

MARKET TRENDS

PHOENIX INDUSTRIAL

MARKET DRIVERS

Arizona's industrial market continued to grow in 3Q26 as strong tenant demand met a significant amount of new construction across the Valley. Continued investment in logistics, advanced manufacturing, and other industrial sectors supported leasing activity and absorption, while major users continued to expand their presence in the market.

New supply was especially notable during the quarter, with 3.4M SF delivered in 3Q26. Construction deliveries more than tripled from last quarter, reflecting the significant amount of new supply entering the market. Despite the increase in new supply, smaller-bay properties continued to benefit from less competition from new big-box space.

The total vacancy rate declined 180 bps year over year to 11.5%, while total availability decreased 40 bps to 14.0%.

Leasing activity totaled 7.6M SF, with 2.9M SF of direct net absorption. Glendale recorded 1.5M SF of absorption, accounting for roughly half of Phoenix's total absorption. Chandler North/Gilbert and Southwest North of Buckeye Road followed, with each contributing roughly one-third of Glendale's absorption.

Direct average asking rents for spaces 10K SF and larger increased 5% year over year to \$1.18 PSF NNN.

ECONOMIC REVIEW

Arizona added 17,400 jobs since August 2025, according to the Arizona Office of Economic Opportunity. The state's unemployment rate increased 50 bps YOY to 4.9% in August. Continued employment growth across Arizona's technology, manufacturing, logistics, and other business sectors is supporting economic activity and contributing to demand for industrial space throughout the Valley.

NEAR-TERM OUTLOOK

Entering the last quarter of 2026, vacancy is expected to remain stable as continued tenant demand supports market activity. Glendale is likely to remain an important demand driver, supported by its proximity to TSMC-related supplier and logistics activity.

Market Summary

	3Q26	2Q26	3Q25	YOY Change
Total Vacancy Rate	11.5%	11.4%	13.3%	-180 bps
Total Availability Rate	14.0%	13.3%	14.4%	-40 bps
Direct Asking Lease Rate/SF/Mo	\$1.18	\$1.18	\$1.13	5%
	3Q26	2026 YTD	2025 YTD	YOY Change
Leasing Activity (SF)	7,563,943	24,561,902	23,423,505	5%
Sales Volume (SF)	8,494,714	21,379,038	18,972,386	13%
Direct Net Absorption (SF)	2,854,020	12,765,987	11,792,440	8%

↓ **7.6M SF**
LEASING ACTIVITY

↑ **2.9M SF**
NET ABSORPTION

↓ **11.5%**
VACANCY RATE

↑ **\$1.18 NNN**
ASKING RENT (AVG)

