

Q226

SOUTHWEST REGION

PREPARED BY :

**SVN® COMMERCIAL REAL
ESTATE ADVISORS**

■ Q226

COLLECTIVE STRENGTH.
ACCELERATED GROWTH.



SOUTHWEST REGION

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THE SVN® BRAND



We believe in the power of **COLLECTIVE STRENGTH** to accelerate growth in commercial real estate. Our global coverage and amplified outreach to traditional, cross-market, and emerging buyers and tenants allows us to drive outsized success for our clients, colleagues, and communities. Our unique business model is built on the power of collaboration and transparency and supported by our open, inclusive culture. By proactively promoting properties and sharing fees with the entire industry, we build lasting connections, create superior wealth for our clients, and prosper together.

SVN® BY THE NUMBERS

200+

Office Owners
Nationwide

3

Global Offices &
Expanding

18

Core Services &
Specialty Practice Areas

2,000+

Advisors &
Staff

\$15.5B

Total Value of Sales & Lease
Transactions in 2024

66M+

SF in
Properties Managed

That's the SVN Difference.



SOUTHWEST REGION OFFICES

The **SVN Southwest Region Quarterly Newsletter** will keep you informed and equipped with the latest trends, opportunities, and expert analysis in this thriving region. Our team of experienced professionals understands the dynamic nature of the Southwest's commercial real estate landscape. We are committed to delivering valuable content, including market indicators, investment opportunities, regulatory updates, and localized insights.

REGIONAL TRANSACTIONS

293
CLOSED DEALS

\$167^M
TOTAL VALUE



LEASED - \$1,182,331
± 6,462 SF | Office
Pete Janemark, CCIM, Alexis Henry
SVN | The Equity Group



SOLD -Undisclosed
± 2,320 SF | Retail
Travis Taylor
SVN | Traditions



SOLD - \$3,000,000
±5,725 SF | Multifamily
Brady Zinn, Danny Lee, Carrick Sears
SVN | Desert Commercial Advisors



SOLD - \$2,900,000
±6,720 SF | Office
Christian Hayes
SVN | Rich Investment RE Partners

REGIONAL LISTINGS

627

LISTINGS ON MARKET

\$628^M

SALES LISTINGS VALUE



FOR SALE -SUBJECT TO OFFER

± 12,401 SF on 18 AC | Land
Brigham Hedges
SVN | J. Beard Real Estate



FOR SALE - \$6,150,500

± 31,500 SF | Mixed-Use
Walt Arnold, CCIM, SIOR
SVN | Walt Arnold Commercial Brokerage



FOR SALE - \$2,325,000

± 7,833 SF | Retail
Pouya Rostampour
SVN | Vanguard San Diego



FOR SALE - \$25,000,000

± 106,050 SF | Industrial
Cameron Jones, SIOR
SVN | Vanguard

LOS ANGELES

Los Angeles remains a global cultural hub shaped by diversity, entertainment, and world-class institutions. The city faces population shifts, affordability challenges, and pressure to keep downtown vibrant, while major infrastructure and transit investments—spurred by the upcoming 2028 Olympics—aim to drive growth balanced with sustainability. Notable commercial real estate developments (planned or under construction) in Los Angeles include:

- **Alloy Arts District (DTLA) -mixed-use high-rise project featuring 475 apartments along with office and retail space**
- **Habitat at La Cienega/Jefferson Station - 12-story residential tower with 260 apartments, a 243,000-square-foot office building, and commercial space**

FEATURED ON MARKET LISTINGS



CORP DRE 01881602

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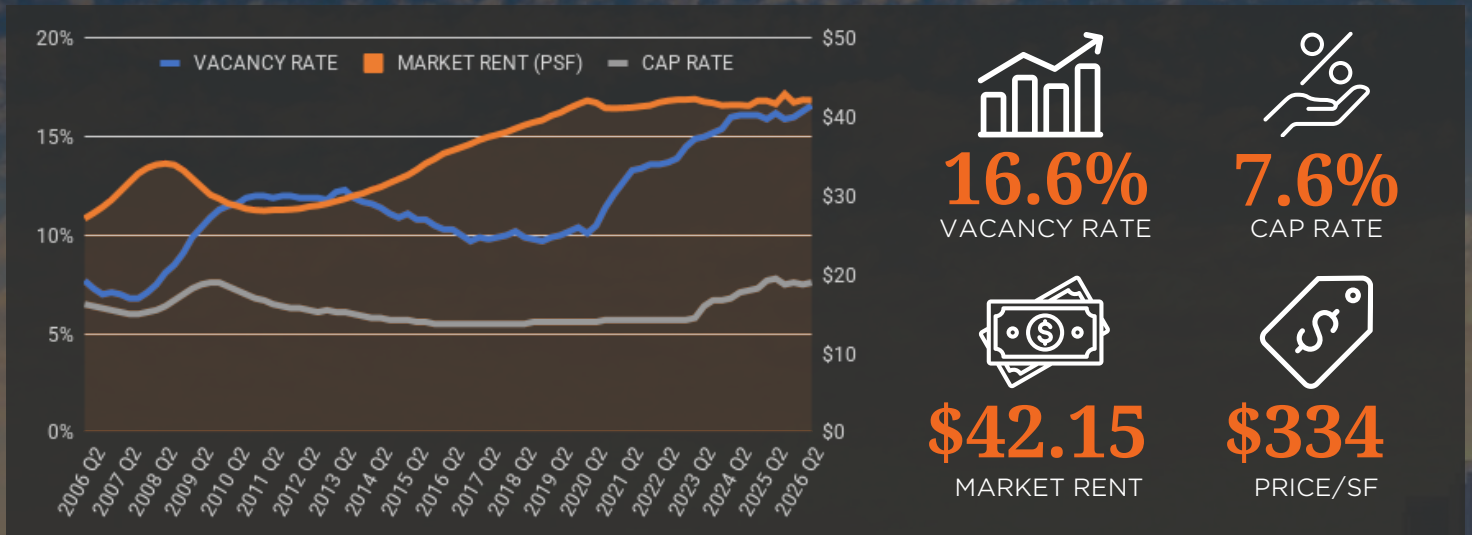
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OFFICE

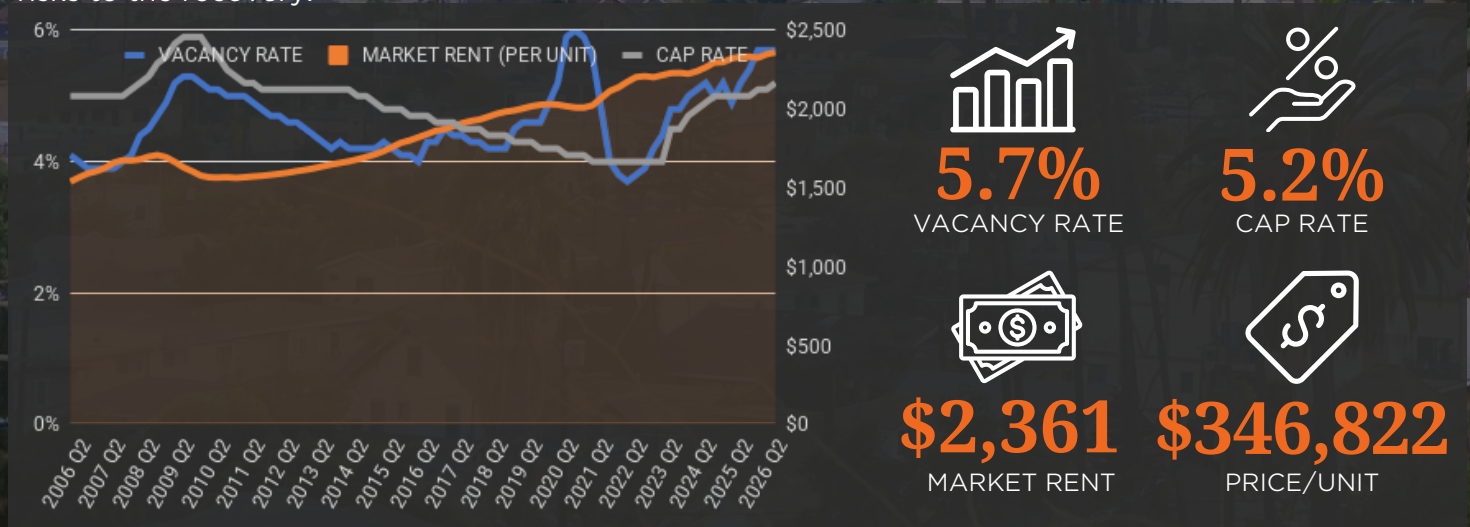
Los Angeles' office recovery is unfolding unevenly, with Century City, Beverly Hills, and El Segundo attracting tenants while Downtown and Santa Monica continue to contend with weaker demand and negative absorption. That divide was evident in Q2 2026, when vacancy reached 16.6% and market rents averaged \$42.15 per square foot. Investment pricing remained selective, with assets valued near \$334 per square foot and cap rates averaging 7.6%. Tenants continue to favor efficient, high-quality space, leaving older inventory more exposed and prompting landlords to rely on concessions rather than reduce asking rents. Limited construction, conversions, and demolition of obsolete buildings should gradually reduce supply, though a broad recovery will depend on stronger leasing demand.



LOS ANGELES

MULTIFAMILY

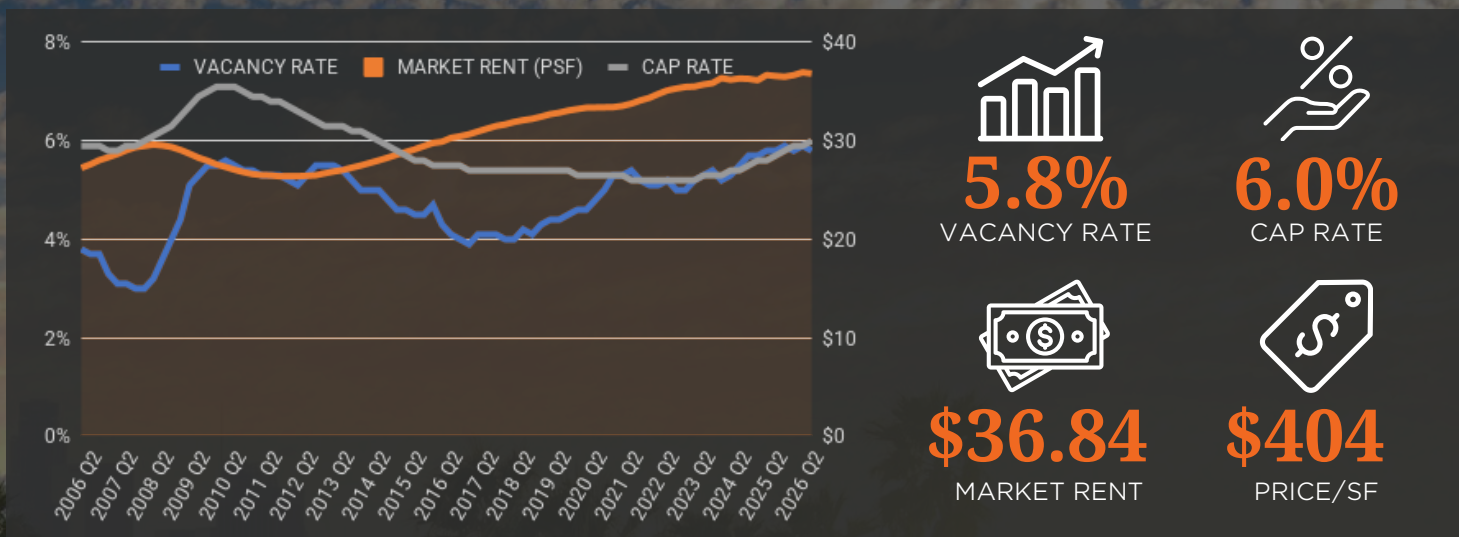
Los Angeles' apartment market is increasingly divided between supply-heavy luxury properties and lower-tier communities facing affordability-driven demand losses. Vacancy reached 5.7% in Q2 2026, while market rents averaged \$2,361 per unit. Multifamily assets were valued near \$346,822 per unit, and cap rates averaged 5.2%, indicating that pricing and yields have begun to stabilize. Operators of newer premium communities continue to use concessions to support leasing, particularly in Downtown Los Angeles and other high-delivery submarkets. More affordable areas with limited development are performing comparatively better. Slower construction starts should gradually ease supply pressure, although outmigration and broader economic uncertainty remain risks to the recovery.



Data Source: CoStar

RETAIL

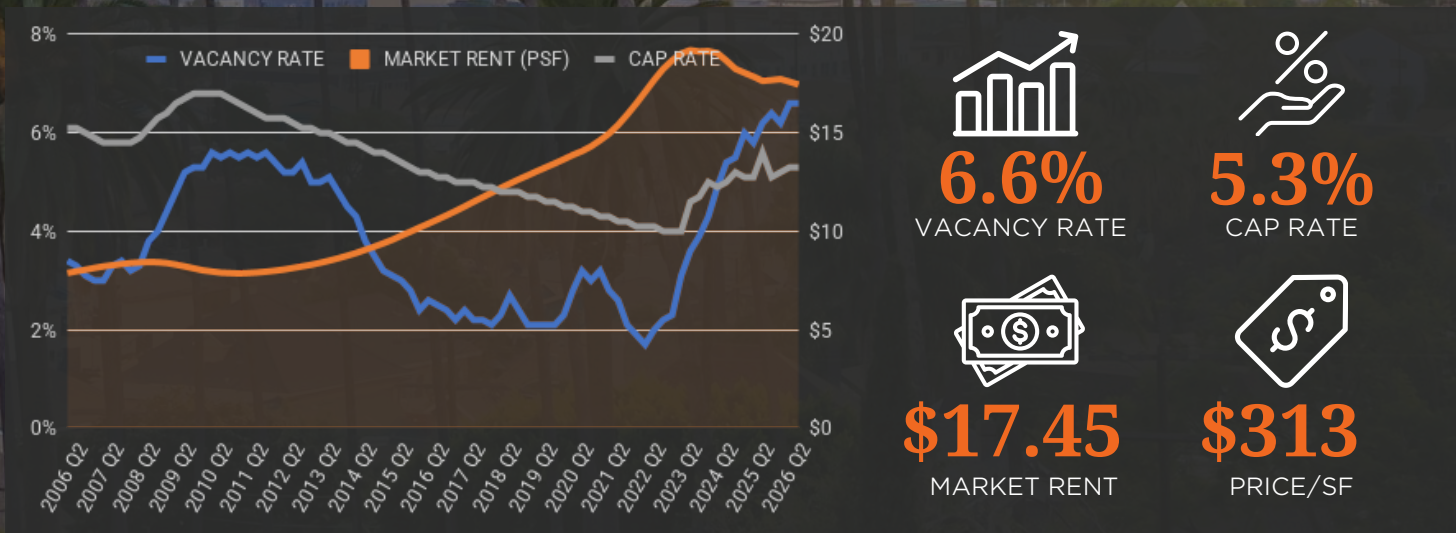
Store closures and cautious consumer spending are creating a more selective retail environment across Los Angeles, particularly for mid-sized boxes and older centers. Vacancy stood at 5.8% in Q2 2026, and market rents averaged \$36.84 per square foot. Assets were valued near \$404 per square foot, with cap rates averaging 6.0%, reflecting measured investment activity for well-located properties. Value-oriented retailers, grocers, and fitness concepts are absorbing some available space, while suburban locations continue to outperform several urban submarkets. With development representing only a small share of inventory and redevelopment removing obsolete properties, limited new supply should help contain additional vacancy pressure despite softer near-term demand.



LOS ANGELES

INDUSTRIAL

Los Angeles' industrial market is beginning to stabilize, but the improvement remains uneven as tenant relocations and turnover continue to shape absorption. Vacancy reached 6.6% in Q2 2026, while market rents averaged \$17.45 per square foot. Investor demand remains supported by the region's supply constraints, with assets valued near \$313 per square foot and cap rates averaging 5.3%. Port-oriented submarkets are carrying more of the current weakness as users leave older, less efficient facilities, while modern space continues to attract demand. A modest construction pipeline and the continued removal of obsolete inventory should help the market rebalance without adding significant new supply pressure.



