



# Phoenix retail market report

Q1 2025

---

**AVISON  
YOUNG**

---

# Phoenix retail market trends

5.2%

## Vacancy Ticks Down Slightly, Leasing Conditions Remain Tight

Direct vacancy in the Phoenix retail market minimally ticked down to 5.2% in Q1 2025, with average time on market stretching to 7.6 months. Retail space availability has increased modestly, driven by a wave of store closures, including both national chains and small businesses. While this uptick in vacancy has led to a slower pace of net absorption, it also reflects a reshuffling rather than a collapse in demand. At 5.2%, the vacancy rate remains well below pre-pandemic levels, indicating that underlying fundamentals remain strong.

\$25.19

## Rent Growth Normalizes After a Decade of Gains

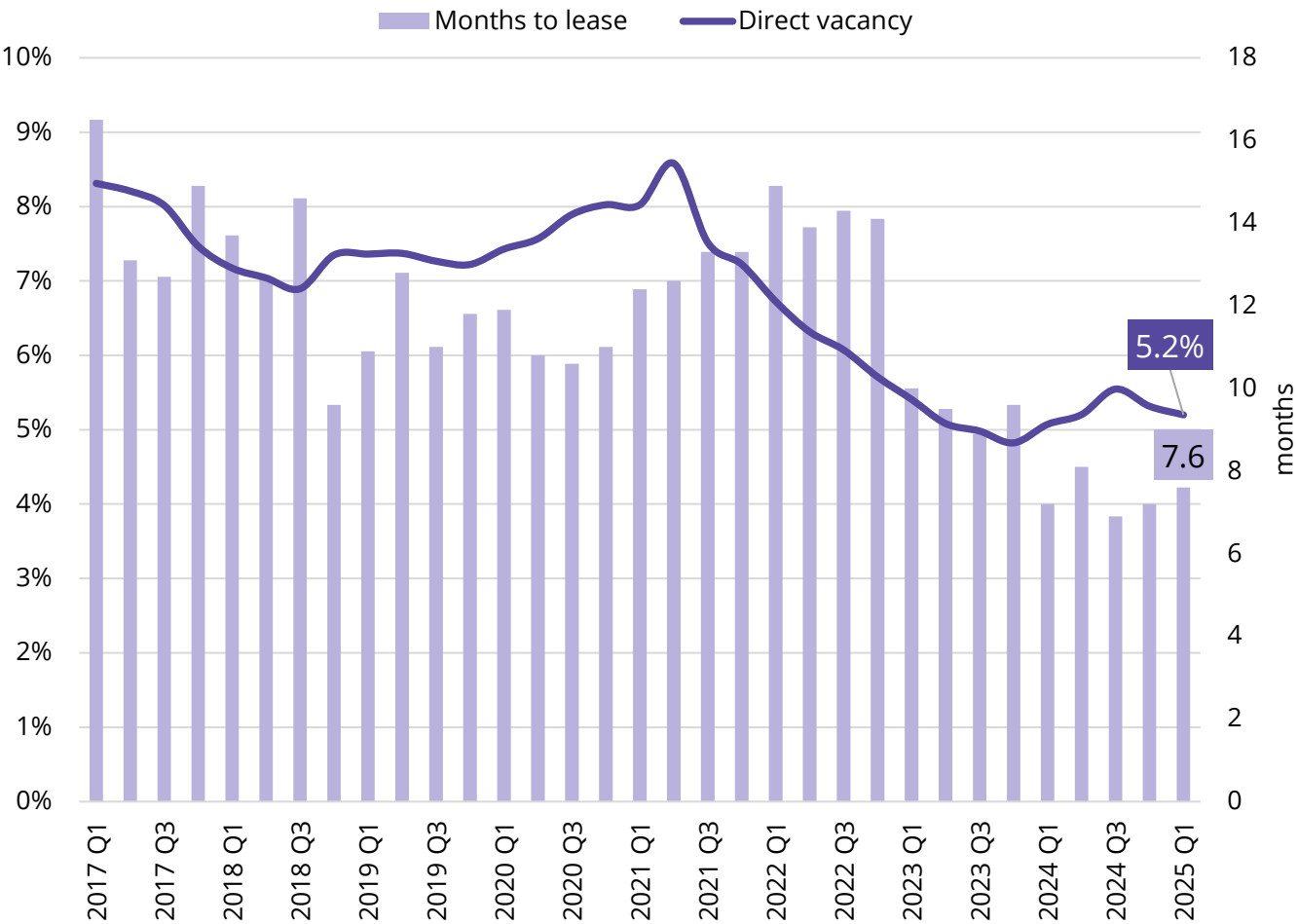
Phoenix market asking rents reached \$25.19 per SF annually in Q1 2025, with rent growth easing to 3.4% year-over-year. After years of red-hot rent growth, the Phoenix retail market is settling into a more sustainable rhythm. The current 3.4% annual growth rate reflects a cooling from recent highs, as the market adjusts to broader economic normalization and moderating consumer spending. Still, rents remain near record highs, bolstered by solid tenant performance and a limited construction pipeline.