↑ **3.4M SF**
NEW DELIVERIES

Year-Over-Year Trend

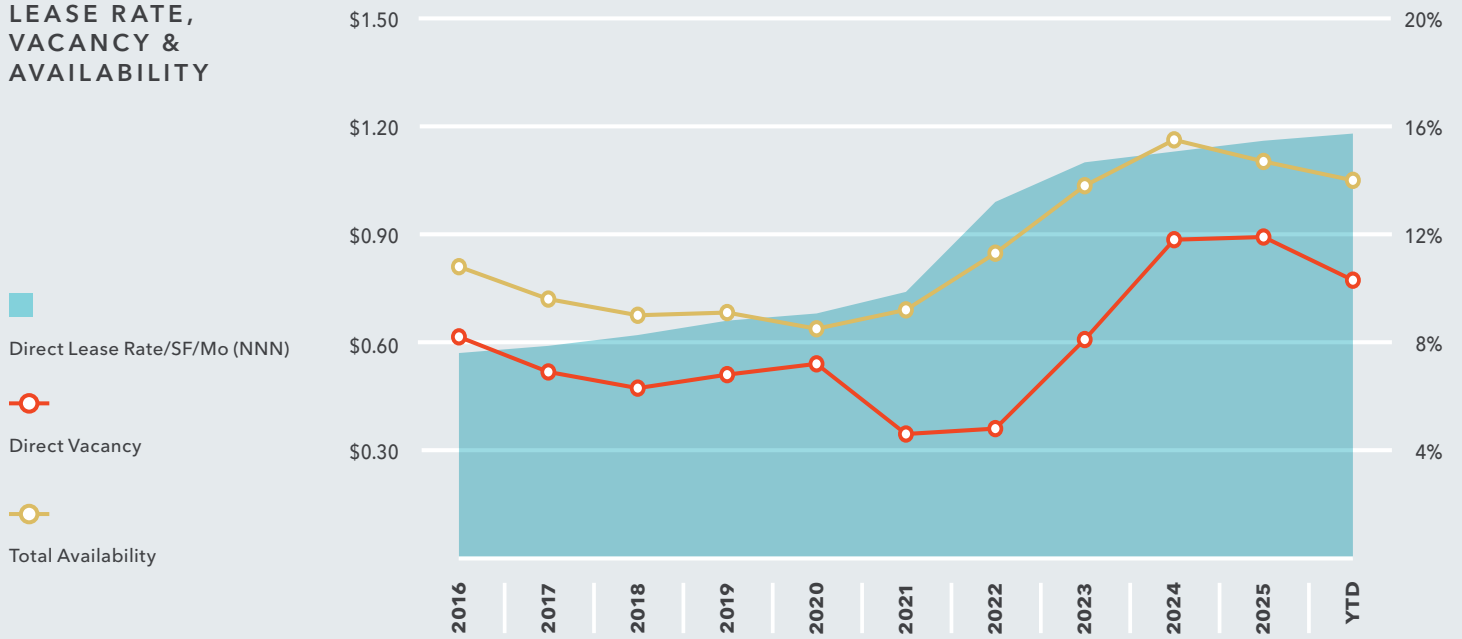
Market Highlights

TOTAL LEASE TRANSACTIONS
totaled 7.6M SF

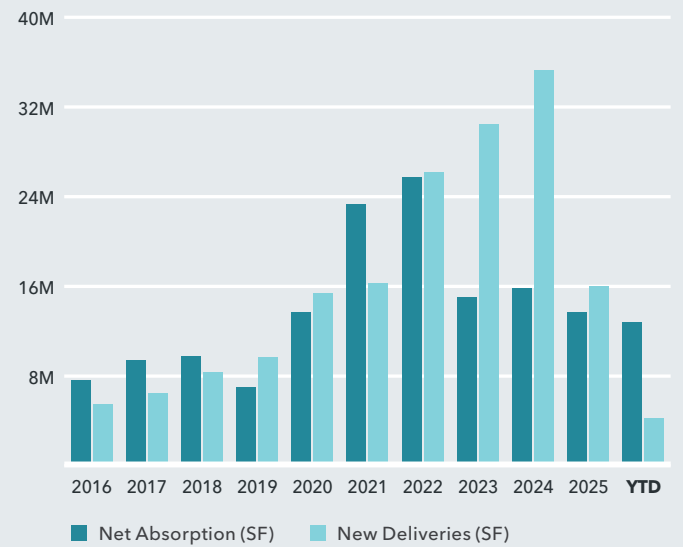
DIRECT NET ABSORPTION
reached 2.9M SF

DELIVERIES DECREASED
51% YOY

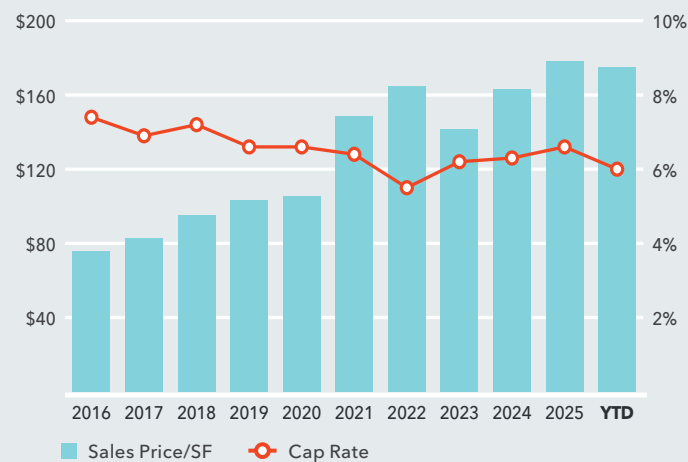
LEASE RATE, VACANCY & AVAILABILITY



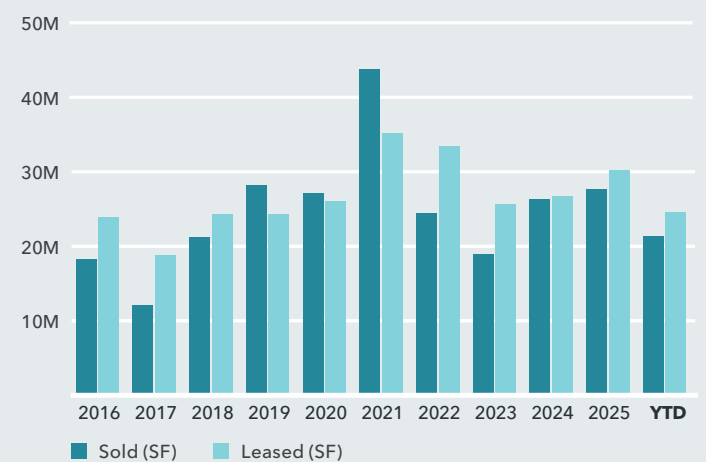
NET ABSORPTION & NEW DELIVERIES



AVERAGE SALES PRICE/SF & CAP RATE



SALE VOLUME & LEASING ACTIVITY



SUBMARKET STATISTICS

Submarket	Total Inventory	Direct Vacancy Rate	Total Vacancy Rate	3Q26 Direct Net Absorption	YTD Direct Net Absorption	SF Under Construction	YTD Construction Completions	3Q26 Total Leasing Activity	YTD Total Leasing Activity	Average Direct Rental Rate (NNN)
North Airport	13,955,479	10.3%	10.7%	-123,830	-89,392	74,077	500,591	172,492	172,492	\$1.15
South Airport North of Roeser	15,156,493	8.8%	10.1%	353,325	357	135,950	102,614	298,163	298,163	\$1.28
South Airport South of Roeser	4,520,634	4.0%	4.0%	-12,169	-93,324	0	0	44,206	44,206	\$1.35
SC North of Salt River	14,804,887	7.1%	9.0%	-35,323	-183,640	0	0	298,633	298,633	\$1.14
SC South of Salt River	2,779,265	15.9%	15.9%	-33,988	-28,616	0	356,089	0	0	\$0.76
Airport Area	51,216,758	8.7%	9.7%	148,015	-394,615	210,027	959,294	813,494	2,104,130	\$1.20
Central Phoenix	3,327,757	3.2%	3.3%	-16,475	18,503	70,000	0	4,604	4,604	\$1.33
Scottsdale Airpark	6,558,770	4.6%	5.3%	18,871	53,558	0	0	43,537	43,537	\$1.74
Scottsdale/Salt River	6,352,750	9.6%	9.6%	109,775	260,220	267,051	0	131,113	131,113	\$1.78
Northeast	16,239,277	6.2%	6.6%	112,171	332,281	337,051	0	179,254	593,939	\$1.67
Deer Valley/Pinnacle Park	20,900,994	7.2%	8.0%	123,287	551,830	1,175,847	37,887	356,676	1,054,679	\$1.31
Glendale	60,901,347	9.4%	11.9%	1,545,446	7,897,882	4,332,638	1,168,866	2,010,354	7,809,143	\$1.07
Grand Avenue	14,735,304	9.0%	9.3%	-68,360	-296,669	418,642	0	209,941	465,103	\$0.91
North Black Canyon	4,884,498	21.6%	21.9%	64,535	-82,371	428,011	0	19,722	103,681	\$1.13
