



2025 Q3

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

4.70%

3Q24: 4.80%



MARKET RENT

\$26.54/SF

3Q24: \$25.51/SF



NET ABSORPTION

57,387 SF

3Q24: 273,033 SF



PRICE PSF

\$256/SF

3Q24: \$305/SF

MARKET CAP RATES

6.93%

METRO PHOENIX

7.25%

NATIONAL

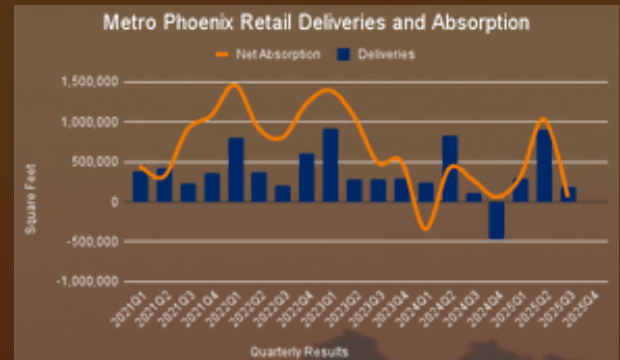
QUARTERLY RETAIL STATS

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.

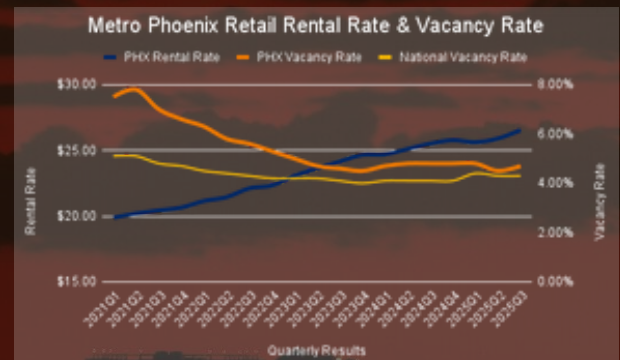
Though an anticipated slowdown in economic and consumption growth may cause the availability rate and rent growth to normalize further, a meaningful weakening of property performance is not expected. Downside risks to the outlook include a worse-than-expected impact from tariffs and shifts in immigration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

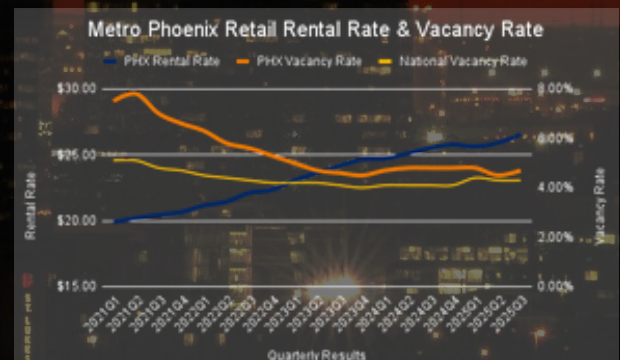
METRO PHOENIX DELIVERIES & ABSORPTION



RENTAL & VACANCY RATES



PRICES & CAP RATE TRENDS



ECONOMIC HIGHLIGHTS

Employment Data (YOY)

- 4.20% Unemployment Rate (USA) +0.40%
- 3.70% 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%
- 6,215 Closed Transactions +0.14%
- 85 Days on Market +15 Days
- 3.80 Months of Supply +0.50 Months

