



2025 Q4

PHOENIX
RETAIL
NEWSLETTER



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



QUARTERLY RETAIL STATS

Although a pickup in store closures caused space availability to modestly increase over the past 18 months, fundamental tightness in the Phoenix retail market persists as the end of 2025 approaches. Strong demographics, continued income growth, and low unemployment fuel robust underlying tenant demand. These stout demand drivers, coupled with the modest construction pipeline, have kept availability low compared to the majority of the Valley's history.

The availability rate has reached 5.1% as of 2025Q4, up from 4.3% in late 2023. Bankruptcies by national brands, as well as the closure of some small-business tenants operating on thin profit margins, left several vacant spaces that have yet to be fully backfilled. Despite the modest increase, availability remains well below the low 8% range recorded in 2020Q1 as well as the previous cycle's low of about 5.8% in 2006. Additionally, local market participants report that competition for space is elevated and tenant retention is healthy.

The increase in closures has freed up capacity for other retailers to expand. In the years following the onset of the pandemic, historically low space availability restrained retailers' ability to grow store fleets in Phoenix as users found limited quality expansion options. Offprice retailers, dollar stores, and experiential tenants have helped backfill big box sites, contributing to a pickup in net absorption in the first half of the year.

One of the main factors supporting the steady improvement in property fundamentals over the past decade has been the lack of new construction. About 1.3 million SF delivered over the past 12 months, down from an average of 2.1 million SF annually from 2015 to 2019. Though the construction pipeline has grown to 2.7 million SF, less than a third is available for lease, and supplyside pressure remains limited. The bulk of supply additions can be found in rapidly growing suburbs on the outskirts of the metro, like Buckeye, Surprise, and Queen Creek. These areas boast strong population growth and ample developable land, as well as a more limited existing retail offering.



VACANCY

4.50%

4Q24: 4.80%



MARKET RENT

\$26.85/SF

4Q24: \$25.77/SF



NET ABSORPTION

913,258 SF

4Q24: 58,072 SF



PRICE PSF

\$261/SF

4Q24: \$255/SF

MARKET CAP RATES

6.80%

METRO PHOENIX

7.29%

NATIONAL

QUARTERLY RETAIL STATS

Though availability is still tight, it was enough to slow rent growth, with average asking rents rising 4.6% over the past 12 months. While this marks a slowdown compared to a year ago when rent growth was 6.0%, it continues to well outpace the national level. Additionally, the robust gains since the onset of the pandemic leave healthy leasing spreads for many landlords.

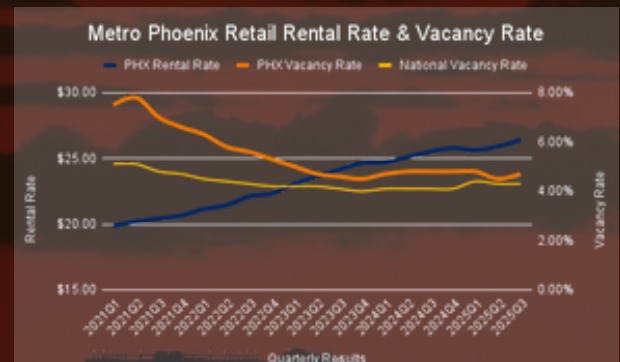
While an anticipated slowdown in economic and consumption growth may cause the availability rate and rent growth to normalize further, a meaningful weakening of property performance is not expected. Downside risks to the outlook include a worse-than-expected impact from tariffs and shifts in immigration policy, which could weigh on consumption growth and underlying tenant demand.

