Q3
2026

PHOENIX INDUSTRIAL NEWSLETTER



2026Q3

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SVN



QUARTERLY INDUSTRIAL UPDATE

Phoenix's industrial market is showing signs of recovery as tenant demand strengthens and new construction slows. Over the past 12 months, the market recorded 23.1 million square feet of net absorption, more than double its pre-pandemic average. Meanwhile, vacancy fell from 12.3% to 10.3%, supported by strong leasing activity from logistics companies, retailers, and advanced manufacturers.

Demand remains strongest for modern facilities with high ceilings, efficient loading, and sufficient power capacity. Companies such as DHL, Amazon, and LG Energy Solution continue to expand their presence in the Valley. However, older buildings are struggling to compete with newer properties, particularly as tenants prioritize quality and operational efficiency. Market conditions also vary by building size. Small-bay properties under 50,000 square feet remain relatively tight, while warehouses larger than 500,000 square feet have vacancy below 5%. Mid-sized facilities between 100,000 and 500,000 square feet face the greatest pressure, with vacancy exceeding 20%.

Rent growth has slowed but remains stronger than the national average. Asking rents increased 3.2% over the past year, compared with 1.4% nationally. Smaller infill properties have held up better, while competition from new construction and discounted sublease space has weighed on rents for larger warehouses.

Supply remains a major factor shaping the market. Phoenix added approximately 136 million square feet of industrial space over the past five years,

MARKET CAP RATES

6.61%	7.40%
METRO PHOENIX	NATIONAL

PRICE PER SF	VACANCY	MARKET RENT	NET ABSORPTION
$200.00	10.2%	$12.60/SF/YR	-270,896 SF
2Q26: $189.00	2Q26: 10.5%	2Q26: $13.20	2Q2026: 6,152,987F

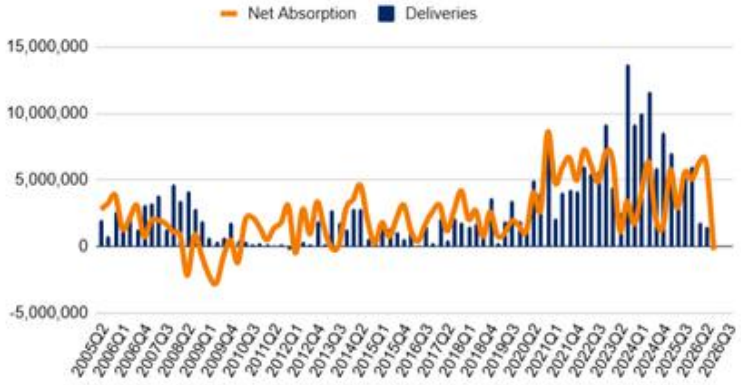
expanding its inventory by 33.8%. Although construction has slowed significantly, roughly 21.3 million square feet remains underway. Most new development is concentrated in large logistics facilities, particularly in the West Valley and Mesa Gateway area.

Investment activity remains strong, with approximately $5.2 billion in industrial property sales over the past year. Investors continue to pursue modern warehouses and smaller infill properties that offer opportunities to increase rents and improve operations.

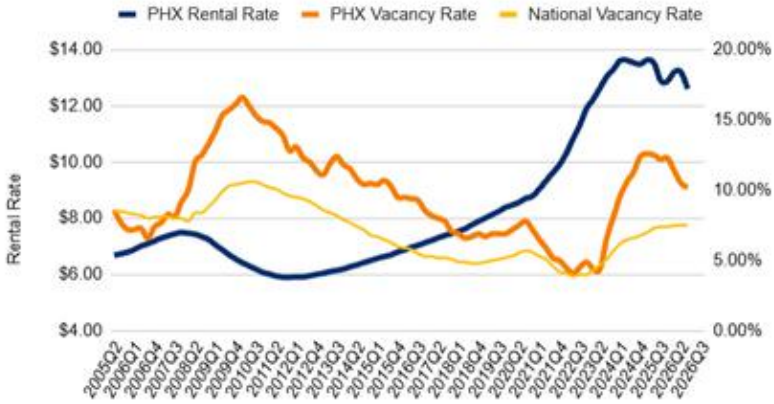
Looking ahead, slowing construction and continued demand from population growth, manufacturing, and semiconductor investment should support further improvement. However, elevated vacancy, economic uncertainty, and slower rent growth will likely keep the recovery gradual through 2027.

