

Q2
2026

PHOENIX **INDUSTRIAL** NEWSLETTER

2026 Q2



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QUARTERLY **INDUSTRIAL** UPDATE

The Phoenix industrial market is showing signs of stabilization as tenant demand continues to absorb new supply, though elevated vacancy and a sizable construction pipeline will likely keep market conditions competitive through 2026. Vacancy has leveled at 10.7%, up from a low of 4.1% in 2022, as the market works through an unprecedented wave of development. Over the past 12 months, Phoenix recorded 23.3 million square feet of net absorption, outpacing 16.8 million square feet of new deliveries for the first time since 2022.

Leasing activity remains healthy, driven by logistics, retail, and advanced manufacturing users. Demand continues to favor modern distribution facilities with higher clear heights, expanded power capacity, and efficient layouts. Buildings constructed since 2020 captured the majority of leasing activity, while older logistics properties experienced declining occupancy. Larger buildings continue to face the greatest challenges, with vacancy above 15% for properties exceeding 100,000 square feet, while smaller industrial buildings remain comparatively tight with vacancy in the mid-5% range. Rent growth has moderated as additional supply gives tenants more options. Average asking rents increased 3.4% over the past year, well below the rapid gains seen during the post-pandemic expansion. Record levels of sublease space and continued competition among newer bulk distribution.

MARKET CAP RATES

6.70%

METRO PHOENIX

7.37%

NATIONAL


PRICE PER SF
\$189.00
1Q26: \$188.00


VACANCY
10.5%
1Q26: 11.40%


MARKET RENT
\$13.20/SF/YR
1Q26: \$13.20


NET ABSORPTION
6,152,987 SF
1Q2026: 6,290,865SF

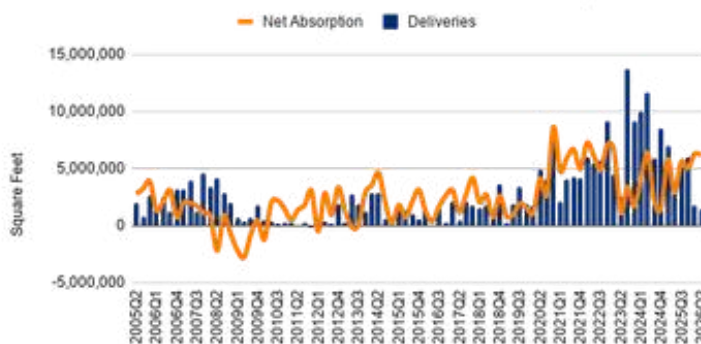
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Facilities are placing additional pressure on rental rates, particularly in the West Valley and Mesa Gateway areas. Smaller infill properties have remained more resilient because of limited new construction and steady demand.

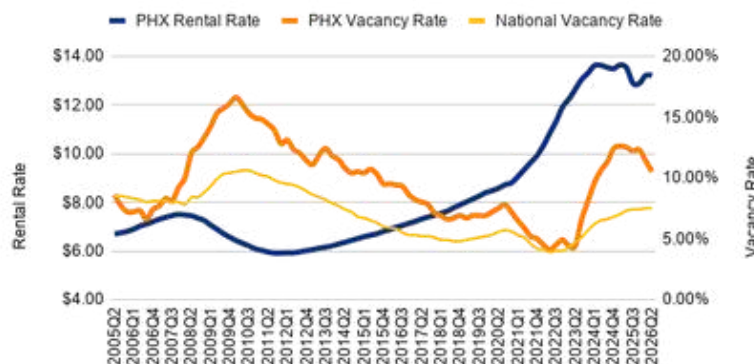
Construction activity remains elevated, with 20.9 million square feet underway, ranking Phoenix among the nation's largest industrial development markets. Even so, deliveries have slowed significantly from 2024, supporting a gradual market rebalancing. Investment activity also remains strong, with \$5.5 billion in industrial sales over the past year as institutional investors and owner-users continue targeting high-quality logistics assets. Long-term fundamentals remain favorable, supported by continued population growth, advanced manufacturing expansion led by TSMC, and Phoenix's strategic location within regional and international supply chains.