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

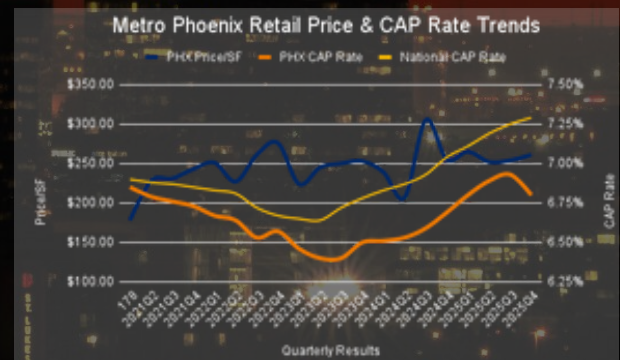
METRO PHOENIX DELIVERIES & ABSORPTION



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 +0.0019%
- 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

Submarket	Inventory SF	Under Construction SF	Vacancy Rate	Net Absorption SF 12 Mo	Market Asking Rent/SF	Market Sale Price/SF	Market Cap Rate	12 Mo Sales Sales Vol
Ahwatukee Foothills	3.2M	0	5.50%	-40.9K	\$27.99	\$269	7.10%	\$45.4M
Airport Area	4M	0	3.50%	77.1K	\$22.93	\$241	6.90%	\$24.3M
Anthem	2.9M	2.4K	4.80%	-7.8K	\$30.38	\$319	6.50%	\$18.1M
Apache Junction	2.7M	4K	6.50%	186K	\$22.91	\$251	7.00%	\$39.7M
Carefree	1.9M	0	3.50%	33K	\$30.22	\$321	6.50%	\$26M
Central Scottsdale	16.8M	6K	3.60%	34.3K	\$38.06	\$305	6.70%	\$157M
Chandler	17.5M	142K	3.90%	25.7K	\$28.59	\$246	7.00%	\$192M
Ctrl Peoria/Arrowhead	10.7M	28.2K	4.30%	82.9K	\$30.90	\$277	6.90%	\$78.5M
Deer Valley	2.4M	0	0.80%	-7.1K	\$37.28	\$345	6.70%	\$38.5M
Downtown Phoenix	8.3M	0	4.50%	-13K	\$24.33	\$251	6.70%	\$68.6M
East Phoenix	9.1M	6.5K	5.50%	-54K	\$23.40	\$248	6.90%	\$78.2M
Fountain Hills	785K	0	2.70%	9.9K	\$23.01	\$280	6.40%	\$6.2M
Gateway Airport	3.3M	114K	3.10%	106K	\$29.96	\$298	6.80%	\$131M
Gila River Outlying	359K	0	0.40%	-1.6K	\$21.51	\$222	6.80%	\$0
Gilbert	17.7M	470K	2.60%	442K	\$28.05	\$289	6.80%	\$158M
Glendale	12.3M	6.8K	4.60%	-28K	\$23.68	\$245	6.90%	\$121M
Goodyear	4.2M	78.4K	2.90%	109K	\$27.09	\$302	6.30%	\$46.4M
Laveen	1.9M	10K	2.30%	8.9K	\$30.70	\$306	6.60%	\$18.5M
Loop 101/I-10	3.3M	27.9K	2.80%	40.7K	\$29.31	\$304	6.50%	\$49.4M
N Goodyear/Litchfield	9.2M	153K	1.90%	780K	\$32.25	\$296	6.50%	\$61.3M
N Phoenix/I-17 Corr	15M	0	7.20%	-224K	\$20.07	\$201	7.20%	\$184M
NE Outlying Maricopa	17.2K	0	0%	0	\$16.77	\$267	6.50%	\$0
North Buckeye	323K	520K	0.80%	11.2K	\$24.75	\$295	6.40%	\$12.6M
North Scottsdale	13.9M	105K	3.20%	-48.6K	\$32.52	\$292	7.00%	\$91.2M
Outlying Pinal County	9.7M	134K	8.40%	-59.7K	\$21.72	\$240	6.90%	\$55.9M
Queen Creek	3.2M	79.9K	0.70%	210K	\$29.40	\$313	6.60%	\$37.6M
Red Mountain/Mesa	30.4M	506K	7.80%	-355K	\$21.74	\$224	6.90%	\$286M
South Buckeye	1.8M	630K	1.60%	56.2K	\$29.71	\$304	6.40%	\$61M
South Mountain	1.7M	1.9K	10.90%	702	\$28.28	\$272	7.20%	\$3.9M
South Phoenix	1.9M	0	4.50%	22.9K	\$23.40	\$289	6.50%	\$37.2M
South Scottsdale	3.3M	0	5.00%	-2.5K	\$24.03	\$296	6.50%	\$27.5M
Sun City	4M	0	4.30%	48.7K	\$21.53	\$228	7.10%	\$25.8M
Surprise/North Peoria	6.3M	78.3K	1.90%	242K	\$31.29	\$302	6.70%	\$85.3M
Tempe	8.5M	2.5K	5.50%	161K	\$25.29	\$274	6.60%	\$50.9M
Tolleson	3.3M	86.3K	4.40%	38.7K	\$25.83	\$276	6.70%	\$16.6M
W Outlying Maricopa	889K	0	0.30%	6.2K	\$19.36	\$229	6.80%	\$8.9M
Totals	244M	2.7M	4.70%	1.35M	\$26.54	\$256	6.93%	\$2.2B