Data Source: CoStar

ORANGE COUNTY

Orange County's commercial real estate market remains highly desirable, supported by affluent demographics, strong employment centers, limited land supply, and access to both Los Angeles and San Diego. Retail and multifamily continue to benefit from strong local demand, while industrial remains attractive due to scarcity and regional logistics needs. Office is more selective, with tenants prioritizing quality, location, and efficient space. Overall, Orange County remains a stable but competitive market where asset quality and pricing discipline are key. Notable commercial real estate developments (planned or under construction) in Orange County include:

- **OCVIBE — Anaheim: A major mixed-use district**
- **DisneylandForward — Anaheim: Disney's long-term expansion plan**
- **The Canopy at Great Park — Irvine: New retail and dining destination**
- **Related Bristol — Santa Ana: A large mixed-use redevelopment**

FEATURED ON MARKET LISTINGS



CORP DRE 01840569

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SOUTHERN CA - ORANGE COUNTY

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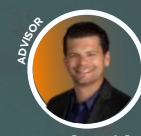
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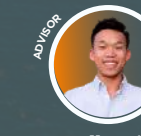
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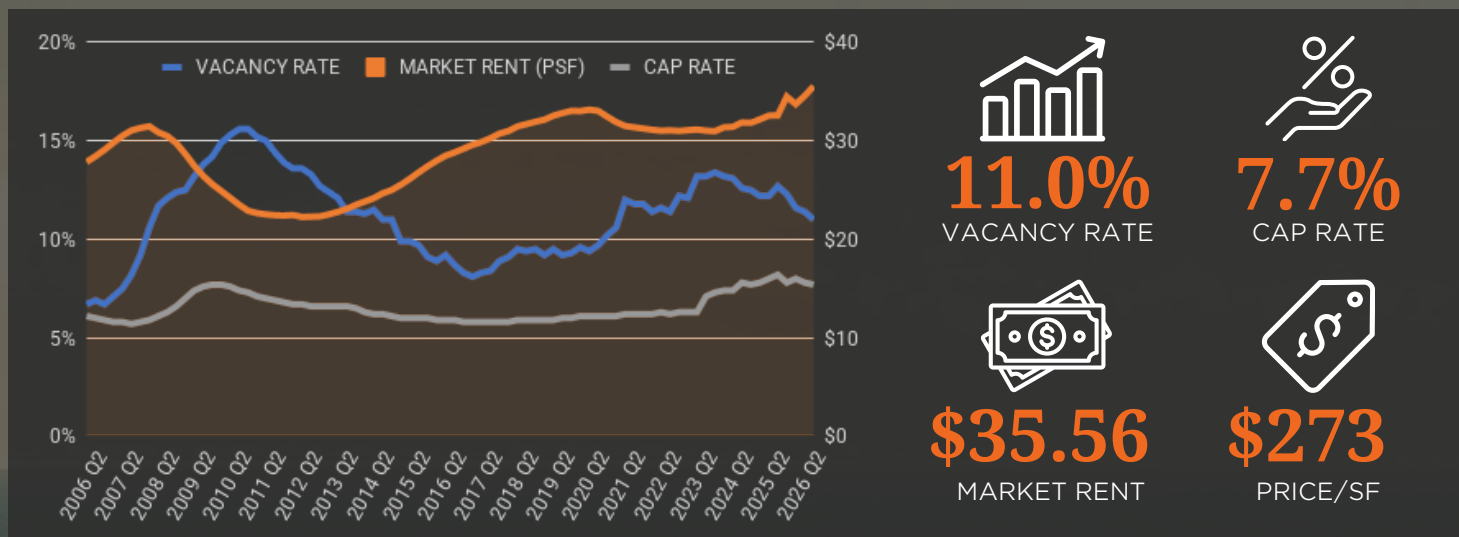
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OFFICE

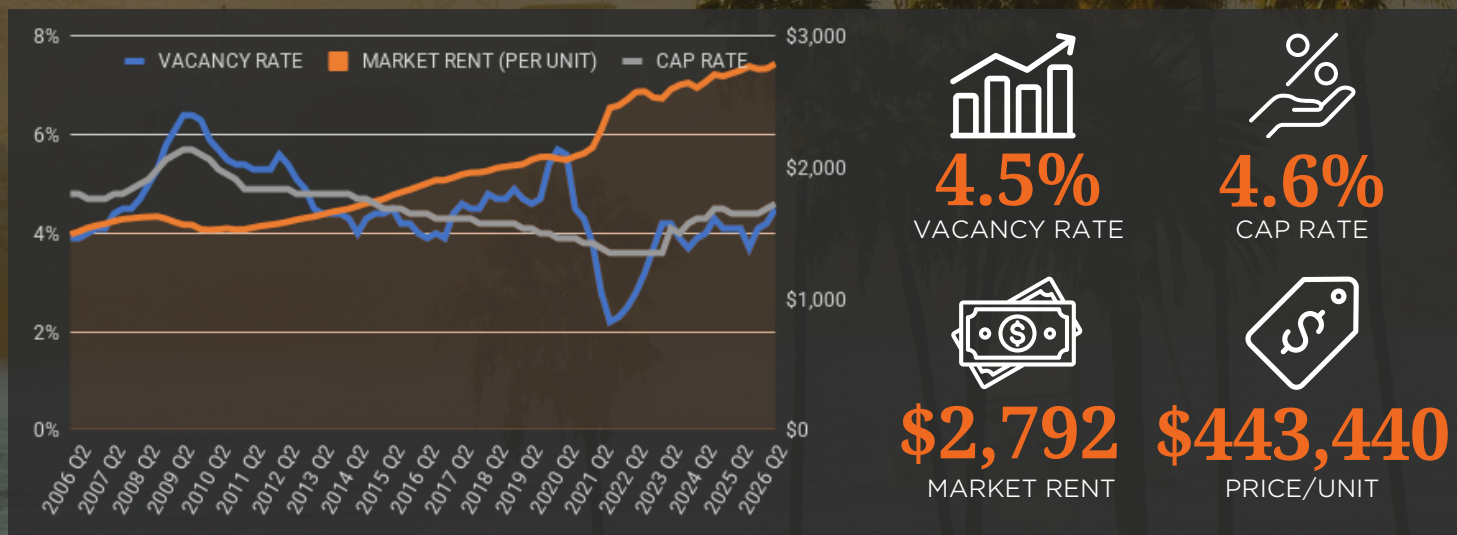
Orange County's office market is benefiting from improving move-ins, shrinking sublease availability, and the gradual removal of obsolete inventory. Vacancy measured 11.0% in Q2 2026, while market rents averaged \$35.56 per square foot. Properties were valued near \$273 per square foot, with cap rates averaging 7.7%, reflecting a selective but stabilizing investment environment. Manufacturing, medical, pharmaceutical, and professional-services users have supported positive absorption, while owner-user purchases and redevelopment are reducing the amount of leasable space. The recovery is not yet broad-based, but limited new construction and continued demand for quality suburban locations should provide support if office-using employment continues to expand gradually.



ORANGE COUNTY

MULTIFAMILY

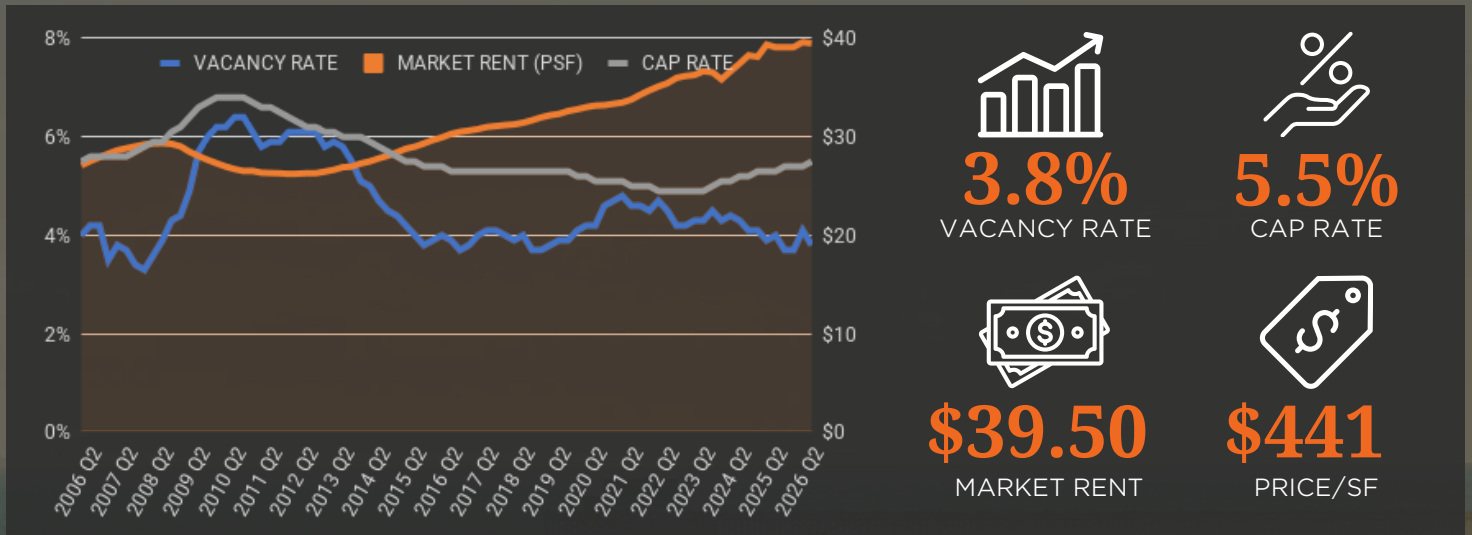
Steady renter demand and strict development constraints continue to support Orange County's apartment market. Vacancy reached 4.5% in Q2 2026, while market rents averaged \$2,792 per unit. Multifamily assets were valued near \$443,440 per unit, and cap rates averaged 4.6%, reflecting the market's limited supply and long-term investment appeal. Absorption remains positive as renters prioritize access to employment, schools, and coastal amenities, while most new development remains concentrated in Irvine. Additional deliveries may lift vacancy modestly in the near term, but the measured construction pipeline and continued demand should keep conditions comparatively tight across most submarkets throughout the county over time.



Data Source: CoStar

RETAIL

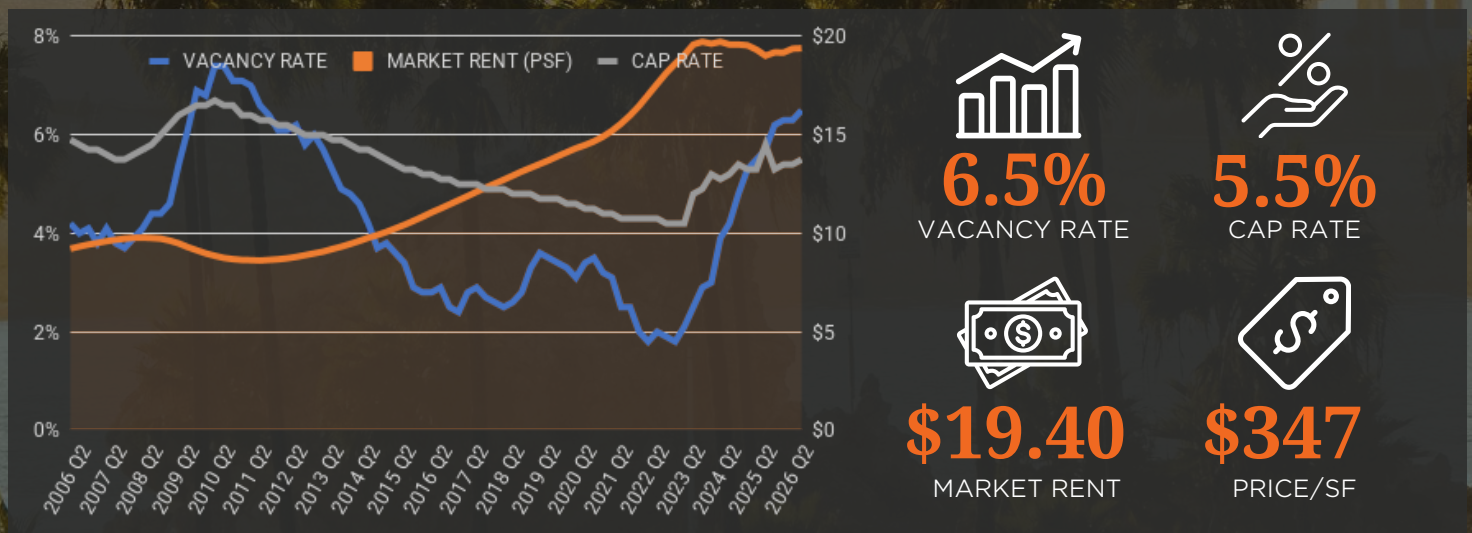
Scarcity of move-in-ready space continues to define Orange County retail, even as department store closures and mall redevelopment create isolated pockets of availability. Vacancy stood at 3.8% in Q2 2026, while market rents averaged \$39.50 per square foot. Properties were valued near \$441 per square foot, with cap rates averaging 5.5%, reflecting the market's durable operating fundamentals and constrained supply. Discount retailers, fitness operators, and entertainment concepts remain active, particularly in well-located centers. Demolitions are outpacing deliveries, and the construction pipeline remains limited, which should preserve tight occupancy despite slower household income growth and measured retail sales expansion across the county.



ORANGE COUNTY

INDUSTRIAL

Orange County's industrial recovery is being shaped by a narrowing gap between supply and demand rather than a broad acceleration in leasing. Vacancy reached 6.5% in Q2 2026, with market rents averaging \$19.40 per square foot. Assets were valued near \$347 per square foot, and cap rates averaged 5.5%, underscoring continued investor interest in a land-constrained market. Tenant options remain elevated among larger facilities, and recent deliveries have outpaced occupancy gains, but rent declines are moderating as the construction pipeline contracts. With limited developable land and longstanding barriers to new supply, Orange County is positioned to rebalance more quickly once recently completed space is absorbed.



Data Source: CoStar

INLAND EMPIRE

The Inland Empire remains one of Southern California's most dynamic regions, offering a diverse mix of industrial, retail, medical, and residential development. Its central location, expanding infrastructure, and access to major transportation corridors continue to attract businesses and investors across multiple sectors. As the region evolves, the Inland Empire's scale, connectivity, and growth-friendly environment keep it at the forefront of long-term opportunity. Notable commercial real estate developments (planned or under construction) in Inland Empire include:

- **Apple Valley One Million Distribution Center**
- **Amazon Middle-Mile Facility: 2.5 million SF "middle mile" distribution**
- **Mesa Linda Logistics Center: 406,138 SF Class A development**
- **Cucamonga Station / The Resort TOD: Rancho Cucamonga is the Southern California terminus of Brightline West's high-speed rail link to Las Vegas**

FEATURED ON MARKET LISTINGS



FOR LEASE

±1,200 - 5,537 SF
RETAIL



FOR LEASE

±1,200 SF & .20 AC PAD
RETAIL



FOR LEASE

CONTACT BROKER
RETAIL

CORP DRE 02075327

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SOUTHERN CA - INLAND EMPIRE

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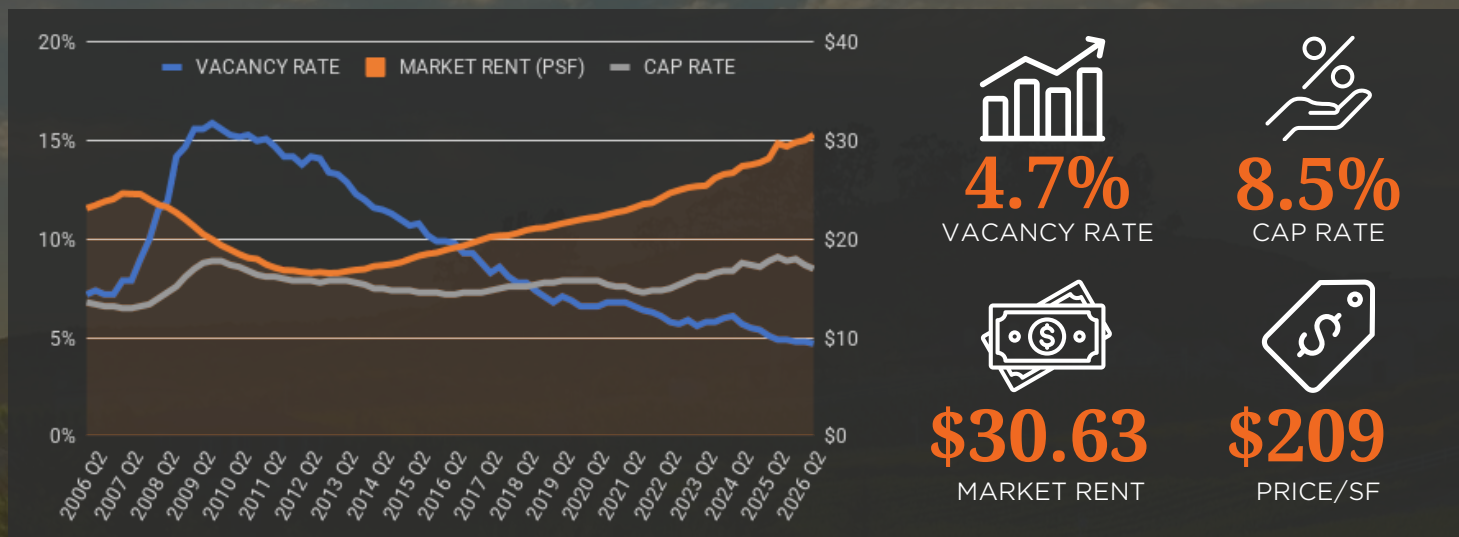
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OFFICE

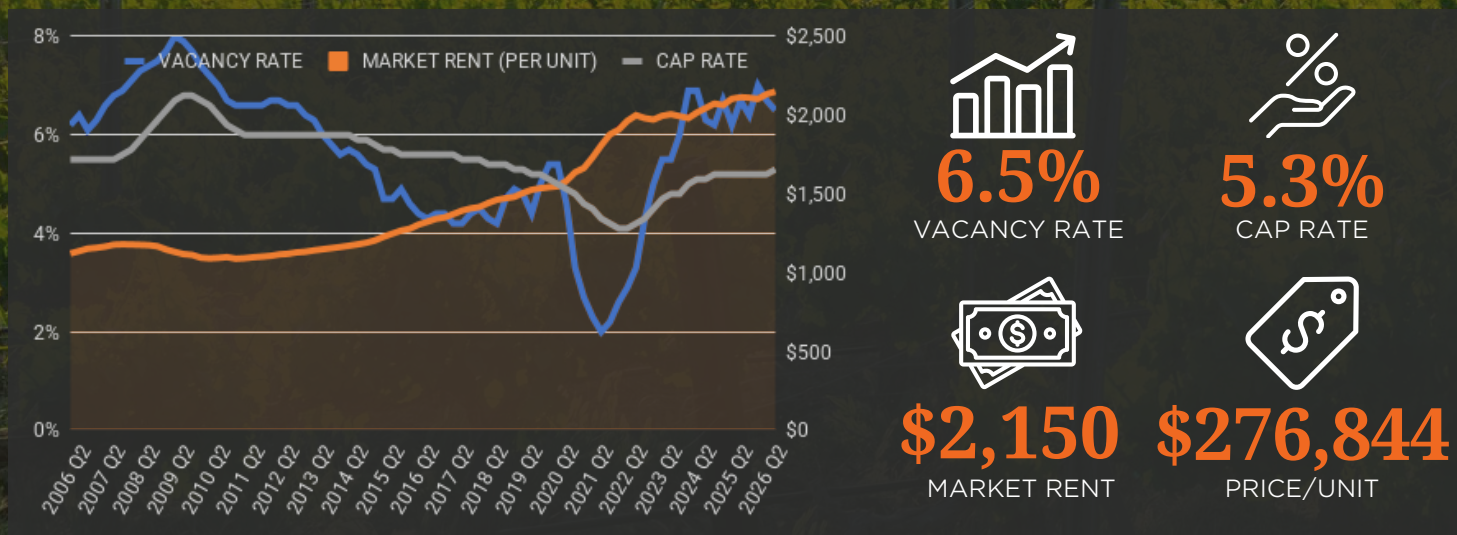
A locally oriented tenant base and very limited construction continue to distinguish the Inland Empire office market from higher-vacancy coastal metros. Vacancy measured 4.7% in Q2 2026, while market rents averaged \$30.63 per square foot. Properties were valued near \$209 per square foot, with cap rates averaging 8.5%, offering comparatively higher yields. Healthcare providers, government-related users, small businesses, and professional firms remain the primary demand drivers, while recent projects have largely been medical, built-to-suit, or preleased. Slower population and employment growth may temper leasing momentum, but the restricted pipeline should help preserve low vacancy and stable operating conditions through the near term.



