

Phoenix

Industrial Market | Q1 2026

Resilient Demand Offsets New Deliveries

Market Observations

- Broad-based absorption remains positive as the market posted 2.9M SF of net absorption in Q1 2026 against 963K SF of new deliveries. Following on the over 20M SF absorbed in 2025, this quarter marks over five consecutive years of sustained market demand.
- Direct Vacant Availability dropped to 9.7% in Q1 2026, improving 40 basis points QoQ and 130 basis points YoY from 11%. Total availability fell to 12.2%, down over 3% YoY as the sublease availability has contracted by 1.2M SF from this time last year.
- Average industrial net rent came in at \$1.11 PSF in Q1 2026, down 1.5% QoQ and 2.9% YoY from Q1 2025. This follows a sustained five-year climb from \$0.70 PSF in Q1 2021 to a \$1.14 peak in Q1 2025, before rates began to ease slightly during the latter half of last year.
- Construction activity has regained momentum with the active pipeline expanding to 14.2M SF. The West Valley remains the primary driver of growth, accounting for over 4M SF of active development. Notable recent groundbreakings include two 1M SF warehouses: VanTrust's project in Litchfield Park and Merit Partners' development in Waddell.



482.6 MSF
Inventory



2.9M SF
Net Absorption



9.7%
Direct Vacancy



12.2%
Total Availability



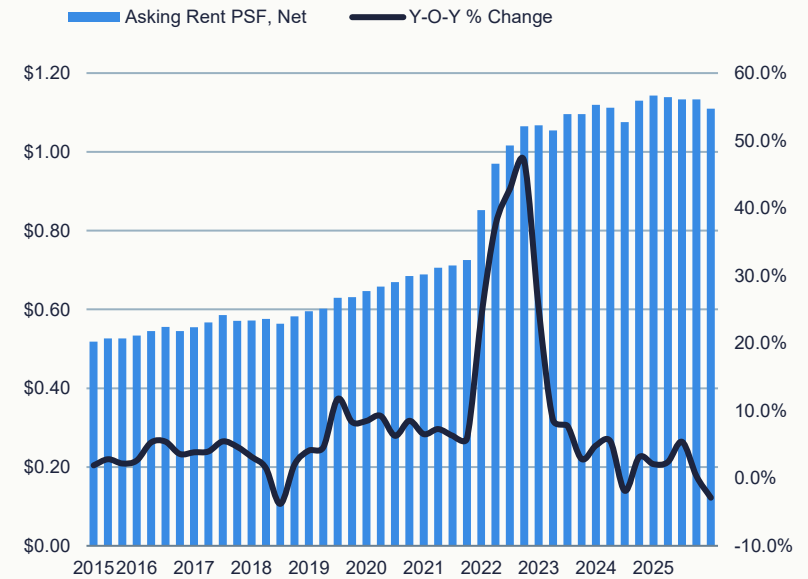
14.2M SF
Under Construction



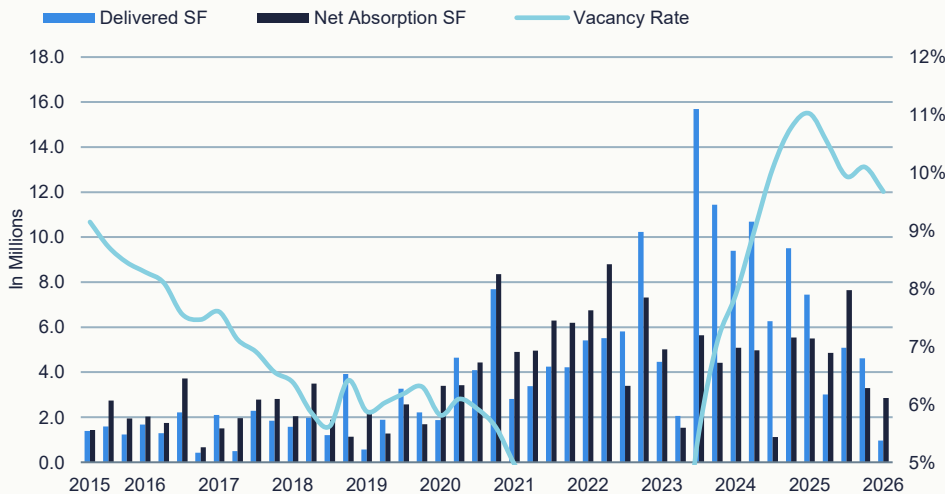
\$1.11 PSF
Net Asking Rent

- Despite 13.5M SF of new deliveries in the last 12 months, the direct vacancy rate maintained its downward trajectory, ending the quarter at 9.7%. This represents the strongest quarterly performance since Q2 2024. Notably, the West Valley continues to outperform the East Valley; the West's 150M SF of inventory is 91% leased, while the East's 55M SF inventory stands at 83% leased as it works to absorb 3M SF of recent deliveries.
