Phoenix

Industrial market snapshot | Q3 2024

In the Phoenix industrial market, vacancy increased to 12.0% in Q3 2024 as 5 msf of new inventory was added, but development activity has slowed significantly. With fewer new projects starting and the construction pipeline slimming, the market should have time to absorb existing space, which is a positive sign. Net absorption shrunk from the prior quarter, while average monthly asking rents remained stable at $1.06 per square foot.

5.7msf

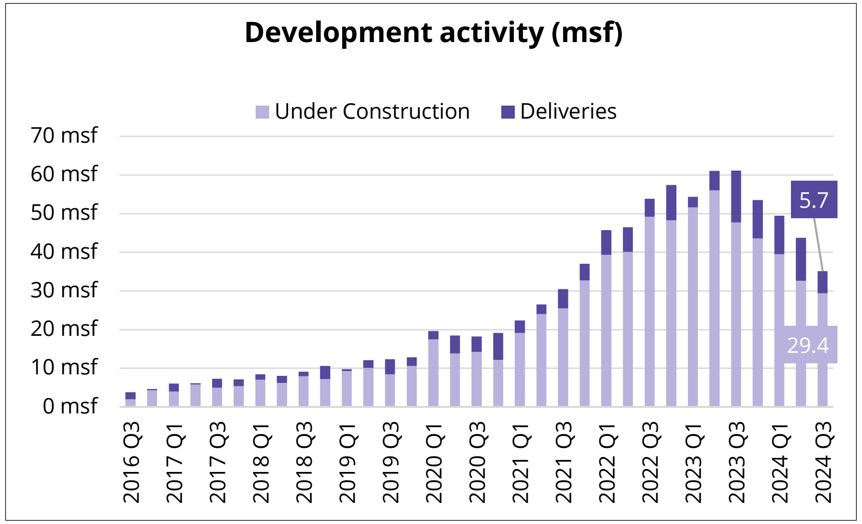
In Q3 2024, 5 million square feet (msf) of new inventory was added, half of what was delivered in the prior quarter.

1.9 msf

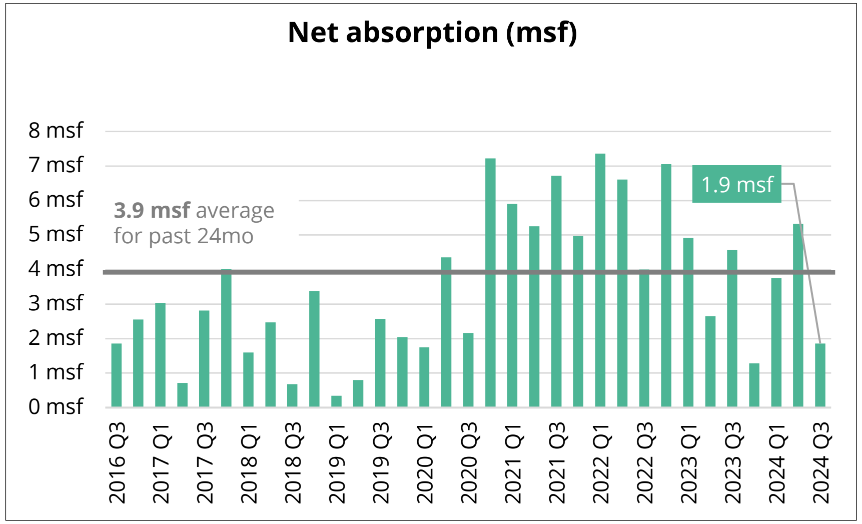
Absorption dropped from over 5 msf in Q2 to 1.9 msf in Q3, below the 3.9 msf average. Relative to new deliveries, leasing appears to be declining.

$1.06 psf

Average monthly asking rents in Q3 2024 have leveled out, slightly down from the $1.07 recorded in Q2 2024.



In Q3 2024, 5 msf of new inventory was added to the Phoenix industrial market, bringing the year-to-date total of new deliveries to 23 msf. Nearly 30 msf remains in the development pipeline, but this number is shrinking.



Q3 2024 recorded a positive 1.9 msf of net absorption, lower than the 24-month quarterly net absorption average of 3.9 msf. Vacancy rates are increasing with new space hitting the market, but slowed construction starts pose a positive sign.