INLAND EMPIRE

MULTIFAMILY

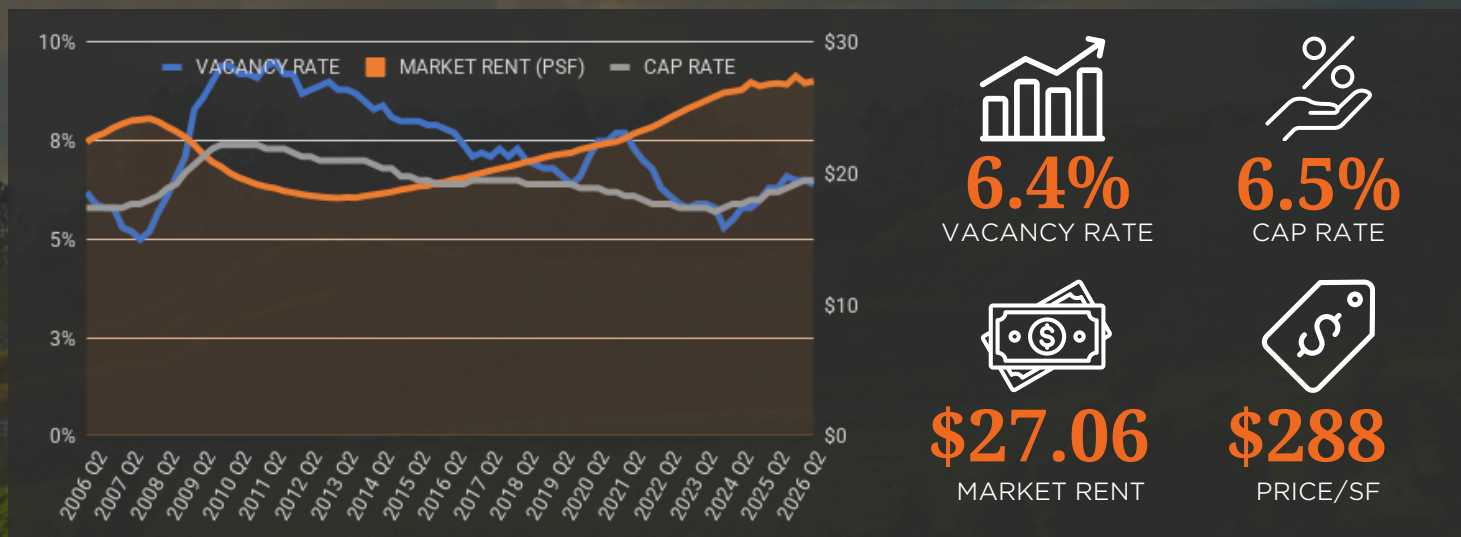
Relative affordability continues to draw renters to the Inland Empire, even as recently delivered communities create more competition for existing properties. Vacancy reached 6.5% in Q2 2026, while market rents averaged \$2,150 per unit. Multifamily assets were valued near \$276,844 per unit, with cap rates averaging 5.3%, reflecting continued investor interest despite elevated supply. Absorption remains above historical norms and is concentrated in newer, higher-quality projects, while older communities are experiencing more restrained rent growth. The construction pipeline has declined from its recent peak, which should ease pressure over time, although slower population and employment growth may limit the pace of improvement.



Data Source: CoStar

RETAIL

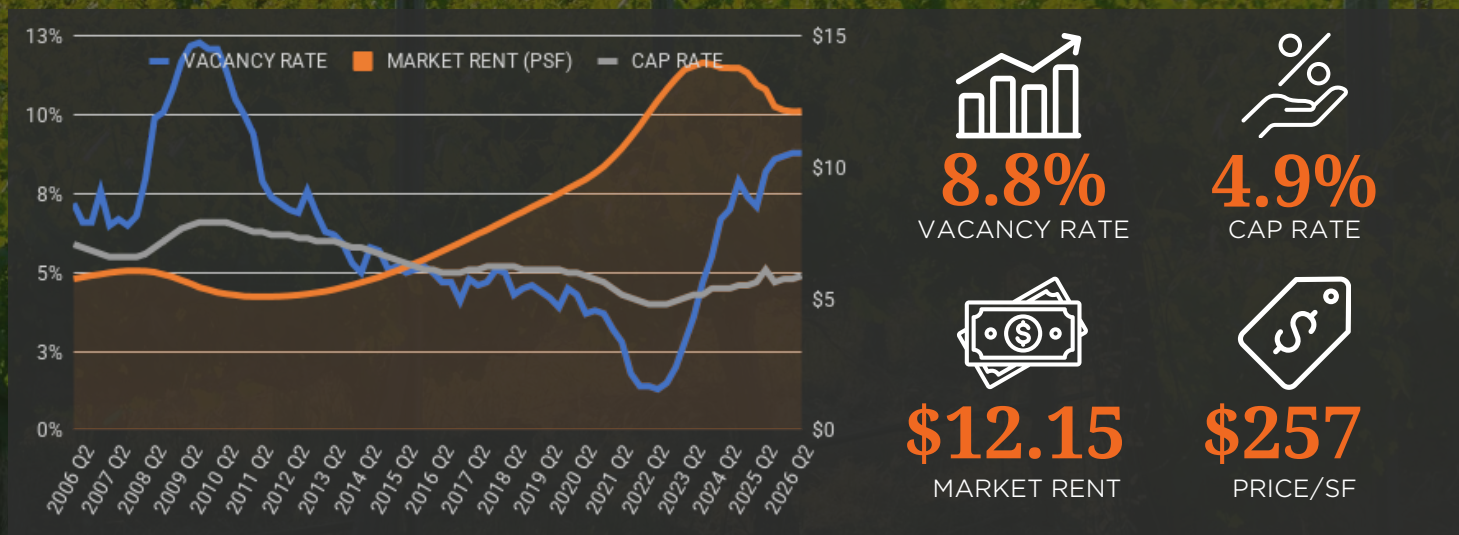
The Inland Empire retail market is showing renewed demand after several years of closures and occupancy losses. Vacancy stood at 6.4% in Q2 2026, while market rents averaged \$27.06 per square foot. Properties were valued near \$288 per square foot, and cap rates averaged 6.5%, indicating balanced investment conditions as fundamentals stabilize. Positive absorption has resumed as retailer bankruptcies ease and new centers open with committed tenants, although total leasing remains below its prior-decade average. Neighborhood centers continue to account for a large share of inventory, tying performance closely to housing and population growth. Slower economic expansion is likely to keep rent gains measured.



INLAND EMPIRE

INDUSTRIAL

Recent leasing gains are helping the Inland Empire industrial market work through the substantial supply delivered since 2023. Vacancy reached 8.8% in Q2 2026, and market rents averaged \$12.15 per square foot. Assets were valued near \$257 per square foot, with cap rates averaging 4.9%, reflecting continued confidence in the region's long-term logistics role. Tenant move-ins have begun to outpace move-outs, but larger distribution facilities still account for much of the remaining availability. Falling construction starts and improving retail-driven logistics demand should support gradual vacancy compression, although port volatility and softer consumer spending remain potential obstacles to a faster recovery.



Data Source: CoStar

SAN DIEGO

San Diego's commercial real estate market remains resilient, supported by limited land supply, a diverse economy, and steady demand across key sectors. Performance varies by asset type, with industrial, retail, and multifamily generally supported by strong fundamentals, while office continues to adjust to changing tenant needs and hybrid work trends. Overall, investors and owners are focused on quality assets, strong locations, realistic pricing, and long-term value creation. Notable commercial real estate developments (planned or under construction) in San Diego include:

- **San Diego International Airport Terminal 1 Expansion**
- **Midway Rising / Sports Arena Redevelopment**
- **Riverwalk San Diego**
- **Downtown RaDD / Life Science Waterfront District**

FEATURED ON MARKET LISTINGS



CORP DRE 01881593

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SOUTHERN CA - SAN DIEGO

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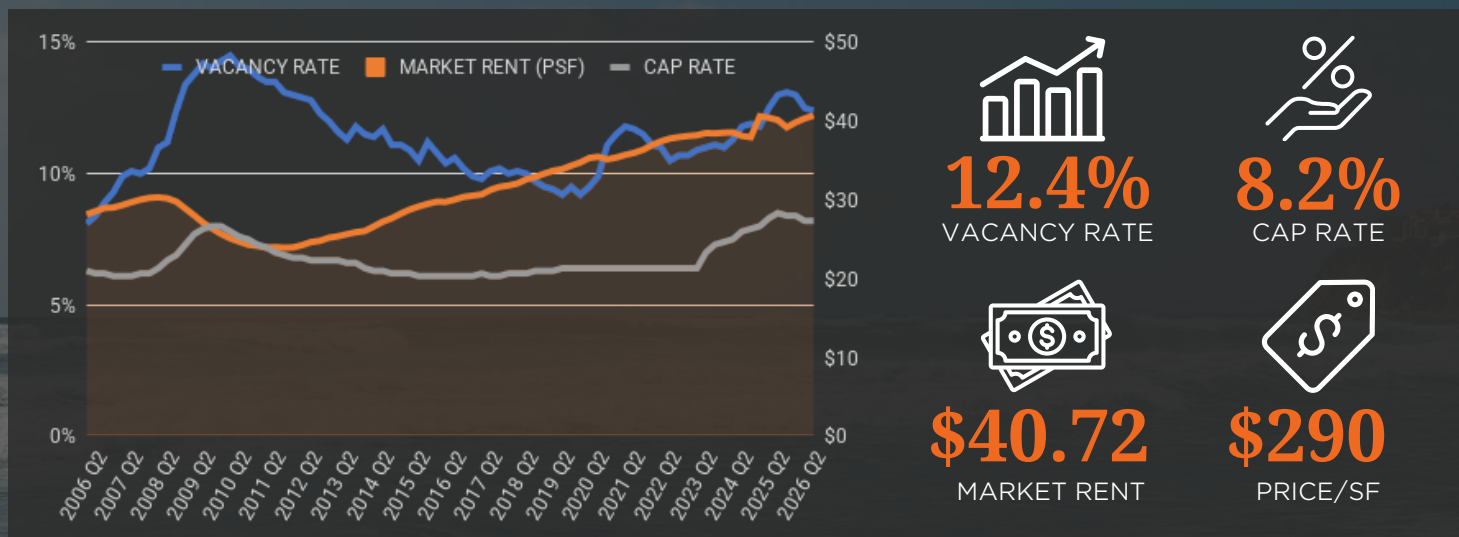
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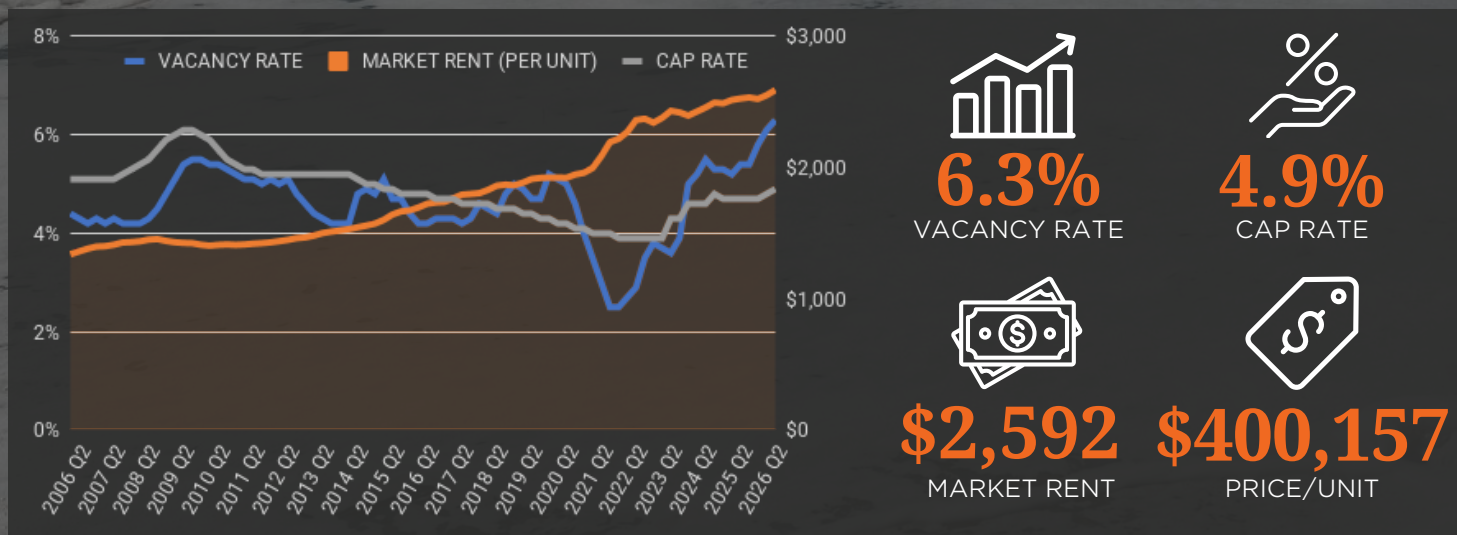
San Diego's office market remains constrained by delayed corporate decisions and limited expansion from technology and biotech users. Vacancy measured 12.4% in Q2 2026, while market rents averaged \$40.72 per square foot. Properties were valued near \$290 per square foot, with cap rates averaging 8.2%, reflecting cautious investment conditions. Smaller professional-services firms account for much of the current leasing activity, while Downtown carries the greatest distress and several suburban nodes remain more stable. Sublease availability has declined, but negative absorption and elevated concessions continue to favor tenants. Slower office-using employment growth is expected to keep vacancy high and rent gains limited through 2026.



SAN DIEGO

MULTIFAMILY

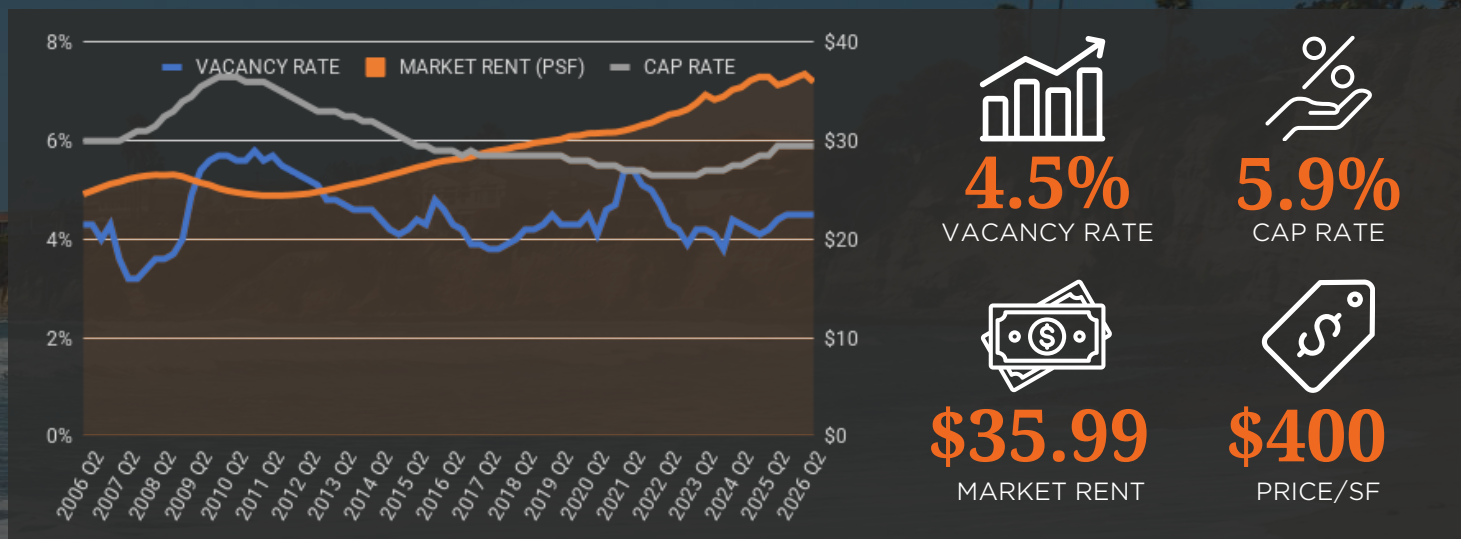
San Diego's apartment market continues to work through elevated deliveries, with the greatest pressure concentrated in newer luxury communities. Vacancy reached 6.3% in Q2 2026, while market rents averaged \$2,592 per unit. Multifamily assets were valued near \$400,157 per unit, and cap rates averaged 4.9%, reflecting continued long-term investor interest. Concessions remain widespread as operators prioritize occupancy, particularly in Downtown, Mission Valley, and Balboa Park. Household consolidation and outmigration are also limiting renter demand. With additional units scheduled to deliver, vacancy is expected to remain elevated and meaningful rent growth may be delayed beyond 2026 in several supply-heavy submarkets across the metro.