91%

## Retail Foot Traffic Holds Strong at 91% of Pre-Pandemic Levels

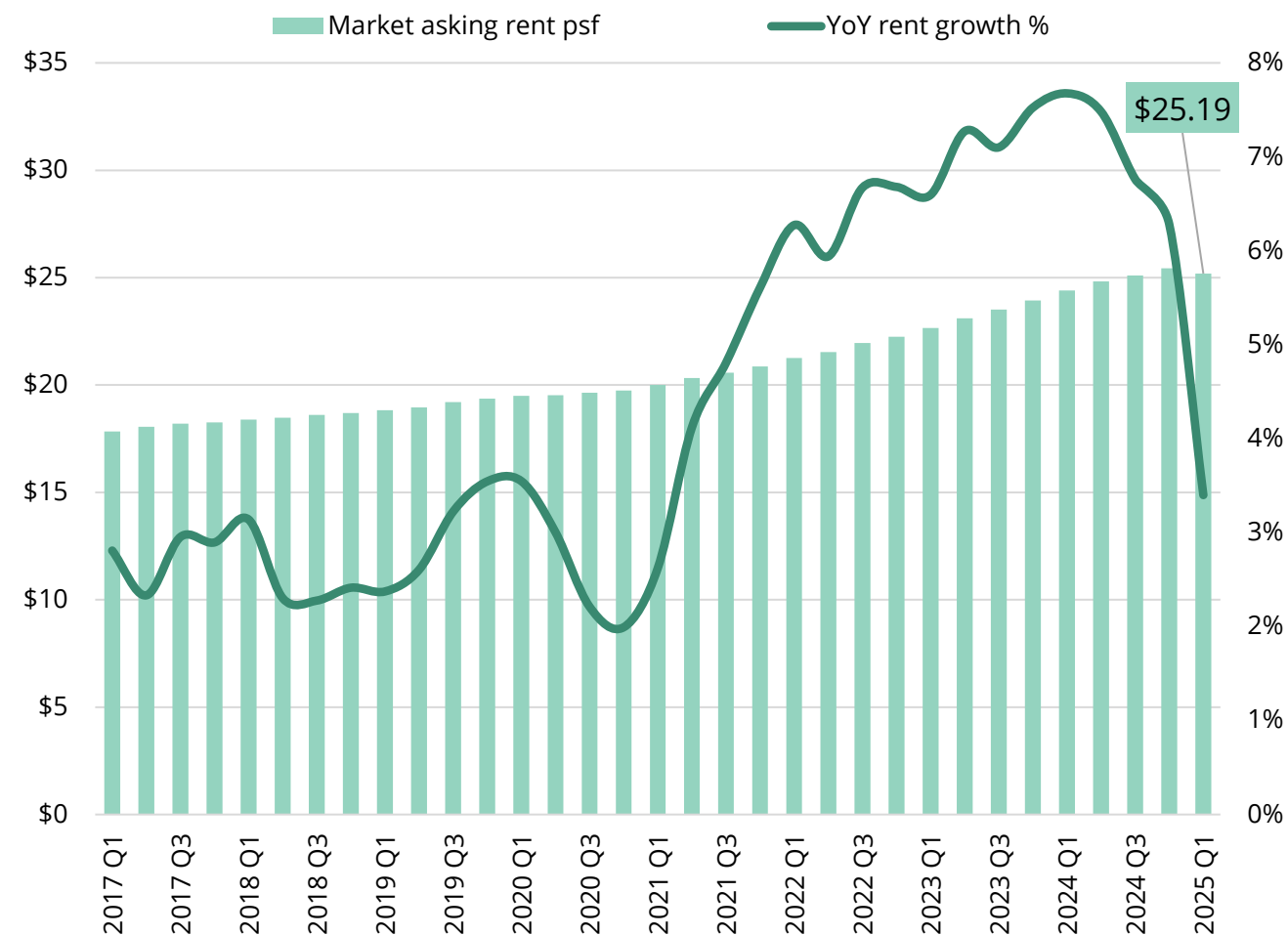
Shopping center visits reached 91% of the Q4 2019 benchmark in Q1 2025, highlighting resilient in-person consumer engagement. While not fully back to pre-pandemic highs, foot traffic in Phoenix retail centers remains impressive. At 91% of 2019 levels, consumer activity is holding steady, reinforcing the continued relevance of brick-and-mortar retail, particularly for tenants offering value, convenience, or experiential elements. This level of busyness supports strong tenant sales and helps justify high rents in key corridors.