NOTABLE SALES

MESA SHORES SHOPPING CENTER



**2048-2060 NE BASELINE RD
MESA, AZ**

Sale Date: 12/16/2025 Bldg Type: 3 Star Retail
Sale Price: \$36.75M Built: 1995 | Reno: 2016
Price/SF: \$352.52 GLA: ±104,250 SF
Cap Rate: N/A

99TH & MCDOWELL NEIGHBORHOOD CENTER



**1775 N 99TH AVE
PHOENIX, AZ**

Sale Date: 11/10/2025 Bldg Type: 4 Star Retail
Sale Price: \$30.7M Built: 2024
Price/SF: \$650.41 GLA: ±47,201 SF
Cap Rate: N/A

LIFE TIME FITNESS



**1616 W RUBY DR
TEMPE, AZ**

Sale Date: 12/08/2025 Bldg Type: 4 Star Retail
Sale Price: \$26M Built: 2003
Price/SF: \$238.77 GLA: ±108,890 SF
Cap Rate: N/A

PARADISE VALLEY MARKETPLACE



**10810 N TATUM BLVD
PHOENIX, AZ**

Sale Date: 11/20/2025 Bldg Type: 3 Star Retail
Sale Price: \$21.76M Built: 2002
Price/SF: \$436.94 GLA: ±49,809 SF
Cap Rate: N/A

PEORIA CROSSINGS



**9420-9480 W NORTHERN AVE
GLENDALE, AZ**

Sale Date: 12/08/2025 Bldg Type: 3 Star Retail
Sale Price: \$20.49M Built: 2002
Price/SF: \$200.91 GLA: ±101,991 SF
Cap Rate: N/A

SPORTS CLUB AT CITY SQAURE



**100 W CLARENDON AVE
PHOENIX, AZ**

Sale Date: 10/01/2025 Bldg Type: 2 Star Retail
Sale Price: \$18.95M Built: 1964
Price/SF: \$456.30 GLA: ±41,530 SF
Cap Rate: N/A

CHANDLER SUNSET PLAZA



**4940-4980 W RAY RD
CHANDLER, AZ**

Sale Date: 11/14/2025 Bldg Type: 4 Star Retail
Sale Price: \$20.06M Built: 1999
Price/SF: \$213.53 GLA: ±93,936 SF
Cap Rate: N/A

PALM GLEN SHOPPING CENTER



**3500-3636 W GLENDALE AVE
PHOENIX, AZ**

Sale Date: 12/19/2025 Bldg Type: 3 Star Retail
Sale Price: \$17.89M Built: 1961 | Reno: 1990
Price/SF: \$113.03 GLA: ±158,266 SF
Cap Rate: N/A

PEORIA CROSSINGS - KOHL'S



**9220 W NORTHERN AVE
GLENDALE, AZ**

Sale Date: 12/08/2025 Bldg Type: 3 Star Retail
Sale Price: \$17.76M Built: 2003
Price/SF: \$200.91 GLA: ±88,418 SF
Cap Rate: N/A



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