Data Source: CoStar

RETAIL

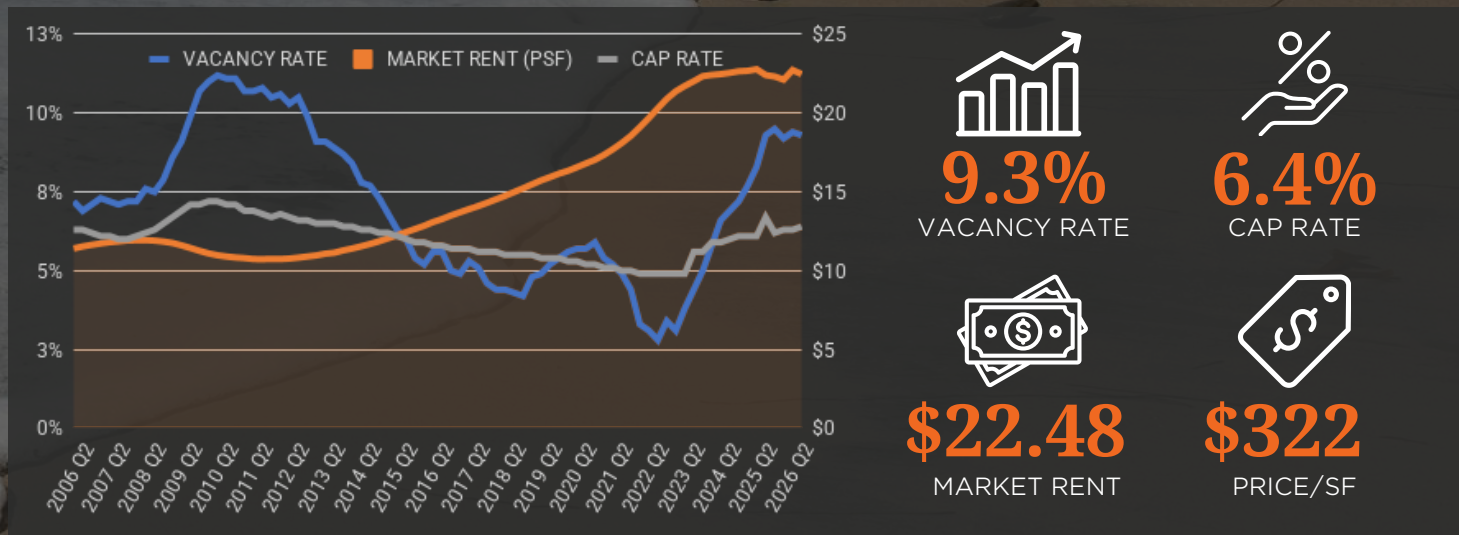
Store closures and slower leasing are creating more options for San Diego retailers, although well-located modern space remains competitive. Vacancy stood at 4.5% in Q2 2026, while market rents averaged \$35.99 per square foot. Properties were valued near \$400 per square foot, with cap rates averaging 5.9%, indicating generally stable investment fundamentals. Older mid-sized boxes and mall locations are taking longer to backfill, while newer properties continue to attract stronger demand. Limited construction and ongoing redevelopment are removing obsolete inventory, which should support orderly absorption. Softer consumer spending and elevated operating costs may nevertheless restrain near-term rent growth across several submarkets.



SAN DIEGO

INDUSTRIAL

A wave of new supply is keeping San Diego industrial fundamentals under pressure despite a modest improvement in leasing activity. Vacancy reached 9.3% in Q2 2026, with market rents averaging \$22.48 per square foot. Assets were valued near \$322 per square foot, and cap rates averaged 6.4%, reflecting selective investor interest. Occupiers continue to favor flexible terms while waiting for greater clarity around trade policy, and nearly all space under construction remains available. Otoy Mesa and flex-oriented submarkets face the greatest supply pressure. With limited large transactions and elevated availability, a more meaningful recovery may not emerge until 2027 or potentially later.



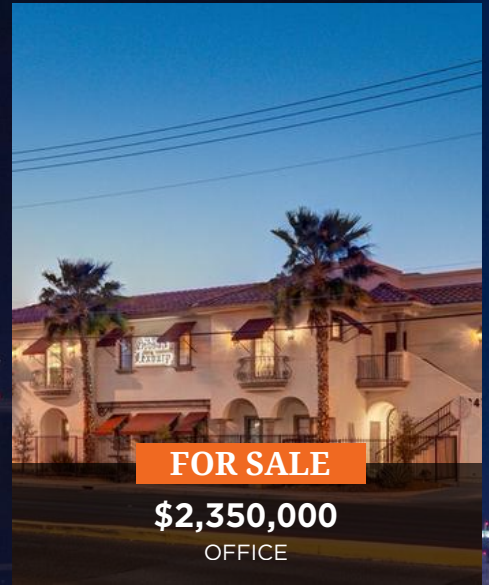
Data Source: CoStar

LAS VEGAS

As a key center for tourism, entertainment, and innovation, the city of Las Vegas has seen a significant increase in both population and economic activity, fueled by an attractive job market, favorable climate, and business incentives. This growth has notably positioned Las Vegas as a hotspot for commercial real estate investment. Recent developments in Las Vegas have focused on diversifying the economy beyond tourism, with significant strides in sectors such as technology, healthcare, and renewable energy. Notable commercial real estate developments (planned or under construction) in Las Vegas include:

- **Hard Rock Las Vegas (Guitar Hotel) \$4B - A 42-story guitar-shaped tower with an estimated 3,700 hotel rooms**
- **HAAS Automation Manufacturing Plant - \$500M**
- **Oakland A's MLB Stadium - \$2B**
- **Hylo Park - \$380M**

FEATURED ON MARKET LISTINGS



NRED B.20457.CORP

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SOUTHERN NV - LAS VEGAS

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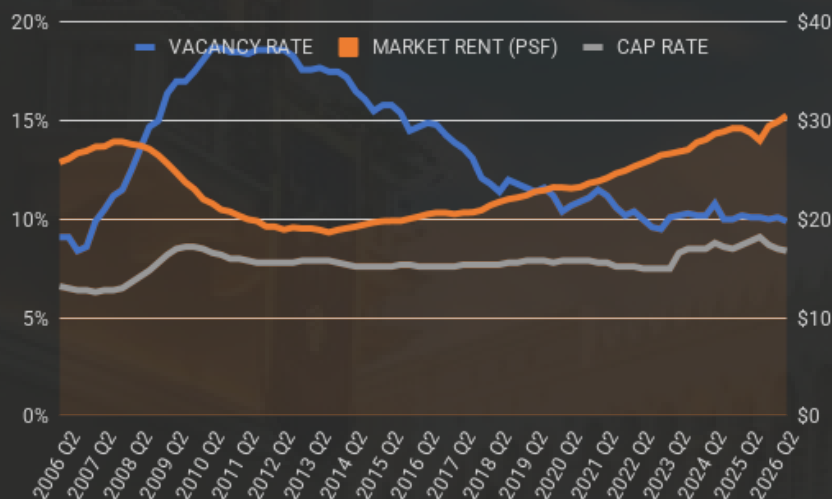
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OFFICE

Smaller tenants and medical users continue to provide a stable demand base for Las Vegas office properties, particularly in the market's suburban nodes. Vacancy measured 9.9% in Q2 2026, while market rents averaged \$30.54 per square foot. Properties were valued near \$265 per square foot, with cap rates averaging 8.4%, reflecting restrained investment activity outside medical office. Leasing remains strongest for smaller suites, while larger transactions are limited and demand continues shifting toward Summerlin, Henderson, and the Southwest corridor. Las Vegas' limited technology exposure and suburban structure reduce some downside risk, although slower office-using employment growth may temper further occupancy and rent improvement.




9.9%
 VACANCY RATE


8.4%
 CAP RATE

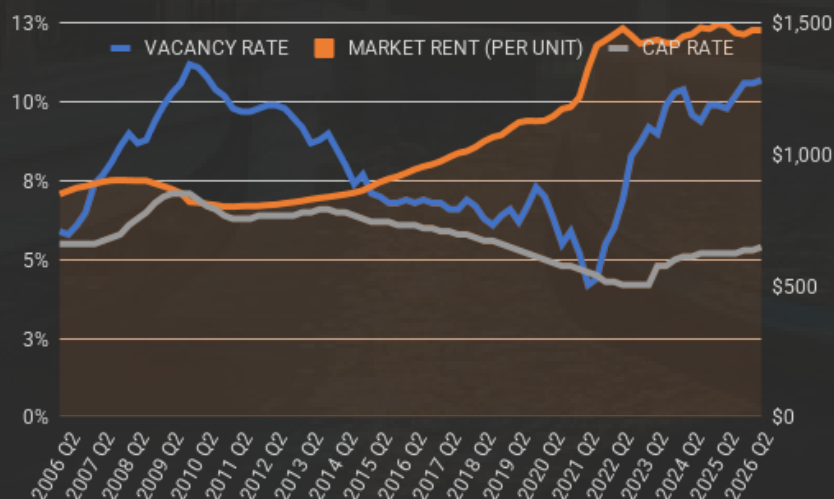

\$30.54
 MARKET RENT


\$265
 PRICE/SF

LAS VEGAS

MULTIFAMILY

Widespread concessions and recent deliveries continue to create a highly competitive apartment environment in Las Vegas. Vacancy reached 10.7% in Q2 2026, while market rents averaged \$1,474 per unit. Multifamily assets were valued near \$219,565 per unit, and cap rates averaged 5.4%, reflecting cautious investment conditions amid limited rent growth. Absorption remains concentrated in newer communities offering substantial incentives, which places additional pressure on both luxury and mid-tier properties. The construction pipeline has contracted sharply from its recent peak and should gradually ease supply pressure. Elevated vacancy and aggressive concessions, however, are expected to restrain near-term rent recovery and transaction activity.




10.7%
 VACANCY RATE


5.4%
 CAP RATE

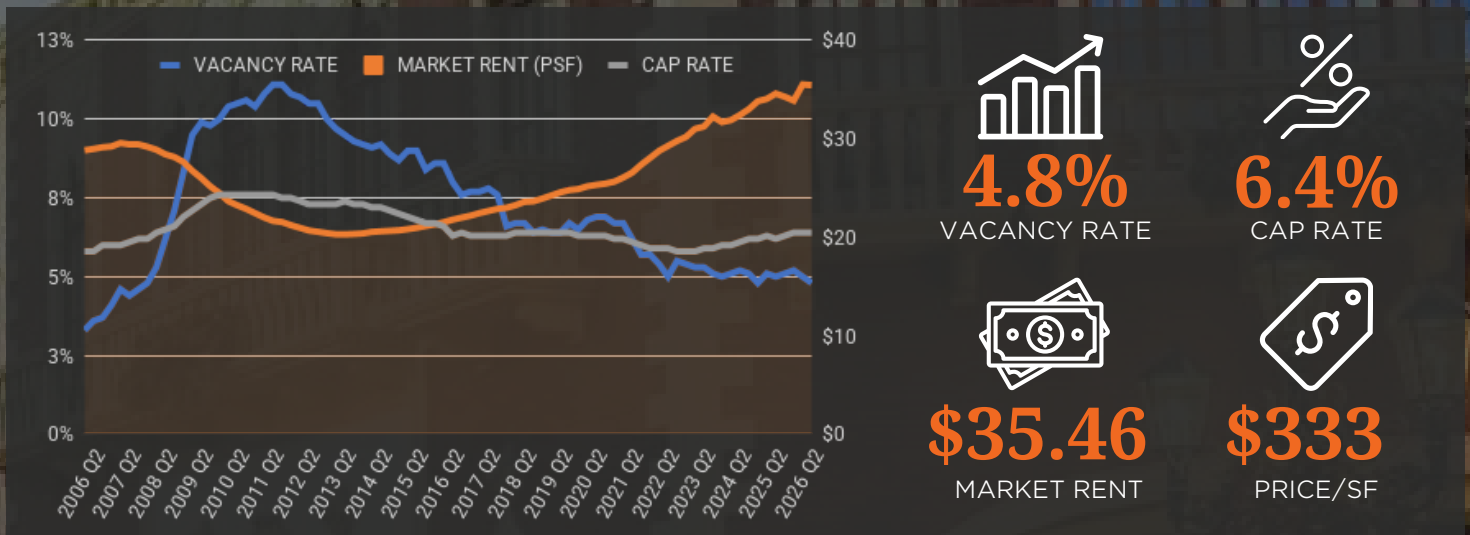

\$1,474
 MARKET RENT


\$219,565
 PRICE/UNIT

Data Source: CoStar

RETAIL

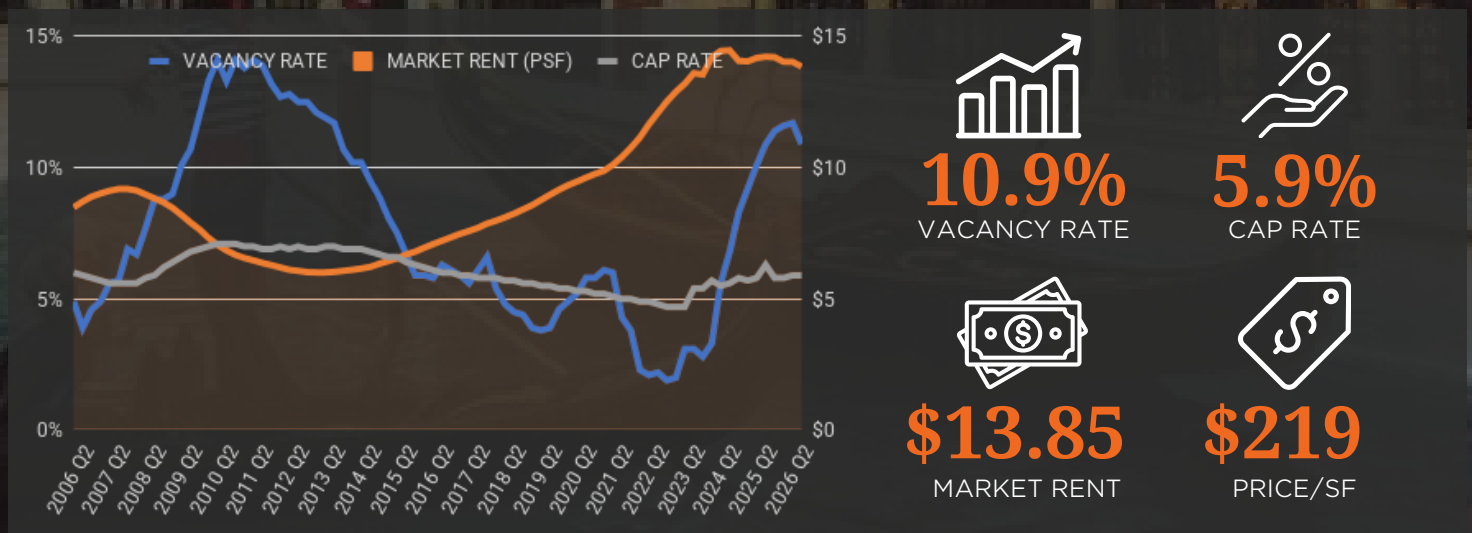
Population growth and limited space availability continue to support Las Vegas retail demand across the Strip, Henderson, and Summerlin. Vacancy stood at 4.8% in Q2 2026, while market rents averaged \$35.46 per square foot. Properties were valued near \$333 per square foot, with cap rates averaging 6.4%, indicating stable investment conditions for well-located assets. Expanding retailers often struggle to find sites that meet their size, parking, and location requirements, leading many national tenants to pursue built-to-suit projects. Much of the current construction pipeline is already preleased. Balanced absorption and deliveries should keep vacancy near current levels, supported by the region's growing consumer base and tourism economy.



LAS VEGAS

INDUSTRIAL

Las Vegas industrial performance remains divided between active small-bay demand and elevated availability in newly built logistics space. Vacancy reached 10.9% in Q2 2026, with market rents averaging \$13.85 per square foot. Assets were valued near \$219 per square foot, and cap rates averaged 5.9%, reflecting selective investment activity. Demand for facilities larger than 200,000 square feet remains limited, leaving many recent deliveries exposed, while smaller tenants continue to generate leasing volume. Construction starts have slowed considerably, which should reduce future supply pressure. Population growth, regional access, and tax advantages remain long-term strengths despite competition from Phoenix and the Inland Empire.



Data Source: CoStar

PHOENIX

Phoenix remains one of the fastest-growing major metros, driven by steady population inflows, job opportunities, and a relatively affordable cost of living. The region continues to attract new businesses and investment, supported by ongoing infrastructure expansion and a pro-growth environment. This sustained momentum is strengthening the local economy, creating long-term opportunity, and reinforcing Phoenix's position as a top destination for both companies and residents. In addition, Phoenix is emerging as a global hub for semiconductor manufacturing and its ancillary industries, attracting significant capital investment and further elevating the region's profile on an international scale.