10-Year Treasury

- 4.01% as of 10/25/2025
- 0.20% YOY | -0.15% 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%	-46.2K	\$27.37	\$261	7.20%	\$27.7M
Airport Area	4M	0	5.60%	-24.8K	\$22.36	\$235	7.00%	\$23.8M
Anthem	2.9M	8.7K	4.80%	-21K	\$29.83	\$314	6.40%	\$18.1M
Apache Junction	2.7M	4K	7.10%	271K	\$22.50	\$244	7.00%	\$23.2M
Carefree	1.9M	0	4.30%	22.4K	\$29.63	\$320	6.40%	\$25M
Central Scottsdale	16.9M	6K	3.80%	-15.8K	\$37.17	\$299	6.70%	\$99.7M
Chandler	17.4M	152K	4.60%	-82.9K	\$27.96	\$235	7.20%	\$145M
Ctrl Peoria/Arrowhead	10.7M	28.2K	4.70%	44K	\$30.28	\$277	6.90%	\$81M
Deer Valley	2.4M	5K	0.80%	-11.1K	\$36.49	\$344	6.60%	\$110M
Downtown Phoenix	8.3M	0	4.30%	52.3K	\$24.13	\$250	6.70%	\$76M
East Phoenix	9.1M	0	5.30%	-57.9K	\$22.96	\$247	6.90%	\$88.2M
Fountain Hills	775K	0	3.20%	4.4K	\$22.71	\$265	6.60%	\$6M
Gateway Airport	3.3M	61.8K	3.80%	103K	\$29.38	\$287	7.10%	\$138M
Gila River Outlying	359K	0	0%	1.6K	\$21.11	\$218	6.80%	\$0
Gilbert	17.6M	218K	2.40%	281K	\$27.48	\$273	7.00%	\$157M
Glendale	12.3M	38.3K	4.30%	21.3K	\$23.22	\$240	7.00%	\$79M
Goodyear	4M	197K	2.70%	6.8K	\$26.74	\$288	6.50%	\$18.3M
Laveen	1.9M	0	2.20%	6.9K	\$30.14	\$299	6.70%	\$14.1M
Loop 101/I-10	3.3M	34.9K	2.70%	59.2K	\$28.85	\$282	6.70%	\$5.9M
N Goodyear/Litchfield	8.8M	246K	2.00%	633K	\$31.69	\$290	6.60%	\$153M
N Phoenix/I-17 Corr	15M	0	7.40%	-314K	\$19.64	\$202	7.20%	\$229M
NE Outlying Maricopa	17.2K	0	0%	0	\$16.64	\$282	6.20%	\$0
North Buckeye	324K	520K	0.40%	39.9K	\$24.34	\$280	6.50%	\$9M
North Scottsdale	13.9M	105K	3.00%	22.6K	\$31.88	\$289	6.90%	\$83.8M
Outlying Pinal County	9.7M	54.4K	10.30%	-263K	\$21.42	\$239	6.90%	\$55.3M
Queen Creek	3.1M	142K	0.60%	144K	\$28.75	\$295	6.80%	\$45.3M
Red Mountain/Mesa	30.3M	51.8K	7.30%	-200K	\$21.37	\$212	7.20%	\$246M
South Buckeye	1.9M	498K	0.90%	72.7K	\$29.45	\$298	6.40%	\$63.1M
South Mountain	1.7M	11.7K	10.10%	9.9K	\$27.73	\$262	7.30%	\$16.6M
South Phoenix	1.9M	0	4.80%	21.2K	\$22.91	\$286	6.50%	\$35M
South Scottsdale	3.2M	0	4.80%	-9.3K	\$23.57	\$288	6.60%	\$25.4M
Sun City	4M	0	4.60%	9.6K	\$21.09	\$225	7.10%	\$23.2M
Surprise/North Peoria	6.1M	65.2K	1.50%	325K	\$30.73	\$302	6.70%	\$73.5M
Tempe	8.5M	0	5.40%	231K	\$24.80	\$266	6.70%	\$38.6M
Tolleson	3.3M	86.3K	4.70%	4.3K	\$25.48	\$268	6.80%	\$25.8M
W Outlying Maricopa	887K	0	0.30%	7.4K	\$19.11	\$226	6.80%	\$6.7M
Totals	244M	2.7M	4.70%	1.35M	\$26.54	\$256	6.93%	\$2.2B

NOTABLE SALES

STETSON VILLAGE



**3890 W HAPPY VALLEY RD
GLENDALE, AZ**

Sale Date: 08/01/2025 Bldg Type: 3 Star Retail
Sale Price: \$54.74M Built: 2007
Price/SF: \$379.17 GLA: ±144,360 SF
Cap Rate: N/A

LAS TIENDAS VILLAGE



**2835 S ALMA SCHOOL RD
CHANDLER, AZ**

Sale Date: 09/12/2025 Bldg Type: 4 Star Retail
Sale Price: \$28.49M Built: 2004
Price/SF: \$188.32 GLA: ±151,284 SF
Cap Rate: N/A

DEER VALLEY TOWNE CENTER



**2939 W AGUA FRIA FWY
PHOENIX, AZ**

Sale Date: 08/04/2025 Bldg Type: 3 Star Retail
Sale Price: \$25.13M Built: 1998
Price/SF: \$196.75 GLA: ±127,728 SF
Cap Rate: N/A

EOS FITNESS PLAZA



**2814 W BELL RD
PHOENIX, AZ**

Sale Date: 09/25/2025 Bldg Type: 3 Star Retail
Sale Price: \$13.97M Health Club
Price/SF: \$222.58 Built: 1990
Cap Rate: 7.1% GLA: ±62,772SF

COSTCO PLAZA



**1345 W ELLIOT RD
TEMPE, AZ**

Sale Date: 07/15/2025 Bldg Type: 3 Star Retail
Sale Price: \$11M Freestanding
Price/SF: \$105.86 Built: 1990
Cap Rate: N/A GLA: ±103,909 SF

CROSSROADS TOWNE CENTE



**4095 S GILBERT RD
GILBER, AZ**

Sale Date: 08/26/2025 Bldg Type: 3 Star Retail
Sale Price: \$10.79M Department Store
Price/SF: \$133.09 Built: 2006
Cap Rate: 10.83% GLA: ±81,086 SF

LOWE'S CENTER



**44400 W HONEYCUTT AVE
MARICOPA, AZ**

Sale Date: 09/18/2025 Bldg Type: 3 Star Retail
Sale Price: \$8.78M Built: 2025
Price/SF: \$79.09 GLA: ±109,830 SF
Cap Rate: 4.9%

FOOTHILLS SHOPPING CENTER



**5833 S CENTRAL AVE
PHOENIX, AZ**

Sale Date: 08/01/2025 Bldg Type: 2 Star Retail
Sale Price: \$8.76M Built: 1964 | Reno:1981
Price/SF: \$112.05 GLA: ±78,186 SF
Cap Rate: N/A

LAZY DAYS RV OF PHOENIX



**2260 E MAIN ST
MESA, AZ**

Sale Date: 08/05/2025 Bldg Type: 3 Star Retail
Sale Price: \$8.3M Built: 2000
Price/SF: \$455.77 GLA: ±18,211 SF
Cap Rate: 5%



(480) 425-5500

WWW.SVNDESERTCOMMERCIAL.COM

5343 N 16TH ST #100 | PHOENIX, AZ 85016