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



ECONOMIC HIGHLIGHTS

Employment Data (YOY)

4.20% Unemployment Rate (USA)	±0.00%
4.90% Unemployment Rate (Metro PHX)	+0.80%
2.542 MM Employed Residents (Metro PHX)	

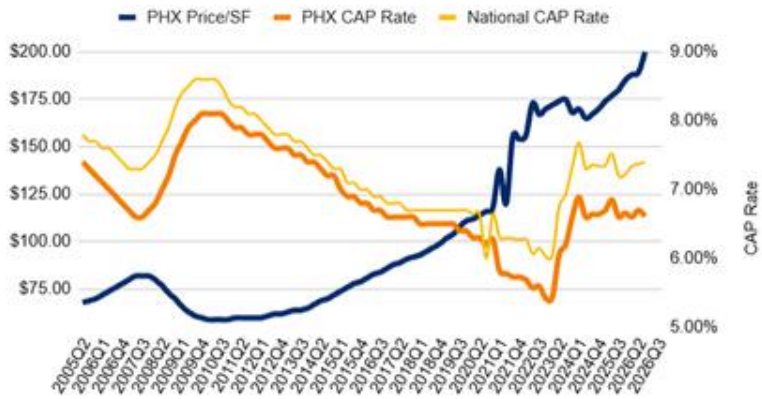
Metro PHX Housing Trends (YOY)

$450,000 Median Home Price	-1.53%
5,881 Closed Transactions	-23.9%
85 Days on Market	+1 Days
4.21 Months of Supply	-0.24 Months

