Q4 2025 | INDUSTRIAL

Phoenix

OVERALL VACANCY RATE	NET ABSORPTION (SF)	UNDER CONSTRUCTION (SF)	OVERALL ASKING LEASE RATES (NNN)
9.7% ▼ YOY ▼ Forecast	3,229 (in thousands) ▼ YOY ▲ Forecast	10,626 (in thousands) ▼ YOY ▲ Forecast	$1.14/SF ▲ YOY — Forecast

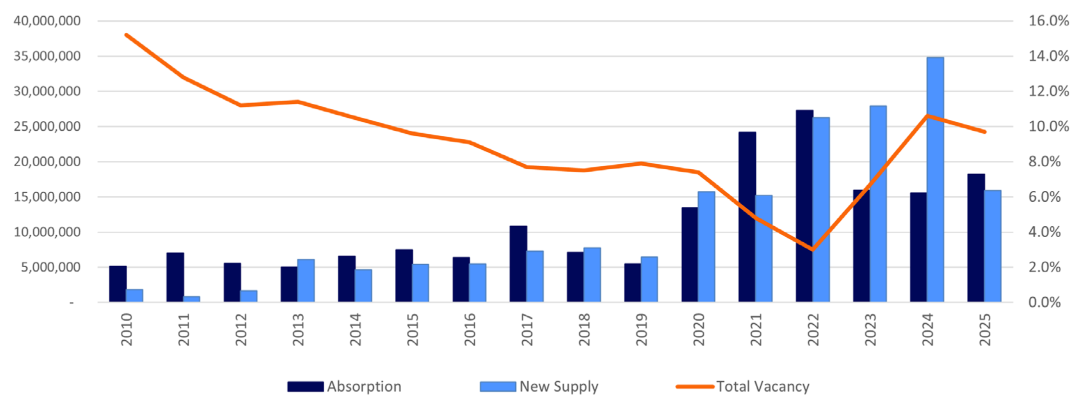
MARKET TRENDS

- Vacancy edged down again in Q4, declining 10 basis points quarter-over-quarter and 90 basis points year-over-year, to 9.7%. This marks the third consecutive quarterly decrease and further confirms a sustained improvement trend following the market's peak in 2024.
- Following a Q3 peak, net absorption moderated in Q4 to 3.30 million square feet but remained firmly positive. The pullback reflects normalization after an exceptionally strong Q3 rather than a weakening in tenant demand.
- Sales volume totaled $1.35 billion in Q4, marking another solid quarter of transaction activity. While volume declined 28.0% year-over-year and 7.8% quarter-over-quarter, the total indicates that deal flow remained resilient.
- Asking rents reached $1.14, up 1.03% from last quarter and 1.70% from a year ago.

HISTORIC COMPARISON

	Q4 2024	Q3 2025	Q4 2025
Total Inventory (in thousands of SF)	441,602	456,226	458,358
New Supply (in thousands of SF)	7,873	2,503	2,488
Net Absorption (in thousands of SF)	3,846	7,873	3,229
Direct Vacancy	10.6%	9.8%	9.7%
Under Construction (in thousands of SF)	19,331	11,429	10,626
Overall Asking Lease Rates (NNN)	$1.12	$1.13	$1.14

HISTORICAL ABSORPTION, DELIVERIES AND VACANCY RATES



From 2010 through 2022, net absorption generally kept pace with or exceeded new supply, steadily pushing vacancy down from 15.2% to a cycle low of 3.0% as tenant demand consistently absorbed delivered space. This balance shifted between 2022 and 2024, when a surge in construction outpaced absorption, driving vacancy back up to 10.6%. In 2025, the dynamic has begun to normalize: new supply has slowed to 15.9 million square feet while absorption totaled 18.2 million square feet, allowing vacancy to edge down to 9.7%. This trend suggests the market is gradually rebalancing as demand regains alignment with more moderated construction activity.

