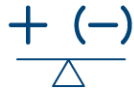




482 MSF

Inventory



3.3 MSF

Net Absorption



10.1%

Direct Vacancy



13.2%

Total Availability



6.7 MSF

Under Construction



\$1.13 PSF

NNN Asking Rent

Development Pipeline Eases as 2025 Shifts Toward Stabilization

Market Observations

- Direct Vacant Availability ended Q4 2025 at 10.1%, increasing 20-basis points quarter-over-quarter but a 70-basis point improvement compared to Q4 2024. The Surprise/Loop 303 market maintains the highest direct availability at 37.4%, where over 800K SF was delivered in 2025.
- Net absorption totaled 3.3M SF in Q4 2025, and over 21M SF for the full year, a 4.5M SF increase compared to 2024. Large owner-user acquisitions bolstered market activity, highlighted by Walmart's purchase of a 1.2M SF distribution center in Glendale and Amazon's 537K SF acquisition in Mesa.
- Over 4.5M SF of new inventory delivered in Q4, concentrated primarily in the East and West Valleys and punctuated by LG Energy Solution's 1M SF battery plant in Pinal County. Annual deliveries for 2025 totaled just over 20M SF, a 40% decline from the record-setting volumes of 2023 and 2024.
- The Phoenix industrial construction pipeline retreated to 6.7M SF in Q4, representing just 20% of the quarterly average seen over the prior three years.
- Average net asking rents held steady quarter-over-quarter at \$1.13 PSF, a slight increase from \$1.11 PSF in Q4 2024. Geographically, the Surprise/Loop 303 and Tempe submarkets saw the strongest annual rent growth, while rates softened most significantly in Mesa and Deer Valley/Pinnacle Peak.

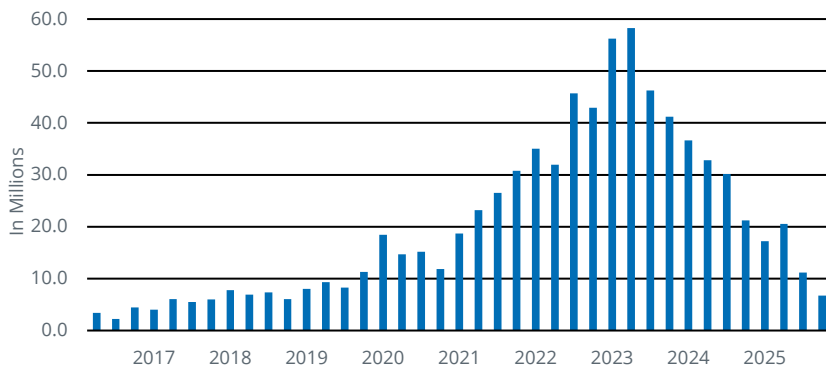




PHOENIX INDUSTRIAL MARKET | Q4 2025

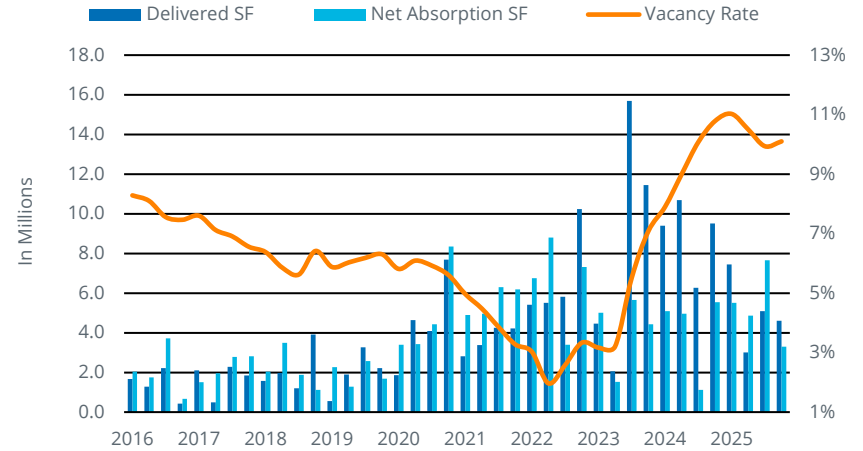
- 2025 sales volume ended just under \$5.0 billion, triple the pre-pandemic average and an 11% year-over-year increase, driven by the market's evolution into a top-tier institutional hub. Beyond a few notable owner/user acquisitions, investor activity dominated the quarter, led by institutional buyers such as Clarion Partners, Invesco, & PSP Partners. Over 1.7M SF traded in Glendale in Q4, while the Deer Valley market was headlined by Westcore Properties' \$90.7M (\$272.80/SF) acquisition of a 332K SF portfolio from Mack Real Estate.
- A sustained contraction in sublease listings has pushed the total availability rate to a two-year low of 13.2%. While the current 7.5M SF of sublease inventory remains well above the pre-pandemic average of 2M SF, the sector saw a 10-basis-point improvement in Q4, signaling continued absorption of secondary space.
- Warehouse and distribution assets absorbed over 18M SF in 2025, representing 5% of total inventory, while manufacturing and flex properties saw a more modest 2.7M SF (2.7%) of absorption. Despite the significant buzz surrounding reshoring and the semiconductor boom, leasing remains concentrated in the distribution sector; however, this segment faces higher sensitivity to tariffs and global trade shifts compared to the long-term capital commitments typical of manufacturing.

