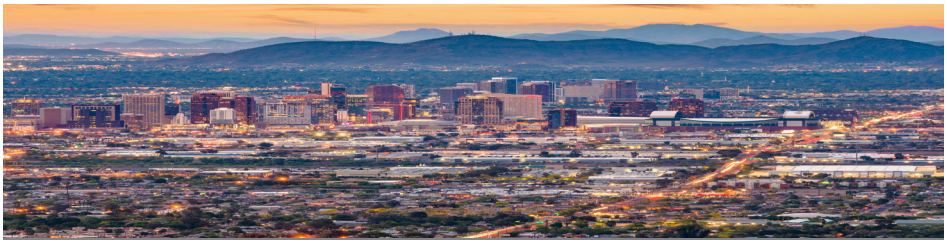
LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

# Q4
# METRO PHOENIX



**1,431,647** NET ABSORPTION SF

**7.10%** VACANCY 22,739,829 SF

**$7.68** AVG. ASKING RATE PSF GROSS

**1,686,573** DELIVERIES 8 Buildings

**13,051,020** UNDER CONSTRUCTION 52 Buildings

## SIGNIFICANT LEASE DEALS

| Address | Submarket/City | Square Feet | Tenant |
|---|---|---|---|
| 3333 S. 59th Ave | Southwest Valley | 553,500 | Amazon |
| 4747 W. Buckeye Rd | Southwest Valley | 376,760 | Vital Pharmaceuticals |
| 8175 E. Buckeye Rd | Southwest Valley | 359,040 | Haywood Pool Products |

## SIGNIFICANT BUILDING SALES

| Address<br>City | Sale Value<br>Type of Sale | PPSF<br>Cap Rate | SF<br>Class | Buyer<br>Seller |
|---|---|---|---|---|
| 255 S. 143rd Ave<br>Southwest Valley/Goodyear | $67,002,500<br>Investment | $83.75<br>- | 800,000<br>Class A | Lexington Realty Trust<br>Northpoint Development |
| 3333 S. 7th St<br>Sky Harbor/Phoenix | $38,750,000<br>Investment | $98.48<br>- | 393,484<br>Class A | CBRE Global Investors<br>Principal Financial |
| 3 Property Portfolio<br>Southeast Valley/Tempe | $34,150,000<br>Investment | $108.02<br>- | 316,136<br>Class B | Kohlberg Kravis Roberts<br>Prologis |

## LARGEST DELIVERIES

| Address | Submarket/City | SF | Developer |
|---|---|---|---|
| 1575 S. Price Rd | Chandler | 630,000 | Douglas Allred Co. |
| 8701 & 8711 W. Jefferson St | Tolleson | 327,808 | Majestic Realty Co. |
| 17017 W. Indian School Rd | Goodyear | 263,606 | Merit Partners |

## LARGEST UNDER CONSTRUCTION

| Address | Submarket/City | SF | Delivery Date |
|---|---|---|---|
| NEC Bullard Ave & Yuma Rd | Goodyear | 996,238 | Q2 2020 |
| 305 S. Bullard Ave | Goodyear | 790,980 | Q1 2020 |
| SWC 91st Ave & Buckeye Rd | Tolleson | 728,390 | Q2 2020 |

**CHRIS MCCHESNEY,** Research Dir.

The Phoenix Industrial market concludes the year with a record amount of space under construction and vacancy rates that have barely hinged throughout 2020. The final quarter of the year had just over 1.4M square feet of positive net absorption and rates stood at $0.64/SF NNN. Q4 vacancy rates in Phoenix dropped to 7.1% from 7.2%. The largest sale of the quarter came from the Southwest Valley submarket. Chewy Distribution is located at 255 S. 143rd Avenue, which was sold to Lexington Property Trust for $67,002,500. The second largest sale of the fourth quarter came from Airport Logistics Center, which was sold by Principal Financial in the Airport submarket for $38,750,000. With just over 13 million square feet of industrial space under construction, Phoenix remains a top target for large industrial users.

## TOTAL INDUSTRIAL MARKET STATISTICS

| | Vacancy Rate | Avg. SF Rental Rates NNN | Net SF Absorption | SF Inventory | SF Under Construction |
|---|---|---|---|---|---|
| Q4 2019 | 7.10% | $7.68 | 1,431,647 | 317,880,835 | 13,051,020 |
| Q3 2019 | 7.20% | $7.56 | 2,063,180 | 316,364,852 | 9,694,226 |
| Q2 2019 | 6.80% | $7.56 | 1,492,672 | 313,210,462 | 9,797,239 |
| Q1 2019 | 7.20% | $7.56 | 672,695 | 311,916,181 | 6,933,315 |
| Q4 2018 | 7.50% | $7.32 | 2,419,344 | 311,459,551 | 5,424,724 |