Executive Summary

Q4 2025

The Phoenix market remains a focal point for investor interest and strong economic development. At the beginning of the year, Taiwan Semiconductor Manufacturing Company further solidified its commitment to the Phoenix market by securing an additional 900 acres of state land as the winning bidder for $197.25 million. In October, Amkor Technology broke ground on their Peoria semiconductor facility. The company initially invested $2 billion into the site but recently announced an additional $5 billion investment. Employment in the Phoenix metropolitan area remains resilient. The unemployment rate stood 50 basis points below the national average in November 2025, while total nonfarm employment increased by 16,700 jobs compared to November 2024, representing 0.70 percent year-over-year job growth.

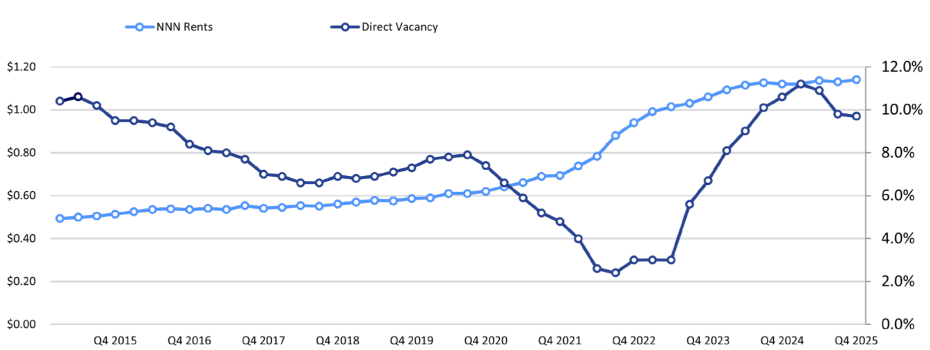
Another quarter of healthy leasing activity drove net absorption to 3.2 million square feet in the fourth quarter, bringing the annual total to 18.2 million square feet, the strongest yearly performance since 2022. Over the past three years, the industrial market has absorbed 49.7 million square feet. New deliveries declined for the third consecutive quarter, adding 2.4 million square feet and bringing total 2025 deliveries to 15.9 million square feet. Deliveries in 2025 were down 54.3 percent from 2024, allowing net absorption to finally outpace new supply for the year. As a result, direct vacancy fell 90 basis points year-over-year to 9.7 percent and dropped 150 basis points from the peak vacancy recorded in the first quarter of 2025. With the market moving into a more balanced position, average asking rents inched up 1.7 percent year-over-year to $1.14 per square foot. Supporting this healthier equilibrium, the amount of inventory under construction continued to decline, ending the quarter at 10.6 million square feet. Sales activity also reflected sustained demand for the Phoenix market. The fourth quarter generated $1.3 billion in sales, bringing total 2025 volume to $4.5 billion—an increase of 6.9 percent compared to 2024.

OUTLOOK

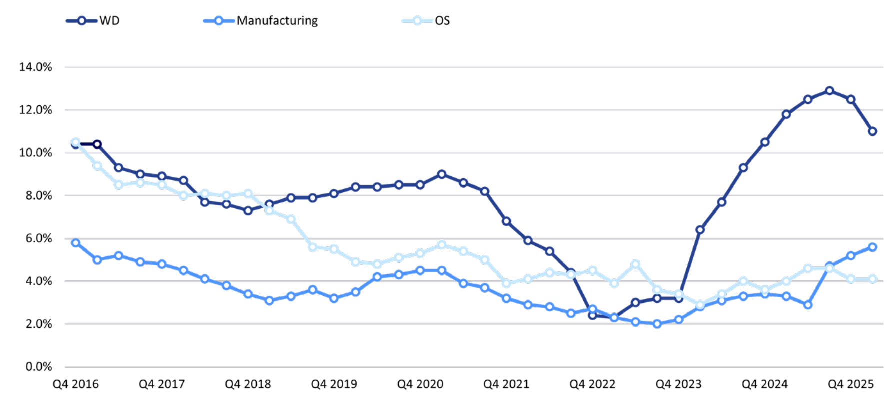
The Phoenix industrial market continues to be a top-performing market nationally, supported by strategic and coordinated planning from both the private and public sectors. Tenant activity remains strong heading into 2026, with additional requirements that were close to execution in late 2025 expected to finalize early in the new year.

The region's industrial narrative has evolved beyond logistics and distribution. It now encompasses semiconductors, high-tech manufacturing, precision engineering, and the expanding ecosystem surrounding these industries—positioning Phoenix as a pivotal market for future growth.