Surprise	7,427,985	20.5%	20.5%	-31,775	1,007,803	297,300	0	64,864	200,602	\$1.39
West Phoenix North of Thomas Road	7,209,446	4.8%	4.8%	-60,204	-23,603	0	0	51,882	278,931	\$1.08
West Phoenix South of Thomas Road	6,592,280	2.5%	2.7%	-59,424	-40,689	0	0	59,503	90,880	\$1.22
Northwest	122,651,854	9.5%	10.9%	1,513,505	9,014,183	6,652,438	1,206,753	2,772,942	10,003,019	\$1.16
Chandler Airport	9,759,896	11.6%	19.5%	-20,147	-46,087	507,637	18,137	174,155	498,593	\$1.50
Chandler	24,108,252	8.1%	8.5%	-73,416	86,188	86,286	229,675	146,414	631,002	\$1.39
Chandler North/Gilbert	45,179,182	20.7%	21.4%	559,190	2,559,930	1,093,369	273,112	1,060,555	2,954,947	\$1.36
Falcon Fld/Apache Junction	6,370,062	11.4%	11.9%	54,515	109,959	108,296	254,706	37,088	177,820	\$1.40
Mesa	6,598,748	5.4%	5.5%	-19,170	82,624	0	0	58,347	161,030	\$0.98
Tempe East	6,535,665	13.8%	13.9%	45,938	42,904	190,595	498,514	82,799	220,501	\$1.36
Tempe Northwest	9,686,535	8.1%	9.1%	40,705	-95,119	411,580	0	98,891	493,939	\$1.27
Tempe Southwest	22,093,676	9.7%	10.8%	309,841	216,665	507,799	0	402,730	1,066,454	\$1.23
Southeast	130,332,016	13.3%	14.5%	897,456	2,957,064	2,905,562	1,274,144	2,060,979	6,204,286	\$1.31
Goodyear	40,481,118	11.8%	11.8%	232,773	1,817,013	2,211,162	480,586	454,573	2,212,020	\$1.01
Southwest North of Buckeye Road	38,150,585	10.4%	11.5%	531,331	364,622	437,694	322,905	440,577	1,619,744	\$0.98
Southwest South of Buckeye Road	20,716,074	9.4%	9.7%	10,213	-257,737	0	0	344,548	628,186	\$1.06
Tolleson	50,065,211	6.8%	8.7%	-591,444	-1,066,824	1,275,500	0	497,576	1,196,578	\$0.86
Southwest	149,412,988	9.4%	10.4%	182,873	857,074	3,924,356	803,491	1,737,274	5,656,528	\$0.95
Phoenix Total	469,852,893	10.3%	11.5%	2,854,020	12,765,987	14,029,434	4,243,682	7,563,943	24,561,902	\$1.18
Manufacturing & Warehouse	320,325,684	11.2%	12.2%	3,207,735	11,356,283	9,823,651	2,334,235	5,690,690	18,932,319	\$1.15
General Industrial	169,678,329	10.0%	11.5%	1,230,623	8,363,421	2,684,388	850,338	2,267,344	7,226,286	\$0.82
Flex	27,993,255	9.5%	10.0%	-129,349	-173,807	1,521,395	0	251,050	902,199	\$1.28