# Phoenix retail vacancy and demand



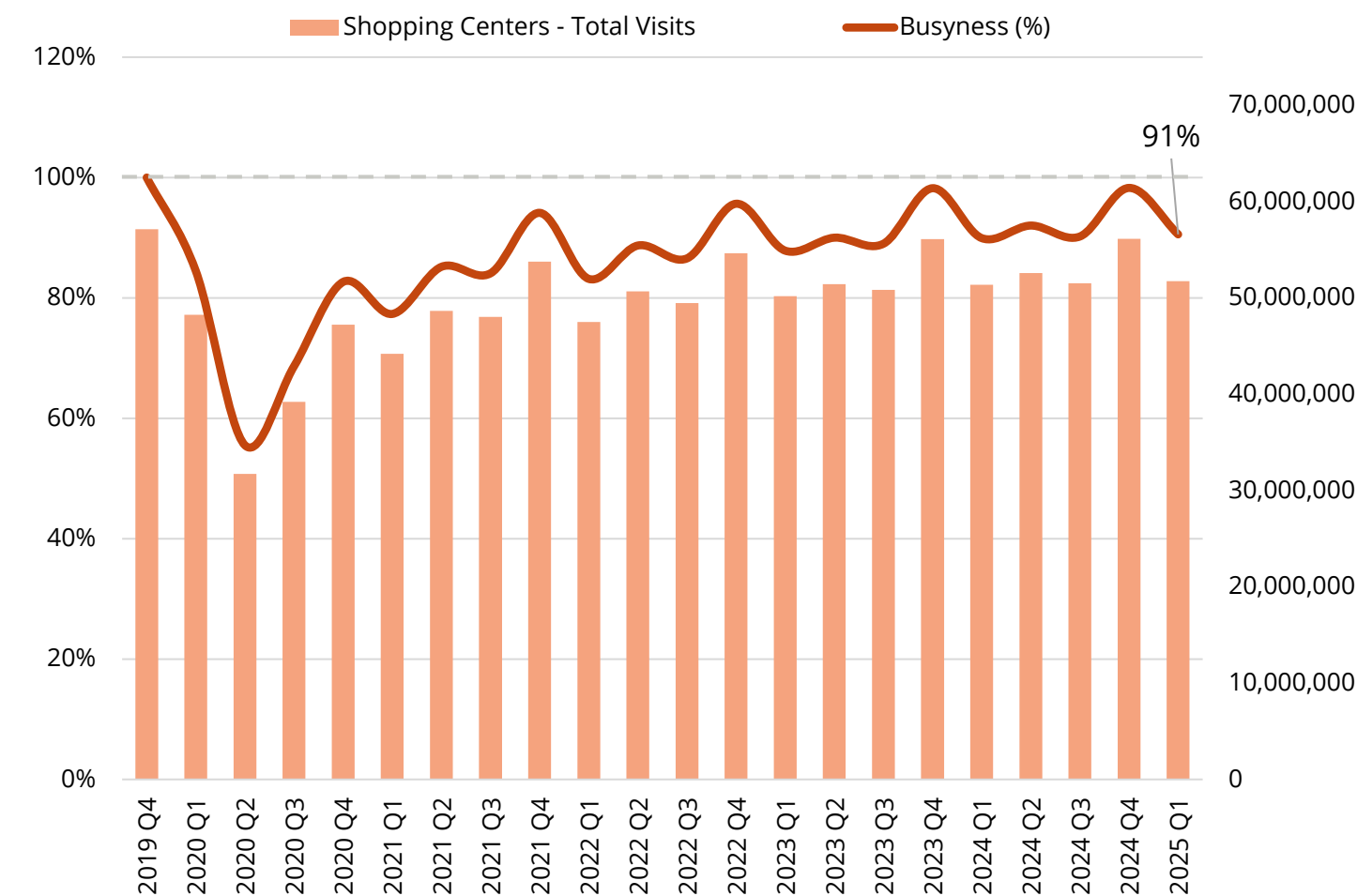
Leasing velocity, while affected by more space hitting the market, hasn't lost steam. Local brokers report strong competition for well-located space and high tenant retention, suggesting that the new vacancies will likely be absorbed in the coming quarters. The slight increase in lease-up times to 7.6 months marks a shift toward normalization rather than weakness.

# Phoenix retail asking rents (\$)



Over the past five years, average asking rents have surged over 30%, allowing landlords to enjoy strong leasing spreads and asset appreciation. Even with some deceleration, Phoenix continues to outperform many peer markets nationally. Landlords remain confident that demographic and job growth will support steady demand, helping to keep rental rates on firm footing.