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)	-0.10%
4.10% Unemployment Rate (Metro PHX)	-0.20%
2.587 MM Employed Residents (Metro PHX)	

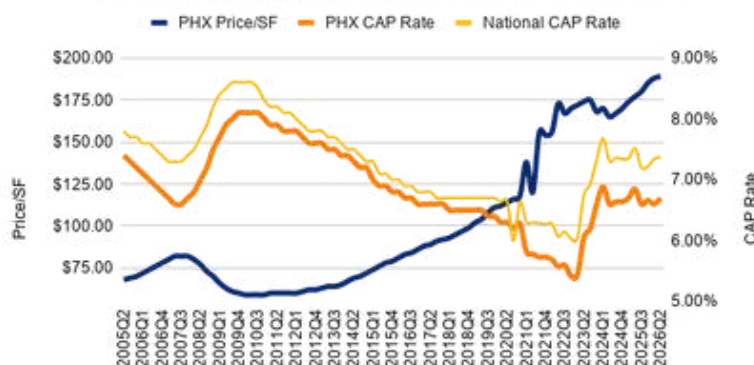
Metro PHX Housing Trends (YOY)

\$457,000 Median Home Price	-0.11%
7,733 Closed Transactions	+9.30%
84 Days on Market	+6 Days
4.45 Months of Supply	-0.13 Months

10-Year Treasury

4.44% as of 6/30/2026
+20 BPS YOY | -1 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	3.20%	47.8K	\$19.08	\$225	7.0%	\$114M
Chandler	26.6M	316K	7.40%	145K	\$16.32	\$234	6.6%	\$349M
Chandler Airport	9.9M	468K	18.80%	4.5K	\$15.12	\$303	6.4%	\$43.6M
Chandler N/Gilbert	51.5M	2.7M	19.20%	6M	\$15.24	\$220	6.8%	\$673M
Deer Vly/Pinnacle Pk	23.2M	1M	8.10%	531K	\$17.28	\$233	6.7%	\$280M
Falcon Fld/Apache Jct	7M	353K	7.80%	287K	\$17.04	\$237	6.8%	\$29M
Glendale	62.4M	6.2M	13.60%	10.2M	\$9.84	\$155	6.5%	\$1.1B
Goodyear	44.2M	3.7M	11.60%	5.6M	\$9.96	\$163	6.5%	\$107M
Grand Avenue	16.5M	419K	8.60%	(225K)	\$12.00	\$180	6.6%	\$75.2M
Mesa	8.1M	0	5.80%	48.9K	\$14.76	\$186	6.9%	\$35.5M
North Airport	17.1M	74.1K	8.30%	285K	\$15.84	\$211	7.0%	\$210M
North Black Canyon	5.6M	428K	21.20%	(233K)	\$16.08	\$192	6.8%	\$109M
North Outlying	231K	750K	1.30%	0	\$15.72	\$189	6.3%	\$300K
Northwest Outlying	74.7K	0	0%	0	\$16.20	\$145	7.9%	\$950K
Pinal County	19M	518K	4.00%	1.5M	\$12.48	\$142	6.6%	\$102M
S Airport N of Roeser	16M	136K	11.70%	(578K)	\$15.24	\$206	6.8%	\$228M
S Airport S of Roeser	4.8M	0	3.60%	(28.4K)	\$15.72	\$218	6.8%	\$48.1M
SC N of Salt River	16.9M	0	7.70%	(322K)	\$13.80	\$175	6.8%	\$149M
SC S of Salt River	3.2M	0	13.80%	765	\$12.96	\$187	6.9%	\$42.7M
Scottsdale Airpark	7.1M	0	5.50%	66.2K	\$22.80	\$348	6.5%	\$88.5M
Scottsdale/Salt River	6.7M	267K	9.30%	308K	\$22.44	\$246	6.8%	\$198M
Southwest Outlying	324K	0	10.20%	(33K)	\$13.80	\$105	7.6%	\$0
Surprise	7.8M	297K	19.80%	978K	\$14.16	\$194	6.7%	\$193M
SW N of Buckeye Road	39M	351K	12.40%	785K	\$10.56	\$161	6.5%	\$157M
SW S of Buckeye Road	21.3M	0	8.90%	(737K)	\$11.64	\$185	6.4%	\$192M
Tempe East	7.2M	689K	7.80%	(37.7K)	\$16.44	\$224	7.1%	\$72.7M
Tempe Northwest	11.2M	386K	8.50%	(167K)	\$16.20	\$199	7.0%	\$45.5M
Tempe Southwest	23.1M	508K	11.60%	(306K)	\$14.64	\$211	6.8%	\$274M
Tolleson	49.9M	1.3M	7.10%	(798K)	\$10.20	\$169	6.3%	\$513M
W Phx N of Thomas Rd	8.3M	0	3.90%	2.1K	\$11.76	\$140	7.3%	\$41M
W Phx S of Thomas Rd	7.2M	0	2.00%	41.4K	\$11.76	\$157	6.8%	\$68.3M
Total/Averages	526M	22.4M	9.0%	23M	\$14.74	\$198	6.8%	\$5.541B

