

PHOENIX
INDUSTRIAL
NEWSLETTER



4Q2024

SVN DESERT COMMERCIAL ADVISORS

QUARTERLY INDUSTRIAL STATS

The Phoenix industrial market in Q4 2024 experienced significant changes, driven by a surge in new development that delivered 34.5 million SF in the past 12 months, pushing vacancy rates to 12.6% from just 4.1% in mid-2022. Despite steady tenant demand and 15.7 million SF of net absorption over the year, particularly from logistics and manufacturing sectors, the rapid pace of deliveries has outpaced leasing activity. Larger properties over 100,000 SF saw the highest vacancy increases, while smaller bay properties under 50,000 SF remained more resilient with low vacancy rates due to limited new supply in this segment.

Rent growth decelerated sharply, with asking rents increasing by only 2.5% in 2024, down from 14.7% in 2022. While rents for smaller and infill properties remain relatively strong, large-scale distribution spaces in areas like the West Valley have faced downward pressure due to oversupply. The delivery of speculative developments continues to intensify competition, with sublease availabilities further exacerbating pricing challenges for landlords.

Construction remains high, with 23 million SF underway, 55% of which is speculative. Making Phoenix one of the nation's most active industrial markets, activity is concentrated in areas like Glendale and Goodyear. Though recent construction starts have slowed, signaling potential stabilization by late 2025.



VACANCY

12.60%

4Q23: 8.40%



MARKET RENT

\$13.48/SF

4Q23: \$13.09/SF



NET ABSORPTION

1,519,877 SF

4Q23: 1,111,869 SF



PRICE / SF

\$174/SF

4Q23: \$167/SF

MARKET CAP RATES

6.64%

METRO PHOENIX

7.34%

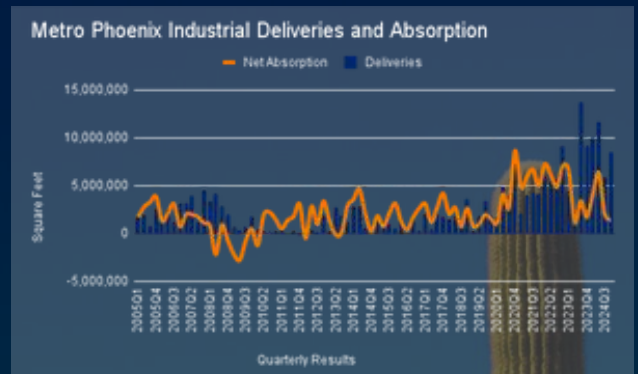
NATIONAL

Investment activity, while down from record highs, remained strong, with \$4.4 billion in sales in 2024—140% above the 2015-2019 annual average. Institutional investors targeted newer, fully leased logistics properties, though smaller and mid-bay properties in infill locations also gained attention for their value-add potential. Cap rates have risen by over 200 basis points since early 2022, reflecting adjustments to higher interest rates.

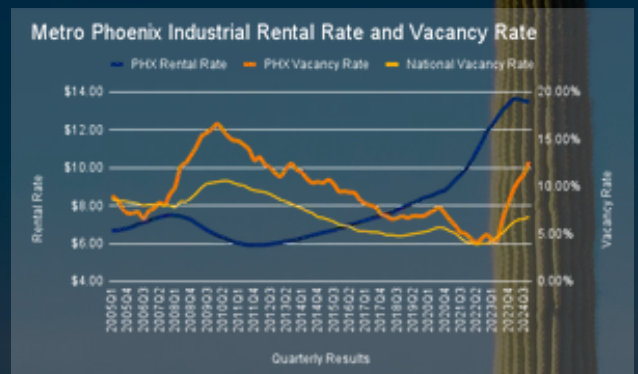
Phoenix's economy continues to thrive, bolstered by strong population growth and significant investments in advanced manufacturing. However, the Phoenix industrial market faces near-term challenges with elevated vacancy rates and slower rent growth. However, long-term demand drivers, a strategic location, and a more controlled construction pipeline position the market for stabilization and renewed growth as supply-demand dynamics improve in the coming years.