# Phoenix retail – shopping busyness



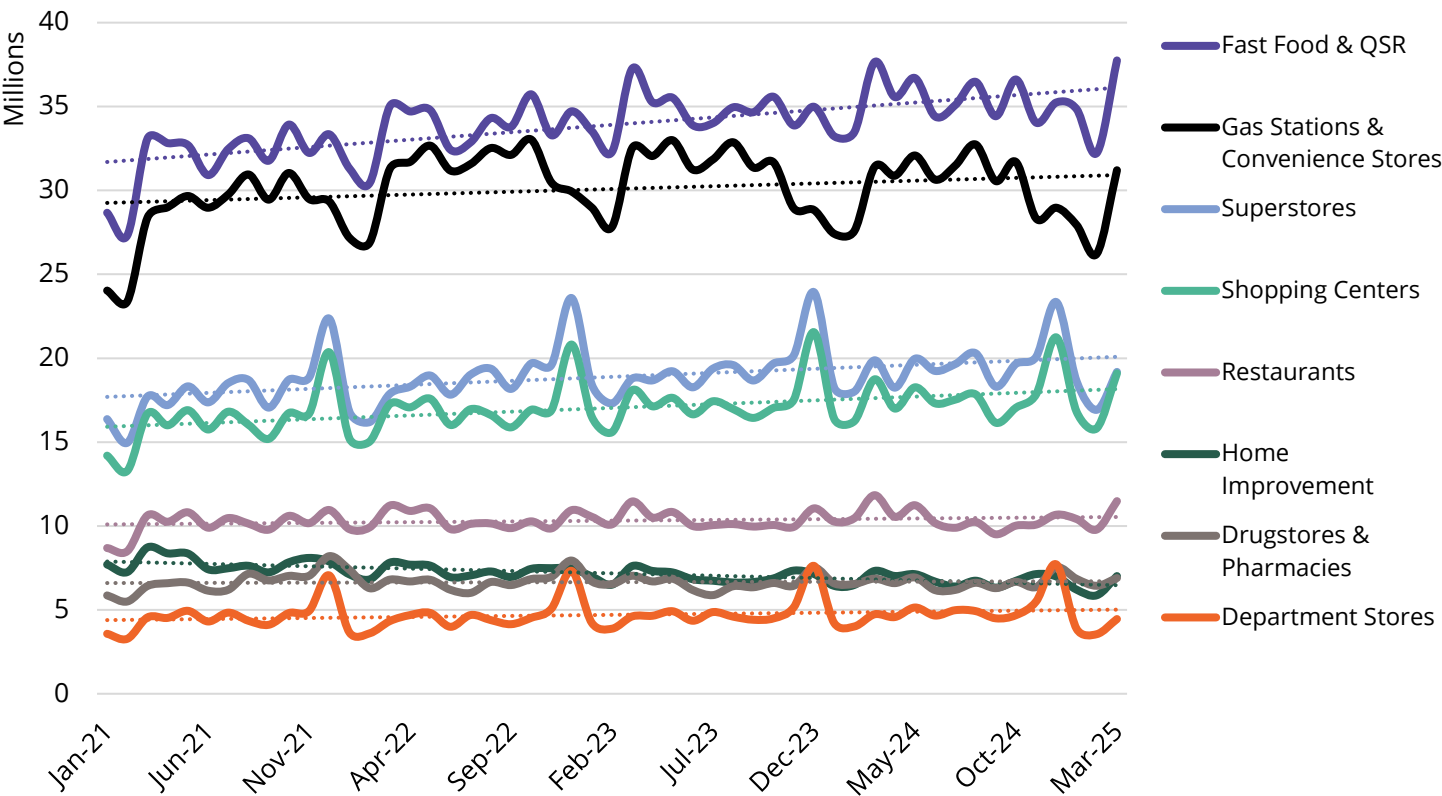
High and stable traffic volumes are especially encouraging for landlords navigating a period of increased space turnover amidst national chain closures, such as JoAnn Fabrics, Party City, 99 Cents Only Stores, and CVS to name a few. For new or expanding tenants, consistent consumer flow adds confidence when committing to leases, while for owners, it reinforces pricing power and long-term stability. As the market continues adjusting, Phoenix’s retail sector shows strong signs of durable in-person demand.



# Appendix



# Phoenix retail visitation (monthly visits)



Source: Placer.AI

Retail visitation in Phoenix has been led by Circle K (10.8M), Walmart (10.2M), and McDonald's (7.6M) in monthly visits from Q1 2021 to Q1 2025. Other top spots include Walgreens, The Home Depot, and Ross, reflecting strong foot traffic across key retail sectors.

Top Performers (Q1 2021 – Q1 2025):

## Fast Food & QSR

McDonald's – 7.6M monthly visits

## Gas Stations & Convenience Stores

Circle K – 10.8M monthly visits

## Superstores

Walmart – 10.2M monthly visits

## Shopping Centers

Tempe Marketplace – 1.0M monthly visits

## Restaurants

Chipotle – 921K monthly visits

## Home Improvement

The Home Depot – 3.0M monthly visits

## Drugstores & Pharmacies

Walgreens – 4.0M monthly visits

## Department Stores

Ross Dress for Less – 1.3M monthly visits

**Note:** Placer.AI has updated its visit duration metrics to include all visit times (over and under 10-minute durations), which accounts for the significant growth in visits to gas stations compared to prior quarterly reports.