SALES



EASTBANK BUSINESS PARK

**3809 E WATKINS ST
PHOENIX, AZ**

Sale Date: 5/12/2026 Bldg Type: Class g
Sale Price: \$44.15M Built: 1996
Price/SF: \$252.57/SF RBA: ±174,801 SF



THE CUBES @ MESA GATEWAY

**2550 S 51ST AVE
PHOENIX, AZ**

Sale Date: 6/12/2026 Bldg Type: Class A
Sale Price: \$116M Built: 2024
Price/SF: \$96.67 RBA: ±1,200,000 SF



WEST SUMMIT AT SURPRISE

**13401 W SWEETWATER AVE
SURPRISE, AZ**

Sale Date: 5/07/2026 Bldg Type: Class A
Sale Price: \$63.89M Built: 2024
Price/SF: \$140.73 RBA: ±453,960 SF

LEASES



GAMERS GUILD AZ LLC

**5330 E WASHINGTON ST
TEMPE, AZ**

Sign Date: 6/02/2026 Bldg Type: Class A
Lease Rate: \$12.00 NNN Built: 1985
Leased: ±47,641 SF



MIDSTATE MECHANICAL INC.

**1850 E RIVERVIEW DR
PHOENIX, AZ**

Sign Date: 4/28/2026 Bldg Type: Class B
Lease Rate: \$18.60 NNN Built: 2007
Leased: ±56,000 SF

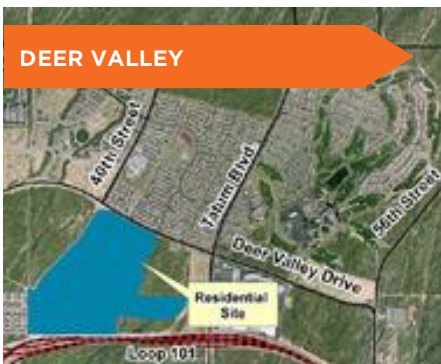


TRANSDEV

**921 S PARK LN
TEMPE, AZ**

Sign Date: 6/28/2026 Bldg Type: Class A
Lease Rate: \$11.28 NNN Built: 2001
Leased: ±46,725 SF

LAND TRANSACTIONS



DEER VALLEY

**SSEC OF E DEER VALLEY
PHOENIX, AZ**

Sale Date: 4/30/2026 Prop Type: Com Land
Sale Price: \$180M Development
Buyer: Blanford Homes Acres: ±293.49 AC



CITY NORTH

**5415 E HIGH ST
PHOENIX, AZ**

Sale Date: 5/05/2026 Prop Type: Com Land
Sale Price: \$18.54M Development
Buyer: Mill Creek Acres: ±4.1 AC