Survey criteria: Industrial properties sized 20k square feet and larger
Source: AVANT by Avison Young, Costar

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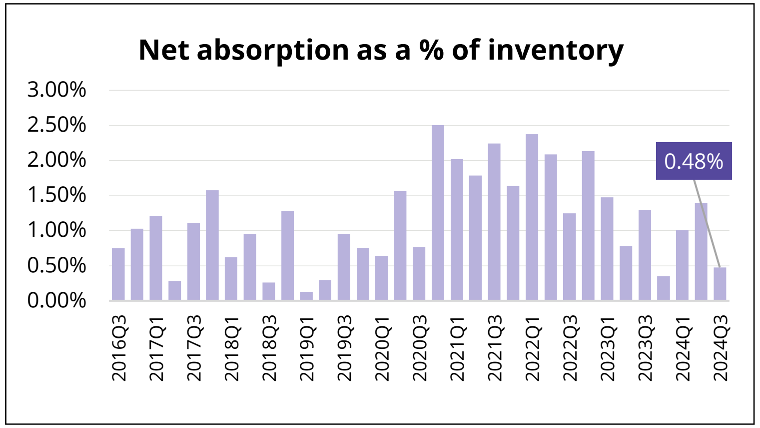

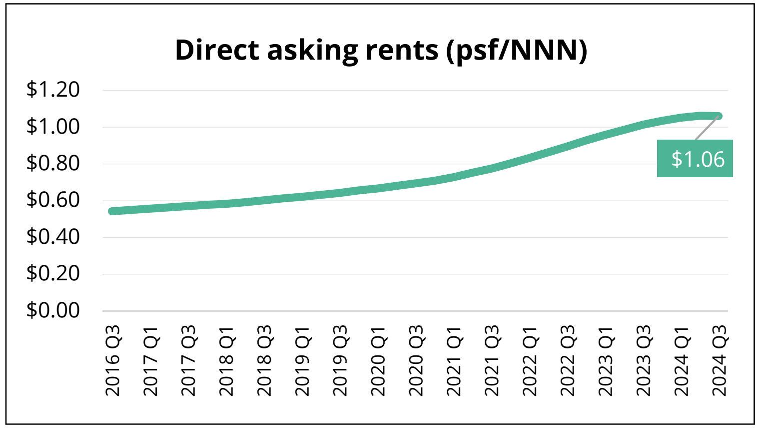

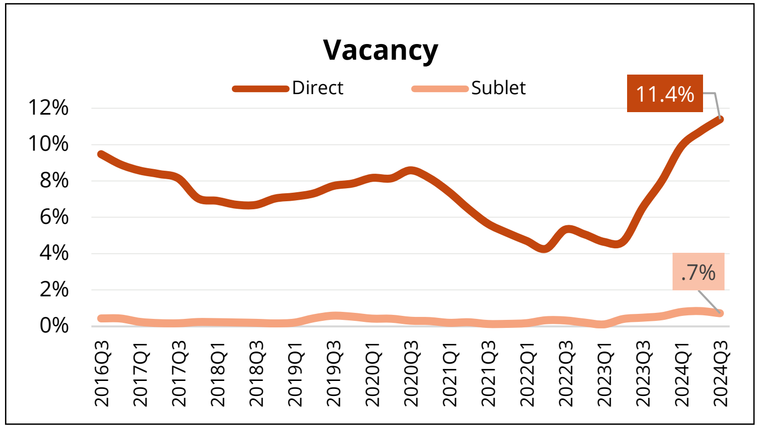

Recent leasing activity

Tenant	Address	Size (sf)	Transaction type	Lease type
General Dynamics Mission Systems	8201 E McDowell Rd	849,999	New Lease	Direct
GTI Energy	SEC Cotton Ln & Mc 85	531,583	New Lease	Direct
Iron Mountain	10210 W Van Buren St	204,290	New Lease	Sublease
Freeport	5302 W Buckeye Rd	137,980	New Lease	Direct
Quantum	5026 E Ellsworth Rd	135,759	New Lease	Direct
Vistar	SWC 75th Ave & Dobbins	131,500	New Lease	Direct

Recent sales activity

Buyer	Address	Sale price	Sale price psf	Seller
BlackRock, Inc.	15301 W Northern Ave – Building B	$128.1M	$106.74	CRG
Baker Development Corporation	8201 E McDowell Rd	$61.1M	$71.88	General Dynamics
EQT Exeter Real Estate Income Trust	15152 W Camelback Rd – Falcon Park 303 Phase II	$50M	$153.37	US Capital Development
EQT Exeter	220 E Germann Rd – Building C	$42M	$880.13	Artis REIT
MDH Partners, LLC	83 N 215th Ave – B	$27.14M	$201.9	Kentwood Ventures