SIGNIFICANT SALE TRANSACTIONS 3Q 2026

Property	Submarket	SF	Sale Price	\$/SF	Buyer	Seller
Park 303 Phase II	Glendale	1,113,135	\$170,250,000	\$152.95	Nuveen	Lincoln Property Co.
Airport Center - 3607 S 12th St	SC S of Salt River	356,089	\$86,175,000	\$242.00	IDI Logistics	Trammell Crow Co. & Clarion Ptnrs.
Park 91	Tolleson	278,825	\$71,500,000	\$256.43	AEW Capital Management	Martens Development Co.
91st Avenue Logistics Hub	Tolleson	417,600	\$47,800,000	\$114.46	INDUS Realty Trust	Nearon
71 Roosevelt Park	Tolleson	256,758	\$47,470,962	\$184.89	NLF Misiac Portfolio, LLC	Forms + Surfaces

SIGNIFICANT LEASE TRANSACTIONS 3Q 2026

Property	Submarket	SF	Transaction Date	Landlord	Tenant	Lease Type
VT303 North - Bldg A	Glendale	1,146,518	August 2026	VanTrust Real Estate, LLC	DHL	Direct
17450 W Minnezona Ave - Bldg 1	Glendale	391,639	August 2026	Majestic Realty	nVent	Direct
4275 N 97th Ave - Bldg B	Glendale	317,077	August 2026	Clarion Partners & Creation Equity	Undisclosed	Direct
150 N Litchfield Rd - Bldg A	Goodyear	251,216	September 2026	Johnson Development Associates	Undisclosed	Direct
4025 S Binary Rd - Bldg A	Chandler N/Gilbert	204,337	September 2026	Dalfen Industrial	Brinkmann Co.	Direct

SIGNIFICANT UNDER CONSTRUCTION

Property	Address	Submarket	SF	Owner	Delivery Date
Northern Parkway Logistics Center	Reems Rd & Northern Pky	Glendale	1,184,591	Merit Partners	4Q26
VT303 North	7842 N Reems Rd	Glendale	1,146,518	VanTrust Real Estate, LLC	4Q26
NorthPark Logistics Center	W Northern Pky & 147th Dr	Glendale	1,140,584	Lovett Industrial, LLC	2Q27
GO 99 North	SEC 99th Avenue & Buckeye Rd	Tolleson	1,100,500	GO Industrial	2Q27
Airpark Logistics Center	SEC Yuma & Bullard Ave	Goodyear	828,480	Prologis	4Q27

Data Source: CoStar, AZ Office of Economic Opportunity, PBJ



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COMMERCIAL
BROKERAGE

\$9B

AVERAGE ANNUAL
TRANSACTION VOLUME

32.4M

ANNUAL
SALES SF

32.5M

ANNUAL
LEASING SFASSET
SERVICES

55M+ SF

MANAGEMENT
PORTFOLIO SIZE

800+

ASSETS UNDER
MANAGEMENT

250+

CLIENTS
SERVEDVALUATION
ADVISORY

2,700+

AVERAGE ANNUAL
ASSIGNMENTS

42

TOTAL
APPRAISERS

23

WITH MAI
DESIGNATIONS