Q2
2026

PHOENIX RETAIL NEWSLETTER

2026 Q2

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SVN

QUARTERLY RETAIL UPDATE

The Phoenix metropolitan retail market continues to rank among the strongest in the nation, supported by sustained population growth, rising household incomes, and a diversified regional economy. Although availability has increased modestly to 5.1% following several national retailer bankruptcies and select small business closures, market fundamentals remain exceptionally healthy and well below historical averages. The increase in available space has created new expansion opportunities, resulting in more than 2.1 million square feet of positive net absorption over the past year as off-price retailers, grocers, experiential concepts, and service-oriented users backfilled many second-generation spaces. Demand remains especially strong for well-located neighborhood centers and small shop spaces, where quality inventory continues to be limited.

Development activity remains disciplined, reinforcing the market's favorable supply and demand dynamics. Only 2.7 million square feet of retail space was delivered over the past year, with most new construction concentrated in high-growth suburban communities such as Buckeye, Queen Creek, Surprise, and Goodyear. New projects are typically heavily preleased before completion, limiting speculative inventory and supporting healthy occupancy levels. Redevelopment of aging shopping centers and former regional malls is also transforming established trade areas into modern mixed-use destinations.

MARKET CAP RATES

6.97%	**7.38%**
METRO PHOENIX	NATIONAL

PRICE PER SF
$263
1Q26: $259

VACANCY
4.7%
1Q26: 4.6%

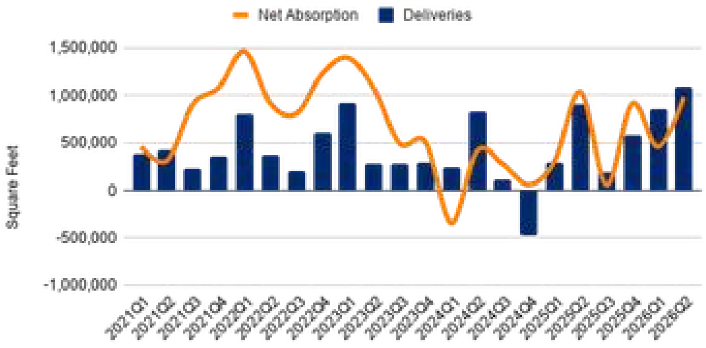
MARKET RENT
$27.24/SF/YR
1Q26: $27.00

NET ABSORPTION
980,747 SF
1Q2026: 456,120 SF

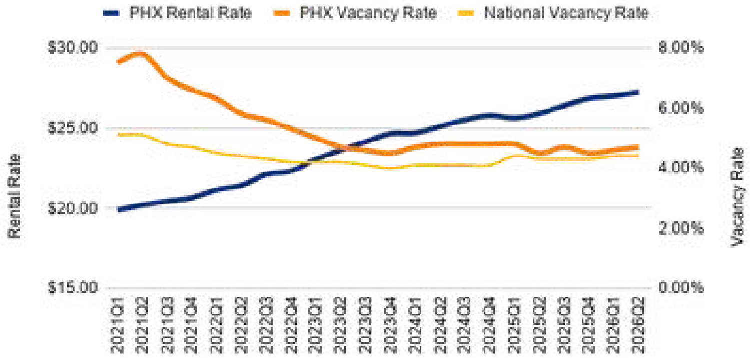
Rental fundamentals remain among the strongest in the country, with average asking rents increasing 4.6% year over year. While rent growth has moderated from recent highs, Phoenix continues to outperform most major U.S. markets. Investment activity has also strengthened, with approximately $2.3 billion in retail sales completed over the past year, reflecting continued confidence in the region's long-term growth prospects. Looking ahead, limited new supply, continued in-migration, expanding employment, and durable consumer demand are expected to support strong occupancy, healthy leasing activity, and steady rent growth, positioning Phoenix to remain one of the nation's leading retail investment markets 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)	-0.10%
4.10% Unemployment Rate (Metro PHX)	-0.20%
2.587 MM Employed Residents (Metro PHX)	

