

PHOENIX
RETAIL
NEWSLETTER



4Q2024

SVN DESERT COMMERCIAL ADVISORS

QUARTERLY RETAIL STATS

The Phoenix retail real estate market in Q4 2024 reflects a resilient performance despite an uptick in store closures and economic headwinds. Tenant demand remains robust, supported by strong population growth, income increases, and steady job gains. Over the past 12 months, the market absorbed 770,000 SF of retail space, with quick-service restaurants, discount retailers, and experiential concepts driving leasing activity. Although availability rates rose slightly to 4.80%, they remain well below historical averages, indicating healthy competition for space.

Construction activity has been modest, with only 970,000 SF of new retail space delivered over the past year. However, the construction pipeline has grown to 2.5 million SF, with just 20% available for lease, limiting supply pressures. Most new developments are concentrated in rapidly growing suburban areas like Buckeye, Queen Creek, and Surprise, which continue to attract retailers due to strong population growth and limited existing retail infrastructure.

Retail rent growth remains among the highest in the U.S., with asking rents increasing by 5.6% over the past year and 31.9% over the last five years. Landlords maintain strong pricing power while offering competitive concessions to attract tenants. Smaller spaces under 5,000 SF are in particularly high demand, representing 85% of leases signed in the past year.



VACANCY

4.80%

4Q23: 4.40%



MARKET RENT

\$25.77/SF

4Q23: \$24.25/SF



NET ABSORPTION

58,072 SF

4Q23: 658,296 SF



PRICE / SF

\$255/SF

4Q23: \$244/SF

MARKET CAP RATES

6.69%

METRO PHOENIX

7.04%

NATIONAL

Investment activity showed modest improvement in 2024, with \$1.8 billion in retail sales over the past 12 months. While this represents a decline from the record highs of 2021-2022, private investors remain active, targeting smaller strip centers and single-tenant properties. Cap rates have risen slightly, ranging from 5% to 8% for most transactions, reflecting adjustments to higher interest rates.

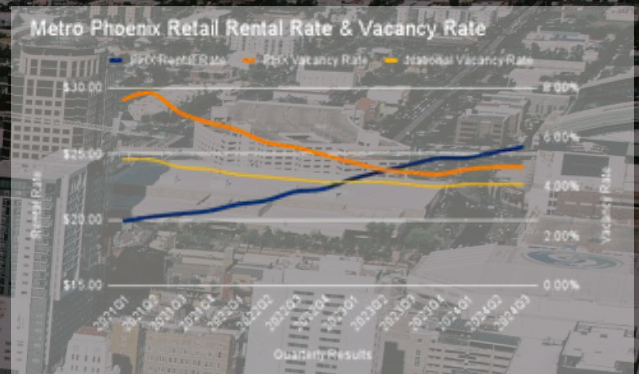
Phoenix's economy added nearly 50,000 new residents in 2024, with advanced manufacturing and logistics hubs boosting job growth. The city's affordability, population growth, and strategic location continue to attract retailers and support the market's expansion. Looking forward, the Phoenix retail market is well-positioned for sustained strength, with limited construction and strong demographic growth. While rent growth may moderate, steady demand and a lack of overbuilding will support long-term stability.

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

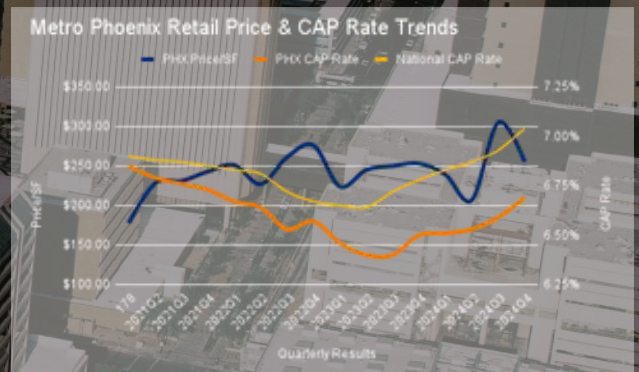
METRO PHOENIX DELIVERIES & ABSORPTION



RENTAL AND VACANCY RATES



PRICES AND CAP RATE TRENDS



ECONOMIC HIGHLIGHTS

Employment Data (YOY)

