



2025 Q1

PHOENIX  
**RETAIL**  
NEWSLETTER



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



# QUARTERLY RETAIL STATS

The Phoenix retail market held firm in Q1 2025, recording 310,263 SF of net absorption despite a modest vacancy increase to 4.8%. National closures, including 99 Cents Only and Big Lots, contributed to the rise in available space, but overall availability remains low at 5.1%. Demand from expanding retailers, especially in high-growth suburban areas, continues to support healthy market fundamentals.

Leasing activity remains strong, particularly for smaller-format tenants. More than 65% of leases signed over the past year were for spaces under 2,500 SF, reflecting demand from service-based users, fast-casual restaurants, and off-price retailers. Experiential concepts like pickleball clubs and trampoline parks are filling larger spaces vacated by national chains. Phoenix's steady population growth and resilient consumer spending fuel tenant expansion.

Rental rates continue to climb, with asking rents up 3.4% year-over-year—nearly double the national average—and over 30% higher than five years ago. Landlords remain in a strong position, especially in prime trade areas, achieving annual rent escalations of 3% or more. Concessions are minimal in well-located centers, and the competition for high-quality retail space gives owners pricing power.

Retail construction remains controlled, with 2.4 million SF underway, 67% preleased, helping keep speculative risk low. Most new development is focused in fast-growing suburbs like Buckeye, Queen Creek, and Surprise, where population growth is driving long-term retail demand. Developers are focused on projects aligned with clear tenant demand and housing expansion.



## VACANCY

4.80%

1Q24: 4.10%



## MARKET RENT

\$25.62/SF

1Q24: \$24.69/SF



## NET ABSORPTION

310,263 SF

1Q24: -341,668 SF



## PRICE PSF

\$265/SF

1Q24: \$239/SF

## MARKET CAP RATES

6.59%

METRO PHOENIX

6.93%

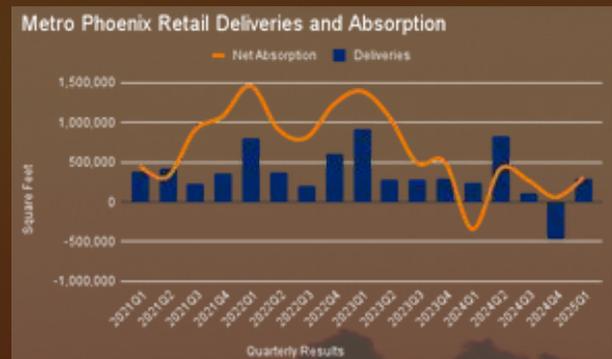
NATIONAL

Key projects like the 500,000 SF Verrado Marketplace and 427,000 SF Buckeye Commons illustrate the trend toward open-air and mixed-use centers. These developments aim to meet the needs of rapidly growing residential communities on the metro's edges. Retailers continue to target these corridors for long-term growth, with an emphasis on grocery-anchored and lifestyle-oriented developments that align with consumer preferences.

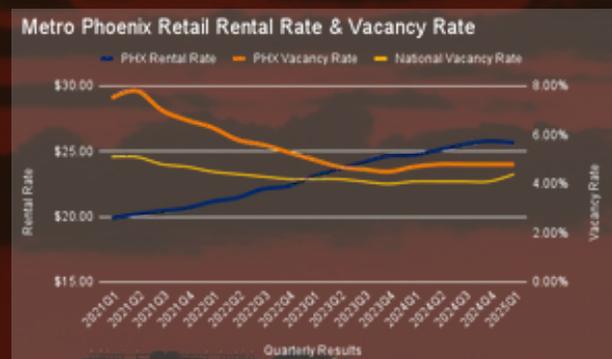
Phoenix is expected to remain one of the nation's top-performing retail markets. Vacancy may inch higher in the short term due to national retail headwinds, but strong demand, limited new supply, and solid population growth should keep fundamentals stable. Suburban shopping centers, value-add repositioning opportunities, and infill sites in growth corridors offer compelling potential investors through 2025 and beyond.