- **Taiwan Semiconductor Manufacturing Company (TSMC Chip Manufacturing Campus) - \$165B**
- **Halo Vista (North Phoenix "City Within a City") - \$7B**
- **Intel (Chandler Semiconductor Expansion) - \$20B**

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PHOENIX

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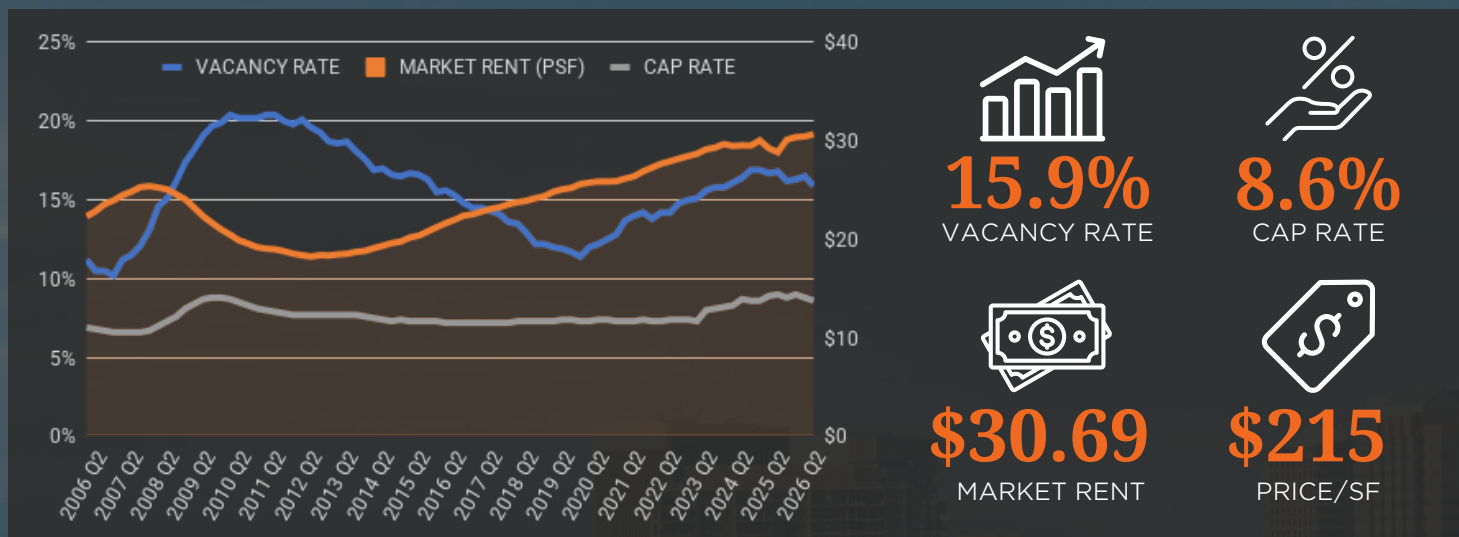
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Taylor Martin

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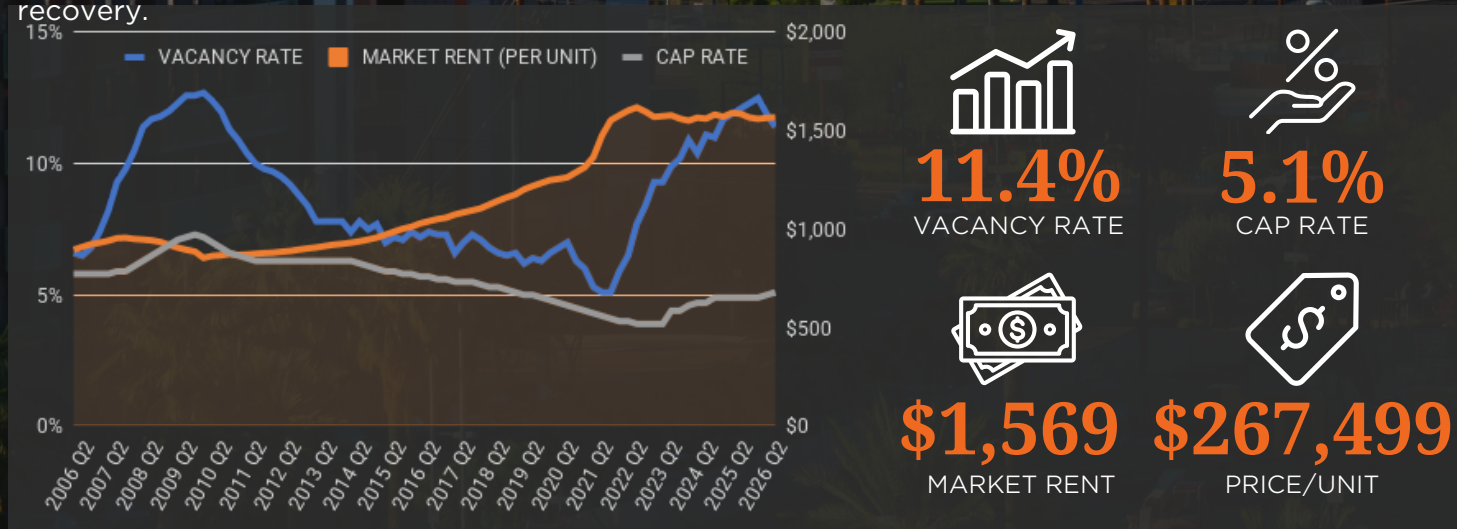
Phoenix's office market is stabilizing through a combination of modest leasing improvement, owner-user activity, and the removal of obsolete buildings. Vacancy measured 15.9% in Q2 2026, while market rents averaged \$30.69 per square foot. Properties were valued near \$215 per square foot, with cap rates averaging 8.6%, reflecting a selective investment environment. Tenants continue to favor smaller, prebuilt suites and amenity-rich locations, leaving commodity suburban inventory more exposed. Limited speculative construction and ongoing redevelopment are helping constrain future supply. Still, slower office-using employment growth and evolving space requirements suggest that vacancy improvement will remain gradual through 2027 and potentially beyond.



PHOENIX

MULTIFAMILY

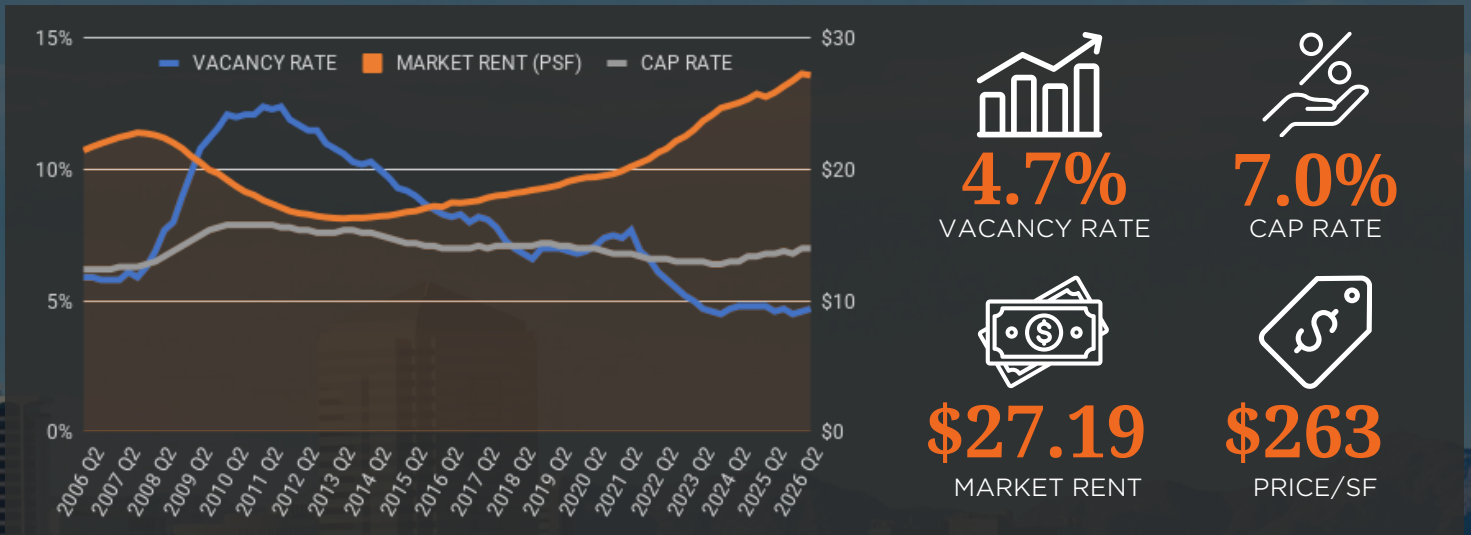
Phoenix continues to generate strong renter demand, but the volume of recent apartment deliveries is keeping vacancy and effective rents under pressure. Vacancy reached 11.4% in Q2 2026, while market rents averaged \$1,569 per unit. Multifamily assets were valued near \$267,499 per unit, and cap rates averaged 5.1%, reflecting sustained investment interest despite softer operations. Population growth, employment opportunities, and barriers to homeownership are supporting absorption, while concessions remain common at newly delivered properties. The construction pipeline has declined considerably from its peak, which should improve the balance over time. Elevated vacancy and prolonged lease-up periods will likely delay a meaningful rent recovery.



Data Source: CoStar

RETAIL

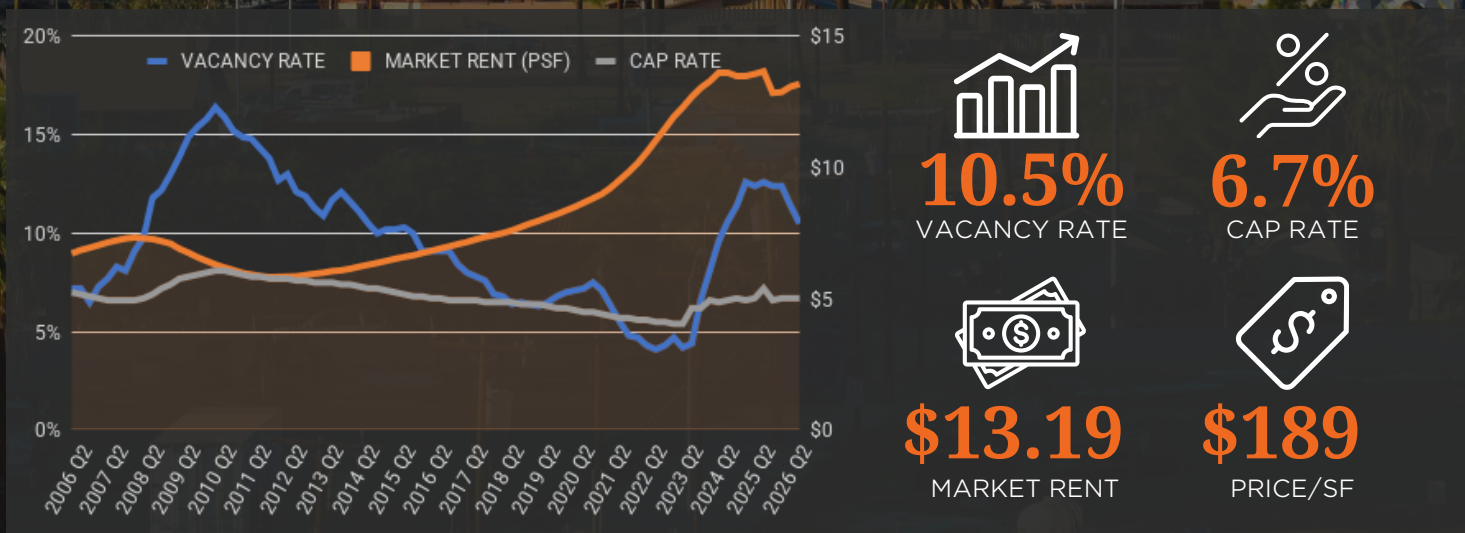
Phoenix retail continues to benefit from population growth, rising incomes, and a limited supply of new space. Vacancy stood at 4.7% in Q2 2026, while market rents averaged \$27.19 per square foot. Properties were valued near \$263 per square foot, with cap rates averaging 7.0%, reflecting stable investment conditions. Store closures have added some availability, but off-price retailers, grocers, experiential concepts, and service tenants are backfilling well-located spaces. Most new development is concentrated in fast-growing suburbs and carries substantial preleasing, limiting broader supply pressure. Continued demographic momentum should preserve tight occupancy, although slower consumer growth remains a potential near-term risk.



PHOENIX

INDUSTRIAL

Stronger tenant demand and a slowing construction pipeline are beginning to improve the outlook for Phoenix industrial properties. Vacancy reached 10.5% in Q2 2026, while market rents averaged \$13.19 per square foot. Assets were valued near \$189 per square foot, and cap rates averaged 6.7%, indicating continued investor interest despite elevated availability. Logistics, retail distribution, and advanced manufacturing users remain active, particularly in newer facilities with modern clear heights and power capacity. Large speculative buildings continue to carry the greatest vacancy risk, while smaller product is comparatively insulated. As recent deliveries are absorbed, reduced construction should support a gradual rebalancing.



Data Source: CoStar

DENVER

Denver continues to evolve as one of the West's most dynamic metros, powered by a diversified economy, a highly educated workforce, and sustained public and private investment in its urban core. Major adaptive reuse projects, downtown revitalization efforts, and transit-oriented development are reshaping the city's commercial landscape as it transitions from pandemic-era headwinds into a new phase of strategic, mixed-use growth. The metro's central geographic position, expanding logistics infrastructure, and deep talent pipeline give it a distinctive edge among competing Mountain West markets. Notable commercial real estate developments (planned or under construction) in Denver include:

- **Fox Park — Denver (Globeville), 41 acres, Virgin Hotel, 1,000+ units**
- **Zebulon Regional Sports Complex — Sterling Ranch / Douglas County, 500 acres**
- **Pearl Arts District — \$632M, 2,500-seat venue, 500 homes, hotel**
- **Avenue South at Centerra — Loveland, 140 acres**

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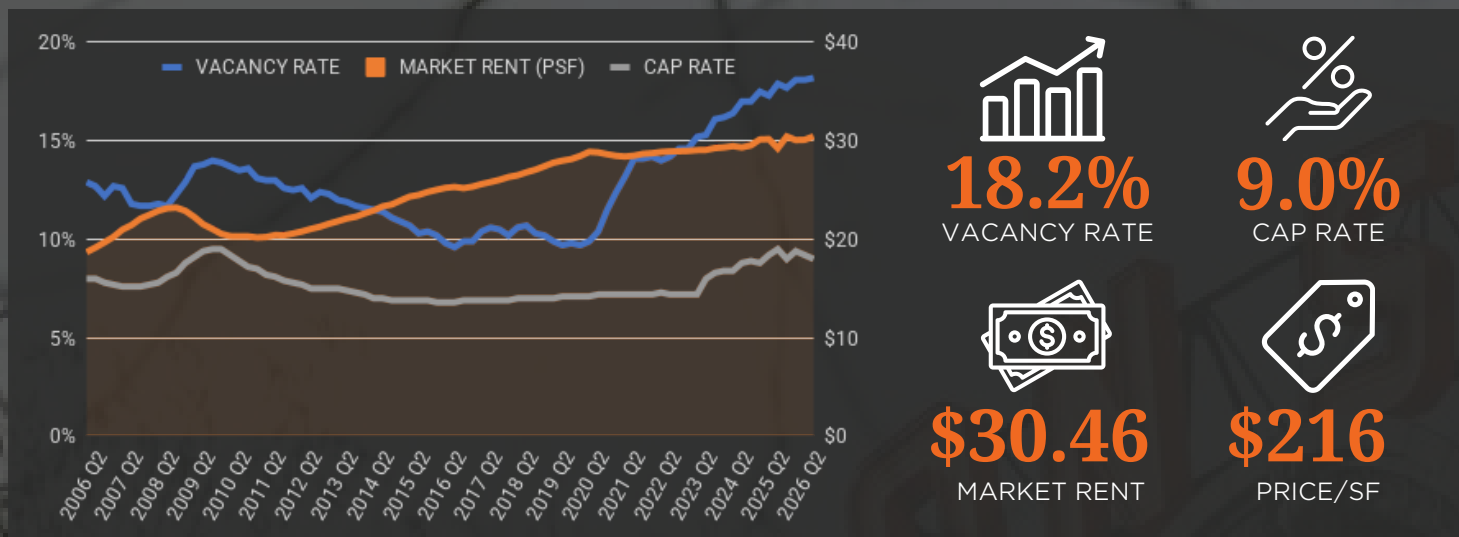
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Caitlin Stepan

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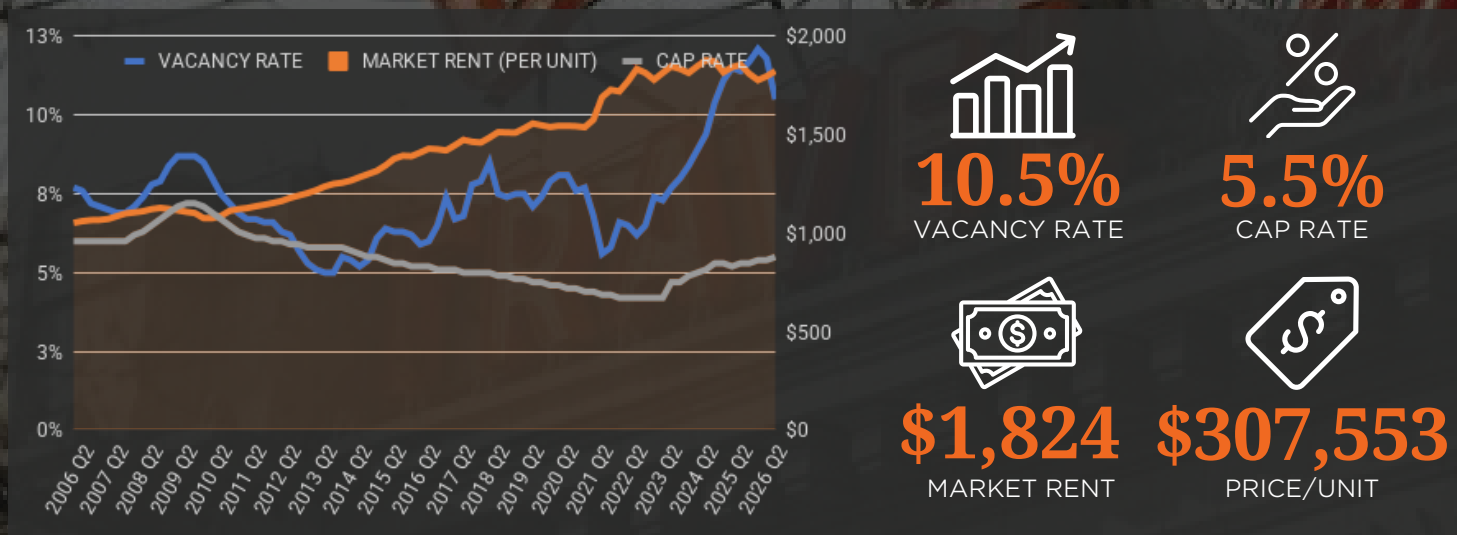
Denver's office market remains tenant-favorable as companies continue to reduce footprints and older buildings struggle to retain demand. Vacancy measured 18.2% in Q2 2026, while market rents averaged \$30.46 per square foot. Properties were valued near \$216 per square foot, with cap rates averaging 9.0%, reflecting a cautious investment environment. Government users are supporting select transactions, but the CBD and aging inventory continue to carry the greatest vacancy burden. Limited speculative development and increased demolition activity are reducing future supply pressure. Slower move-outs may help stabilize conditions, although weak office-using employment growth and economic uncertainty could postpone a broader recovery.