Vacancy vs. Rental Rate



Vacancy by Class

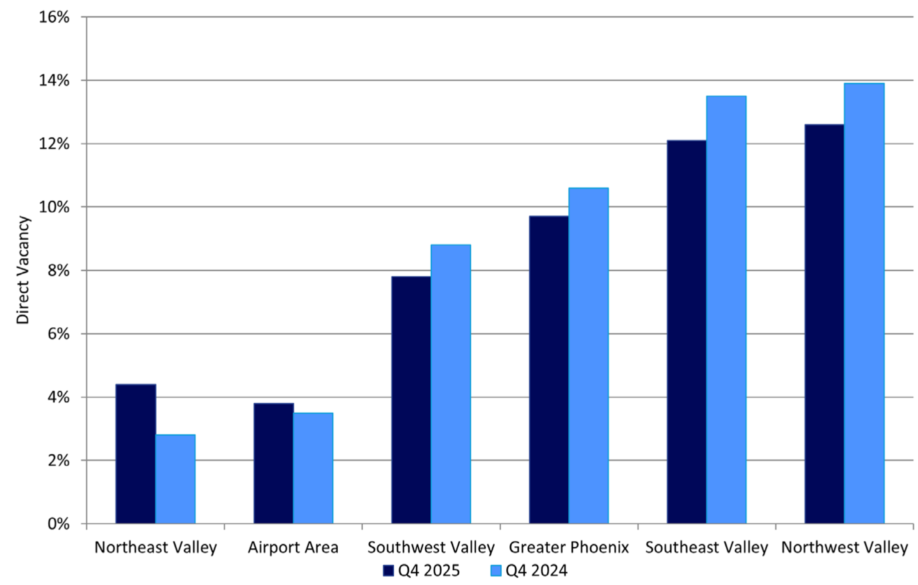


Vacancy, Absorption & Leasing

Following the previous quarter, the fourth quarter marked the third consecutive period of improvement in direct vacancy, ending at 9.7 percent after seven straight quarters of rising vacancy through early 2025. Vacancy registered 10 basis points lower than in the third quarter and 90 basis points lower year-over-year. While total inventory continues to expand, both direct vacant space and available sublease space edged down from the prior quarter, indicating sustained industrial leasing demand across the Valley. Net absorption reached 3.2 million square feet in the fourth quarter, bringing the year-end total to 18.2 million square feet. Net absorption in 2025 increased 17.1 percent from 2024 and marked the strongest annual performance since 2022. Sublease inventory ended the quarter at 7.48 million square feet, representing 1.6 percent of total market inventory.

Market-wide, existing buildings under 100,000 square feet posted a 6.0 percent vacancy rate, with 11.2 million square feet of available space. This size segment accounts for 25.3 percent of total market vacancy, despite representing 41.8 percent of total market inventory. The Southeast submarket holds 48.2 percent of the vacant space in this size range, totaling 5.4 million square feet.

Amazon was the most active tenant in the fourth quarter. Between leasing 1.06 million square feet at CapRock West 202 and purchasing Gateway Grand near Mesa Gateway Airport, the company expanded its market presence by 1.6 million square feet in the fourth quarter.