# Phoenix retail market leasing & development activity

## Q1 2025 – Top leasing activity

Tenant	Address	Submarket	Sign date	Size (sf)	Transaction type	Lease type
Slick City	15277-15433 W McDowell Rd	West Phoenix	Jan 6, 2025	44,506	New	Direct
Ross Dress for Less	2815-2827 W Peoria Ave	North Phoenix	Feb 1, 2025	30,187	Renewal	Direct
PetSmart	10405 N 31 <sup>st</sup> Ave	North Phoenix	Feb 1, 2025	22,503	Renewal	Direct
The Picklr	34422 N Scottsdale Rd	North Scottsdale	Feb 5, 2025	21,000	New	Direct
La-Z-Boy	2703-2817 S Market St	East Valley	Feb 17, 2025	18,182	New	Direct
Ace Hardware	20165 N 67 <sup>th</sup> Ave	Northwest Phoenix	Mar 5, 2025	16,410	New	Direct

## Q1 2025 – Top projects under development

Project Name	Address	Est. Delivery Date	Building size (sf)	Developer
Buckeye Commons	Verrado Way & I-10	July 2025	427,410	Sunbelt Investment Holdings, Inc.
Prasada North	NEC Prasada Pkwy & Waddell Rd	April 2025	350,000	SimonCRE
Destination at Gateway	Signal Butte & Williams Field Rd	February 2025	250,000	
Sam's Club – Tempe Marketplace	2100 E Rio Salado Pky	August 2025	150,000	Vestar Development Co.
Fry's	11570 W Ashby Dr	June 2025	113,818	