- 4.20% Unemployment Rate (USA) +0.40%
- 3.50% Unemployment Rate (Metro PHX) +0.10%
- 2.590 MM Employed Residents (Metro PHX)

Metro PHX Housing Trends (YOY)

- \$450,000 Median Home Price +0.05%
- 5,477 Closed Transactions +0.14%
- 57 Days on Market +12 Days
- 3.55 Months of Supply +0.64 Months

10-Year Treasury

- 4.58% as of 12/31/2024
- +0.70% YOY | +0.40% 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	3,233,405	0	4.10%	-6,384	\$26.74	\$262	6.93%	\$2,119,250
Airport Area	4,492,457	0	5.30%	-46,162	\$21.37	\$241	6.61%	\$1,169,000
Anthem	2,753,610	25,548	3.26%	2,792	\$29.40	\$309	6.32%	\$2,140,000
Apache Junction	2,482,323	64,802	7.23%	53,205	\$21.13	\$232	6.79%	\$5,304,000
Carefree	1,857,620	0	5.30%	-28,658	\$28.93	\$316	6.16%	\$819,000
Central Scottsdale	17,288,410	0	3.85%	-103,427	\$36.75	\$305	6.39%	\$32,375,000
Chandler	17,101,218	26,626	4.69%	51,964	\$26.36	\$238	6.94%	\$20,012,000
Central Peoria/ Arrowhead	10,707,158	6,200	4.98%	111,994	\$29.43	\$274	6.69%	\$2,400,000
Deer Valley	2,385,736	28,540	0.55%	-8,146	\$35.34	\$341	6.40%	\$1,157,500
Downtown Phoenix	8,607,608	108,000	4.76%	16,606	\$24.35	\$255	6.44%	\$10,925,500
East Phoenix	9,098,000	0	4.87%	-108,242	\$22.43	\$250	6.59%	\$39,945,000
Fountain Hills	765,527	0	4.09%	-569	\$22.58	\$260	6.57%	\$0
Gateway Airport	3,199,545	103,132	5.59%	32,118	\$29.03	\$282	6.93%	\$0
Gila River Outlying	358,550	0	0.00%	1,600	\$21.47	\$221	6.59%	\$0
Gilbert	18,190,936	229,638	3.26%	-45,880	\$27.10	\$269	6.78%	\$42,648,832
Glendale	12,108,270	101,912	3.75%	105,626	\$22.79	\$240	6.73%	\$33,376,572
Goodyear	4,074,857	78,400	2.73%	-8,060	\$26.22	\$273	6.49%	\$7,928,500
Laveen	1,866,234	664	2.05%	41,720	\$29.92	\$298	6.54%	\$6,662,507
Loop 101/I-10	3,755,775	28,800	2.70%	76,019	\$30.06	\$271	6.64%	\$1,950,000
North Goodyear/ Litchfield	8,152,650	446,607	3.24%	350,131	\$30.26	\$271	6.59%	\$3,897,721
North Phoenix/ I-17 Corridor	15,214,550	4,086	7.15%	-869,930	\$19.41	\$205	6.90%	\$49,586,524
NE Outlying Maricopa	17,164	0	0.00%	0	\$16.16	\$268	6.16%	\$0
North Buckeye	318,377	0	4.82%	28,020	\$26.02	\$287	6.50%	\$0
North Scottsdale	14,427,860	159,138	2.82%	132,898	\$31.34	\$301	6.47%	\$21,200,000
Outlying Pinal Cty	9,380,757	42,280	6.63%	59,104	\$20.98	\$241	6.61%	\$21,673,192
Queen Creek	3,008,925	105,979	1.74%	229,848	\$27.06	\$294	6.56%	\$1,681,000
Red Mountain/Mesa	31,299,587	86,115	7.61%	-199,202	\$20.86	\$208	7.00%	\$78,813,456
South Buckeye	1,825,422	429,610	1.81%	-14,603	\$28.99	\$287	6.33%	\$0
South Mountain	1,663,782	0	10.43%	24,249	\$27.25	\$267	6.95%	\$9,924,550
South Phoenix	1,975,345	2,400	5.11%	-27,577	\$22.48	\$271	6.40%	\$800,000
South Scottsdale	3,383,477	0	6.54%	58,034	\$22.90	\$279	6.40%	\$3,936,000
Sun City	3,968,109	0	5.63%	8,902	\$20.91	\$225	6.87%	\$3,910,000
Surprise/ North Peoria	5,905,215	208,939	2.18%	85,828	\$30.27	\$291	6.55%	\$10,250,000
Tempe	8,529,977	280,000	5.97%	41,030	\$24.48	\$265	6.53%	\$0
Tolleson	3,197,234	22,312	3.70%	-37,479	\$25.04	\$261	6.70%	\$3,435,000
West Outlying Maricopa	869,829	0	1.08%	-7,856	\$18.88	\$221	6.65%	\$0
West Phoenix/ Maryvale	8,656,828	0	5.32%	-237,589	\$21.65	\$206	6.83%	\$8,073,500
Total/Averages	246,122,327	2,589,728	4.80%	-238,076	\$25.77	\$255	6.69%	\$428,113,604