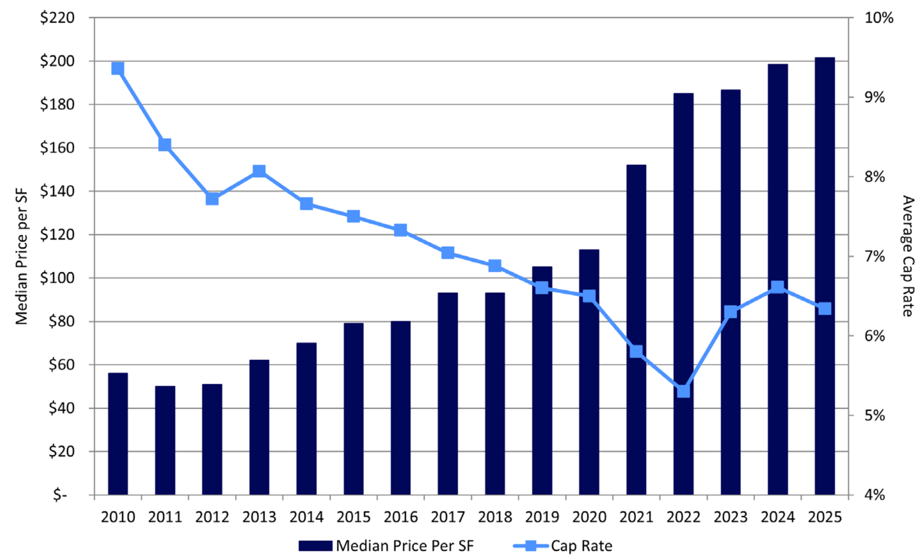


PROPERTY NAME/ADDRESS	SUBMARKET	TENANT	SIZE (SF)
West202 Logistics - Building C - 500 N 55th Ave	SW N of Buckeye Rd	Amazon	1,063,188
Airpark Logistics Center - Building 3 - 1655 S Bullard Ave	Goodyear	Schneider Electric USA, Inc	300,249
Chandler Freeway Business Park - 6955 W Morelos Pl	Chandler	Kovach	190,475
Prologis Park - Tolleson 2 - 101 N 104th Ave	Tolleson	Chadwell Supply	121,491
Northern Parkway Logistics Hub-4 - 12795 W Northern Ave	Glendale	Holley	108,391

Investment Trends

Sale activity in the fourth quarter continued to position Phoenix as one of the top destinations in the country for institutional investor demand. For the second consecutive quarter, sales volume exceeded $1 billion, reaching $1.351 billion. Although sales volume declined quarter-over-quarter (-7.8 percent) and year-over-year (-28.2 percent), the fourth quarter still ranked as the fourth-strongest quarter in the past four years. On an annual basis, 2025 marked the strongest year since 2021, with total sales volume reaching $4.57 billion—an increase of 6.9 percent from 2024, the previous high-water-mark year. Notably, all five of the top transactions of the quarter involved buildings constructed within the past three years.

For the second straight quarter, the Northwest cluster led the market in sales volume, capturing 33.9 percent of quarterly activity with $459 million. The average price per square foot in the cluster reached $185. This performance was heavily influenced by the largest single-building transaction of the year: Walmart's purchase of the 1.27-million-square-foot Luke Field Building C for $152.2 million, or $119 per square foot, from a joint venture between Lincoln Property Company and Goldman Sachs, the project's developers. Walmart had originally leased the full building in July of this year.



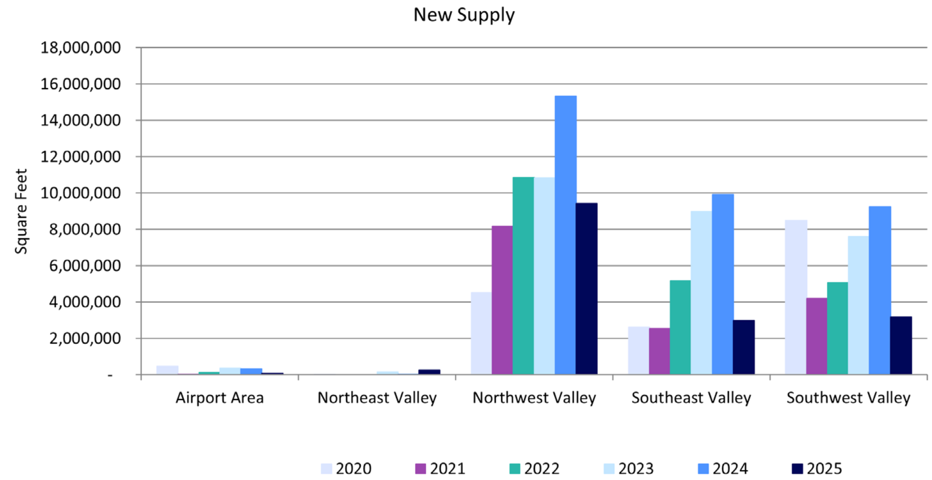
PROPERTY NAME/ADDRESS	SUBMARKET	SALE DATE	SALE PRICE	SIZE (SF)	SALE PRICE (PSF)	CLASS
Building C **7733 N Litchfield Rd**	Glendale	11/27/2029	$152,161,730	1,278,653	$119.00	A
Mack Innovation Site A **1775 W Alameda Rd, 23869 & 23975 N 19th Ave (3 Property Sale)**	Deer Vly/Pinnacle Pk	12/10/2029	$90,700,000	332,544	$272.75	A
Fairway Commerce Center **12250 W Corporate Dr**	Goodyear	12/20/2029	$89,800,000	450,260	$199.44	A
Warner Commons Commerce Center, Building A-D 4160, 4230, 4290 & 4320 E Warner Rd (4 Property Sale)	Chandler N/Gilbert	12/20/2029	$78,275,000	388,723	$201.36	A
Gateway Grand **8016 E Pecos Rd**	Chandler N/Gilbert	11/7/2026	$66,105,000	537,429	$123.00	A