Sources: CoStar; U.S. Department of the Treasury; AZ Commerce Authority; ARMLS; U.S. Census Bureau; U.S. Bureau of Labor Statistics.

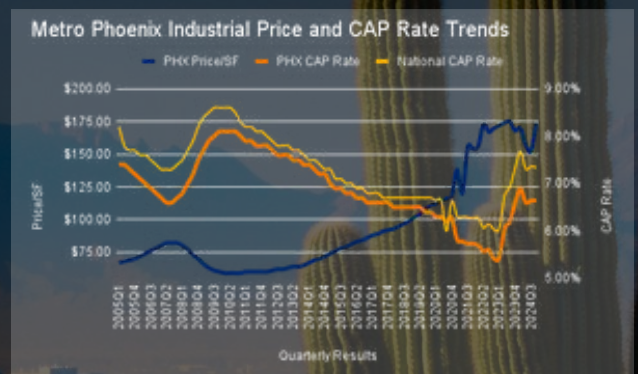
METRO PHOENIX DELIVERIES & ABSORPTION



RENTAL AND VACANCY RATES



PRICES AND CAP RATE TRENDS



ECONOMIC HIGHLIGHTS

Employment Data (YOY)

- 4.20% Unemployment Rate (USA) +0.40%
- 3.50% 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%
- 5,477 Closed Transactions +0.14%
- 57 Days on Market +12 Days
- 3.55 Months of Supply +0.64 Months

10-Year Treasury

- 4.58% as of 12/31/2024
- +0.70% YOY | +0.40% MOM

SUBMARKET ANALYTICS

	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	4,572,438	0	3.56%	-20,643	\$18.58	\$216	7.02%	\$17,544,280
Chandler	25,714,227	652,472	6.65%	600,339	\$15.78	\$209	6.68%	\$161,398,608
Chandler Airport	9,293,894	545,698	20.04%	-207,003	\$15.92	\$269	6.57%	\$217,700,000
Chandler/N Gilbert	46,947,330	3,397,138	25.66%	3,871,142	\$15.59	\$213	6.66%	\$109,131,864
Deer Valley/ Pinnacle Peak	22,157,037	1,285,087	10.13%	1,009,508	\$17.45	\$210	6.69%	\$18,910,000
Falcon Field/ Apache Junction	6,491,282	60,145	5.18%	4,809	\$17.10	\$212	6.82%	\$0
Glendale	53,333,749	7,433,710	25.05%	5,898,286	\$11.94	\$139	6.57%	\$12,225,000
Goodyear	39,891,243	3,071,416	27.29%	2,666,000	\$10.44	\$139	6.54%	\$156,690,000
Grand Avenue	15,405,749	990,063	6.34%	-38,542	\$11.95	\$158	6.70%	\$1,182,500
Mesa	7,862,131	0	4.85%	-70,119	\$14.53	\$168	6.90%	\$176,166,992
N Airport	15,434,340	33,150	5.49%	-292,509	\$15.79	\$181	7.09%	\$36,864,828
N Black Canyon	5,335,428	0	17.00%	-215,332	\$16.22	\$172	6.94%	\$3,440,000
N Outlying	231,013	0	1.30%	0	\$14.17	\$158	6.91%	\$0
NW Outlying	40,024	0	0.00%	0	\$14.62	\$166	7.28%	\$0
Pinal County	13,967,587	1,718,000	8.10%	909,636	\$12.39	\$132	6.69%	\$10,079,866
S Airport N of Roeser	15,622,291	130,300	4.74%	-205,240	\$14.84	\$183	6.92%	\$16,917,084
S Airport S of Roeser	4,828,193	0	2.22%	23,624	\$15.18	\$192	6.87%	\$54,000,000
SC N of Salt River	16,899,084	0	5.63%	319,701	\$13.50	\$159	6.80%	\$97,615,000
SC S of Salt River	2,754,643	0	3.05%	2,262	\$13.25	\$169	6.95%	\$91,094,000
Scottsdale Airpark	7,040,267	45,047	5.87%	-158,680	\$21.82	\$321	6.39%	\$35,316,096
Scottsdale/Salt River	5,603,508	242,740	1.82%	57,717	\$21.67	\$227	6.59%	\$5,350,000
SW Outlying	99,833	0	0.00%	0	\$10.45	\$94	7.82%	\$0
Surprise	7,105,388	606,418	25.04%	941,880	\$15.80	\$184	6.65%	\$3,200,000
SW N of Buckeye Rd	38,056,151	201,292	12.20%	-951,918	\$10.23	\$145	6.48%	\$76,265,856
SW S of Buckeye Rd	20,929,418	379,938	3.76%	-283,433	\$11.63	\$170	6.38%	\$83,310,064
Tempe East	7,061,485	0	8.09%	-307,812	\$16.47	\$208	7.04%	\$30,168,656
Tempe NW	11,043,945	183,096	6.21%	39,127	\$15.67	\$181	7.04%	\$165,816,912
Tempe SW	22,559,630	157,154	8.15%	-241,656	\$14.35	\$192	6.80%	\$190,357,456
Tolleson	49,576,418	300,000	3.94%	13,181	\$10.74	\$157	6.22%	\$127,974,264
W Phoenix N of Thomas Rd	8,420,250	0	3.21%	162,990	\$11.07	\$127	7.28%	\$3,967,000
W Phoenix S of Thomas Rd	7,339,825	0	3.58%	74,245	\$11.47	\$140	6.82%	\$13,712,500
Total/Averages	491,617,801	21,432,864	12.60%	13,601,560	\$13.48	\$174	6.64%	\$1,916,398,826