10-Year Treasury

5.29% as of 9/30/2026
+113 BPS YOY | +54 BPS MOM

PRICES & CAP RATE TRENDS



SUBMARKET **ANALYSIS**

	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
Central Phoenix	4.6M	70K	4.00%	7.1K	$19.32	$229	7.0%	$131M
Chandler	26.9M	293K	6.50%	460K	$16.44	$228	6.7%	$333M
Chandler Airport	10M	747K	17.50%	25.4K	$15.00	$279	6.6%	$119M
Chandler N/Gilbert	52.4M	2.1M	18.30%	5.4M	$15.36	$221	6.9%	$736M
Deer Vly/Pinnacle Pk	23.2M	1.2M	7.40%	572K	$17.64	$238	6.7%	$240M
Falcon Fld/Apache Jct	7.2M	108K	11.30%	136K	$17.28	$244	6.8%	$48.9M
Glendale	63.1M	6.5M	10.10%	10.5M	$9.60	$155	6.6%	$840M
Goodyear	44.3M	5.2M	10.30%	6M	$9.84	$163	6.6%	$138M
Grand Avenue	16.9M	0	10.80%	(181K)	$12.24	$180	6.6%	$72.4M
Mesa	8.1M	0	5.60%	76.2K	$15.00	$191	6.8%	$45M
North Airport	17.4M	74.1K	9.10%	(119K)	$15.96	$214	6.9%	$205M
North Black Canyon	5.6M	428K	20.00%	(152K)	$16.20	$194	6.9%	$108M
North Outlying	229K	750K	9.70%	(19.2K)	$15.96	$191	6.3%	$300K
Northwest Outlying	74.7K	0	0%	0	$16.44	$147	7.9%	$950K
Pinal County	19.1M	456K	3.10%	819K	$12.36	$143	6.6%	$92.3M
S Airport N of Roeser	16.1M	136K	9.10%	(42.3K)	$15.36	$209	6.8%	$199M
S Airport S of Roeser	4.8M	0	4.20%	(31.3K)	$15.84	$221	6.7%	$49.6M
SC N of Salt River	16.9M	8K	8.60%	(435K)	$13.92	$178	6.7%	$93.6M
SC S of Salt River	3.2M	0	14.20%	(25.9K)	$13.08	$189	7.0%	$124M
Scottsdale Airpark	7.1M	0	5.30%	80.5K	$23.16	$355	6.4%	$86.9M
Scottsdale/Salt River	6.3M	267K	6.70%	294K	$22.08	$254	6.7%	$201M
Southwest Outlying	324K	0	10.20%	(33K)	$13.68	$106	7.6%	$0
Surprise	7.8M	625K	19.60%	951K	$14.16	$193	6.7%	$190M
SW N of Buckeye Road	39.2M	151K	11.20%	914K	$10.44	$162	6.6%	$161M
SW S of Buckeye Road	21.3M	283K	9.50%	(571K)	$11.64	$185	6.5%	$101M
Tempe East	7.7M	191K	12.70%	93K	$16.68	$228	7.0%	$91.4M
Tempe Northwest	11.5M	600K	7.50%	219K	$16.32	$206	7.0%	$53.4M
Tempe Southwest	23.1M	508K	10.30%	69.7K	$14.88	$217	6.8%	$125M
Tolleson	50.3M	1.3M	9.00%	(1.5M)	$10.08	$165	6.4%	$478M
W Phx N of Thomas Rd	8.3M	0	4.50%	3.5K	$11.88	$144	7.3%	$25.3M
W Phx S of Thomas Rd	7.2M	0	7.00%	(347K)	$12.00	$158	6.9%	$124M
Total/Averages	**530M**	**22M**	**9.5%**	**23M**	**$14.83**	**$200**	**6.8%**	**$5.21B**

NOTABLE **TRANSACTIONS**

Q3 2026

SALES



16500 W GLENDALE AVE
LITCHFIELD PARK, AZ

Sale Date: 8/26/2026
Sale Price: $99.5M
Price/SF: $157.98

Bldg Type: Class A
Built: 2023
RBA: ±629,835 SF



400 S 99TH AVE
TOLLESON, AZ

Sale Date: 9/15/2026
Sale Price: $85.27M
Price/SF: $93.68

Bldg Type: Class B
Built: 1993 | 2018
RBA: ±910,250 SF



16400 W GLENDALE AVE
LITCHFIELD PARK, AZ

Sale Date: 8/24/2026
Sale Price: $70.75M
Price/SF: $146.39

Bldg Type: Class A
Built: 2023
RBA: ±483,300 SF

LEASES



433-1441 N 27TH LN
PHOENIX, AZ

Sign Date: 9/29/2026
Lease Rate: $14.64 Direct

Bldg Type: Class C
Built: 1975
Leased: ±5,000 SF



2109 S 48TH ST
TEMPE, AZ

Sign Date: 9/29/2026
Lease Rate: $15.60 Direct

Bldg Type: Class C
Built: 1979
Leased: ±10,800 SF



8361 E EVANS R
SCOTTSDALE, AZ

Sign Date: 9/29/2026
Lease Rate: $21.60 Direct

Bldg Type: Class C
Built: 1986
Leased: ±1,587 SF

LAND TRANSACTIONS



2802 S 7TH AVE
PHOENIX, AZ

Sale Date: 7/29/2026
Sale Price: $104M
Buyer: CalSTRS

Prop Type: Com Land Development
Acres: ±86.1 AC



NORTH I-17
PHOENIX, AZ

Sale Date: 9/23/2026
Sale Price: $67.38M
Buyer: De Rito Partners

Prop Type: Com Land Development
Acres: ±130 AC



23275 N 19TH AVE
PHOENIX, AZ

Sale Date: 8/10/2026
Sale Price: $24.81M
Buyer: Propersys Corp.