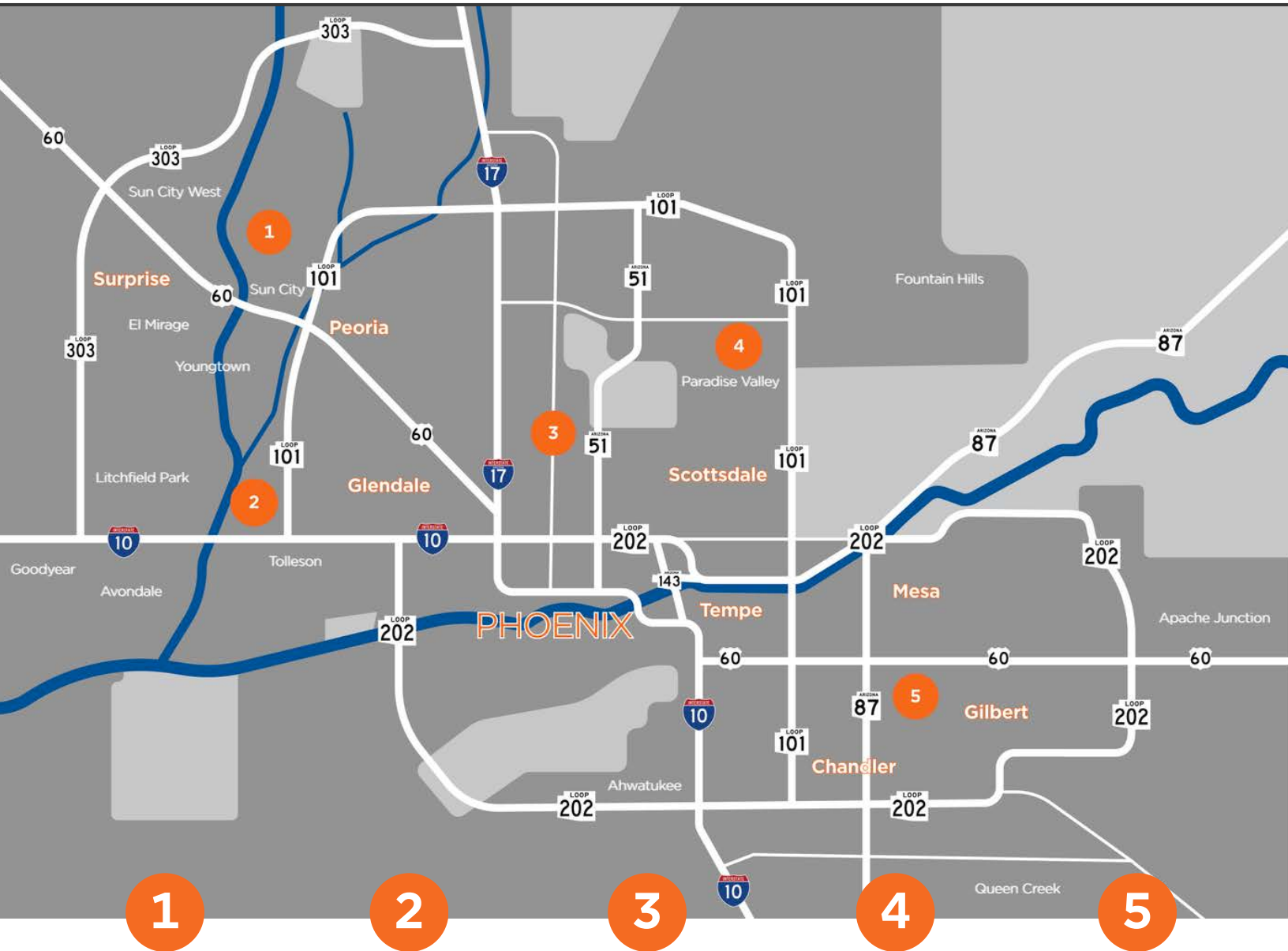


GLENDALE

**9622 MITCHELL DR
PHOENIX, AZ**

Sale Date: 5/14/2026 Prop Type: Com Land
Sale Price: \$14.66M SFR
Buyer: Lennar Acres: ±28.49 AC