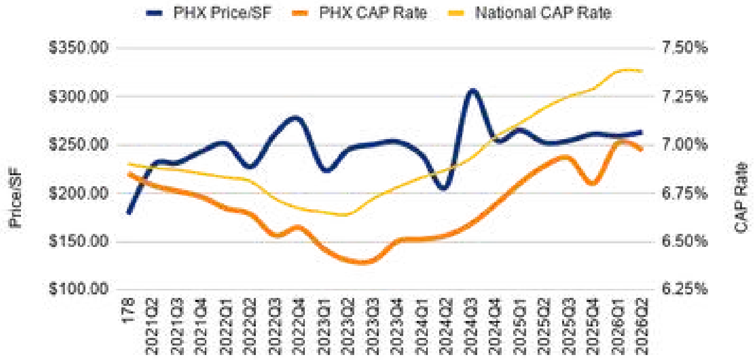
Metro PHX Housing Trends (YOY)

$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
Ahwatukee Foothills	3.3M	0	6.20%	(34.4K)	$28.44	$265	7.3%	$52M
Airport Area	4M	0	5.30%	4K	$23.16	$242	7.0%	$20.8M
Anthem	2.9M	0	2.40%	40K	$30.84	$323	6.6%	$47.9M
Apache Junction	2.7M	0	5.70%	42.4K	$23.40	$259	7.0%	$102M
Carefree	1.9M	0	4.90%	(10.6K)	$30.72	$314	6.6%	$26.4M
Central Scottsdale	17M	6K	3.50%	22.7K	$38.16	$305	6.8%	$135M
Chandler	17.4M	76.7K	4.70%	(109K)	$29.04	$244	7.3%	$210M
Ctrl Peoria/Arrowhead	10.6M	26.7K	4.30%	84.9K	$31.56	$279	7.0%	$88.4M
Deer Valley	2.4M	4.7K	0.80%	17.6K	$38.52	$352	6.7%	$49.2M
Downtown Phoenix	8.3M	4.8K	5.00%	(64.4K)	$24.60	$252	6.8%	$74.4M
East Phoenix	9.1M	6.5K	5.50%	(15.5K)	$23.76	$252	7.0%	$68.2M
Fountain Hills	792K	0	4.50%	(11K)	$23.28	$275	6.5%	$6M
Gateway Airport	3.5M	325K	4.00%	90.5K	$30.72	$290	7.1%	$39.4M
Gila River Outlying	359K	0	0.40%	(1.6K)	$21.96	$223	6.9%	$0
Gilbert	17.6M	448K	2.50%	293K	$28.80	$287	7.0%	$240M
Glendale	12.4M	3K	5.10%	(9.3K)	$23.76	$245	7.0%	$102M
Goodyear	4.3M	104K	1.10%	266K	$27.72	$307	6.4%	$51.4M
Laveen	1.9M	10K	2.70%	(6K)	$31.20	$310	6.6%	$5.8M
Loop 101/I-10	3.4M	19.6K	1.80%	101K	$29.64	$304	6.5%	$42.3M
N Goodyear/Litchfield	9.6M	55.9K	3.40%	217K	$33.12	$296	6.6%	$36.3M
N Phoenix/I-17 Corr	15.3M	20K	8.30%	(194K)	$19.92	$207	7.2%	$197M
NE Outlying Maricopa	17.2K	0	0%	0	$16.32	$175	7.5%	$882K
North Buckeye	1.1M	212K	4.60%	601K	$25.08	$286	6.6%	$11.4M
North Scottsdale	14M	13K	3.50%	25.8K	$32.88	$296	7.0%	$59.9M
Outlying Pinal County	9.9M	176K	8.30%	39.4K	$21.84	$249	6.9%	$37.6M
Queen Creek	3.2M	103K	1.00%	96.2K	$30.12	$323	6.7%	$59.8M
Red Mountain/Mesa	30.2M	652K	7.60%	(191K)	$22.08	$221	7.2%	$296M
South Buckeye	2.3M	187K	2.20%	473K	$29.88	$307	6.4%	$44.1M
South Mountain	1.7M	1.9K	10.30%	6.9K	$28.44	$272	7.4%	$16M
South Phoenix	2M	0	5.90%	(14.8K)	$23.64	$292	6.6%	$22.8M
South Scottsdale	3.3M	0	5.10%	8.9K	$24.48	$298	6.6%	$20.5M
Sun City	3.9M	0	4.20%	51.9K	$21.84	$232	7.1%	$20.2M
Surprise/North Peoria	6.3M	30K	2.00%	46.7K	$31.44	$304	6.8%	$117M
Tempe	8.5M	0	5.20%	119K	$25.44	$274	6.8%	$48.4M
Tolleson	3.3M	65.5K	4.00%	45.1K	$26.16	$281	6.7%	$23.4M
W Outlying Maricopa	934K	0	0.20%	843	$19.44	$230	6.9%	$10.3M
West Phoenix/Maryvale	8.3M	0	4.20%	35.9K	$22.80	$220	6.9%	$59.8M
Total/Averages	**247.6M**	**2.55M**	**4.1%**	**2.06M**	**$26.87**	**$263**	**6.9%**	**$2.44B**