NOTABLE SALES

RANCHO ENCANTO PLAZA



**3434 W GREENWAY RD
PHOENIX, AZ**

Sale Date: 12/24/24
Sale Price: \$10,550,000
Price/SF: \$148.89
Cap Rate : 7.11%

Bldg Type: Class B
Year Built: 1988
GLA: 70,859 SF

STOREFRONT RETAIL



**7450 S 59TH AVE - SHOPS B
LAVEEN, AZ**

Sale Date: 10/15/24
Sale Price: \$6,662,507
Price/SF: \$662.54

Bldg Type: Class B
Year Built: 2024
GLA: 10,056 SF

ETHAN PLAZA



**784 N MCQUEEN RD
GILBERT, AZ**

Sale Date: 11/4/24
Sale Price: \$1,350,000
Price/SF: \$750.00

Bldg Type: Class B
Year Built: 1996
GLA: 1,800 SF

DUTCH BROS



**9145 N 91ST AVE
PEORIA, AZ**

Sale Date: 10/8/4
Sale Price: \$3,090,000
Price/SF: \$3,322.58

Bldg Type: Class B
Year Built: 2024
GLA: 930 SF

EL MONTE CENTER



**8831-8921 N 19TH AVE
PHOENIX, AZ**

Sale Date: 11/21/24
Sale Price: \$17,000,000
Price/SF: \$167.87
Cap Rate : 7.81%

Bldg Type: Class B
Year Built: 1962
GLA: 101,269 SF

DOGTOPIA DAYCARE



**6148 N 7TH ST
PHOENIX, AZ**

Sale Date: 10/2/24
Sale Price: \$2,215,000
Price/SF: \$386.63
Cap Rate : 7.75%

Bldg Type: Class C
Year Built: 1976
GLA: 5,729 SF

STARBUCKS



**5127 W GLENDALE AVE
GLENDALE, AZ**

Sale Date: 12/19/24
Sale Price: \$3,185,000
Price/SF: \$2,446.24
Cap Rate : 5.35%

Bldg Type: Class B
Year Built: 2024
GLA: 1,302 SF

BETTER BUZZ COFFEE



**550 W ELLIOT RD
TEMPE, AZ**

Sale Date: 10/24/24
Sale Price: \$2,342,000
Price/SF: \$1,486.98
Cap Rate : 5.55%

Bldg Type: Class C
Year Built: 2024
GLA: 1,575 SF

CVS PHARMACY



**10010 N SCOTTSDALE RD
SCOTTSDALE, AZ**

Sale Date: 12/13/24
Sale Price: \$11,225,000
Price/SF: \$812.64

Bldg Type: B
Year Built: 2003
GLA: 13,813 SF



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