CONSTRUCTION

New deliveries in the fourth quarter continued a downward trend, bringing just 2.4 million square feet of new inventory online—a 68.4 percent decrease compared to the fourth quarter of 2024. This slowdown reflects a healthier market balance that has allowed the Valley to absorb the 34.8 million square feet delivered in 2024. By year-end 2025, total deliveries reached 15.9 million square feet, a 54.2 percent reduction from 2024, increasing total inventory by 3.4 percent for the year. The Southwest submarket cluster accounted for 48.8 percent of fourth-quarter deliveries, adding 1.2 million square feet.

There are currently 10.6 million square feet under construction, marking the lowest level of product underway since the third quarter of 2020. Construction activity is expected to rise in 2026. The Northwest and Southeast submarket clusters together represent 73 percent of all construction, totaling 7.8 million square feet.

ViaWest Group broke ground on "ReDiscover," a four-building industrial park totaling more than 800,000 square feet. The project's name pays homage to the former Discover Financial campus, strategically located at the northeast corner of I-17 and Loop 101. The former office building was demolished to make way for this state-of-the-art development, which is anticipated to deliver early next year.

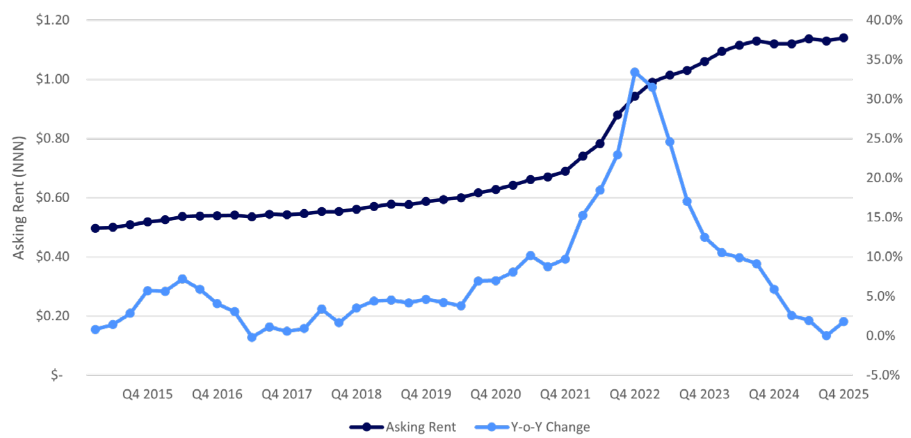


RENTAL RATES

The fourth quarter's average asking rent increased slightly by 1.70 percent year-over-year, ending at $1.14 per square foot, and rose 1.03 percent from the previous quarter. After four consecutive quarters of rate decreases in Warehouse/Distribution properties, the fourth quarter posted a 1.2 percent increase from the third quarter, though rates remained 4.6 percent lower year-over-year at $1.05 per square foot. OS properties recorded the largest annual increase, rising 2.7 percent to $1.40 per square foot.

The Northeast submarket posted the strongest year-over-year rent growth, increasing 2.88 percent to $1.49 per square foot. The Northwest submarket cluster followed with a 1.76 percent increase, ending at $0.96 per square foot.

The Southeast submarket continued to show the largest year-over-year decline, with rents falling 4.24 percent to $1.24 per square foot. It also recorded the steepest quarter-over-quarter decrease in the market, dropping 1.52 percent.