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
Ahwatukee Foothills	3,230,795	0	4.62%	-4,318	\$26.53	\$262	6.95%	\$5,509,389
Airport Area	4,493,719	0	5.13%	-85,555	\$21.13	\$237	6.76%	\$5,473,817
Anthem	2,841,761	30,509	2.56%	20,849	\$29.32	\$303	6.41%	\$3,870,758
Apache Junction	2,458,933	27,002	7.94%	87,724	\$21.48	\$234	6.90%	\$13,198,149
Carefree	1,860,036	0	5.18%	10,341	\$28.77	\$313	6.23%	\$3,463,150
Central Scottsdale	17,302,782	0	3.69%	25,031	\$36.47	\$297	6.52%	\$25,294,160
Central Peoria/ Arrowhead	17,158,708	6,500	4.77%	170,293	\$26.03	\$236	6.98%	\$16,019,142
Deer Valley	10,698,416	15,500	4.91%	67,260	\$29.29	\$270	6.79%	\$25,423,912
Downtown Phoenix	2,393,270	5,000	0.51%	-1,859	\$35.17	\$337	6.49%	\$5,544,072
East Phoenix	8,556,583	108,000	4.35%	49,094	\$23.89	\$246	6.60%	\$22,982,560
Fountain Hills	9,137,215	0	5.23%	-110,979	\$22.25	\$247	6.68%	\$5,110,000
Gateway Airport	763,337	0	3.67%	3,017	\$22.36	\$259	6.49%	\$2,167,047
Gila River Outlying	3,239,704	298,800	4.48%	97,077	\$28.51	\$279	6.96%	\$5,444,087
Gilbert	358,550	0	0.00%	1,600	\$21.05	\$221	6.63%	\$0
Glendale	18,108,721	224,878	2.38%	251,224	\$26.68	\$265	6.87%	\$38,619,964
Goodyear	12,151,368	77,545	4.81%	-4,983	\$22.68	\$239	6.82%	\$11,468,000
Laveen	4,081,039	106,900	2.38%	12,014	\$25.88	\$276	6.51%	\$2,970,065
Loop 101/I-10	1,880,598	0	2.17%	28,093	\$29.47	\$293	6.58%	\$10,350,000
North Goodyear/ Litchfield	3,743,437	53,800	2.66%	32,336	\$29.64	\$272	6.67%	\$0
North Phoenix/ I-17 Corridor	8,253,883	492,492	2.64%	374,158	\$30.12	\$273	6.65%	\$24,057,532
NE Outlying Maricopa	15,220,933	2,006	7.65%	-866,458	\$19.16	\$201	7.01%	\$26,751,692
North Buckeye	17,164	0	0.00%	0	\$16.07	\$262	6.27%	\$0
North Scottsdale	317,174	0	3.09%	31,556	\$25.93	\$298	6.54%	\$9,039,071
Outlying Pinal Cty	14,174,112	148,438	2.75%	190,786	\$30.94	\$297	6.55%	\$25,398,500
Queen Creek	9,400,039	42,280	7.07%	4,700	\$20.78	\$240	6.71%	\$8,919,437
Red Mountain/ Mesa	3,045,786	116,279	0.76%	252,184	\$27.54	\$298	6.61%	\$15,057,778
South Buckeye	31,226,380	49,311	7.98%	-185,172	\$20.71	\$206	7.08%	\$42,284,944
South Mountain	1,808,074	443,737	1.21%	9,998	\$29.08	\$290	6.39%	\$2,250,917
South Phoenix	1,675,559	9,800	9.78%	9,306	\$26.94	\$263	7.09%	\$0
South Scottsdale	1,957,378	646	5.22%	-18,190	\$22.36	\$274	6.48%	\$15,300,000
Sun City	3,403,900	0	6.05%	20,690	\$22.76	\$276	6.52%	\$1,775,000
Surprise/ North Peoria	3,971,624	0	5.11%	-15,728	\$20.62	\$223	6.97%	\$2,350,000
Tempe	5,942,611	182,808	1.49%	138,578	\$29.96	\$287	6.67%	\$15,538,507
Tolleson	8,654,718	150,000	5.95%	156,752	\$24.12	\$260	6.62%	\$8,528,300
West Outlying Maricopa	3,340,974	6,300	3.91%	-32,582	\$24.93	\$256	6.86%	\$2,690,909
West Phoenix/ Maryvale	871,303	0	0.90%	-3,056	\$18.66	\$218	6.71%	\$1,910,000
<b>Total/Averages</b>	<b>8,643,912</b>	<b>0</b>	<b>4.80%</b>	<b>-218,952</b>	<b>\$25.62</b>	<b>\$253</b>	<b>6.59%</b>	<b>\$8,695,000</b>