- Positive net absorption was led by new leasing in Glendale, particularly three new leases from DHL totaling over 1.6M SF, underscoring their push to scale logistics infrastructure tailored to data center clients. The Surprise/Loop 303 submarket contributed another 900K SF of positive absorption, highlighted by the Rockefeller Group's owner-user sale of the 418K SF Surprise Pointe Commerce Center to the U.S. Department of Homeland Security.
- Sales volume reached \$900M in Q1 and was anchored by large Class A distribution centers, including some \$100M acquisitions in Glendale from institutional leaders like EQT Exeter and Prologis.

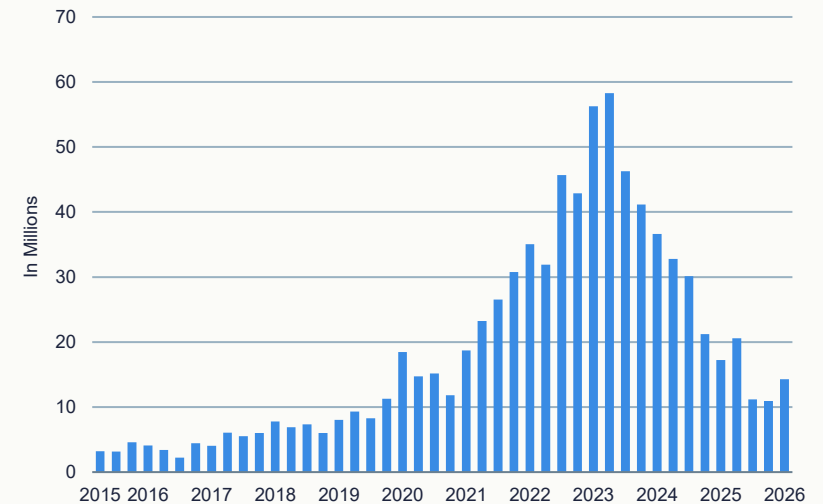
Asking Rent



Delivery Impact On Key Indicators



Under Construction



Market Indicators Table

All Classes of Space | Q1 2026

Submarket	Inventory SF	Direct Vacant SF	Direct Vacancy Rate	Overall Availability Rate	Under Construction SF	Net Absorption SF	12-Moth Net Absorption SF	Asking Rent PSF, NNN
Airport Area	49,761,568	2,754,183	5.5%	9.6%	1,253,378	(127,475)	(440,869)	\$1.20
Chandler/Loop 202	25,300,060	1,235,600	4.9%	6.8%	229,675	49,909	546,095	\$1.25
Deer Valley/Pinnacle Peak	21,896,292	1,983,848	9.1%	12.1%	1,218,099	181,379	681,353	\$1.12
East Valley	55,035,675	9,336,166	17.0%	19.6%	2,508,207	665,235	4,770,199	\$1.31
Falcon Field/Apache Junction	6,722,878	1,113,971	16.6%	19.8%	778,121	45,128	176,900	\$1.34
Glendale	55,313,936	6,315,384	11.4%	13.7%	4,441,112	1,643,627	7,107,747	\$1.03
Grand Ave/US 60	27,627,669	1,692,803	6.1%	8.0%	1,136,962	(533,693)	(288,114)	\$0.92
Mesa N of US 60	6,413,614	429,359	6.7%	7.4%		67,367	(68,671)	\$0.99
North Central Phoenix	10,547,165	1,824,260	17.3%	19.7%	498,011	53,023	452,850	\$1.17
Pinal County	13,587,324	235,786	1.7%	2.6%		(24,389)	1,992,962	\$0.63
Scottsdale	12,061,412	876,075	7.3%	8.4%	312,098	71,620	59,541	\$1.75
Surprise/Loop 303	9,244,808	2,406,492	26.0%	26.3%		950,988	1,466,137	\$1.25
Tempe	39,142,838	3,049,799	7.8%	12.5%	1,296,644	(69,319)	(137,219)	\$1.27
West Valley	149,899,735	13,437,157	9.0%	11.1%	606,434	(123,146)	2,485,702	\$0.91
Total	482,554,974	46,690,883	9.7%	12.2%	14,278,741	2,850,254	18,804,613	\$1.11