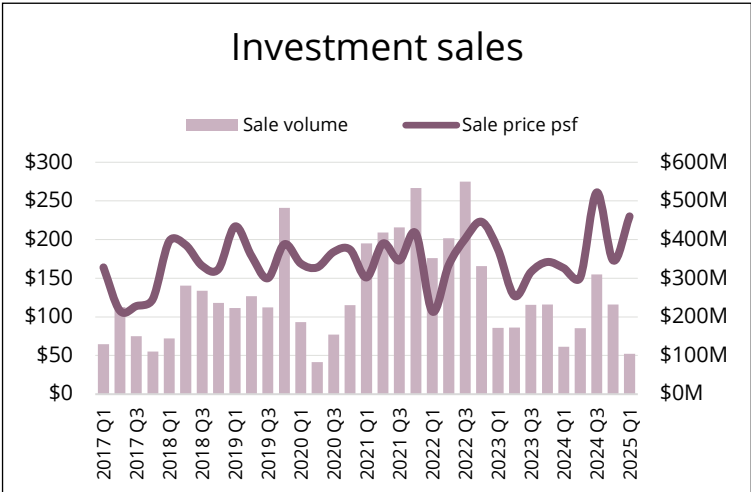
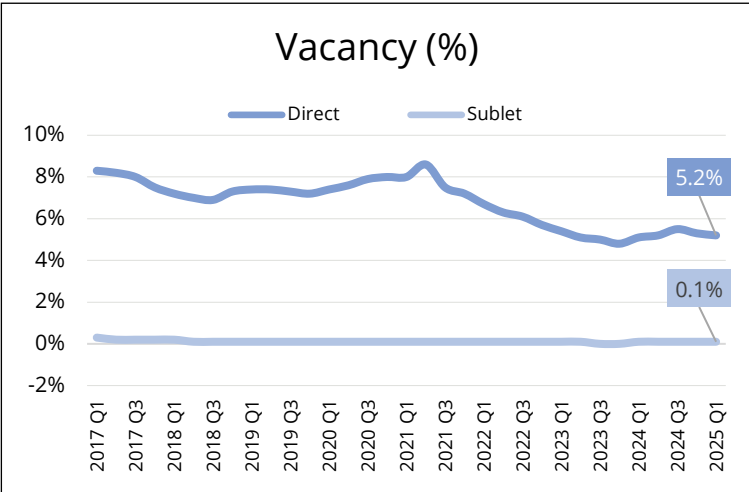
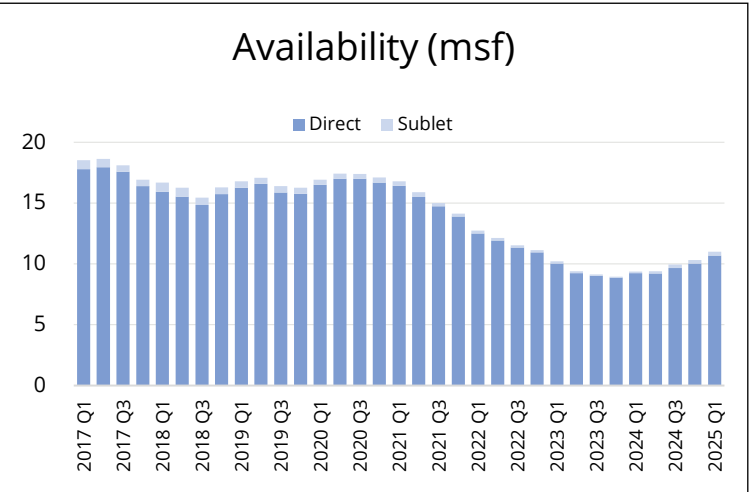
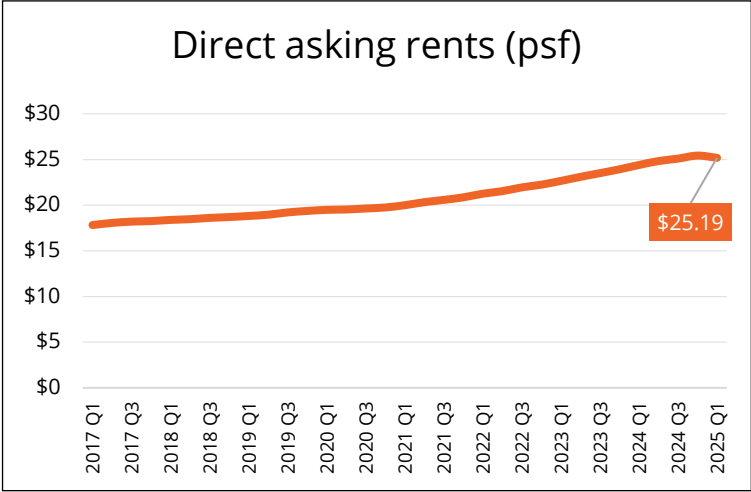
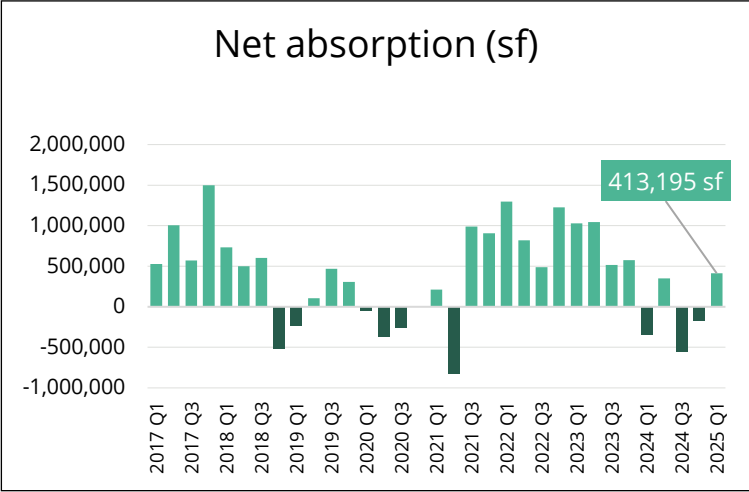
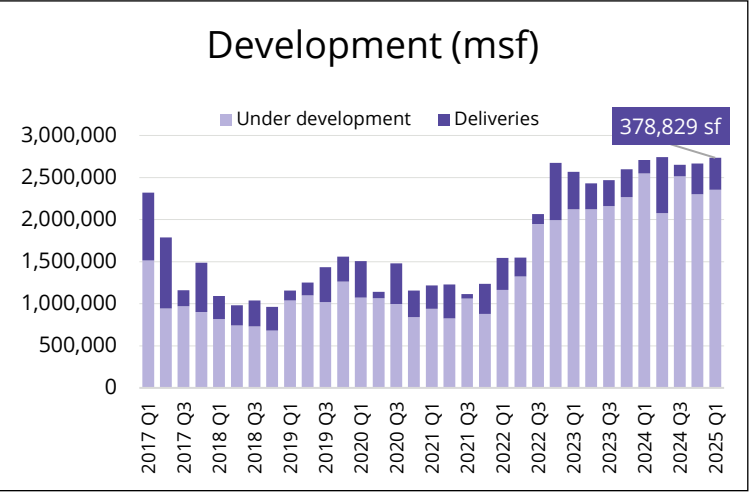