LEGEND	
WD =	Warehouse-Distribution
MF =	Manufacturing
OS =	Office Services = Flex/R&D

EXISTING PROPERTIES		DIRECT VACANCY		SUBLEASE AVAILABILITY		TOTAL VACANCY			NET ABSORPTION - SF		NEW SUPPLY - SF		UNDER CONSTR.	AVERAGE RENT
BUILDING CLASS	TOTAL INVENTORY SF	SF	RATE	SF	RATE	SF	Q4-25 TOTAL VACANCY	Q4-24 VACANT RATE	CURRENT PERIOD	YTD	CURRENT PERIOD	YTD	SF	RATE (FS)
INDUSTRIAL MARKET														
Airport Market Cluster: North Airport, S Airport N of Roeser, S Airport S of Roeser, SC N of Salt River, SC S of Salt River														
WD	37,084,192	1,620,393	4.4%	539,572	1.5%	2159965	5.8%	3.9%	(58,318)	(57,044)	-	67,150	1,154,387	$1.32
MF	8,272,671	153,844	1.9%	64,083	0.8%	217,927	2.6%	2.5%	44,958	52,077	-	-	14,290	$1.18
OS	3,741,101	87,398	2.3%	-	0.0%	87,398	2.3%	2.1%	18,306	(25,259)	-	-	-	$1.26
Total	**49,097,964**	**1,861,635**	**3.8%**	**603,655**	**1.2%**	**2,465,290**	**5.0%**	**4.6%**	**4,946**	**(30,226)**	**-**	**67,150**	**1,168,677**	**$1.22**
Northeast Market Cluster: Central Phoenix, Scottsdale Airpark, Scottsdale/Salt River														
WD	8,279,216	475,391	5.7%	82,180	1.0%	557,571	6.7%	3.1%	43,176	(20,576)	23,282	266,022	305,375	$1.59
MF	2,677,152	36,882	1.4%	-	0.0%	36,882	1.4%	0.0%	(20,826)	(35,664)	-	-	340,000	$1.52
OS	3,591,888	122,307	3.4%	15,793	0.4%	138,100	3.8%	4.1%	(8,174)	40,884	-	-	-	$1.47
Total	**14,548,256**	**634,580**	**4.4%**	**97,973**	**0.7%**	**732,553**	**5.0%**	**2.8%**	**14,176**	**(15,356)**	**23,282**	**266,022**	**645,375**	**$1.56**
Northwest Market Cluster: Deer Valley/Pinnacle Peak, Glendale, Grand Avenue, N Glendale/Sun City, North Black Canyon, North Outlying, W Phx N of Thomas, W Phx S of Thomas														
WD	96,676,010	13,268,842	13.7%	2,203,529	2.3%	15,472,371	16.0%	16.3%	591,472	8,810,968	609,086	6,675,500	3,152,539	$0.95
MF	20,982,901	1,862,246	8.9%	369,019	1.8%	2,231,265	10.6%	4.3%	165,005	1,631,201	-	2,749,806	807,437	$1.04
OS	3,736,309	147,278	3.9%	5,760	0.2%	153,038	4.1%	2.7%	(53,628)	(104,360)	-	-	-	$1.27
Total	**121,395,220**	**15,278,366**	**12.6%**	**2,578,308**	**2.1%**	**17,856,674**	**14.7%**	**13.9%**	**702,849**	**10,337,809**	**609,086**	**9,425,306**	**3,959,976**	**$0.96**
Southeast Market Cluster: Chandler Airport, Chandler, Chandler N/Gilbert, Falcon Field/Apache Junction, Mesa, Tempe East, Tempe Northwest, Tempe Southwest														
WD	91,204,698	13,458,100	14.8%	1,625,179	1.8%	15,083,279	16.5%	17.0%	1,142,374	3,684,598	547,976	2,748,731	3,841,899	$1.18
MF	26,849,459	1,208,775	4.5%	81,229	0.3%	1,290,004	4.8%	3.5%	380,965	202,409	92,367	232,367	-	$1.21
OS	8,343,139	647,617	7.8%	5,615	0.1%	653,232	7.8%	7.6%	(4,238)	70,863	-	12,236	-	$1.35
Total	**126,397,296**	**15,314,492**	**12.1%**	**1,712,023**	**1.4%**	**17,026,515**	**13.5%**	**13.5%**	**1,519,101**	**3,957,870**	**640,343**	**2,993,334**	**3,841,899**	**$1.23**
Southwest Market Cluster: Goodyear, SW N of Buckeye Road, SW S Buckeye Road, Tolleson, Southwest Outlying														
WD	131,436,659	11,059,528	8.4%	2,487,150	1.9%	13,546,678	10.3%	9.7%	1,000,123	4,468,655	1,214,824	2,978,731	1,009,744	$0.94
MF	12,674,502	279,762	2.2%	0	0.0%	279,762	2.2%	0.3%	(16,732)	(374,799)	-	81,779	-	$1.10
OS	2,807,656	64,857	2.3%	0	0.0%	64,857	2.3%	2.2%	4,853	(115,865)	-	114,630	-	$0.95
Total	**146,918,817**	**11,404,147**	**7.8%**	**2,487,150**	**1.7%**	**13,891,297**	**9.5%**	**8.8%**	**988,244**	**3,977,991**	**1,214,824**	**3,175,140**	**1,009,744**	**$0.96**