NOTABLE TRANSACTIONS

SALES

EATON 40 ST BUSINESS PARK



**3655 E ROESER RD
PHOENIX, AZ**

Sale Date: 12/5/24
Sale Price: \$27,000,000
Price/SF: \$168.56
Cap Rate: 7.67%

Bldg Type: Class B
Year Built: 1981
RBA: 160,182 SF

AIRPORT LOGISTICS CENTER



**3333 S 7TH ST
PHOENIX, AZ**

Sale Date: 11/18/24
Sale Price: \$72,400,000
Price/SF: \$184.00

Bldg Type: Class A
Year Built: 2016
RBA: 393,484 SF

UNIVERSITY LOGISTICS CENTER



**1868-1872 E BROADWAY RD
TEMPE, AZ**

Sale Date: 11/22/24
Sale Price: \$22,500,000
Price/SF: \$202.52

Bldg Type: Class A
Year Built: 1973
RBA: 111,100 SF

LEASES

INDUSTRIAL WAREHOUSE



**2950 E BROADWAY RD
PHOENIX, AZ**

Sign Date: 12/17/24
Lease Rate: \$13.32/NNN
Tenant: Fire Truck Solutions

Bldg Type: Class B
Year Built: 2000
SF Leased: 31,290 SF

INDUSTRIAL DISTRIBUTION



**2300 S 51ST AVE
PHOENIX, AZ**

Sign Date: 12/19/24
Lease Rate: \$19.80/NNN
Tenant: Coleman American Services

Bldg Type: Class A
Year Built: 2007
SF Leased: 86,320 SF

INDUSTRIAL WAREHOUSE



**4436 N 39TH AVE
PHOENIX, AZ**

Sign Date: 11/4/24
Lease Rate: \$11.40/IG
Tenant: One Stop Asphalt LLC

Bldg Type: Class C
Year Built: 1969/Reno: 2018
SF Leased: 9,620 SF

LAND TRANSACTIONS

INDUSTRIAL LAND



**SWC PECOS RD & CRISMON RD
MESA, AZ**

Sale Date: 12/16/24
Sale Price: \$10,199,574
Buyer: Komatsu Equipment

Prop Type: Land
Prop Subtype: Industrial
AC: 25.00 Acres

WHISPERING WIND - LOT 22



**SWC 19TH AVE & HAPPY VALLEY RD
PHOENIX, AZ**

Sale Date: 11/26/24
Sale Price: \$3,350,000
Buyer: Prestige Investments & Realty

Prop Type: Land
Prop Subtype: Industrial
AC: 5.33 Acres

DATA CENTER



**W/NWC 75TH AVE & NORTHERN AVE
GLENDALE, AZ**

Sale Date: 10/28/24
Sale Price: \$10,190,376