UNDER CONSTRUCTION SF (millions)



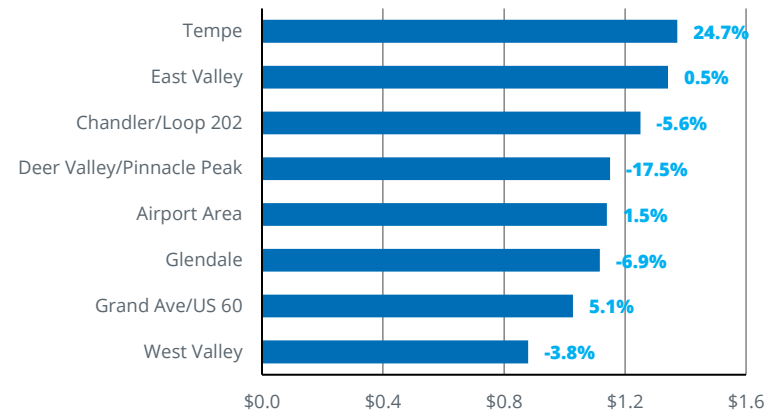
Source: CoStar, Transwestern

DELIVERY IMPACT ON KEY INDICATORS



Source: CoStar, Transwestern

MONTHLY ASKING RENTS BY SUBMARKET AND Y-O-Y GROWTH



Asking Rent PSF, NNN

Source: CoStar, Transwestern



PHOENIX INDUSTRIAL MARKET | Q4 2025

MARKET INDICATORS TABLE

SUBMARKET		INVENTORY SF	DIRECT VACANT SF	DIRECT VACANCY RATE	TOTAL AVAILABILITY RATE	UNDER CONSTRUCTION SF	NET ABSORPTION SF	12-MONTH NET ABSORPTION SF	ASKING RENT PSF, NNN
AIRPORT AREA	North Airport	12,890,202	464,412	3.6%	7.6%	487,702	47,834	71,169	\$1.40
	S Airport N of Roeser	14,276,987	953,000	6.7%	10.4%	130,300	(187,149)	(429,278)	\$1.22
	S Airport S of Roeser	4,524,477	83,784	1.9%	5.9%		23,846	(4,269)	\$1.58
	SC N of Salt River	15,342,201	656,478	4.3%	9.6%	218,254	(74,488)	54,232	\$0.98
	SC S of Salt River	2,302,623	49,314	2.1%	15.2%	601,081	13,824	30,018	\$0.78
	Total	49,336,490	2,206,988	4.5%	9.2%	1,437,337	(176,133)	(278,128)	\$1.14
NORTH CENTRAL PHOENIX	Central Phoenix	5,940,871	905,909	15.2%	17.7%		8,494	933,139	\$1.30
	North Black Canyon	4,606,294	971,374	21.1%	22.7%		(49,471)	(80,705)	\$1.12
	Total	10,547,165	1,877,283	17.8%	19.9%	0	(40,977)	852,434	\$1.16
GRAND AVE/US 60	Grand Ave	13,959,896	870,271	6.2%	10.5%	844,962	62,842	594,729	\$1.01
	W Phoenix N of Thomas	6,986,096	261,064	3.7%	6.4%		(24,670)	(37,377)	\$1.21
	W Phoenix S of Thomas	6,682,428	27,775	0.4%	0.6%		47,884	125,350	\$0.75
	Total	27,628,420	1,159,110	4.2%	5.8%	844,962	86,056	682,702	\$1.03
GLENDALE		55,313,936	7,959,011	14.4%	17.9%		1,741,994	7,617,241	\$1.12
WEST VALLEY	Goodyear	42,173,079	6,009,179	14.2%	16.8%	1,393,200	369,073	3,551,991	\$0.87
	SW N of Buckeye Road	38,012,997	3,864,488	10.2%	12.6%		(85,756)	1,337,820	\$0.84
	SW S of Buckeye Road	20,259,249	1,571,360	7.8%	9.1%		(573,734)	(892,657)	\$1.22
	Tolleson	49,420,521	1,851,244	3.7%	7.3%		(130,248)	(105,614)	\$0.79
	Total	149,865,846	13,296,271	8.9%	11.6%	1,393,200	(420,665)	3,891,540	\$0.88
SURPRISE/LOOP 303		9,244,808	3,357,480	36.3%	37.4%		161,730	462,116	\$1.25
DEER VALLEY/PINNACLE PEAK		21,876,002	2,165,227	9.9%	13.0%	30,793	31,966	502,767	\$1.15
MESA N OF US 60		6,412,291	496,726	7.7%	7.7%		(71,501)	(142,224)	\$0.90
SCOTTSDALE	Scottsdale Airpark	6,272,682	268,259	4.3%	5.6%	45,047	17,957	33,124	\$1.76
	Scottsdale/Salt River	5,483,355	374,061	6.8%	12.2%	305,375	(11,624)	(76,593)	\$1.90
	Total	11,756,037	642,320	5.5%	8.9%	350,422	6,333	(43,469)	\$1.78
TEMPE	Tempe East	5,959,376	470,475	7.9%	17.9%	689,109	494	(60,312)	\$1.40
	Tempe NW	11,088,158	539,534	4.9%	5.8%	230,000	41,817	236,828	\$1.68
	Tempe SW	22,021,385	1,902,017	8.6%	13.9%	341,795	(241,207)	(137,878)	\$1.27
	Total	39,068,919	2,912,026	7.5%	12.6%	1,260,904	(198,896)	38,638	\$1.37
FALCON FIELD/APACHE JUNCTION		6,722,878	1,159,099	17.2%	20.7%	356,395	6,094	105,360	\$1.41
EAST VALLEY	Chandler N Gilbert	45,713,219	8,955,559	19.6%	21.1%	859,606	1,008,625	4,084,170	\$1.34
	Chandler Airport	9,320,586	1,045,842	11.2%	20.0%		106,717	706,095	\$1.56
	Total	55,033,805	10,001,401	18.2%	20.5%	859,606	1,115,342	4,790,265	\$1.34
CHANDLER/LOOP 202		25,300,060	1,285,509	5.1%	6.7%	172,115	26,725	472,589	\$1.25
PINAL COUNTY		13,587,164	211,397	1.6%	1.7%		1,027,690	2,306,924	\$0.84
TOTAL		481,693,821	48,729,848	10.1%	13.2%	6,705,734	3,295,758	21,258,755	\$1.13