QUARTERLY INDUSTRIAL CONDO REPORT



1

NW VALLEY

PRICE PSF

\$241

RENT PSF

\$18.00

2

SW VALLEY

PRICE PSF

\$252

RENT PSF

\$18.36

3

PHOENIX

PRICE PSF

\$286

RENT PSF

\$18.72

4

SCOTTSDALE/PV SE VALLEY

PRICE PSF

\$558

RENT PSF

\$24.72

5

PRICE PSF

\$385

RENT PSF

\$18.72



PRICE PSF
\$404.00
 ▼ 3.12% YOY



RENT PSF
\$13.20/SF
 ▼ 2.37% YOY



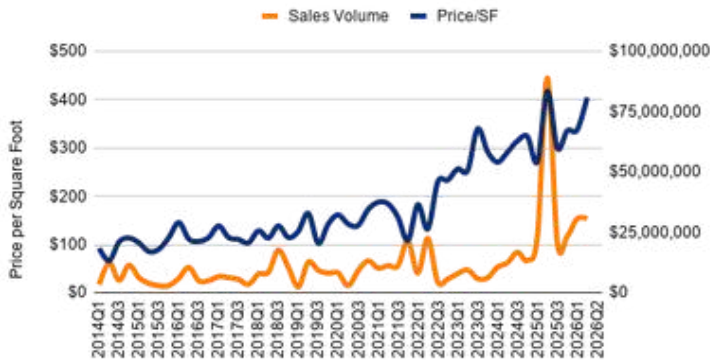
DEALS SOLD
27
 ▼ 54.24% YOY



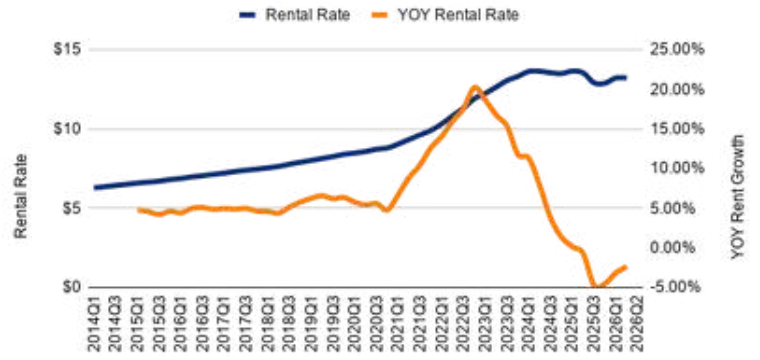
INVENTORY (MOS.)
1.49
 ▲ 8.57% YOY

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SALES PRICE PSF AND SALES VOLUME



RENT PSF AND YOY RENT GROWTH



NOTABLE TRANSACTIONS

DISTRIBUTION CONDO



**4114 E VALLEY AUTO DR
MESA, AZ**

Sale Date: 4/2/2026 Bldg Type: Distribution
 Sale Price: \$4,342,312 Built: 2000
 Price/SF: \$371.52 GBA: ±11,688 SF

WAREHOUSE



**432 S FARMER AVE
TEMPE, AZ**

Sale Date: 5/13/2026 Bldg Type: Warehouse
 Sale Price: \$3,850,000 Built: 2012
 Price/SF: \$730.00 GBA: ±5,274 SF

THUNDERBIRD INDUSTRIAL AIRPARK



**7711 E GREENWAY RD
SCOTTSDALE, AZ**

Sale Date: 4/3/2026 Bldg Type: Hangar
 Sale Price: \$2,100,000 Built: 1982
 Price/SF: \$583.82 GBA: ±3,597 SF

OLIVE BUSINESS PARK



**9299 W OLIVE AVE
PEORIA, AZ**

Sale Date: 4/24/2026 Bldg Type: Flex Condo
 Sale Price: \$1,450,000 Built: 2006
 Price/SF: \$236.31 GBA: ±6,136 SF

MCDOWELL MOUNTAIN BUSINESS CTR III



**16412 N 92ND ST
SCOTTSDALE, AZ**

Sale Date: 5/21/2026 Bldg Type: Manufacturing
 Sale Price: \$1,150,000 Built: 2008
 Price/SF: \$441.63 GBA: ±2,604 SF

AIRPLANE HANGAR CONDO



**26671 S CRISMON RD
QUEEN CREEK, AZ**

Sale Date: 6/22/2026 Bldg Type: Hangar
 Sale Price: \$1,037,500 Built: 2024
 Price/SF: \$216.15 GBA: ±4,800 SF



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