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Submarket cluster	Existing inventory sf	Deliveries sf (YTD)	Under development sf (Q3)	Direct vacancy	Sublet vacancy	Total vacancy	Total vacancy change (YoY)	Net absorption (Q3)	Net absorption % of inventory (Q3)	Monthly direct asking rent psf NNN
Airport	37,914,064	243,399	161,084	5.0%	0.9%	5.9%	+200 bps	-92,943	-0.25%	$1.16
Northeast	8,537,415		242,740	1.8%	0.3%	2.1%	+20 bps	-9,252	-0.11%	$1.69
Northwest	86,961,152	8,841,725	13,869,357	14.5%	1.0%	15.1%	+540 bps	1,819,306	2.09%	$1.06
Pinal Country	12,832,702	1,590,808	1,660,000	7.9%	0%	7.9%	+770 bps	-219,615	-1.71%	$1.03
Southeast	97,035,738	8,507,069	4,346,321	15.0%	0.3%	15.3%	+870 bps	1,107,271	1.14%	$1.26
Southwest	80,549,528	3,850,139	4,946,326	10.5%	0.8%	11.2%	+440 bps	-716,324	-0.89%	$0.86
Market total	**376,222,637**	**23,033,140**	**26,145,715**	**11.4%**	**0.7%**	**12.0%**	**+560 bps**	**1,888,443**	**0.48%**	**$1.06**

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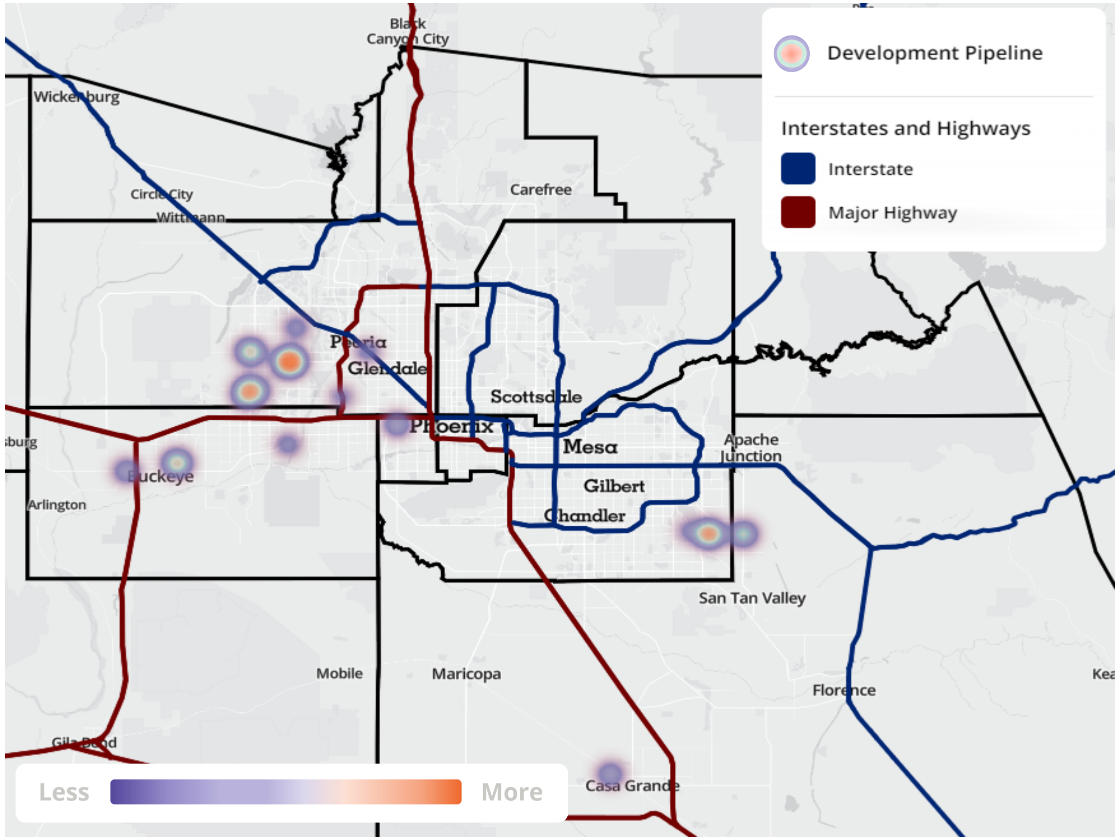
Industrial Development Pipeline

