Q3
2026

PHOENIX RETAIL NEWSLETTER

2026Q3



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SVN



QUARTERLY **RETAIL** UPDATE

Phoenix's retail market continues to perform well, supported by population growth, rising incomes, and a relatively strong job market. While store closures and retailer bankruptcies have created some additional vacancies, demand for quality retail space remains strong.

The availability rate increased from 4.2% in late 2023 to 4.8% in 2026. Even with that increase, space remains limited compared with historical levels. Retailers absorbed 3.2 million square feet over the past year, as businesses moved into vacant spaces left behind by struggling national chains. Off-price retailers, grocery stores, restaurants, and other service-oriented businesses have been particularly active. Smaller retail spaces remain in high demand, with about 85% of recent leases involving spaces under 5,000 square feet.

Rents are still climbing, although growth has slowed from the rapid increases seen in early 2024. Average asking rents rose 4.3% over the past year, putting Phoenix among the top five major U.S. markets for retail rent growth. Over the past five years, asking rents have increased 30.4%. This has benefited property owners, but higher occupancy costs have also put pressure on smaller retailers and restaurants.

Limited new construction continues to support the market. Approximately 3.1 million square feet of retail space was delivered over the past year, well below the annual average of roughly 10 million

MARKET CAP RATES

6.97%	7.40%
METRO PHOENIX	NATIONAL

PRICE PER SF	VACANCY	MARKET RENT	NET ABSORPTION
$275	3.92%	$26.88/SF/YR	608,899 SF
2Q26: $263	2Q26: 4.7%	2Q26: $27.24	2Q2026: 980,747SF

square feet during the 2006–2008 construction boom. Most new development is concentrated in fast-growing suburbs such as Buckeye, Surprise, Queen Creek, and Goodyear, where population growth has outpaced the supply of retail options.

Retail investment activity has also picked up, with approximately $2.4 billion in sales during the 12 months ending in the third quarter of 2026. Investors remain interested in grocery-anchored centers, neighborhood shopping centers, and single-tenant properties.

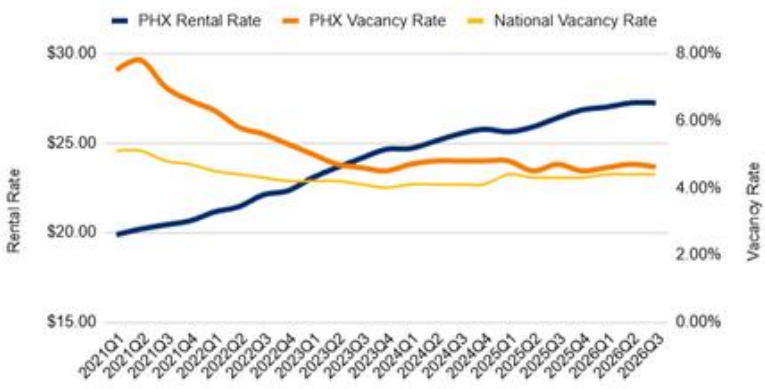
Looking ahead, Phoenix appears well positioned to maintain a strong retail market through 2027. Continued migration, major semiconductor investments, and business expansion should support demand. However, slower economic growth, tariffs, rising operating costs, and weaker consumer spending could create challenges. Overall, limited supply and steady population growth should help keep vacancies low and rents moving upward.

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)	±0.00%
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