Source: CoStar, Transwestern



Research Methodology

The information in this report is the result of a compilation of information on flex and industrial properties located in the Phoenix metro area. This report includes single tenant, multi-tenant and owner-user properties 10,000 SF and larger, excluding data centers, biotech, and properties owned by a government agency. To continually improve the content provided to our clients, starting at Q4 2025, Transwestern Research has revised its industrial methodology which may shift current and historical data in our market reporting. Please reach out to the research contact(s) noted in this report with any question

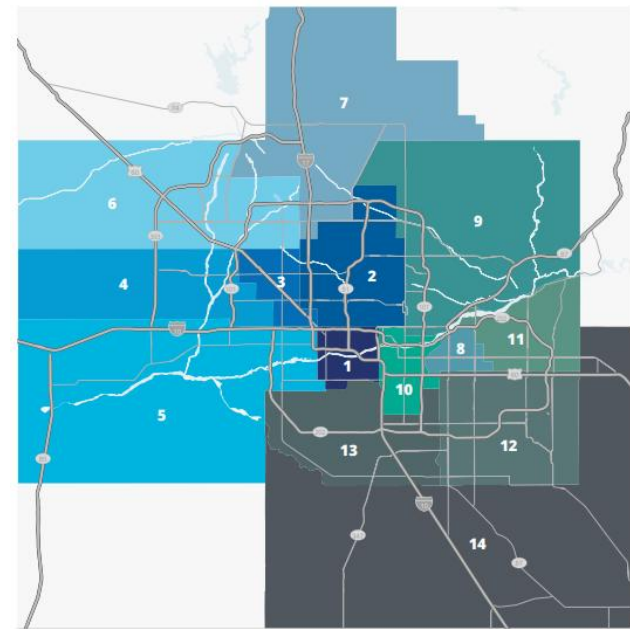
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Four dynamic, integrated companies make up the Transwestern enterprise, giving us the perspective to think broadly, deeply and creatively about commercial real estate. Clients and investors rely on us for expertise that spans institutional and opportunistic investment, development, hospitality, and brokerage and asset services. Our award winning, collaborative culture empowers team members with resources and independence to work across boundaries in pursuit of innovative solutions, reinforcing a reputation for service excellence that translates to measurable results. Through offices nationwide and alliance partners around the globe, we positively impact the built environment and our communities while fostering a work climate that champions career vitality for all. Learn more at transwestern.com and @Transwestern.

For more information

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PHOENIX INDUSTRIAL SUBMARKETS

- | | |
|-----------------------------|---------------------------------|
| 1 Airport Area | 8 Mesa N of US 60 |
| 2 North Central Phoenix | 9 Scottsdale |
| 3 Grand Ave/US 60 | 10 Tempe |
| 4 Glendale | 11 Falcon Field/Apache Junction |
| 5 West Valley | 12 East Valley |
| 6 Surprise/LOOP 303 | 13 Chandler/LOOP 202 |
| 7 Deer Valley/Pinnacle Peak | 14 Pinal County |

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