26.1 msf | 6.5%
Under Construction Space | % of Projected Total Inventory

17.6 msf |67.4%
Total Available Space | % of Under Construction Inventory

8.5 msf |32.6%
Total Leased Space | % of Under Construction Inventory

Development Activity



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Get in touch

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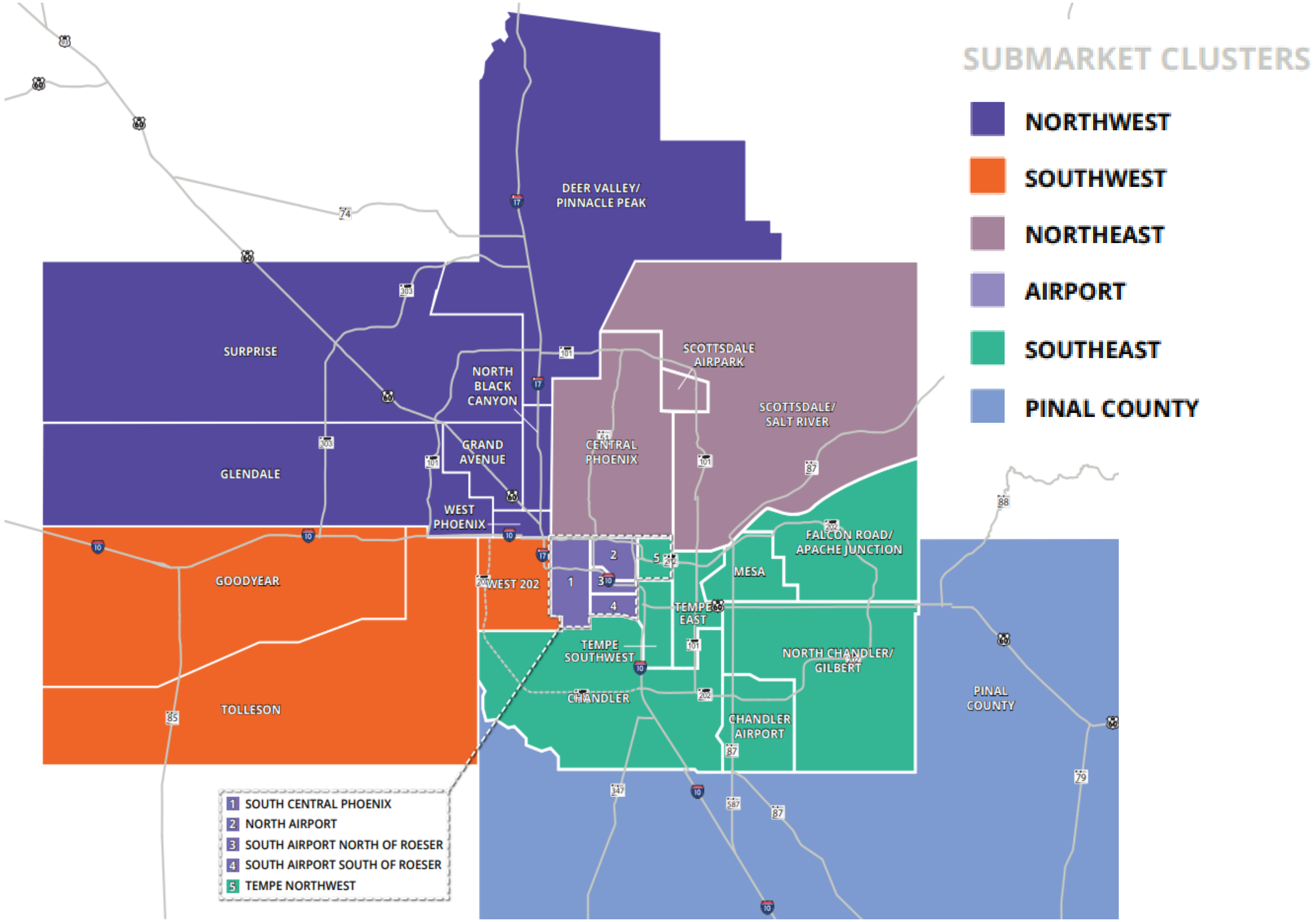

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