NOTABLE **TRANSACTIONS**

VINEYARD TOWNE CENTER

337854 N GANTZEL RD
QUEEN CREEK, AZ

Sale Date: 4/21/2026
Sale Price: $36.49M
Price/SF: $251.71
Bldg Type: Class B
Built: 2025
RBA: ±145,000SF

BETHANY MARKETPLACE

2316-2330 W BETHANY HOME RDY
PHOENIX, AZ

Sale Date: 5/27/2026
Sale Price: $14.05M
Price/SF: $237.08
Bldg Type: Class B
Built: 1999
RBA: ±59,262 SF

GOODWILL

920 N VERRADO WAY
BUCKEYE, AZ

Sale Date: 6/8/2026
Sale Price: $13.45M
Price/SF: $1537.84
Bldg Type: Class C
Built: 2026
RBA: ±25,000 SF

QUEENCREEK STORE FRONT

25166 S ELLSWORTH RD
QUEEN CREEK, AZ

Sale Date: 4/9/2026
Sale Price: $13.35M
Price/SF: $652.75
Bldg Type: Class C
Built: 2023
RBA: ±20,452SF

WEST HIGHLANDS

6544 W THOMAS RD
PHOENIX, AZ

Sale Date: 6/9/2026
Sale Price: $12.19M
Price/SF: $189.72
Bldg Type: Class C
Built: 1979
RBA: ±62,244SF

VINEYARD TOWNE CENTER

37566 N GANTZEL RD
QUEEN CREEK, AZ

Sale Date: 4/21/2026
Sale Price: $11.88M
Price/SF: $509.96
Bldg Type: Class B
Built: 2024
RBA: ±23,300 SF

COSTCO PLAZA

1445 W ELLIOT RD
TEMPE, AZ

Sign Date: 4/13/2026
Sale Price: $11.37M
Price/SF: $240.92
Bldg Type: Class B
Built: 1990/2024
RBA: ±47,183 SF

GRAND VILLAGE CENTER

18795 N REEMS RDD
SURPRISE, AZ.

Sign Date: 6/10/2026
Sale Price: $10.7M
Price/SF: $203.09
Bldg Type: Class B
Built: 2005
RBA: ±52,685 SF

FOOTHILLS PARK PLACE

15050 E RAY RD
PHOENIX AZ

Sign Date: 5/15/2026
Sale Price: $10.4M
Price/SF: $99.16
Bldg Type: Class B
Built: 1990/2024
RBA: ±104,880SF

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