

A LOOK INTO THE **PHOENIX** METROPOLITAN **INDUSTRIAL** MARKET

ABSORPTION <small>12MO/NET/SF</small> 11.5 M ▼	VACANCY 8.3% ▲	RENT GROWTH <small>12 MONTH</small> 11.4% ▼
SALES <small>COMPARABLES</small> 511 ▼	SALES <small>PRICE/SF</small> \$149 ▲	CAP RATE 5.9% ▲
UNDER CONSTRUCTION <small>SQUARE FEET</small> 44.9 M ▼	PERCENT <small>OF INVENTORY</small> 10.9% ▼	PRELEASED 32.3% ▲



Source: CoStar Group, www.costar.com, Phoenix - AZ-Industrial-Market-2024-1-2

Phoenix's industrial market is experiencing a significant shift due to a surge in new construction, resulting in record-breaking deliveries of 13.7 million square feet in the third quarter of 2023. This construction boom has caused the vacancy rate to rise to 7.2%, erasing previous occupancy gains made during the pandemic.

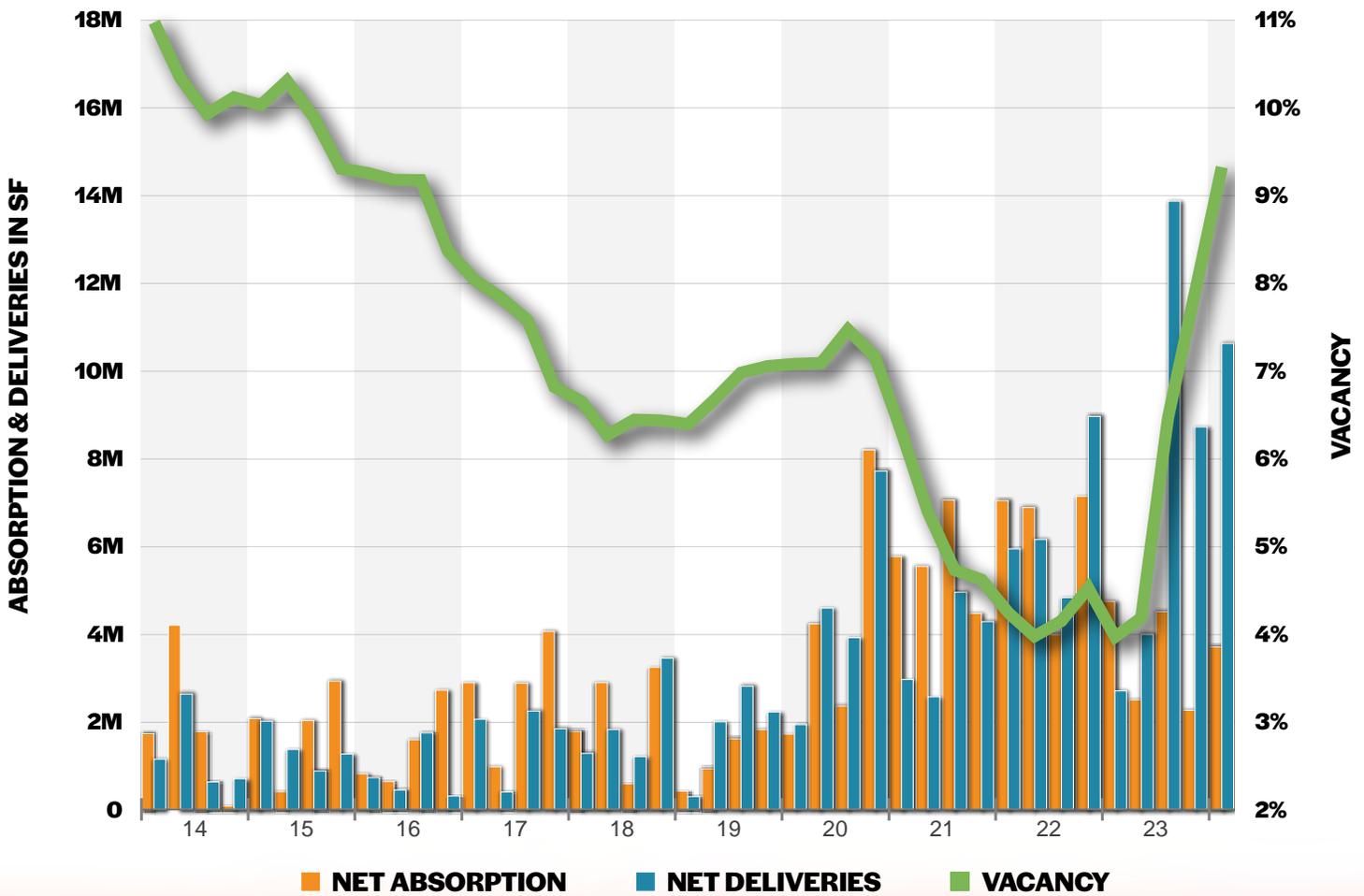
Although leasing activity has shown some moderation, especially for spaces larger than 350,000 square feet, the primary driver of higher vacancies remains the substantial supply pipeline, with 47.7 million square feet currently under construction, equivalent to 10.9% of the existing market's total square footage. Moreover, two-thirds of the space under construction remains unleased, which is expected to further increase vacancy rates as these projects are completed.

