



Phoenix industrial market report

Q1 2022

**AVISON
YOUNG**

Industrial market trends

01

Demand for industrial space remains elevated

The first quarter of 2022 saw a continuation of the red-hot industrial market conditions from 2021. Overall vacancy rates have declined from 8.4% to 5.7% year-over-year, while net absorption exceeded 6.9 msf in the quarter.

Our take on this trend...

The exceptional interest in industrial space from both occupiers and investors is here to stay. Despite a continued decline in vacancy rates in recent years, total industrial and flex inventory has grown by nearly 50 msf since the end of Q1 2018.

02

Record amount of construction activity

At the end of Q1 2021, there was 19,344,396 sf of industrial and flex industrial space under construction. This figure has increased to 34,692,074 sf by the end of Q1 2022.

Our take on this trend...

Most of the ongoing construction activity is concentrated in a few key submarkets. In Glendale, Grand Avenue, Chandler, and Gilbert, there is 20,915,733 sf of ongoing construction activity. Temporarily elevated vacancy rates in these submarkets will decline as tenants sign recently delivered spec space.

03

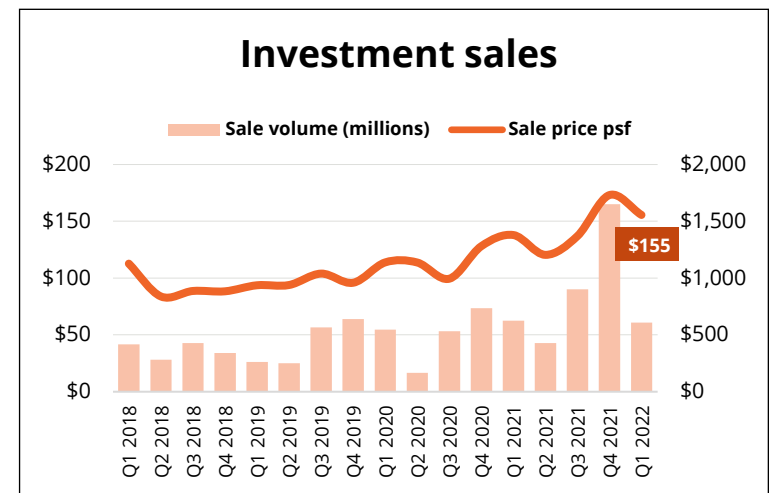
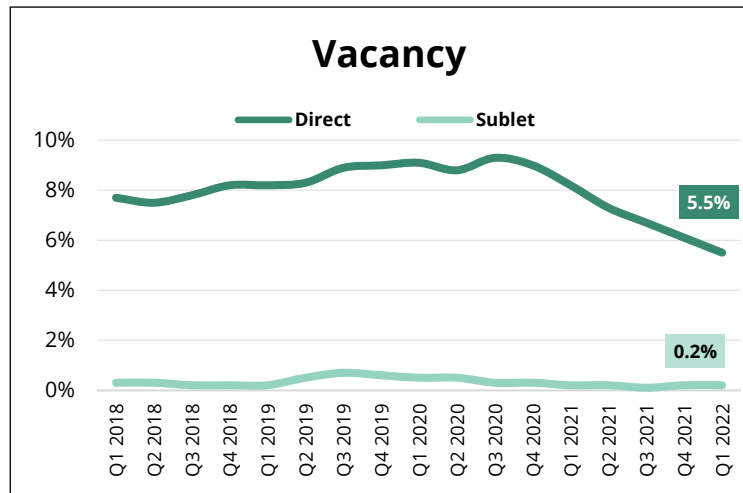
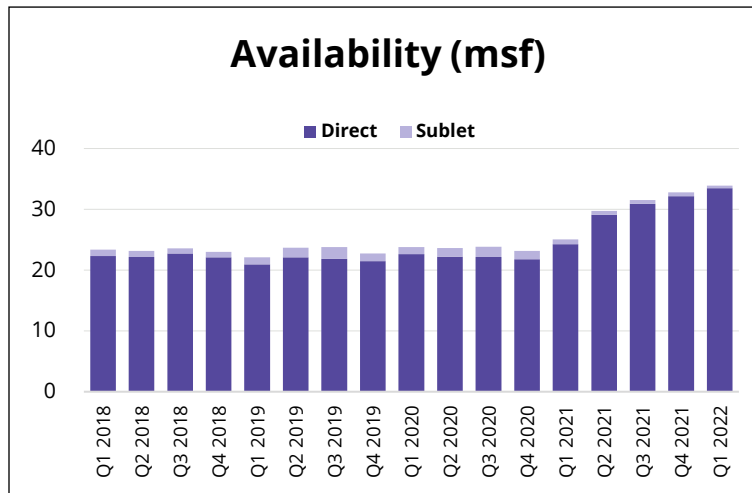
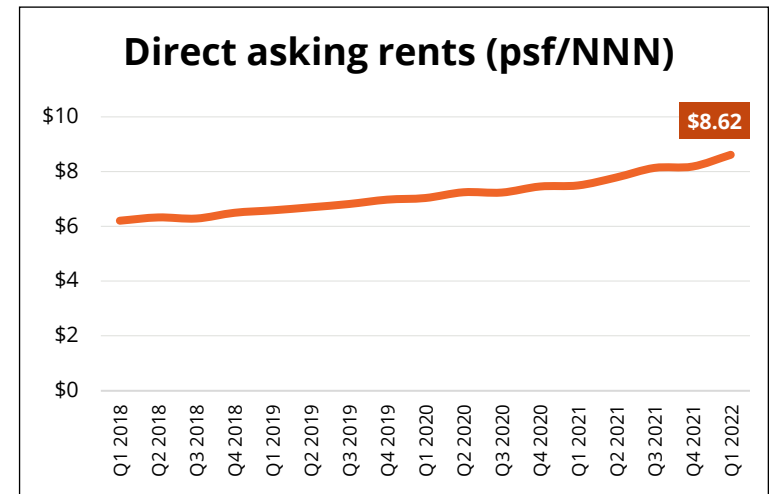
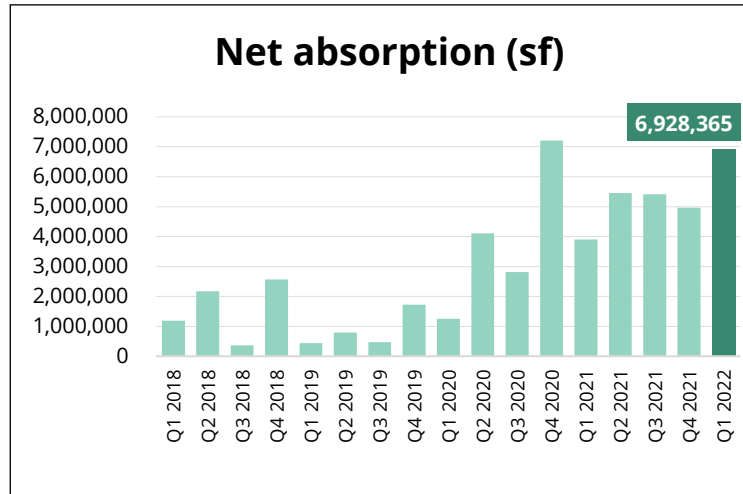
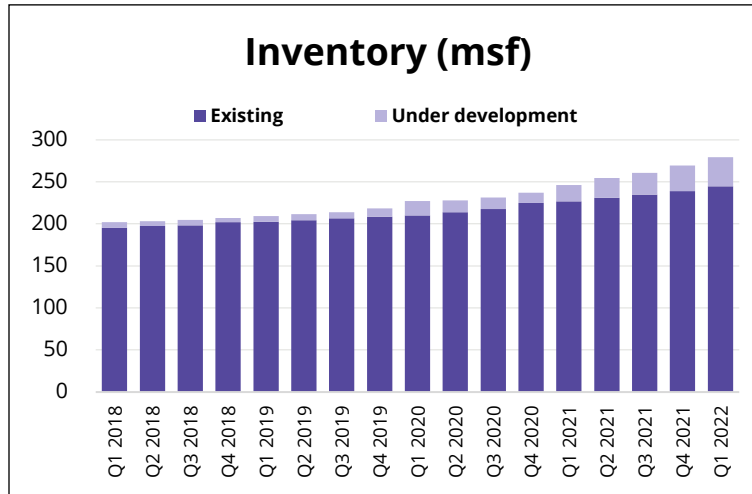
Rental rates will continue to increase

In just one year, average rental rates increased by a staggering 14.93% from \$7.50 in Q1 2021, to \$8.62 in Q1 2022.

Our take on this trend...

Rental rates have recorded a quarter-over-quarter increase in all but two of the last sixteen quarters. The high level of demand for industrial space will continue to provide barriers for tenants looking to expand, renew, or find new space to lease despite the rising rent pricing.

