield	6,189,321	412,615	2.0%	142,736	\$27.52	\$270	6.5%	\$7,286,000
North Phoenix/I-17 Corridor	16,104,950	0	8.0%	341,508	\$18.28	\$203	6.7%	\$14,852,000
NE Outlying Maricopa	17,164	0	0.0%	0	\$15.22	\$256	6.1%	\$0
North Buckeye	281,010	586,082	1.4%	24,574	\$25.97	\$272	6.2%	\$0
North Scottsdale	14,192,526	108,304	3.7%	139,602	\$30.40	\$308	6.2%	\$11,411,929
Outlying Pinal Cty	9,052,098	58,480	6.7%	180,403	\$19.94	\$237	6.5%	\$20,132,220
Queen Creek	2,725,476	225,242	2.3%	71,467	\$25.98	\$292	6.4%	\$1,300,000
Red Mountain/ Mesa	31,479,689	133,695	7.2%	-3,781	\$20.19	\$209	6.7%	\$35,487,732
South Buckeye	1,807,127	261,000	1.8%	4,781	\$27.11	\$296	6.2%	\$1,600,000
South Mountain	1,676,869	1,438	10.2%	86,492	\$25.95	\$266	6.7%	\$23,627,212
South Phoenix	1,954,986	2,816	3.4%	-14,106	\$21.18	\$266	6.3%	\$3,081,862
South Scottsdale	3,342,892	44,490	6.6%	34,310	\$22.13	\$279	6.2%	\$3,840,000
Sun City	3,969,487	6,260	4.1%	69,187	\$19.97	\$219	6.8%	\$3,500,000
Surprise/North Peoria	5,750,541	45,145	1.2%	42,091	\$29.06	\$284	6.5%	\$16,633,000
Tempe	8,466,518	130,644	6.0%	100,815	\$23.52	\$269	6.3%	\$29,700,000
Tolleson	3,160,697	12,000	2.3%	36,553	\$23.53	\$257	6.6%	\$4,474,480
West Outlying Maricopa	857,323	0	0.6%	-600	\$18.00	\$213	6.5%	\$1,300,000
West Phoenix/Maryvale	8,627,029	0	2.2%	73,535	\$20.31	\$204	6.7%	\$2,940,000
Total/Averages	242,086,231	3,023,370	4.70%	1,771,779	\$24.69	\$239.00	6.51%	\$329,279,863

NOTABLE SALES

MERCADO @ SCOTTSDALE RANCH



10155 E VIA LINDA SCOTTSDALE, AZ

Sale Date: 3/27/24
Sale Price: \$4,877,224
Price/SF: \$309.53

Bldg Type: Class B
Year Built: 1987
GLA: 15,757 SF

GLENDALE PALMS

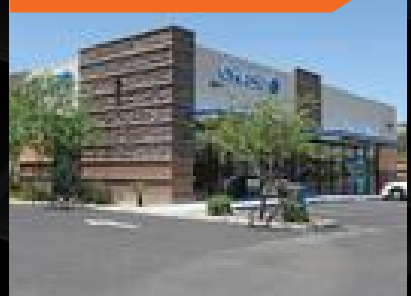


6665 W BELL RD GLENDALE, AZ

Sale Date: 3/14/24
Sale Price: \$2,100,000
Price/SF: \$688.75

Bldg Type: Class C
Year Built: 1995
GLA: 3,049 SF

LINCOLN VIEW PLAZA



3131 E LINCOLN DR PHOENIX, AZ

Sale Date: 2/29/24
Sale Price: \$3,500,000
Price/SF: \$1,272.73

Bldg Type: Class B
Year Built: 2007
GLA: 2,750 SF

FAST FOOD RESTAURANT



13425 W MCDOWELL RD GOODYEAR, AZ

Sale Date: 2/26/24
Sale Price: \$4,386,000
Price/SF: \$953.89

Bldg Type: Class B
Year Built: 2023
GLA: 4,598 SF

FREESTANDING RETAIL



354 N COUNTRY CLUB DR MESA, AZ

Sale Date: 2/12/24
Sale Price: \$2,400,000
Price/SF: \$413.01

Bldg Type: Class B
Year Built: 2003
GLA: 5,811 SF

AUTO REPAIR



SEC CAMELBACK RD & DYSART RD LITCHFIELD PARK, AZ

Sale Date: 1/31/24
Sale Price: \$1,450,000
Price/SF: \$725.00

Bldg Type: Class B
Year Built: 2024
GLA: 2,000 SF

CENTRAL SCOTTSDALE RETAIL

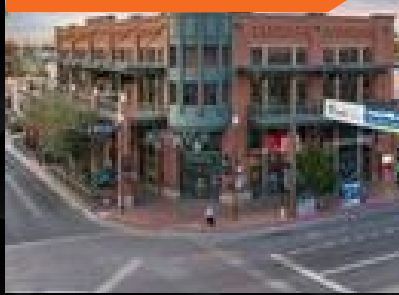


4242 N SCOTTSDALE RD SCOTTSDALE, AZ

Sale Date: 1/11/24
Sale Price: \$5,200,000
Price/SF: \$754.61

Bldg Type: Unknown
Year Built: 1965
GLA: 6.891 SF

STOREFRONT RETAIL



420 S MILL AVE TEMPE, AZ

Sale Date: 1/4/24
Sale Price: \$11,780,000
Price/SF: \$740.20

Bldg Type: Class B
Year Built: 1998
GLA: 15,916 SF

FREESTANDING RETAIL



11490 W HILTON DR AVONDALE, AZ

Sale Date: 2/26/24
Sale Price: \$3,800,000
Price/SF: \$1,520.00

Bldg Type: Unknown
Year Built: 2023
GLA: 2,500 SF



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DESERT COMMERCIAL ADVISORS

5343 NORTH 16TH STREET SUITE 100 | PHOENIX, AZ 85016
(480) 425-5500 | WWW.SVNDESERTCOMMERCIAL.COM