The Loop 303 corridor in Phoenix's West Valley has seen significant construction activity, with more than 24 million square feet completed since 2020, making it a key link in national supply chains. However, the decline in imports at Southern California ports in 2023 and rising industrial availability in the Inland Empire could pose challenges for leasing in Phoenix in 2024.

Phoenix's advanced manufacturing sector, including investments in semiconductor, battery, electric vehicle, and solar industries, has created a thriving ecosystem of high-tech assembly, contributing to strong net absorption in the region.

Rent growth in Phoenix is normalizing as tenant demand eases and competition from new supply increases. In the third quarter of 2023, average asking rents rose 2.4%, a noticeable slowdown from the 4%+ gains seen in early 2022. Nevertheless, Phoenix remains one of the strongest-performing rent growth markets in the nation, with rates increasing by 12.1% over the past 12 months.

The robust rent growth in recent years has attracted value-add investors, particularly for deals with at least a 20% mark-to-market opportunity. Stabilized deals selling for over \$80 million have shown signs of weakening due to increased financing costs, with recent deals trading in the \$125/SF to \$135/SF range, down from the \$145/SF to \$155/SF range seen in 2021 and 2022.



FEATURED PROPERTIES



**JUST
SOLD**

\$860,000 • 2,368 SF Office Suite
34225 North 27th Drive, #138 • Phoenix, Arizona



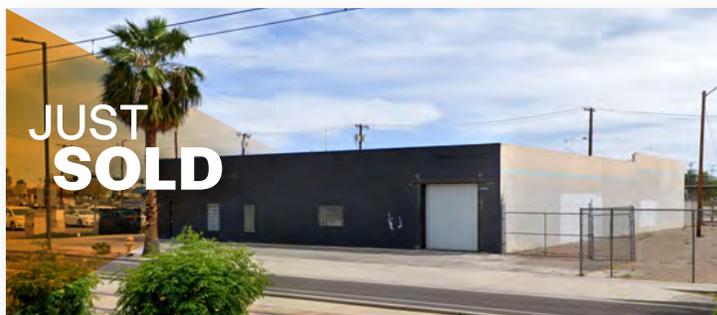
**JUST
SOLD**

\$1,560,000 • 7,225 SF Building • 0.7 AC Lot
8662 North 78th Avenue • Peoria, Arizona



**JUST
SOLD**

\$6,000,000 • 15,444 SF Building • 3.2 AC Lot
7314 North 110th Avenue • Glendale, Arizona



**JUST
SOLD**

\$1,100,000 • 6,000 SF Building • 0.32 AC Lot
2315 East Washington Street • Phoenix, Arizona



**JUST
SOLD**

\$695,000 • 3,050 SF Industrial Condo
9299 West Olive Avenue, #213 • Peoria, Arizona



**JUST
SOLD**

\$750,000 • 65,200 SF Lot
Lower Buckeye & Litchfield Roads • Goodyear, Arizona



**JUST
SOLD**

\$1,000,000 • 2,716 SF Condo
4365 East Pecos Road • Gilbert, Arizona



**JUST
SOLD**

\$1,400,000 • 5,842 SF Building • 0.38 AC Lot
1425 North 26th Avenue • Phoenix, Arizona

ABOUT CITYWIDE

174

TRANSACTIONS
PREVIOUS 365 DAYS

\$160M

SALE TRANSACTION
VALUE PREVIOUS 3 YEARS

5.9M

SQUARE FEET MANAGED

WHAT CAN WE DO FOR YOU?