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
Ahwatukee Foothills	3.3M	0	6.20%	(33.4K)	$28.56	$269	7.30%	$50.5M
Airport Area	4M	0	4.60%	20.2K	$23.28	$241	7.10%	$26.5M
Anthem	2.9M	0	2.40%	80.3K	$30.84	$324	6.70%	$43.2M
Apache Junction	2.7M	0	4.80%	48.3K	$23.52	$264	7.10%	$108M
Carefree	1.9M	0	4.60%	3.4K	$30.72	$317	6.60%	$21.2M
Central Scottsdale	16.4M	6K	3.80%	22.1K	$38.40	$309	6.80%	$139M
Chandler	17.4M	76.7K	4.40%	(22.4K)	$29.04	$247	7.20%	$156M
Ctrl Peoria/Arrowhead	10.6M	26.7K	3.00%	200K	$31.56	$281	7.00%	$85.8M
Deer Valley	2.4M	4.7K	1.10%	15.5K	$38.64	$360	6.70%	$35.4M
Downtown Phoenix	8.3M	4.8K	3.90%	24.5K	$24.60	$252	6.90%	$52.7M
East Phoenix	9.1M	6.5K	5.80%	(40.4K)	$23.76	$252	7.00%	$65.6M
Fountain Hills	792K	0	5.20%	(16.3K)	$23.28	$276	6.50%	$2.1M
Gateway Airport	3.6M	314K	4.20%	138K	$30.96	$297	7.00%	$38.7M
Gila River Outlying	359K	0	0.40%	(1.2K)	$21.60	$224	6.90%	$0
Gilbert	17.8M	317K	2.70%	371K	$29.04	$293	7.00%	$197M
Glendale	12.4M	2.2K	4.70%	(26.3K)	$23.76	$246	7.00%	$125M
Goodyear	4.3M	87.9K	1.40%	259K	$27.84	$311	6.40%	$49.7M
Laveen	1.9M	22.2K	2.50%	(8.5K)	$31.32	$315	6.70%	$14.1M
Loop 101/I-10	3.4M	8.4K	1.00%	107K	$29.52	$314	6.60%	$91.1M
N Goodyear/Litchfield	9.5M	59.8K	3.00%	158K	$33.72	$300	6.70%	$26.1M
N Phoenix/I-17 Corr	15.6M	20K	8.30%	(211K)	$19.92	$205	7.30%	$194M
NE Outlying Maricopa	17.2K	0	0%	0	$16.32	$174	7.60%	$882K
North Buckeye	1.2M	181K	4.30%	639K	$24.60	$292	6.50%	$12.7M
North Scottsdale	13.9M	10.8K	3.30%	64.7K	$32.88	$298	7.00%	$58.6M
Outlying Pinal County	9.8M	182K	5.60%	437K	$21.48	$248	7.00%	$122M
Queen Creek	3.3M	61.5K	1.00%	124K	$30.00	$328	6.70%	$51.2M
Red Mountain/Mesa	30.2M	667K	6.70%	290K	$22.08	$226	7.10%	$328M
South Buckeye	2.5M	4.1K	2.30%	644K	$29.76	$309	6.50%	$45.6M
South Mountain	1.7M	1.9K	10.50%	3.1K	$28.44	$272	7.50%	$23.8M
South Phoenix	1.9M	0	8.20%	(60.7K)	$23.64	$294	6.70%	$7.8M
South Scottsdale	3.3M	0	5.00%	8.5K	$24.60	$301	6.60%	$32.2M
Sun City	4M	0	4.40%	17.7K	$21.84	$233	7.10%	$13.4M
Surprise/North Peoria	6.4M	2.3K	2.50%	38K	$31.32	$308	6.90%	$133M
Tempe	8.5M	6.2K	5.30%	13.7K	$25.56	$278	6.80%	$42.7M
Tolleson	3.3M	118K	4.10%	21.2K	$26.16	$282	6.80%	$34.2M
W Outlying Maricopa	937K	0	0.20%	582	$19.32	$230	6.90%	$10.2M
West Phoenix/Maryvale	8.4M	0	3.50%	(25.7K)	$22.68	$221	7.00%	$60.9M
Total/Averages	**248M**	**$2.2M**	**3.92%**	**$3.3M**	**$26.88**	**$267**	**6.97%**	**$2.5B**

NOTABLE **TRANSACTIONS**

Q3 2026



1421 S SIGNAL BUTTE RD
MESA, AZ

Sale Date: 8/03/2026
Sale Price: $22.03M
Price/SF: $267.70

Bldg Type: Class B
Built: 2026
RBA: ±82,300 SF



1800-1916 E BASELINE RD
MESA, AZ

Sale Date: 7/15/2026
Sale Price: $19.5M
Price/SF: $150.79

Bldg Type: Class B
Built: 1991
RBA: ±129,315 SF



3801 N 33RD AVE
PHOENIX, AZ

Sale Date: 7/17/2026
Sale Price: $14.18M
Price/SF: $100.17

Bldg Type: Class B
Built: 1966
RBA: ±141,659 SF



E/NEC NORTERRA PKWY & HAPPY VALLEY
PHOENIX, AZ

Sale Date: 8/17/2026
Sale Price: $13.91M
Price/SF: $843.22

Bldg Type: Class B
Built: 2026
RBA: ±16,501 SF



61404 W HUNT HWY
SAN TAN VALLEY, AZ

Sale Date: 9/8/2026
Sale Price: $13.75M
Price/SF: $343.75

Bldg Type: Class B
Built: 2026
RBA: ±40,000 SF



2453 E MAIN ST
MESA, AZ

Sale Date: 7/8/2026
Sale Price: $9.75M
Price/SF: $895.40

Bldg Type: Class C
Built: 1960
RBA: ±10,889 SF



2720 W BASELINE RD
LAVEEN, AZ

Sign Date: 9/17/2026
Sale Price: $8.37M
Price/SF: $616.54

Bldg Type: Class B
Built: 2025
RBA: ±13,580 SF



14420 W ELM ST
SURPRISE, AZ

Sign Date: 8/12/2026
Sale Price: $8.26M
Price/SF: $578.37

Bldg Type: Class B
Built: 2025
RBA: ±14,293 SF



16853 N 145TH AVE
SURPRISE, AZ

Sign Date: 8/12/2026
Sale Price: $7.57M
Price/SF: $586.81

Bldg Type: Class B
Built: 2025
RBA: ±12,913 SF



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