# Phoenix retail market sales activity

## Q1 2025 – Notable transactions

Name / Address	Sale date	Sale price	Size (sf)	Sale price psf	Buyer	Seller	Notes
<b>The Shops at Apache Junction</b> 185 W Apache Trl	Feb 14, 2025	\$10.7M	62,631	\$170.89	James O'Sullivan	Thrive Real Estate Group, LLC	An individual investor purchased a 62,631 SF retail building in Apache Junction, AZ for \$10,703,000, or \$170.89 per SF. Built in 1998 on 9 acres, the property was fully occupied at the time of sale, trading at an 8.30% cap rate.
<b>Laveen Spectrum – Shops A</b> 5920 W Baseline Rd	Feb 25, 2025	\$10.35M	10,130	\$1,021.72	Curblin Properties	Barclay Group	Curblin Properties purchased a 10,130-square-foot retail building with a Chili's ground lease in Laveen, AZ, for \$10,350,000. Built in 2024 on 1.51 acres, the 10-year ground lease includes four five-year renewal options and closed at a 5.77% capitalization rate.
<b>Sprouts &amp; Bookmans Center</b> 8030-8048 N 19 <sup>th</sup> Ave (part of portfolio)	Jan 29, 2025	\$9.43M	65,972	\$143	Tarantino Properties, Inc.	Town West Realty, Inc.	Tarantino Properties, Inc acquired a 98,145 SF shopping center in Phoenix, AZ for \$17,000,000 (\$173.21 per SF). Built in 1975 on 9.76 acres, the Sprouts & Bookmans Center was 95% occupied at the time of sale.
<b>Busy Bees</b> 21467 S Ellsworth Rd	Jan 31, 2025	\$8.68M	15,000	\$578.52	SSJLB Mesquite LLC	Buttry & Brown Development, LLC	BP Heritage Square Development LLC sold a 15,000 sq ft retail property to JRSLEB Phoenix LLC for \$8,677,778 (\$578.52/sq ft), sourced from public records.
<b>The Steelyard – Shops A</b> 5091 S Gilbert Rd (part of portfolio)	Mar 19, 2025	\$7.79M	10,180	\$765.26	Jason & Jessica Illoulouian	Faring	An individual investor purchased a 26,260 SF shopping center in Chandler, AZ, for \$18,256,092, or \$695.21 per SF. Built in 2020 on 4.03 acres, The Steelyard was fully occupied at the time of sale and had a 6% cap rate.
<b>Paradise Valley Mall – Former Auto Repair</b> 12820 N Tatum Blvd	Mar 20, 2025	\$6.2M	14,060	\$440.93	Preferred Living	RED Development, LLC	Preferred Living purchased a 14,060 SF former auto repair property at Paradise Valley Mall in Phoenix, AZ, for \$6.2 million, or \$440.93 per SF. The sale took place on March 20, 2025.