Source: CoStar, Transwestern

Research Methodology

The information in this report is the result of a compilation of information on industrial properties located in Phoenix. This report includes single tenant, multi-tenant and owner-user properties 10,000 SF and larger, excluding data centers and properties owned by a government agency.

About Transwestern

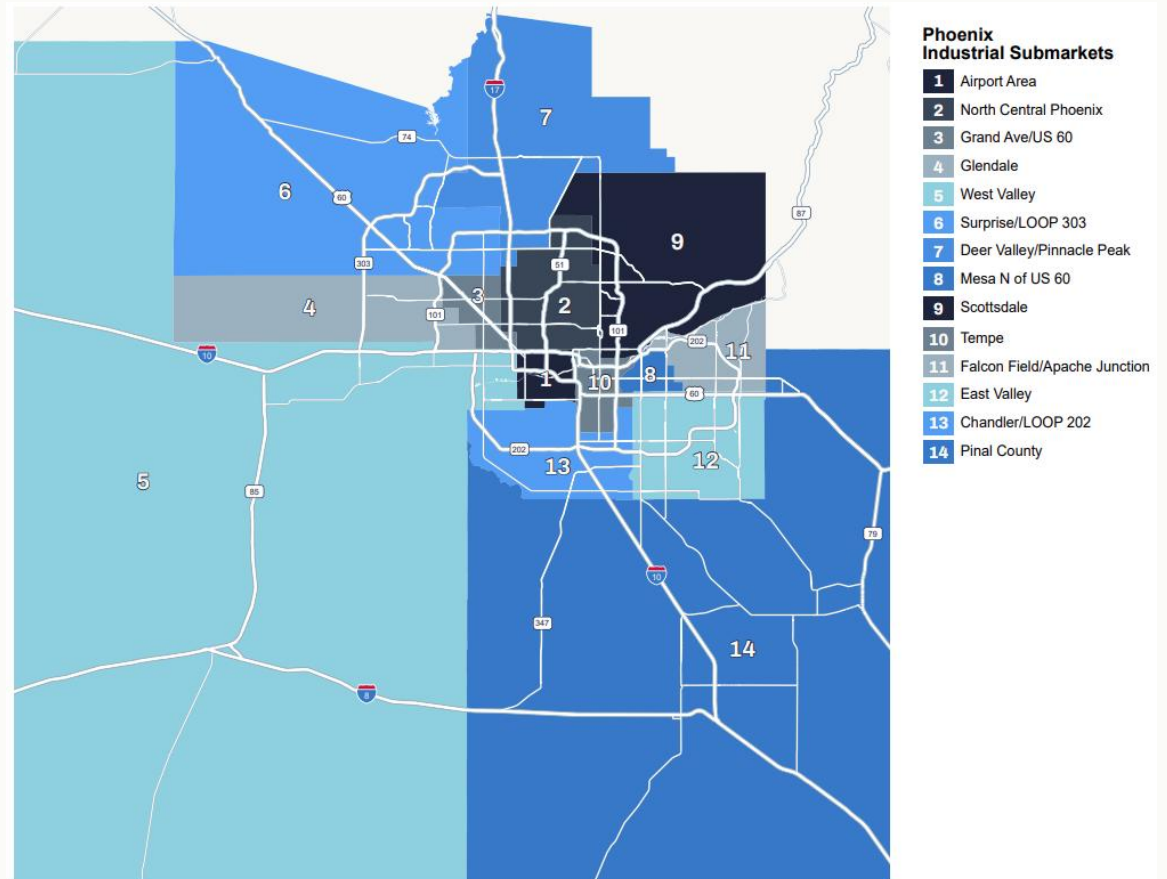
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(1) Includes all Transwestern enterprise assets and its RAUM as of April 1, 2026

For More Information

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