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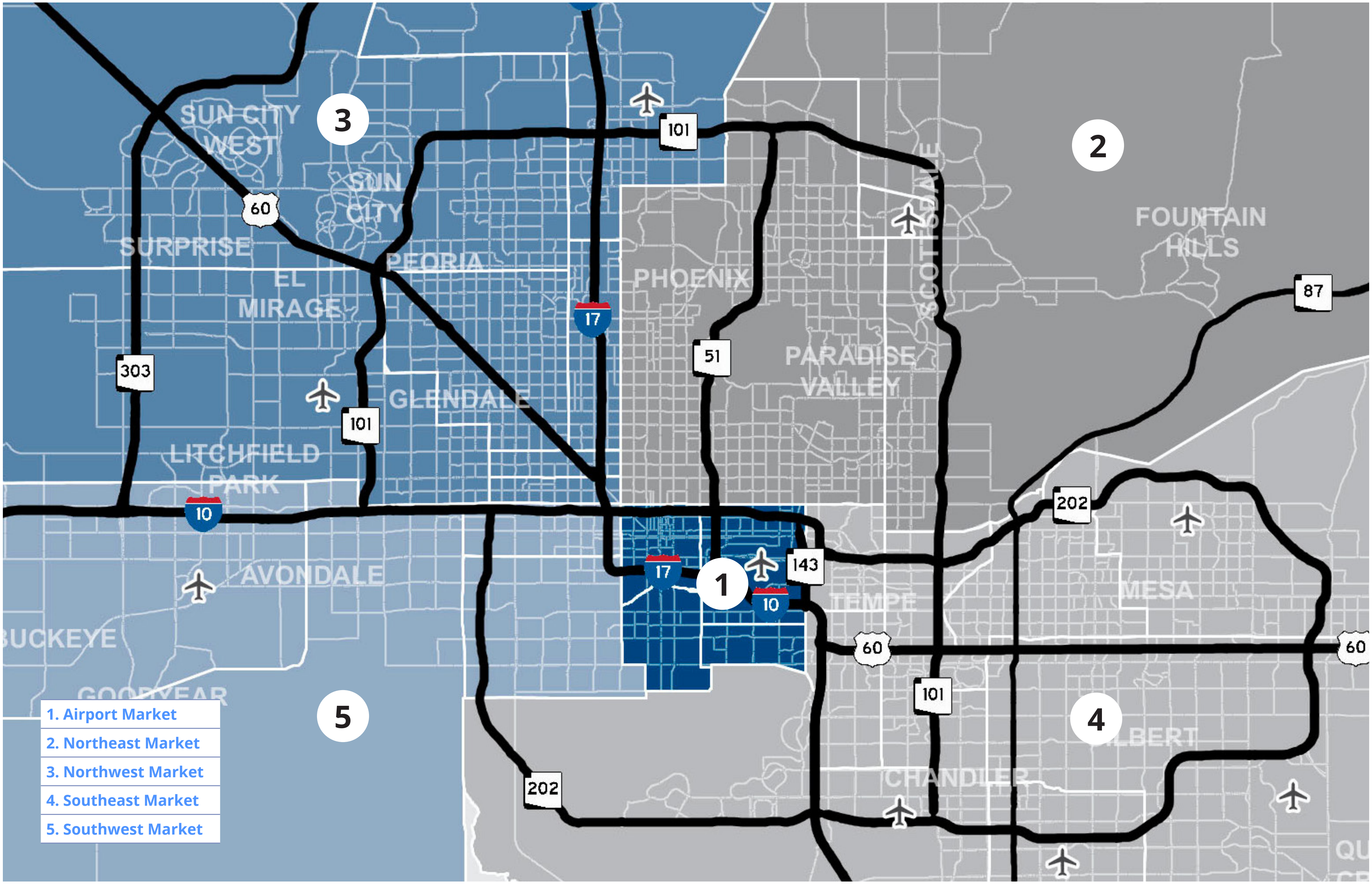
EXISTING PROPERTIES		DIRECT VACANCY		SUBLEASE AVAILABILITY		TOTAL VACANCY			NET ABSORPTION - SF		NEW SUPPLY - SF		UNDER CONSTR.	AVERAGE RENT
BUILDING CLASS	TOTAL INVENTORY SF	SF	RATE	SF	RATE	SF	Q4-25 TOTAL VACANCY	Q4-24 VACANT RATE	CURRENT PERIOD	YTD	CURRENT PERIOD	YTD	SF	RATE (FS)
GRAND TOTAL														
WD	364,680,775	39,882,254	10.9%	6,937,610	1.9%	46,819,864	12.8%	12.5%	2,718,827	16,886,601	2,395,168	12,736,134	9,463,944	$1.05
MF	71,456,685	3,541,509	5.0%	514,331	0.7%	4,055,840	5.7%	2.9%	553,370	1,475,224	92,367	3,063,952	1,161,727	$1.15
OS	22,220,093	1,069,457	4.8%	27,168	0.1%	1,096,625	4.9%	4.6%	(42,881)	(133,737)	-	126,866	-	$1.40
Total	**458,357,553**	**44,493,220**	**9.7%**	**7,479,109**	**1.6%**	**51,972,329**	**11.3%**	**13.3%**	**3,229,316**	**18,228,088**	**2,487,535**	**15,926,952**	**10,625,671**	**$1.14**

