

Quarterly Snapshot

- ↑ Average Rent
\$13.62/SF
- ↑ Vacancy
10.0%
- ↑ Net Absorption
4,062,415 SF

Occupier's Perspective

Though tenant demand has been steady, it has not been enough to absorb the remarkable pace of deliveries, keeping vacancy on a swift upward trajectory.

With nearly 90 percent of recent construction focused on buildings larger than 100,000 square feet, available space is accumulating in the Valley's largest properties. The availability rate among 100,000+ square foot buildings is near a record high of 18 percent, and another 19.5 million square feet of unleased space is underway.

Increased competition from new supply is causing rent growth to decelerate. Average asking rents rose 9.5 percent over the past year, down from more than 16.0 percent in late 2022.

A deluge of new development completions continues to drive Phoenix's industrial vacancy rate higher, a condition that could persist into early 2025. The opening three months of the year marked the third consecutive quarter with 10+ million square feet of net deliveries, bringing the total over the past 12 months to an unprecedented 39.5 million square feet. For comparison, Phoenix averaged 8 million square feet of annual net deliveries in the three years leading up to the onset of the pandemic.

The wave of construction overshadows a resilient demand picture. While demand has eased from the frenetic pace seen in 2021 and 2022, leasing volume is 20 percent above 2019 levels as occupiers related to logistics, construction, and manufacturing continue to expand. For example, Amazon made a splash to start the year, signing three 1+ million square foot leases for a total of 3.5 million square feet at newly built industrial properties in the West Valley, reiterating the area's attractiveness as a logistics option. These factors, along with advanced manufacturing momentum, drove 11.7 million square feet of net absorption over the past 12 months, the fourth most in the nation.

Recent Transactions

Tenant	Size (SF)	Submarket	Type	Building
Amazon	1,222,480 SF	Glendale	New Lease	Industrial
Amazon	1,200,140 SF	Glendale	New Lease	Industrial
Amazon	1,056,353 SF	Goodyear	New Lease	Industrial

Submarket Movement

Vacancy Rate	QOQ Change	Direct Asking Rent (\$/SF)	Submarket
0.0%	◆	\$0.88	Southwest Outlying
13.0%	▲	\$0.94	Northwest
8.8%	▲	\$0.99	Southwest
4.2%	▲	\$1.06	Pinal County
1.3%	◆	\$1.20	North Outlying
5.4%	▲	\$1.23	Airport
0.0%	◆	\$1.26	Northwest Outlying
10.8%	▲	\$1.37	Southeast
3.3%	▲	\$1.43	Northeast