Prop Type: Com Land Industrial
Acres: ±21 AC

QUARTERLY INDUSTRIAL CONDO REPORT



1	2	3	4	5
NW VALLEY	**SW VALLEY**	**PHOENIX**	**SCOTTSDALE/PV**	**SE VALLEY**
PRICE PSF	PRICE PSF	PRICE PSF	PRICE PSF	PRICE PSF
$267	**$225**	**$311**	**$264**	**$349**
RENT PSF	RENT PSF	RENT PSF	RENT PSF	RENT PSF
$18.84	**$18.12**	**$19.68**	**$24.36**	**$19.08**

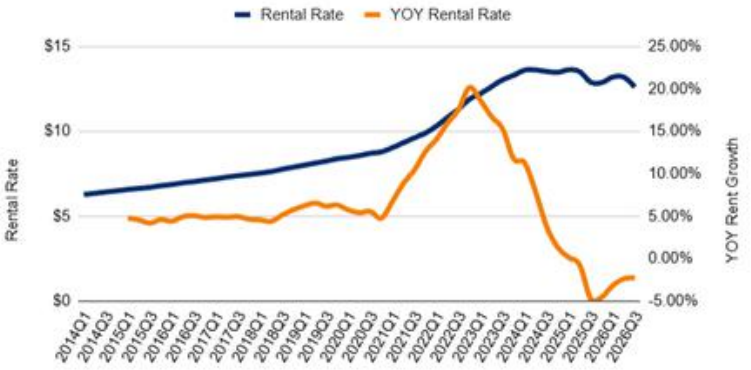
Q3 2026

PRICE PSF	RENT PSF	DEALS SOLD	INVENTORY (MOS.)
$308.00	$12.60/SF	43	4.56
▼ 3.01% YOY	▼ 2.25% YOY	▲ 54.24% YOY	▲ 166.12% YOY

SALES PRICE PSF AND SALES VOLUME



RENT PSF AND YOY RENT GROWTH



NOTABLE TRANSACTIONS



9420 E DOUBLETREE RANCH RD C-102
SCOTTSDALE, AZ

Sale Date: 7/2/2026
Sale Price: $950,000
Price/SF: $263.89
Bldg Type: Warehouse
Built: 1983
GBA: ±3,600 SF



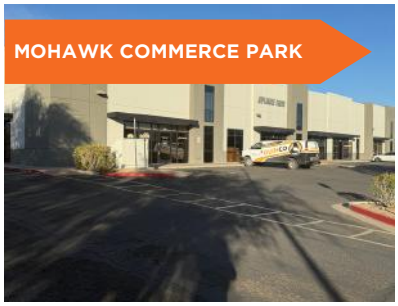
2346 E UNIVERSITY DR #175
PHOENIX, AZ

Sale Date: 9/30/2026
Sale Price: $670,000
Price/SF: $270.16
Bldg Type: Warehouse
Built: 1980
GBA: ±2,480 SF



1620 W HATCHER RD #4
PHOENIX, AZ

Sale Date: 8/14/2026
Sale Price: $520,000
Price/SF: $320.20
Bldg Type: Storager
Built: 2025
GBA: ±1,624 SF



2610 E MOHAWK LN
PHOENIX, AZ

Sale Date: 7/10/2026
Sale Price: $915,000
Price/SF: $338.89
Bldg Type: Flex Condo
Built: 2006
GBA: ±2,700 SF