Seller/Landlord Representation

We work with you to develop a plan and strategies that will increase the value of your property before bringing it to market.

Buyer/Tenant Representation

We will help you identify purchase or lease options and guide you through the entire process.



TENANT & LANDLORD
REPRESENTATION



BUILDING ACQUISITIONS
& DISPOSITIONS



INVESTMENT
STRATEGIES

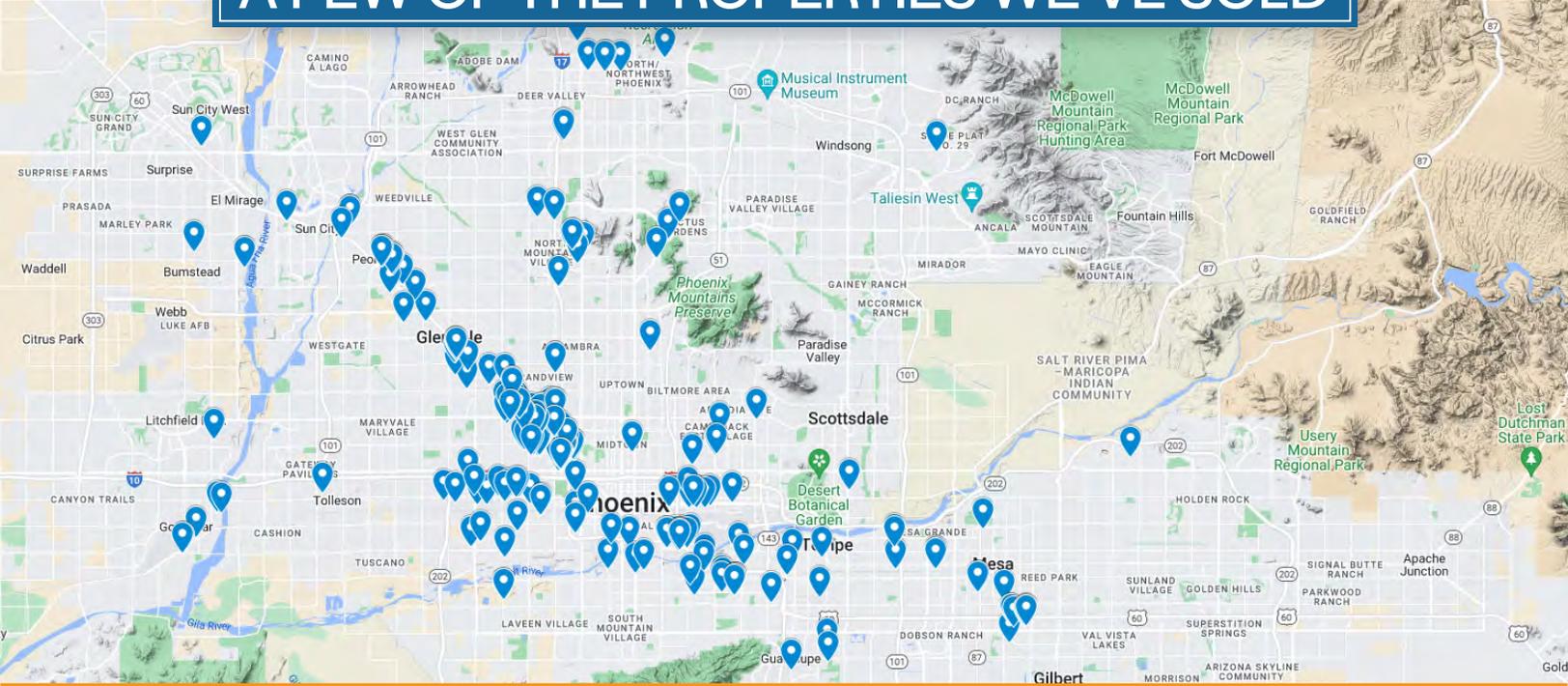


MARKETING STRATEGIES
& IMPLEMENTATION



PROPERTY &
SITE EVALUATIONS

A FEW OF THE PROPERTIES WE'VE SOLD



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Chad Kirkorsky

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