



# PHOENIX MSA INDUSTRIAL MARKET REPORT

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# PHOENIX MARKET OVERVIEW

- Population: 5.03M (consistent 1% increases expected)
- Median Household Income: \$80k (6% growth; expected to slow to 3%)
- Total Employment: 2.54M (3% growth; expected to slow to 1%)
- Unemployment: 3.3% as of May 2023
  - Held steady at 2.9% for previous few months
  - 32<sup>nd</sup> in US with 1.9% being the lowest in Wyoming

# INDUSTRIAL MARKET OVERVIEW

- Under Construction SF: 47.48M (85% SPEC 15% BTS)
  - 12.6% of Total Inventory
  - North Goodyear (16.34M) and Phoenix-Mesa Gateway (12.96M) over 60% of under construction SF
- Vacancy Rate: 4.4% (up 26 bps)
  - US Vacancy: 3.6%
- Market Cap Rate: 6.06% (up 34 bps)
- 12-month Net Absorption SF: 18M
- Market Sale Price/SF: \$178 (up 8%)
- Market Rent/SF: \$12.69 (up 15%)

# SALES DATA

| 5-75k sq ft |                |        |
|-------------|----------------|--------|
|             | Past 24 Months | YTD    |
| Sales       | 708            | 100    |
| Volume      | \$2.36B        | \$329M |
| Sq Ft       | 14.53M         | 1.76M  |
| Velocity    | 9.48%          | 1.34%  |

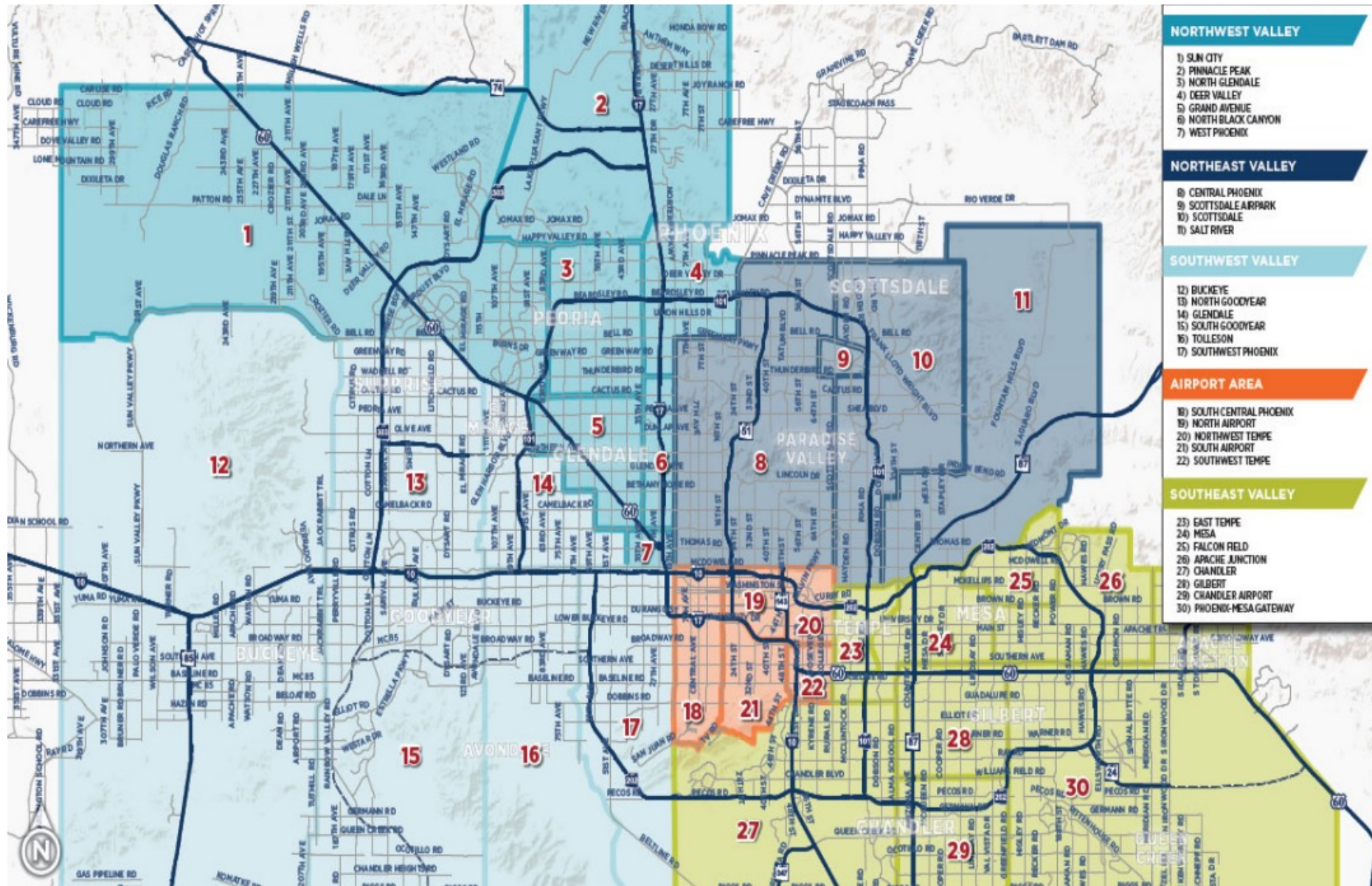
| >75k sq ft |                |        |
|------------|----------------|--------|
|            | Past 24 Months | YTD    |
| Sales      | 125            | 20     |
| Volume     | \$4.72B        | \$725M |
| Sq Ft      | 31.75M         | 5.39M  |
| Velocity   | 11.88%         | 1.90%  |

# YTD SUBMARKET SALES DATA

| YTD 5-75k Sq Ft |            |
|-----------------|------------|
| Southeast       | 25         |
| Northwest       | 24         |
| Airport         | 21         |
| (blank)         | 15         |
| Southwest       | 6          |
| Northeast       | 5          |
| Pinal County    | 4          |
| <b>Total</b>    | <b>100</b> |

| YTD 75k+ Sq Ft |           |
|----------------|-----------|
| (blank)        | 7         |
| Northwest      | 6         |
| Southwest      | 5         |
| Airport        | 2         |
| <b>Total</b>   | <b>10</b> |

# SUBMARKET MAP



# TRENDS

- Over 66% of 5-75k sq ft sales were built before 2000
  - 67 properties under construction (0.89% of inventory)
- Over 45% of 75k+ sq ft sales were built in the last 15 years
  - 198 properties under construction (18.82% of inventory)
- Implications
  - Properties greater than 75k sq ft in North Goodyear and Phoenix-Mesa Gateway areas specifically at increased risk of rising vacancy
- Example
  - CapRock West 202 Logistics Park
    - Located on Loop 202 and I-10 in Southwest Phoenix
    - 2.5M Sq Ft expected to be delivered this quarter still listed for lease on CoStar

# TOP PLAYERS OVER PAST 24 MONTHS

## ■ 5-75K Sq Ft

- Listing/Buyer Broker Company
  - *Lee & Associates* (40/27 transactions)
- Listing/Buyer Broker
  - *Max Schumacher* (34/17 transactions)
- Seller
  - *Morton Development LLC* (4 sales)
- Buyer
  - *Cascade Range Investments* (9 purchases)

## ■ 75K+ Sq Ft

- Listing/Buyer Broker Company
  - *Cushman & Wakefield* (45/10 transactions)
- Listing/Buyer Broker
  - *Will Strong* (37/6 transactions)
- Seller/Buyer
  - *Cohen Asset Management Inc.* (5/8 transactions)