Industrial market indicators



Industrial market activity

Recent leasing activity

Tenant name	Address	City	Sign date	Size	Transaction type	Lease type	Term	Rent
Amazon	8560 E Elliot Rd	Mesa	Mar 2022	1,194,923	New	Direct	10 years	-
Meyer Burger	1685 S Litchfield Rd	Goodyear	Jan 2022	276,700	New	Direct	-	\$6.84
Intel	17500 S 40 th St	Chandler	Feb 2022	141,327	New	Direct	-	\$8.40 NNN
Westland Distributing	1818 E Riverview Dr	Phoenix	Mar 2022	135,968	New	Sublease	5 years	\$9.00
Lucid Motors	525 W 21 St	Tempe	Jan 2022	116,516	New	Direct	5 years	\$8.88 NNN

Recent sales activity

Buyer	Address	City	Sale date	Size	Sale price	Sale price psf	Seller
ASB RE Investments, Cohen Asset Management	7827 E Ray Rd	Mesa	Jan 2022	525,000	\$130,000,000	\$248	Dune RE Partners, Marwest Enterprises
Cabot Properties	SEC N Sarival Rd & W Maryland Ave	Phoenix	Mar 2022	542,974	\$70,500,000	\$130	Van Trust Real Estate
GID	SEC S Power Rd & E Nunneley Rd	Gilbert	Jan 2022	330,000	\$70,000,000	\$212	Bird Dog Industrial
James Campbell Company	10100 W Montebello Ave	Phoenix	Feb 2022	237,782	\$53,500,000	\$225	Trammell Crow (CBRE)
Lincoln Property Company	1600 S Hamilton St	Chandler	Jan 2022	140,372	\$32,500,000	\$232	ViaWest Properties

Large contiguous space availabilities

Owner	Address	City	Date available	Block size	Floors	Asking rent	Landlord Broker
American Realty Advisors	575 S 143 rd Ave	Goodyear	Vacant	901,700	1	-	CBRE
Cabot Properties	6390 N Alsup Ave	Litchfield Park	Vacant	542,975	1	-	Cushman & Wakefield
CBRE Investment Management	790 S 75 th Ave	Tolleson	May 2022	187,783	1	\$7.20 NNN	CBRE
G2 Capital	4202 W Washington St	Phoenix	May 2023	115,260	1	-	CBRE

Industrial market stats by submarket & product type

By Submarket	Inventory (sf)	Vacancy			Net Absorption		SF Under	Average Asking Rent (NNN)		
		Total %	W / D	Flex	1Q22	Construction	Total	W/D	Flex	
Airport	25,302,821	3.40%	2.00%	16.40%	409,418	71,555	\$11.84	\$10.07	\$15.91	
Scottsdale/Central Phoenix	4,692,012	3.30%	0.20%	16.00%	-19,394	-	\$16.92	\$10.83	\$21.89	
Surprise/Grand Ave	9,555,116	2.60%	2.60%	0.00%	-113,818	736,843	\$6.40	\$6.40	-	
Glendale	21,074,105	14.80%	14.80%	0.00%	298,015	14,989,848	\$6.14	\$6.14	-	
W Phoenix	4,263,996	5.70%	5.90%	0.00%	-181,892	-	\$6.64	\$6.64	-	
Deer Valley/N Black Canyon	7,818,043	3.10%	3.10%	2.50%	-2,021	1,149,168	\$11.67	\$11.32	\$14.52	
Pinal County	7,820,612	0.00%	0.00%	0.00%	-	1,000,000	-	-	-	
Chandler/Gilbert	35,797,222	6.50%	4.60%	28.70%	951,094	5,925,885	\$9.41	\$8.81	\$12.02	
Mesa	5,887,672	0.10%	0.10%	0.00%	47,777	155,000	\$9.53	\$9.53	-	
Tempe	18,128,100	5.20%	3.60%	11.60%	15,212	437,087	\$10.68	\$8.44	\$13.90	
Goodyear	21,857,431	12.50%	12.50%	0.00%	3,751,544	3,058,613	\$6.45	\$6.45	-	
Tolleson	41,188,266	5.10%	5.10%	0.00%	1,079,414	2,700,073	\$6.24	\$6.24	-	
SW N of Buckeye Rd	24,816,951	1.10%	1.10%	0.00%	221,922	3,972,490	\$7.46	\$7.46	-	
SW S of Buckeye Rd	16,401,574	4.70%	4.10%	38.70%	471,094	495,512	\$6.45	\$6.45	-	
Outlying Phoenix	53,830	0.00%	0.00%	0.00%	-	-	-	-	-	
Market Total	244,657,751	5.70%	5.20%	15.80%	6,928,365	34,692,074	\$8.62	\$7.72	\$14.55	

By Product Type	Inventory (sf)	Vacancy	1Q Absorption	SF Under Construction	Available Sublease	Average Asking Rent (NNN)
Warehouse / Distribution	232,517,919	5.20%	7,056,873	34,342,074	179,376	\$7.72
Flex	12,139,832	15.80%	-128,508	350,000	240,752	\$14.55
Market Total	244,657,751	5.70%	6,928,365	34,692,074	420,128	\$8.62

For more market insights
and information visit
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