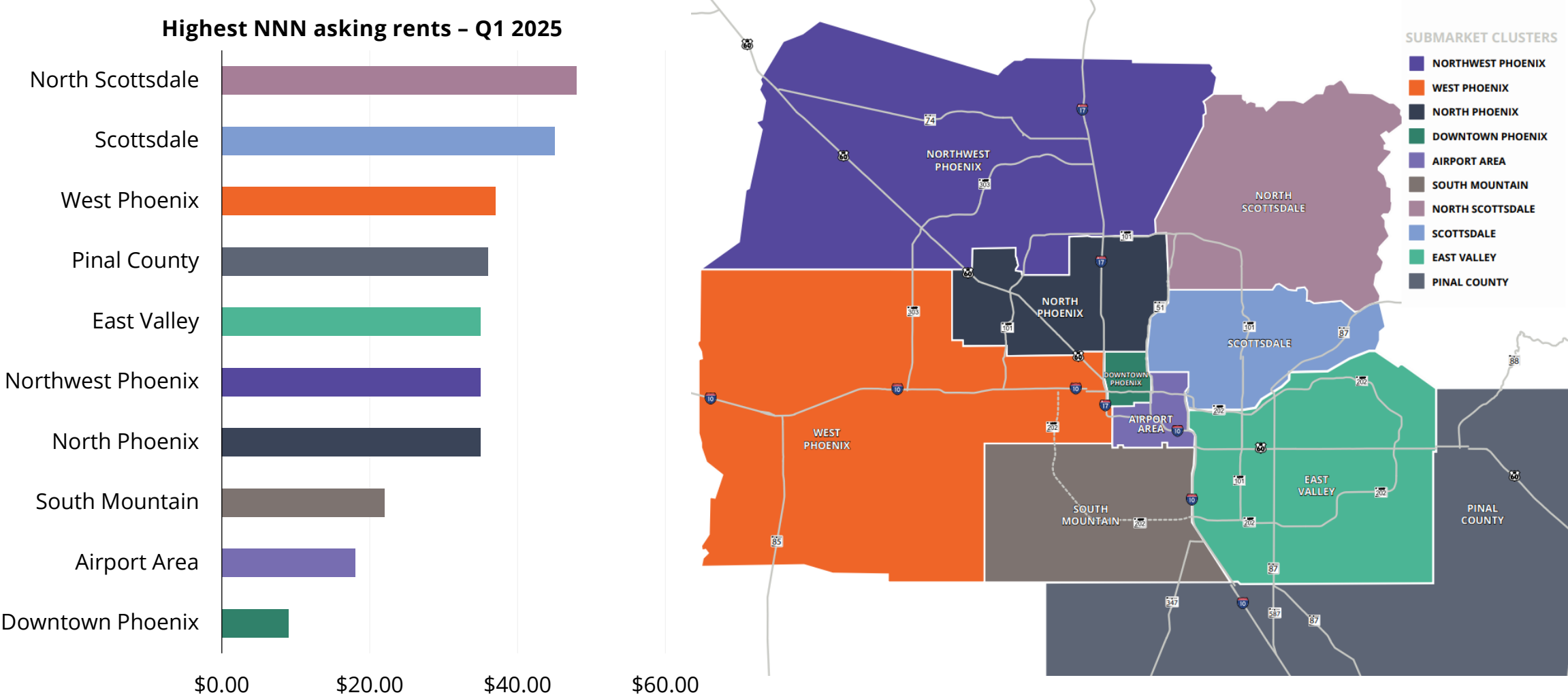
# Phoenix retail market indicators



# Phoenix retail market stats

Submarket cluster	Existing inventory sf	Deliveries sf (Q1)	Under development sf	Direct vacancy	Total vacancy	Net absorption sf (Q1)	Average direct asking rent (psf)
<b>Airport Area</b> Includes Airport Area and South Phoenix	3,989,457	0	0	5.8%	6.2%	13,163	\$20.09
<b>Downtown Phoenix</b>	5,607,154	0	108,000	4.6%	4.8%	23,611	\$23.46
<b>East Valley</b> Includes Chandler, Gateway Airport, Gilbert, Queen Creek, Red Mountain/Mesa, Tempe	66,428,114	121,263	785,802	4.4%	4.5%	208,038	\$23.52
<b>North Phoenix</b> Includes East Phoenix, Glendale, N Phoenix/I-17 Corridor, Sun City	31,898,132	0	69,269	6.8%	6.9%	-229,783	\$20.03
<b>Northwest Phoenix</b> Includes Anthem, Central Peoria/Arrowhead, Deer Valley, Surprise/N Peoria	17,939,869	10,000	149,349	3.4%	3.5%	75,493	\$29.62
<b>North Scottsdale</b> Includes Carefree, Fountain Hills, North Scottsdale	14,161,482	10,700	146,258	3.0%	3.1%	36,360	\$29.87
<b>Pinal County</b> Includes Apache Junction and Outlying Pinal County	8,208,527	226,066	56,780	9.2%	9.2%	190,542	\$21.53
<b>Scottsdale</b> Includes Central Scottsdale and South Scottsdale	16,225,733	0	0	4.0%	4.4%	43,299	\$34.47
<b>South Mountain</b> Includes Ahwatukee Foothills, Gila River Outlying, Laveen, South Mountain	5,873,077	0	0	5.4%	5.7%	-19,722	\$26.34
<b>West Phoenix</b> Includes Goodyear, Loop 101/I-10, N Goodyear/Litchfield, North Buckeye, South Buckeye, Tolleson, W Phoenix/Maryvale	24,422,637	10,800	1,040,362	3.6%	3.7%	72,194	\$26.55
<b>Market total</b>	<b>194,754,182</b>	<b>378,829</b>	<b>2,355,820</b>	<b>5.2%</b>	<b>5.4%</b>	<b>413,195</b>	<b>\$25.19</b>

# Phoenix retail highest asking rents by submarket (\$)





# Retail insights glossary of terms

## Demand

- **Leasing activity:** total square footage of relocations, renewals, expansions and subleases expressed when the leases are signed, not when tenants take physical occupancy of the space
- **Absorption:** period-over-period change in occupied square footage

## Supply

- **Direct vacancy rate:** space operated by landlords that is ready for immediate occupancy
- **Sublease vacancy rate:** space operated by sublandlords that is ready for immediate occupancy
- **Total vacancy rate:** sum of direct vacancy rate and sublease vacancy rate
- **Availability rate:** space that is vacant plus space that will become vacant over an indefinite time horizon, including spaces that are occupied by vacating tenants and under-construction properties

## Retail rents and concessions

- **Asking rents:** pricing guidance provided by landlords to tenants for available space
- **Base rents:** fair market value of market-level lease pricing based on representative executed leases
- **Free rent period:** months of free rent that are typically provided upfront by landlords to tenants as a concession to offset the total cost of a lease and/or the construction timeline of a retail suite
- **Tenant improvement allowance:** an allowance expressed in dollars per square foot provided from landlords to tenants to offset build-out, engineering, space planning and related permit costs
- **Net effective rent:** base rents discounted by the dollar values of tenant improvement allowance and free rent concessions

## Capital markets

- **Investment volume:** retail sales dollars expressed when the transactions close and based on inventory thresholds; partial-interest sale dollar amounts are not grossed-up to reflect the 100% value of the sale
- **Asset pricing:** unweighted average per-square-foot asset pricing of market-level closed sales
- **Cap rate:** net operating income divided by sale price; this measurement of market-level investment returns is calculated as an unweighted average based on closed investment sales

For more market insights and  
information visit **avisonyoung.com**

**Matt Milinovich**

Principal  
+ 1 480 423 7959  
Matt.Milinovich@avisonyoung.com

**James DeCremer**

Principal  
+ 1 480 423 7958  
James.DeCremer@avisonyoung.com

**Mark Seale**

Principal  
Market Leader  
+1 480 423 7909  
Mark.Seale@avisonyoung.com

**Giovanna Abraham**

Analyst  
Market Intelligence  
+1 929 270 0155  
Giovanna.Abraham@avisonyoung.com