DENVER

MULTIFAMILY

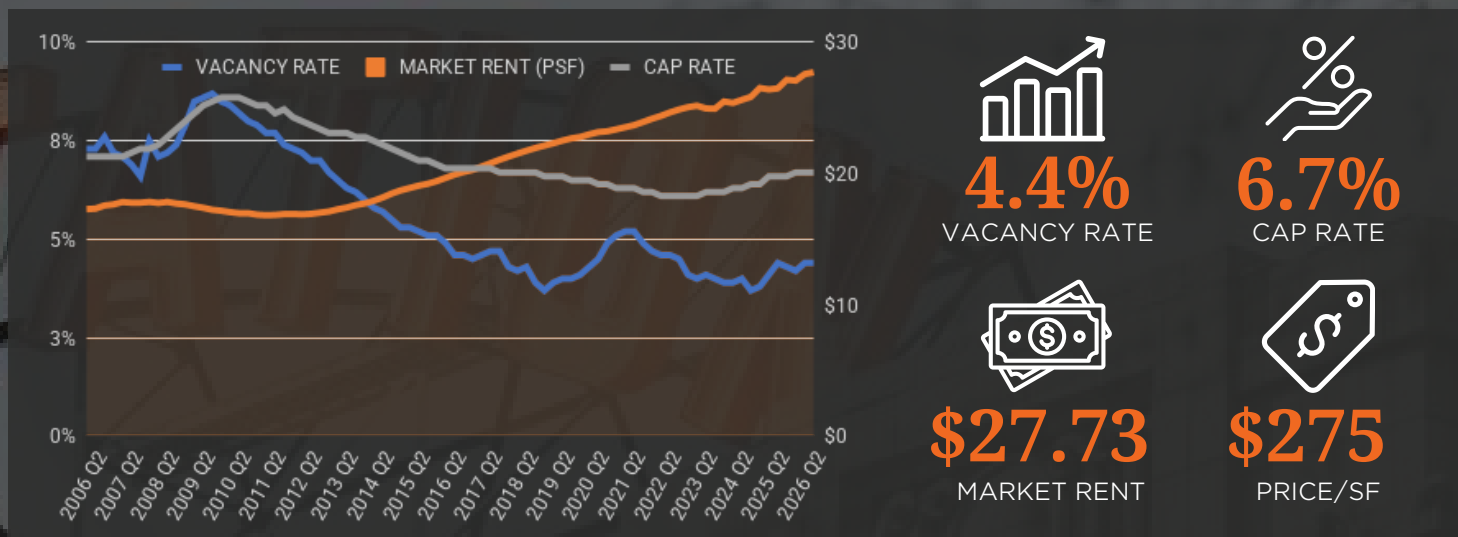
Denver's apartment market is beginning to benefit from stronger renter demand and a pronounced slowdown in construction starts. Vacancy reached 10.5% in Q2 2026, while market rents averaged \$1,824 per unit. Multifamily assets were valued near \$307,553 per unit, and cap rates averaged 5.5%, indicating continued investor interest despite operating pressure. Generous concessions remain widespread, particularly in newer luxury properties, and are helping support absorption while increasing competition for mid-tier communities. The reduced development pipeline should provide relief from the recent supply wave. Even so, elevated vacancy and continued incentives are expected to delay meaningful rent growth until more inventory is absorbed.



Data Source: CoStar

RETAIL

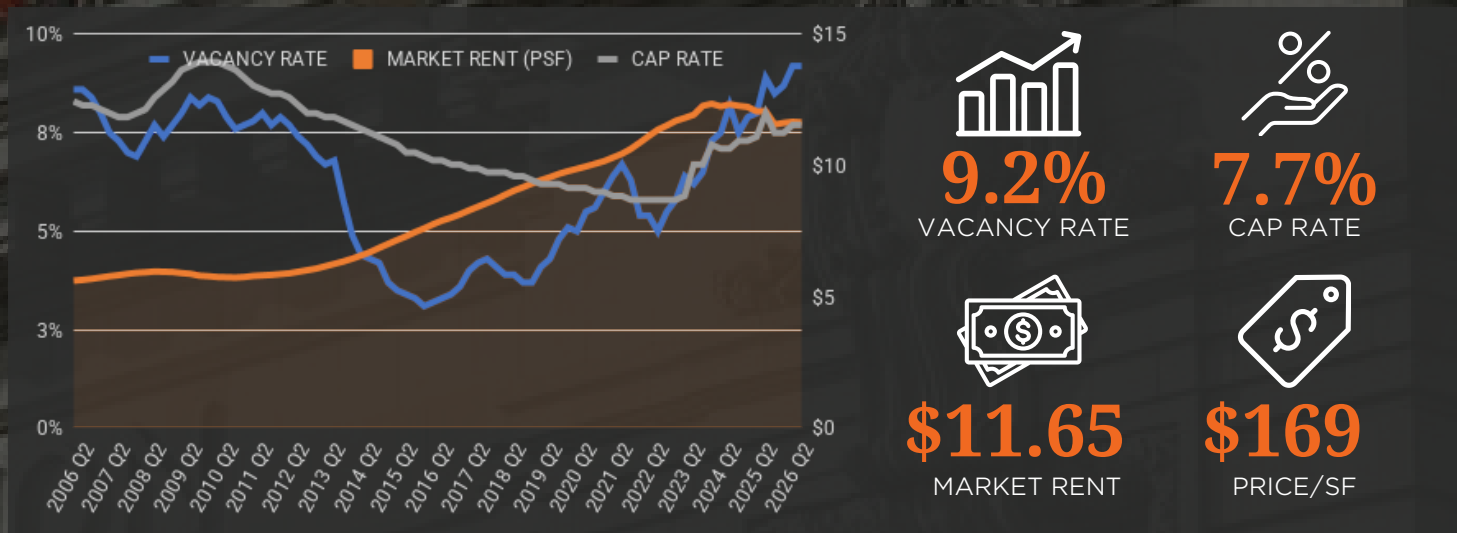
Grocery-anchored centers, quick-service restaurants, and convenience-oriented suburban locations continue to outperform within Denver's retail market. Vacancy stood at 4.4% in Q2 2026, while market rents averaged \$27.73 per square foot. Properties were valued near \$275 per square foot, with cap rates averaging 6.7%, reflecting stable investment conditions. Recent store closures and weaker downtown foot traffic have created localized softness, but the overall market remains tight. New construction is limited and concentrated primarily in freestanding build-to-suit projects, reducing broader supply pressure. This constrained pipeline should preserve low vacancy, although slower population and employment growth may temper future tenant expansion across the metro.



DENVER

INDUSTRIAL

Denver industrial tenants are increasingly favoring newer facilities, leaving older inventory more exposed as the market absorbs recent deliveries. Vacancy reached 9.2% in Q2 2026, while market rents averaged \$11.65 per square foot. Assets were valued near \$169 per square foot, and cap rates averaged 7.7%, reflecting selective investment conditions. Aerospace and third-party logistics users are generating pockets of demand, particularly for buildings with modern clear heights and power capabilities. Tenant leverage has increased across older properties, resulting in more concessions. Construction starts have declined sharply, which should limit additional supply pressure and support gradual improvement beginning in 2027 across the broader market.



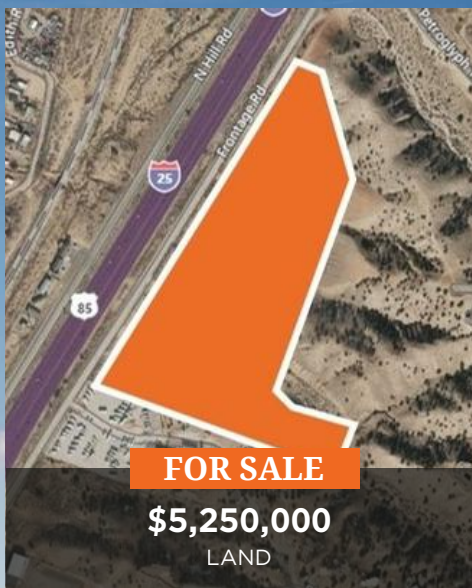
Data Source: CoStar

ALBUQUERQUE

Albuquerque, New Mexico's largest city, is a vibrant desert hub known for its high-altitude terrain, deep multicultural roots, and status as the "Hot Air Balloon Capital of the World." Situated at the foot of the 10,000-foot Sandia Mountains and bisected by the Rio Grande, it offers a blend of ancient tradition and high-tech innovation. Beyond its historical focus, the city serves as a hub for science and technology, hosting significant institutions such as the University of New Mexico and Sandia National Laboratories. Notable commercial real estate developments (planned or under construction) in Albuquerque include:

- **Legacy at Journal Center - A 21-acre mixed-use development**
- **The Senary by Allaso - A 209-unit property provides high-end urban living near key employment centers**
- **The Highlands - A 12-acre mixed-use community in Albuquerque combining residential, retail, and hospitality sectors**

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ALBUQUERQUE

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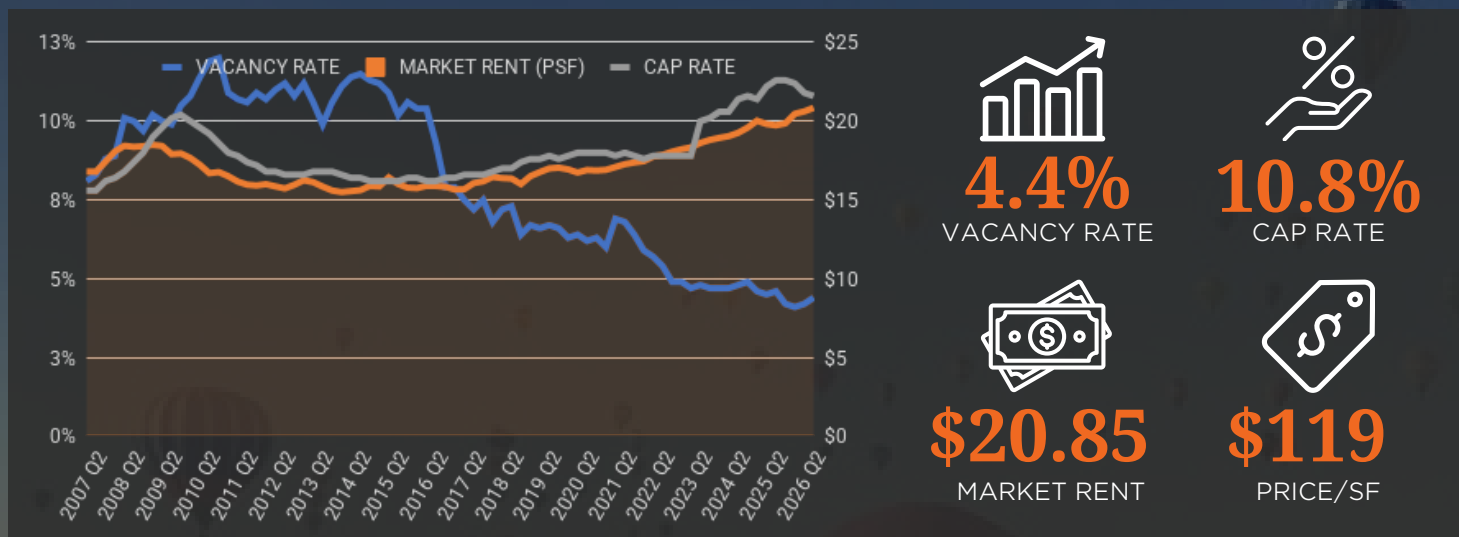
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William Yun
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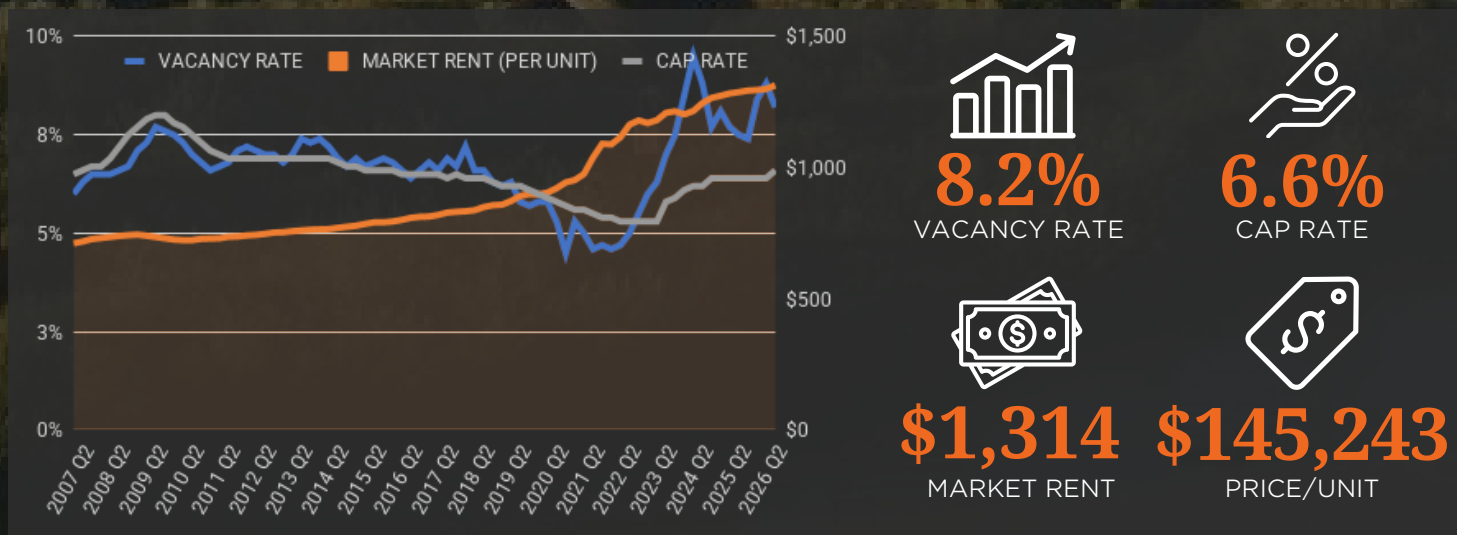
Albuquerque's office market continues to stand apart from many larger metros because of its low vacancy, minimal sublease exposure, and institutional tenant base. Vacancy measured 4.4% in Q2 2026, while market rents averaged \$20.85 per square foot. Properties were valued near \$119 per square foot, with cap rates averaging 10.8%, offering comparatively higher yields. Mid-sized commitments from government, education, defense, and technology users are supporting leasing, while speculative construction is nearly absent. These conditions should preserve market balance, although potential federal workforce reductions and GSA lease cancellations represent meaningful downside risks to future demand and investment activity over the coming quarters.



ALBUQUERQUE

MULTIFAMILY

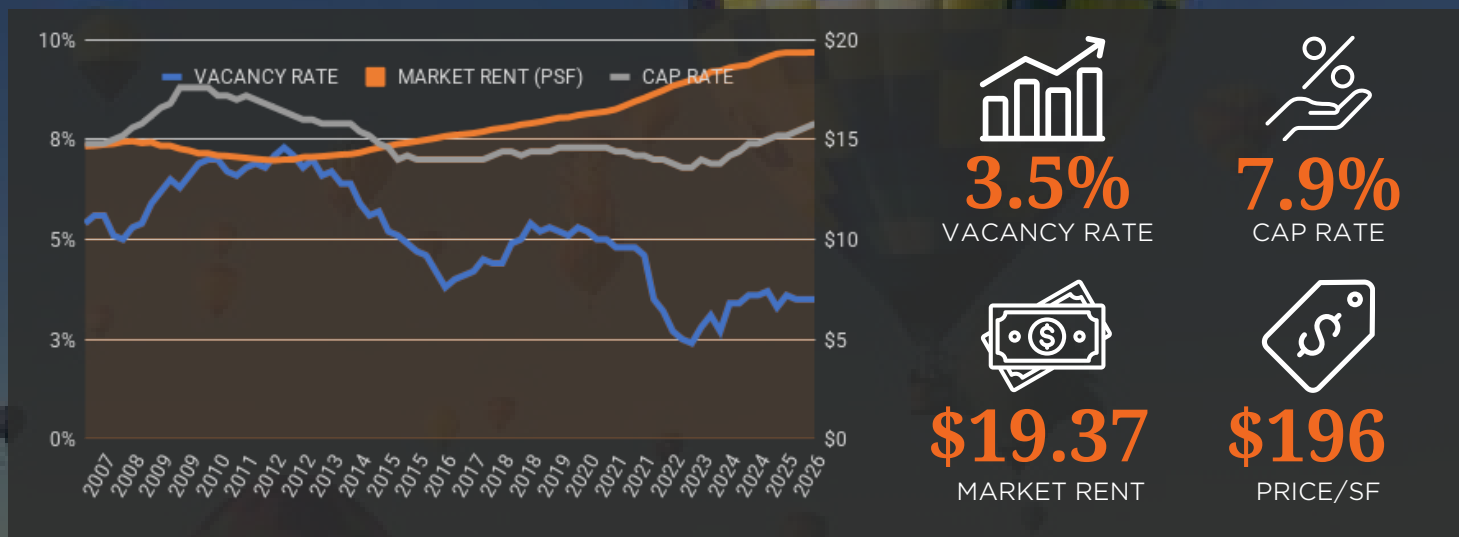
Albuquerque's apartment market is moving toward stabilization as renter demand improves and the recent development cycle nears completion. Vacancy reached 8.2% in Q2 2026, while market rents averaged \$1,314 per unit. Multifamily assets were valued near \$145,243 per unit, and cap rates averaged 6.6%, reflecting continued investor interest despite competitive conditions. Concessions remain common at newer, higher-quality communities, allowing some renters to move up and placing additional pressure on mid-tier properties. The remaining pipeline will continue to test demand, but slowing starts should reduce supply pressure over time. Affordability and stable employment anchors support a measured recovery outlook over the coming quarters.