Quarterly Comparisons and Totals														
Q4-25	458,357,553	44,493,220	9.7%	7,479,109	1.6%	51,972,329	11.3%	10.6%	3,229,316	18,228,088	2,487,535	15,926,952	10,625,671	$1.14
Q3-25	456,226,157	44,824,755	9.8%	7,654,599	1.7%	52,479,354	11.5%	10.1%	7,873,039	14,998,772	2,503,259	13,439,417	11,429,315	$1.13
Q2-25	453,112,062	49,476,566	10.9%	8,481,524	1.9%	57,958,090	12.8%	9.0%	2,839,634	7,125,733	3,568,757	10,936,158	11,288,092	$1.14
Q1-25	449,474,281	50,426,814	11.2%	8,683,537	1.9%	59,110,351	13.2%	8.1%	4,286,099	4,286,099	7,367,401	7,367,401	12,571,433	$1.12
Q4-24	441,602,319	46,849,884	10.6%	7,772,658	1.8%	54,622,542	12.4%	6.7%	3,846,092	15,565,997	7,873,323	34,825,782	19,331,147	$1.12

Submarket Map



Global Stats Boilerplate

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Industrial Disclaimer

Colliers’ statistical tracked set for Arizona includes all single and multi-tenant industrial properties above 10,000 square feet. Heavy manufacturing and data center facilities are excluded from the total tracked inventory.

Additional Notes

Colliers’ leasing activity data includes all lease types greater than 10,000 square feet, including new leases, renewals, expansions, and occasional sale-leasebacks.

$5.5B+
ANNUAL REVENUE

70
COUNTRIES WE OPERATE IN

$108B+
ASSETS UNDER MANAGEMENT

46,000
LEASE AND SALE TRANSACTIONS

2B
SQUARE FEET MANAGED

24,000
PROFESSIONALS

Number of countries includes affiliates

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