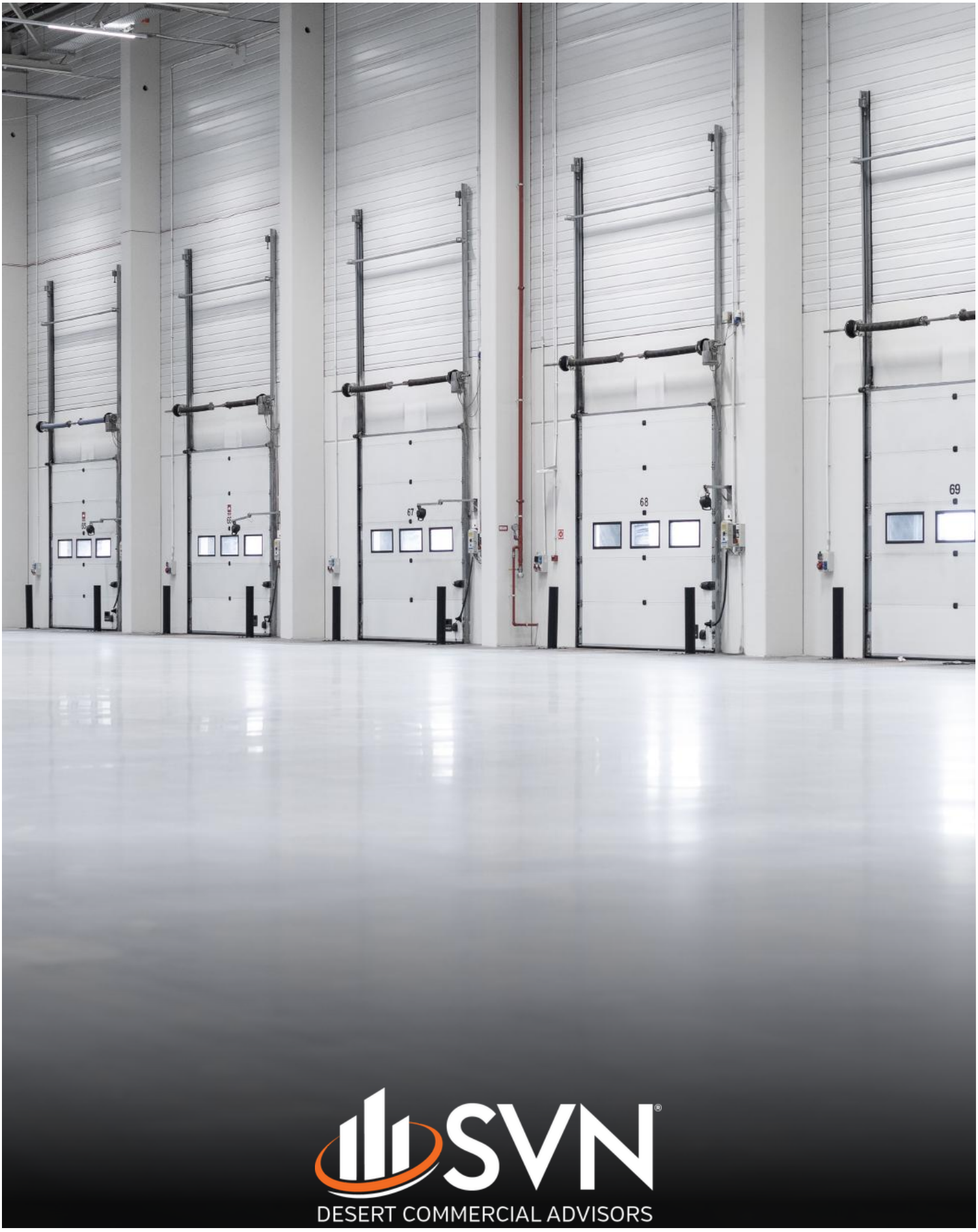
1745 W DEER VALLEY RD #108
PHOENIX, AZ

Sale Date: 7/28/2026
Sale Price: $1,200,000
Price/SF: $428.57
Bldg Type: Manufacturing
Built: 2005/2022
GBA: ±2,800 SF



9299 W OLIVE AVE, #303
PEORIA AZ

Sale Date: 9/11/2026
Sale Price: $840,000
Price/SF: $270.53
Bldg Type: Warehouse Condo
Built: 2006
GBA: ±3,105 SF



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