Data Source: CoStar

RETAIL

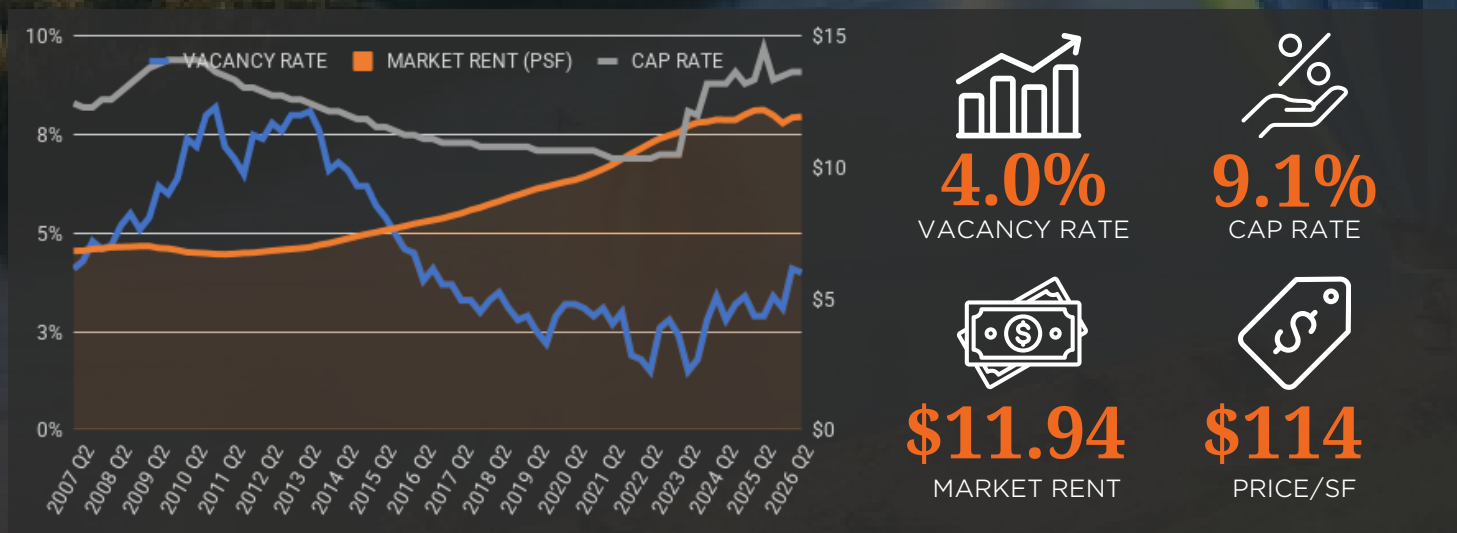
Fitness operators, grocers, and service-oriented concepts are driving much of Albuquerque's current retail leasing activity. Vacancy stood at 3.5% in Q2 2026, while market rents averaged \$19.37 per square foot. Properties were valued near \$196 per square foot, with cap rates averaging 7.9%, reflecting stable investment conditions. Mall space and older general retail properties face comparatively softer demand, while neighborhood and convenience-oriented centers remain better positioned. The development pipeline is small and largely preleased, limiting broader supply pressure. Albuquerque's affordability and steady consumption should support occupancy, although slower tenant demand is likely to keep near-term rent growth subdued across several property types.



ALBUQUERQUE

INDUSTRIAL

Preleased development and steady logistics demand are keeping Albuquerque's industrial market tight despite a meaningful volume of construction. Vacancy reached 4.0% in Q2 2026, while market rents averaged \$11.94 per square foot. Assets were valued near \$114 per square foot, and cap rates averaged 9.1%, providing comparatively attractive yields. Recent absorption has been driven by distributors, data center users, and advanced industrial occupiers along the West I-40 and Los Lunas corridors. Because nearly all space under construction is committed, the pipeline should create limited near-term vacancy pressure. Tenant expansion may remain selective, but disciplined development supports continued stability across the market.



Data Source: CoStar

GREATER HOUSTON

Houston, Texas, boasts a diverse economy driven by energy, particularly oil and gas, along with strong sectors in aerospace, healthcare, and manufacturing. The city is a major hub for international trade and has a robust business environment supported by its port, one of the busiest in the United States. Notable commercial real estate developments (planned or under construction) in Houston include:

- **Lily River Oaks - 953,000-square-foot mixed-use project**
- **East Blocks - East Downtown adaptive-reuse mixed-use project**
- **Social District - 10-acre, 120,000-square-foot sports-themed mixed-use development in south Houston**
- **GreenStreet - The downtown mixed-use redevelopment**

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FOR SALE

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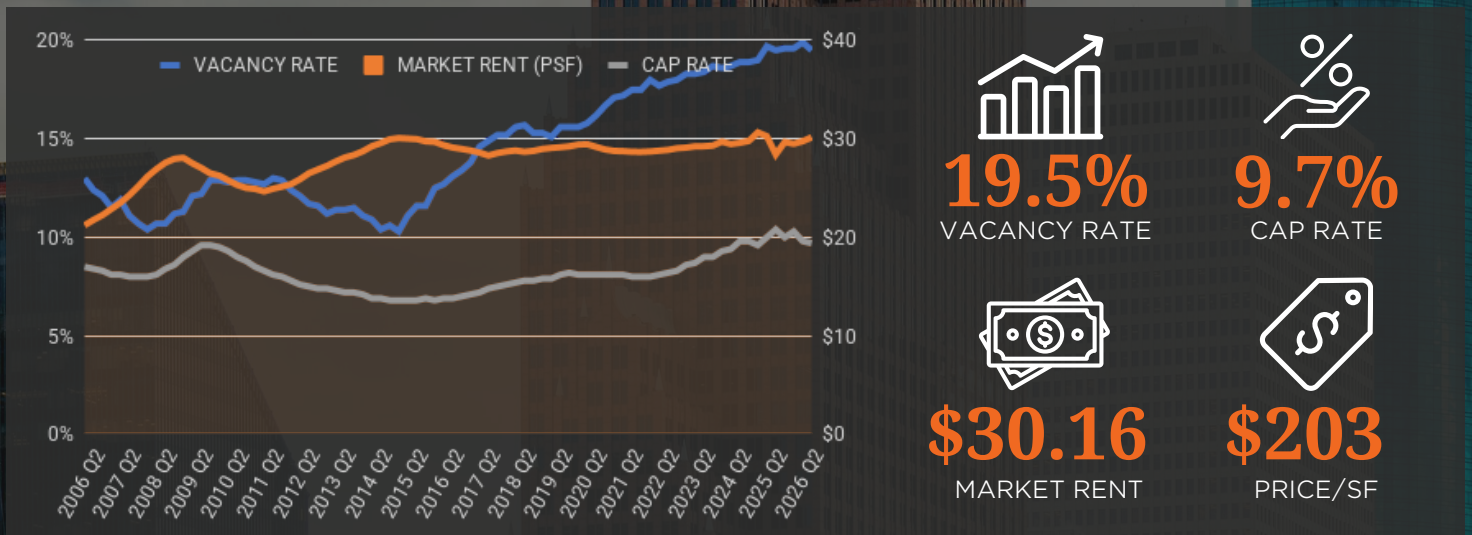
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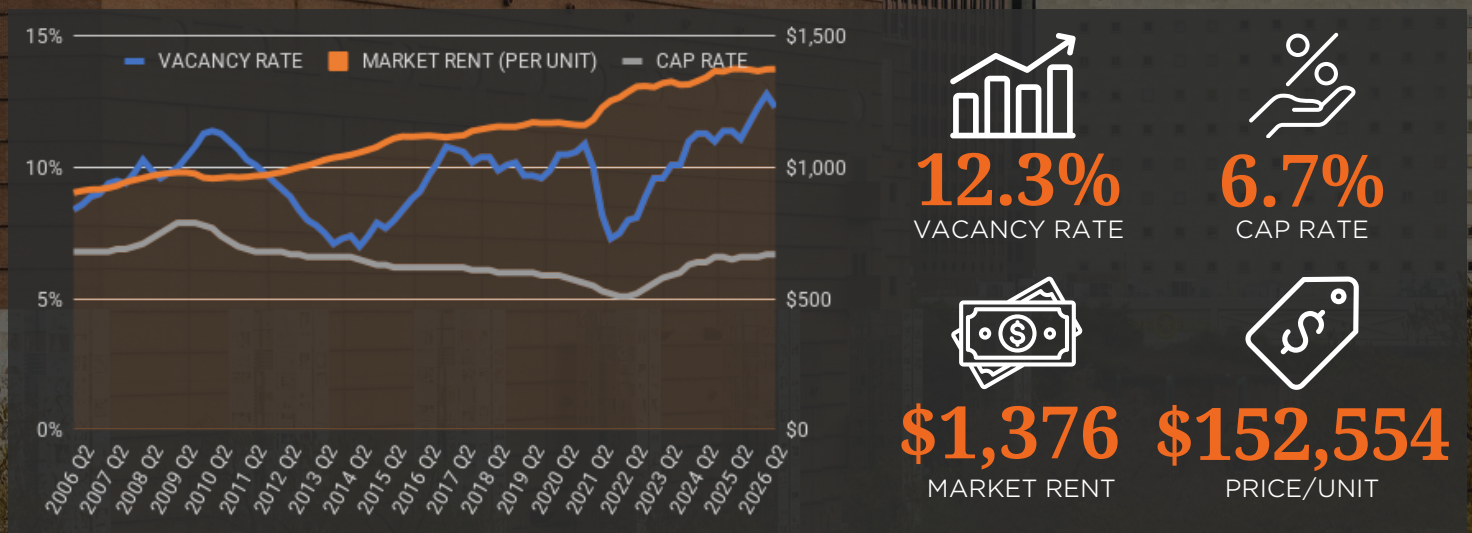
Houston's office recovery is being driven more by limited new supply and the removal of obsolete inventory than by a broad rebound in tenant demand. Vacancy measured 19.5% in Q2 2026, while market rents averaged \$30.16 per square foot. Properties were valued near \$203 per square foot, with cap rates averaging 9.7%, reflecting a cautious but more active investment environment. Leasing remains concentrated in newer, amenitized buildings, while older suburban properties continue to struggle. Conversions and demolitions are gradually reducing excess space. Subdued hiring and continued emphasis on smaller, efficient footprints are likely to keep the recovery slow and uneven.



GREATER HOUSTON

MULTIFAMILY

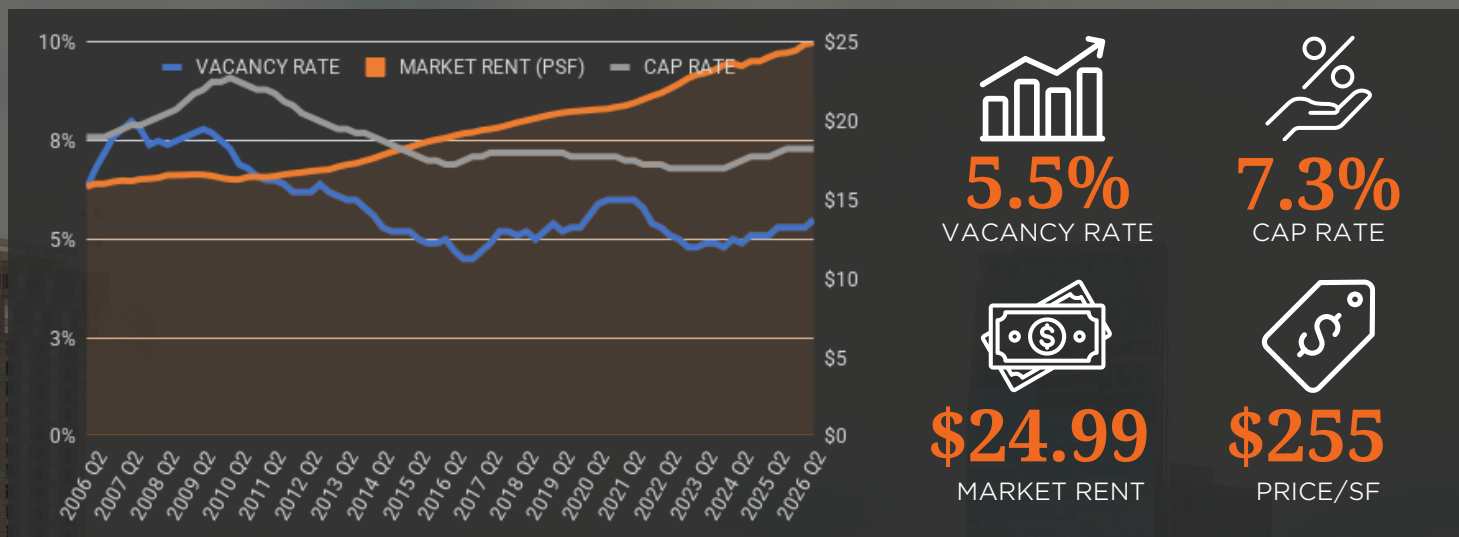
Houston's multifamily market remains burdened by a substantial supply overhang, even as suburban communities continue to attract renters. Vacancy reached 12.3% in Q2 2026, while market rents averaged \$1,376 per unit. Multifamily assets were valued near \$152,554 per unit, and cap rates averaged 6.7%, reflecting selective investment conditions amid weaker rent performance. Positive absorption is concentrated in newer suburban areas, while workforce and mid-tier properties face greater economic pressure. Concessions remain widespread as operators prioritize occupancy over rate growth. Although the construction pipeline is moderating, excess inventory is expected to keep vacancy elevated and delay a meaningful rent recovery until more units are absorbed.



Data Source: CoStar

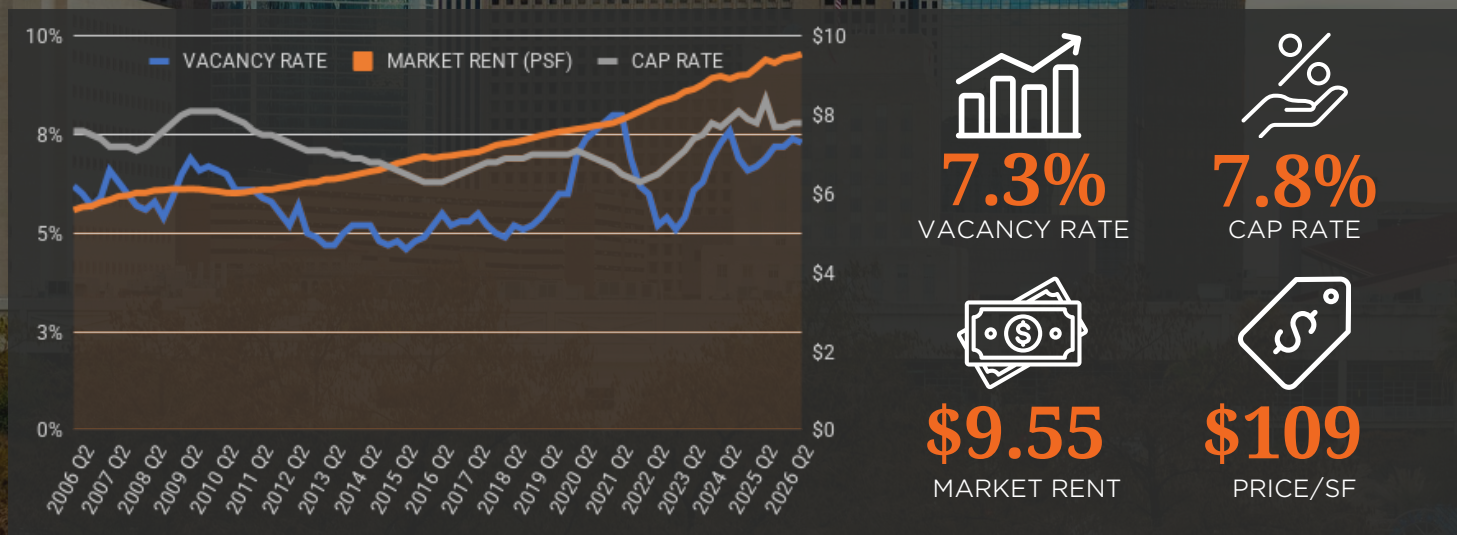
RETAIL

Backfilling of former big-box space is helping Houston retail regain balance after a period of elevated store closures. Vacancy stood at 5.5% in Q2 2026, while market rents averaged \$24.99 per square foot. Properties were valued near \$255 per square foot, with cap rates averaging 7.3%, reflecting stable investment conditions for quality assets. Grocery, fitness, entertainment, and service-oriented concepts are generating demand, particularly in high-growth suburban corridors, while older centers with functional limitations continue to lag. A modest, largely committed construction pipeline should limit additional supply pressure. Slower consumer spending and rising operating costs may nevertheless moderate leasing momentum in select submarkets.



INDUSTRIAL

Record leasing volumes have not been enough to offset Houston's elevated industrial construction pipeline and continuing tenant churn. Vacancy reached 7.3% in Q2 2026, while market rents averaged \$9.55 per square foot. Assets were valued near \$109 per square foot, and cap rates averaged 7.8%, indicating continued investor interest despite softer operations. Large occupiers are consolidating into modern distribution facilities, leaving older and mid-sized properties more exposed. Landlords are responding with additional concessions and flexible lease terms. With substantial space still underway, vacancy and rent pressure may persist before slower construction and Houston's long-term logistics demand restore balance across the broader market.