Buyer: Aligned Data Centers

Prop Type: Land
Prop Subtype: Industrial
AC: 19.49 Acres

INDUSTRIAL CONDO REPORT

METRO PHOENIX



1

NW VALLEY

PRICE PSF

\$234

RENT PSF

\$14.41

2

SW VALLEY

PRICE PSF

\$212

RENT PSF

\$11.06

3

PHOENIX

PRICE PSF

\$340

RENT PSF

\$20.29

4

SCOTTSDALE/PV

PRICE PSF

\$506

RENT PSF

\$25.22

5

SE VALLEY

PRICE PSF

\$246

RENT PSF

\$16.97



PRICE PSF

\$323.00

YOY ▲ 10.62%



RENT PSF

\$13.48/SF

▼ 1.35%



DEALS SOLD

12

▼ -33.33%

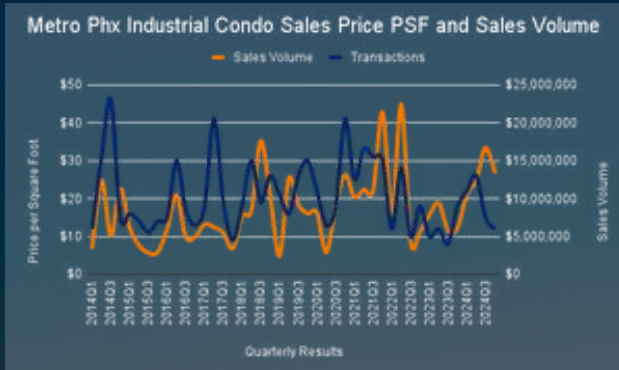


INVENTORY (MOS.)

4.58

▼ 1.78%

SALES PRICE PSF AND SALES VOLUME



RENT PSF AND YOY RENT GROWTH



NOTABLE TRANSACTIONS

SELF-STORAGE CONDO



24925 N 15TH AVE - C 108
PHOENIX, AZ

Sale Date: 12/26/24
Sale Price: \$815,000
Price/SF: \$339.58

Bldg Type: Class B
Year Built: 2023
DBA: 1,200 SF

AVALON AVIATION CENTER



16033 N 82ND ST - B 101
SCOTTSDALE, AZ

Sale Date: 10/8/24
Sale Price: \$4,000,000
Price/SF: \$615.10

Bldg Type: Class B
Year Built: 2008
DBA: 6,503 SF

OLIVE BUSINESS PARK



9299 W OLIVE AVE - 513
PEORIA, AZ

Sale Date: 11/1/24
Sale Price: \$550,000
Price/SF: \$233.45

Bldg Type: Class B
Year Built: 2006
DBA: 2,356 SF

WAREHOUSE CONDO



441 S ROBSON ST - 107
MESA, AZ

Sale Date: 11/15/24
Sale Price: \$1,155,000
Price/SF: \$129.08

Bldg Type: Class B
Year Built: 1979
DBA: 8,948 SF

SELF-STORAGE CONDO



2122 STEARMAN DR - I 241
CHANDLER, AZ

Sale Date: 10/18/24
Sale Price: \$900,000
Price/SF: \$300.00

Bldg Type: Class B
Year Built: 2023
DBA: 1,500 SF

HOHOKAM INDUSTRIAL PARK



1425 W 12TH PL - 105
TEMPE, AZ

Sale Date: 11/12/24
Sale Price: \$962,792
Price/SF: \$236.50

Bldg Type: Class C
Year Built: 1975
DBA: 4,071 SF



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