# NOTABLE SALES

## PARADISE VALLEY MALL - AUTO REPAIR



**12820 N TATUM BLVD  
PHOENIX, AZ**

Sale Date: 03/20/2025 Bldg Type: Class B  
Sale Price: \$6,199,500 Built: 1991  
Price/SF: \$440.93 GLA: ±14,060 SF  
Cap Rate: 5.5%

## 7-11 SERVICE STATION



**1802 7<sup>TH</sup> ST  
PHOENIX, AZ**

Sale Date: 03/18/2025 Bldg Type: Class B  
Sale Price: \$10,900,000 Built: 2024  
Price/SF: \$2,344.09 GLA: ±4,650 SF  
Cap Rate: 5.18%

## GADZOOKS RESTAURANT



**505 W UNIVERSITY DR  
TEMPE, AZ**

Sale Date: 03/14/2025 Bldg Type: Class B  
Sale Price: \$2,653,300 Built: 1978 | Reno: 2019  
Price/SF: \$1,132.92 GLA: ±2,342 SF

## MOUNTAIN VIEW PLAZA



**1309 N GREENFIELD DR  
MESA, AZ**

Sale Date: 03/14/2025 Bldg Type: Class B  
Sale Price: \$2,600,000 Built: 2003  
Price/SF: \$255.96 GLA: ±10,158 SF

## RETAIL STOREFRONT



**13845 N SCOTTSDALE RD  
SCOTTSDALE, AZ**

Sale Date: 02/19/2025 Bldg Type: Class B  
Sale Price: \$2,767,000 Built: 1985  
Price/SF: \$539.69 GLA: ±5,127 SF

## THE SHOPS AT APACHE JUNCTION



**185 W APACHE TRL  
APACHE JUNCTION, AZ**

Sale Date: 04/14/2025 Bldg Type: Class A  
Sale Price: \$10,703,000 Built: 1998  
Price/SF: \$170.89 GLA: ±62,631 SF  
Cap Rate: 8.3%

## DUTCH BROS COFFEE



**5960 N 75<sup>TH</sup> AVE  
GLENDALE, AZ**

Sale Date: 02/04/2025 Bldg Type: Class B  
Sale Price: \$2,673,000 Built: 2024  
Price/SF: \$2,858.82 GLA: ±935 SF  
Cap Rate: 5.2%

## BUSY BEES DAY CARE CENTER



**21467 S ELLSWORTH RD  
QUEEN CREEK, AZ**

Sale Date: 03/31/2025 Bldg Type: Class B  
Sale Price: \$8,677,778 Built: 2025  
Price/SF: \$578.52 GLA: ±15,000 SF  
Cap Rate: 6.8%

## PAD B - ANCHORED CENTER



**885 E WARNER RD  
GILBERT, AZ**

Sale Date: 01/21/2025 Bldg Type: Class B  
Sale Price: \$2,640,000 Built: 2008  
Price/SF: \$273.32 GLA: ±9,659 SF  
Cap Rate: 6.33%



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