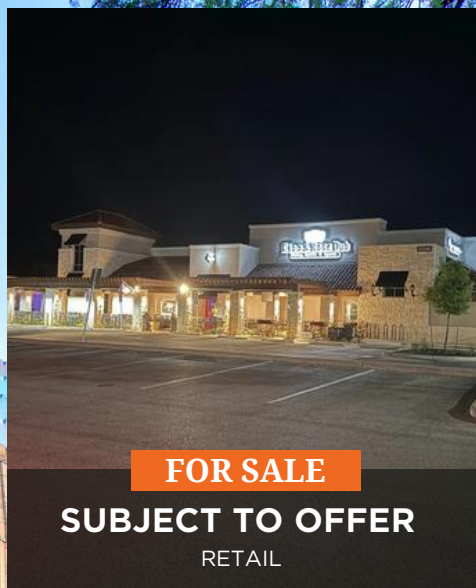
Data Source: CoStar

SAN ANTONIO

San Antonio, Texas, is a vibrant city known for its rich cultural heritage and historical significance, including the famous Alamo. The city features a picturesque River Walk lined with shops, restaurants, and entertainment options, making it a popular destination for both locals and tourists. Just a short drive northeast lies New Braunfels, a charming town famous for its German heritage, water activities on the Guadalupe and Comal Rivers, and the historic Schlitterbahn Waterpark. Together, these cities offer a blend of history, recreation, and cultural experiences in the heart of Texas. Notable commercial real estate developments (planned or under construction) in San Antonio include:

- **Project Marvel / Hemisfair District – Multibillion-dollar mixed-use redevelopment**
- **The Merc – \$350 million, 112 AC mixed-use destination**
- **Schertz Station – 72 AC mixed-use development**

FEATURED ON MARKET LISTINGS



FOR SALE

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RETAIL



FOR SALE

SUBJECT TO OFFER
RETAIL



FOR SALE

\$1,320,000
OFFICE

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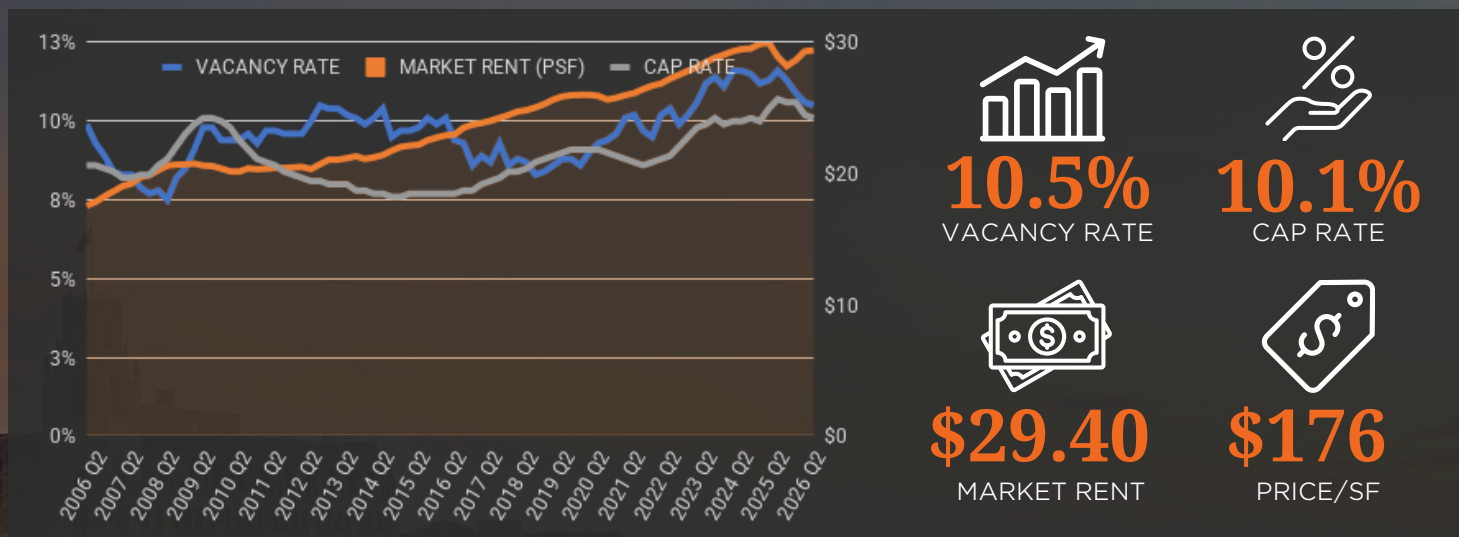
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Ashley Trevino

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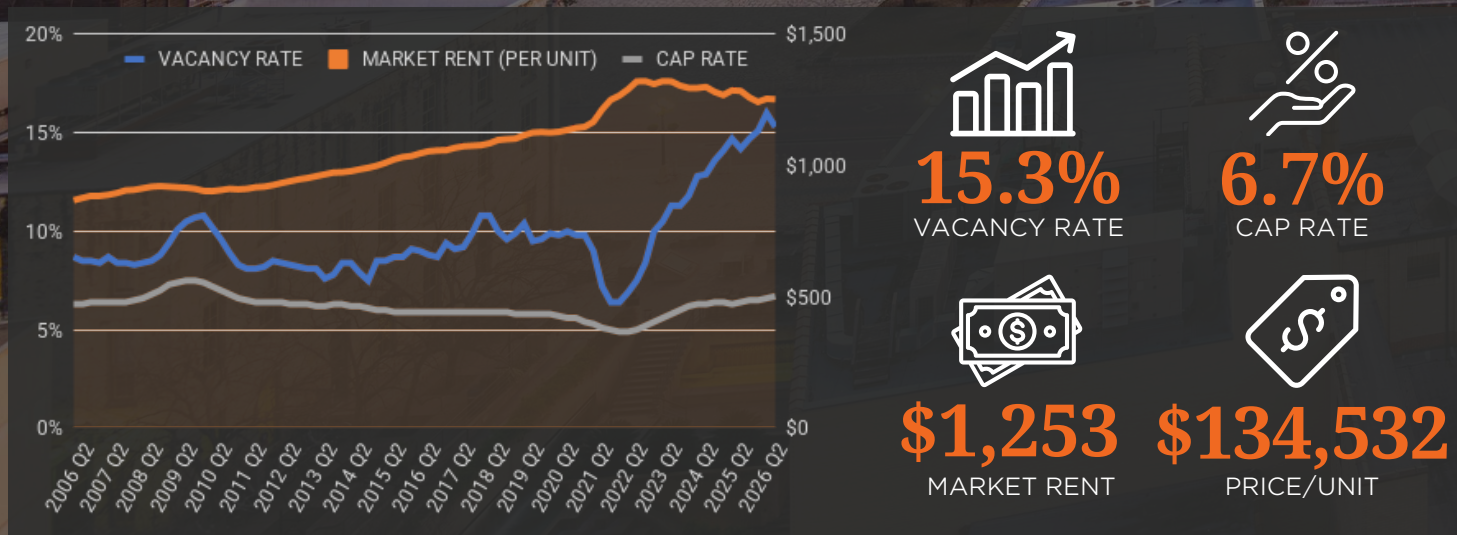
San Antonio's office market continues to outperform many peers because disciplined construction and numerous smaller leases are limiting excess supply. Vacancy measured 10.5% in Q2 2026, while market rents averaged \$29.40 per square foot. Properties were valued near \$176 per square foot, with cap rates averaging 10.1%, offering comparatively higher yields. Demand remains focused on efficient suites and well-located buildings, while retrenchment by several large employers creates downside risk. Positive absorption and a modest development pipeline have helped preserve balance. Continued population and employment growth should provide support, although future performance will depend on office-using job creation and upcoming tenant renewals.



SAN ANTONIO

MULTIFAMILY

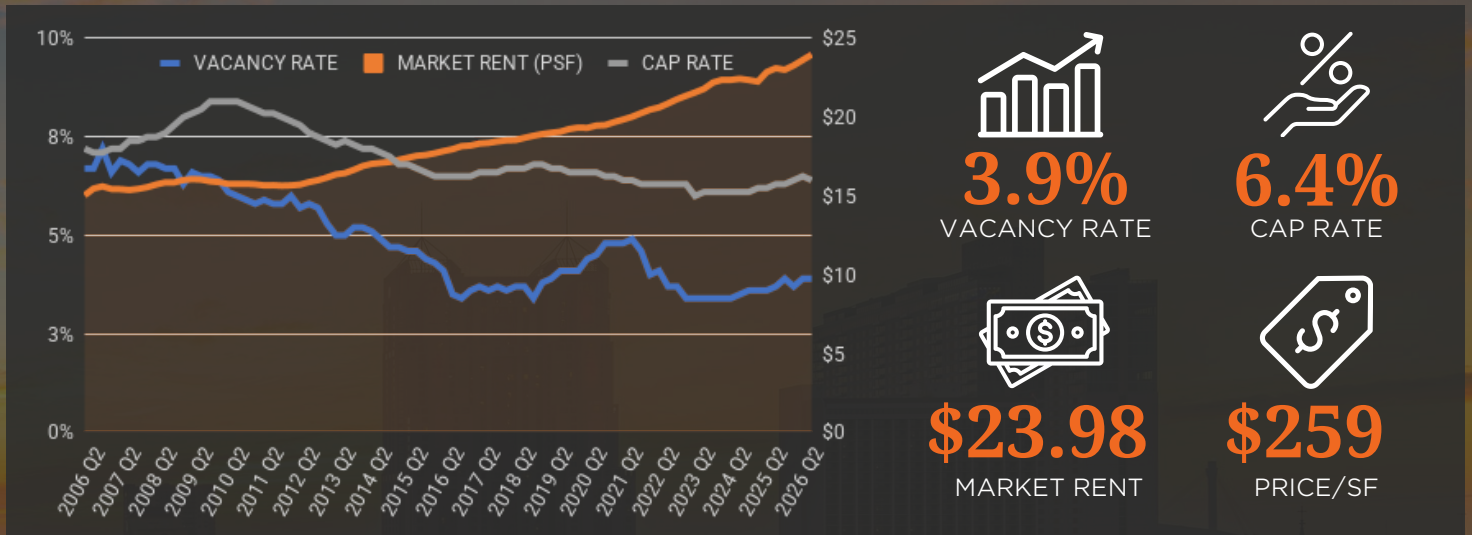
San Antonio's apartment market is still absorbing the largest development wave in its history, leaving owners reliant on concessions despite positive demand. Vacancy reached 15.3% in Q2 2026, while market rents averaged \$1,253 per unit. Multifamily assets were valued near \$134,532 per unit, and cap rates averaged 6.7%, reflecting cautious investment conditions. Demand remains strongest in growing urban and suburban areas, but absorption has not matched recent deliveries. Construction starts have fallen sharply, which should gradually reduce supply pressure once the remaining pipeline is completed. Strong population growth supports the long-term outlook, though vacancy is expected to remain elevated in the near term.



Data Source: CoStar

RETAIL

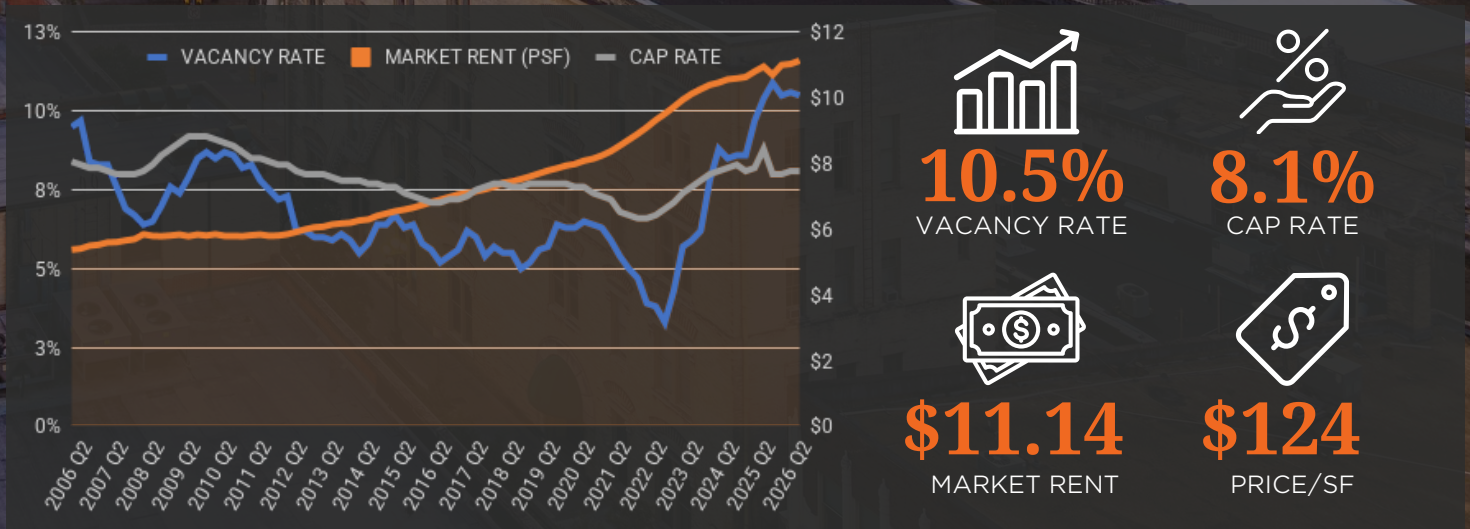
San Antonio's growing consumer base continues to support one of the tighter retail markets in the region, despite several high-profile store closures. Vacancy stood at 3.9% in Q2 2026, while market rents averaged \$23.98 per square foot. Properties were valued near \$259 per square foot, with cap rates averaging 6.4%, reflecting stable investment conditions. Mall and big-box closures have created isolated openings, but several vacated spaces are drawing replacement users. Limited financing has kept construction moderate and suitable locations scarce. Continued demographic growth should support occupancy and measured rent gains, although slower job growth and consumer uncertainty may temper leasing through the remainder of 2026.



SAN ANTONIO

INDUSTRIAL

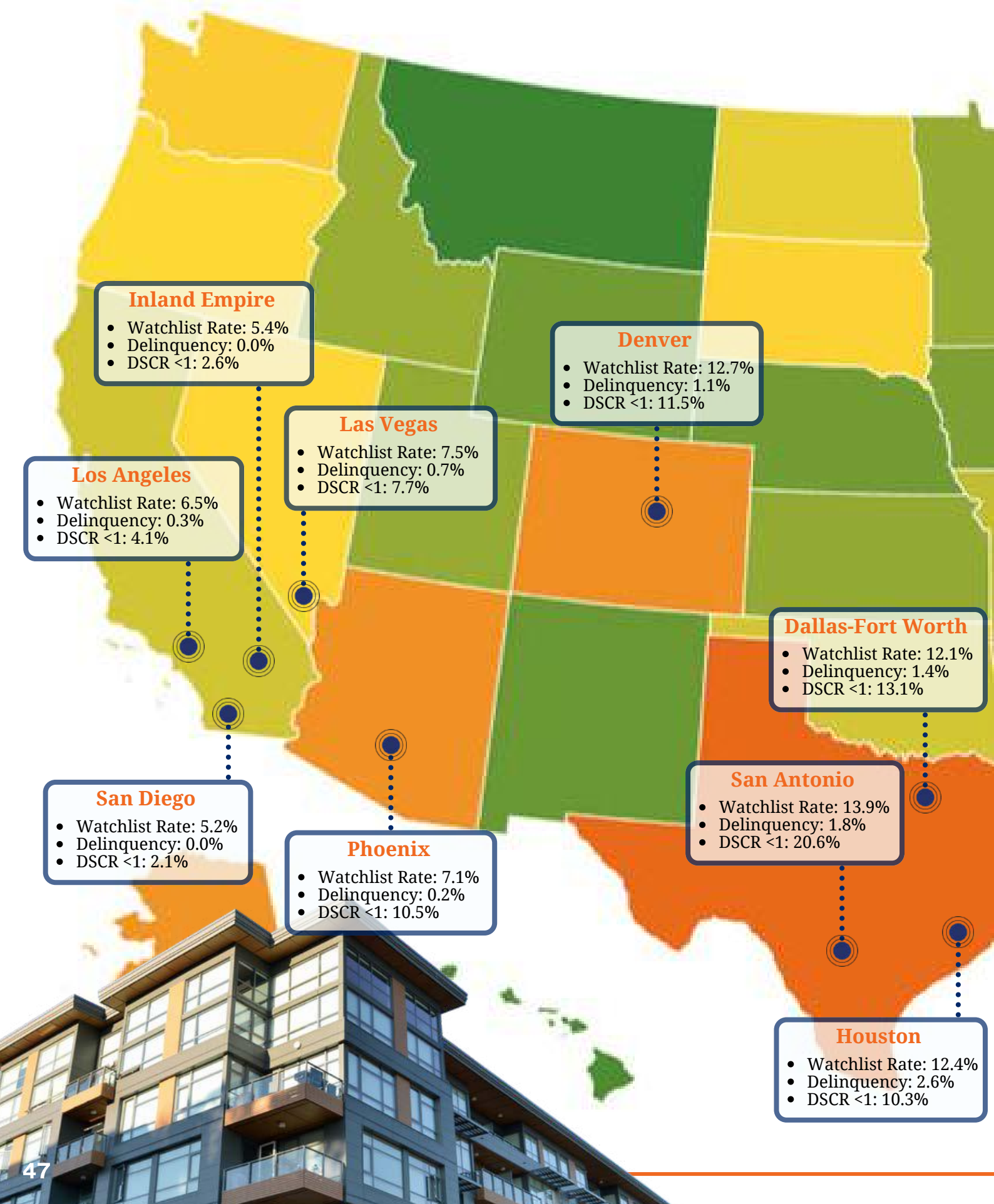
San Antonio's industrial market is contending with a sharp divide between relatively active small-bay leasing and elevated vacancy in bulk distribution space. Vacancy reached 10.5% in Q2 2026, while market rents averaged \$11.14 per square foot. Assets were valued near \$124 per square foot, and cap rates averaged 8.1%, reflecting selective investment activity. Recent deliveries continue to exceed absorption, and additional projects may extend supply pressure for larger warehouses. The market's location along major interstate and Mexico trade corridors remains a long-term advantage, but softer demand in key industrial sectors and potential tariff uncertainty may keep vacancy elevated through the near term.



Data Source: CoStar

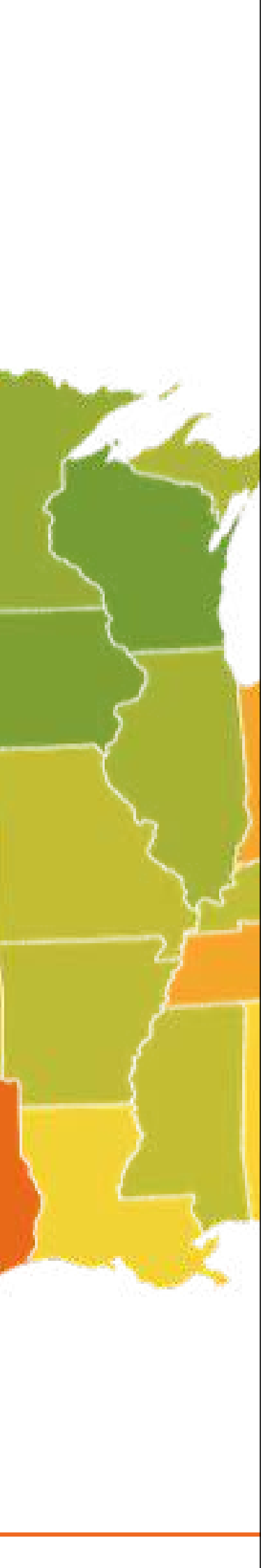
SOUTHWEST DISTRESS TRACKER

MULTIFAMILY



MULTIFAMILY Distress Ranking

Watchlist % by State



1	District of Columbia	15.34%
2	Texas	11.65%
3	Colorado	10.29%
4	Arizona	10.18%
5	Alaska	10.10%
6	New York	10.07%
7	Tennessee	9.43%
8	Indiana	9.41%
9	Georgia	9.38%
10	Florida	9.31%
11	Maryland	8.30%
12	Washington	8.14%
13	South Dakota	7.86%
14	Alabama	7.86%
15	Delaware	7.83%
16	Nevada	7.74%
17	South Carolina	7.73%
18	Oregon	7.64%
19	Connecticut	7.60%
20	Louisiana	7.23%
21	Pennsylvania	7.05%
22	North Dakota	6.90%
23	New Jersey	6.77%
24	Vermont	6.69%
25	Oklahoma	6.12%

Orange = Southwest Markets

Data Source: Trepp



Q226

SOUTHWEST REGION

