



**COMMERCIAL PROPERTIES INC.**

Locally Owned. Globally Connected. CORFAC INTERNATIONAL

# Metro Phoenix Industrial Trends

Presented By:

**Cory Breinholt**

**Industrial Sales & Leasing**

**Commercial Properties Incorporated**

**2323 W University Drive, Tempe, AZ 85281**

**480.966.2301 | [www.cpiaz.com](http://www.cpiaz.com)**


# Commercial Properties Incorporated

INDUSTRIAL | OFFICE | MEDICAL | RETAIL | LAND | MULTI-FAMILY | PROPERTY MANAGEMENT & BUILDING SERVICES

- Established in 1981, CPI has spent the last **42 years** consistently growing
- Past 21 years – CPI awarded as a Top Leasing Firm & CoStar Power Broker
- Largest # of transactions in Arizona – **Approximately 2,081 Deals** (2022)
- Largest locally owned/managed, full-service brokerage firm
- Over **14.9 million S.F.** of properties managed
- The only local member of CORFAC International



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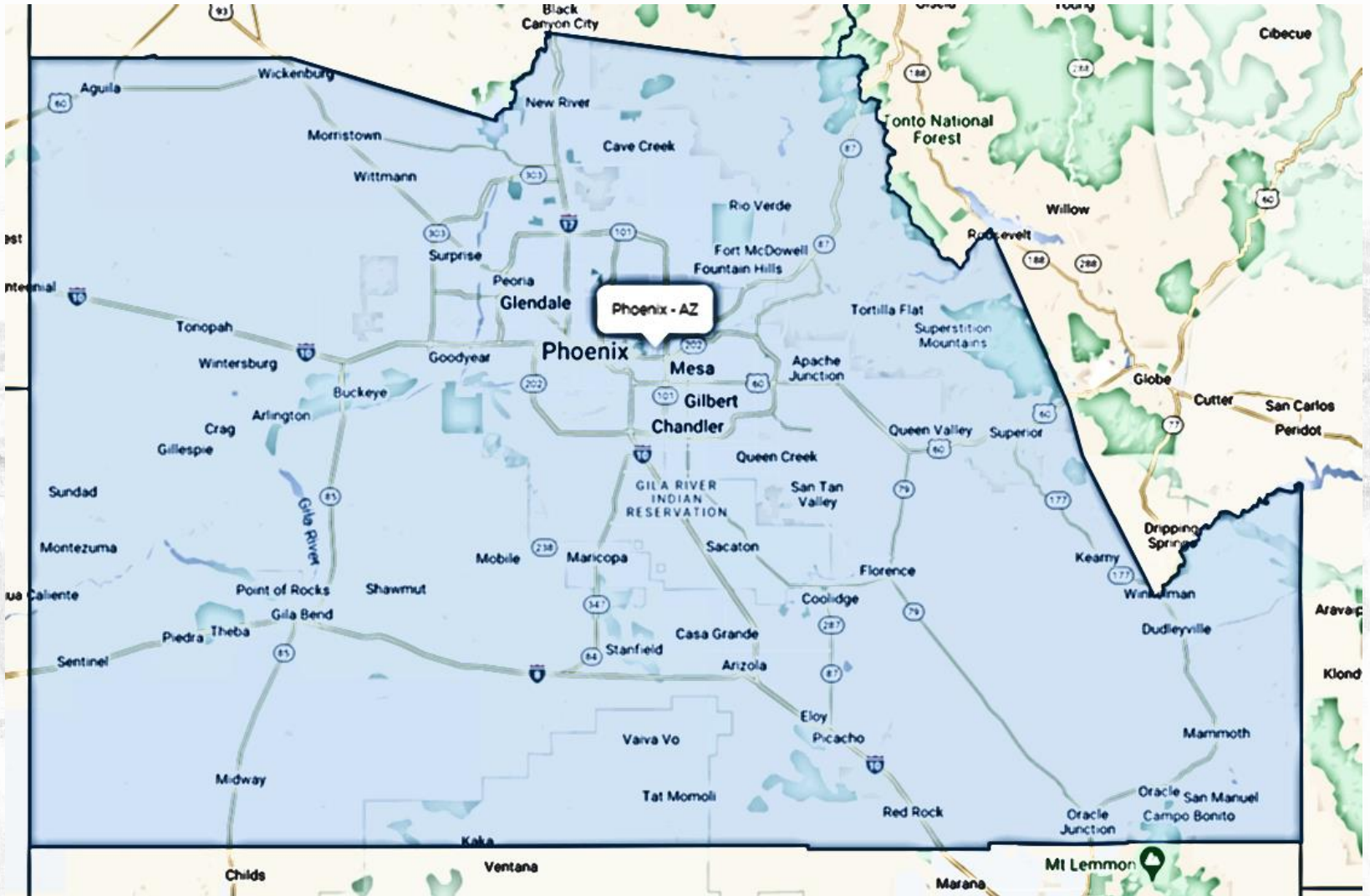
# Leroy Breinholt Industrial Team



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# Phoenix Market

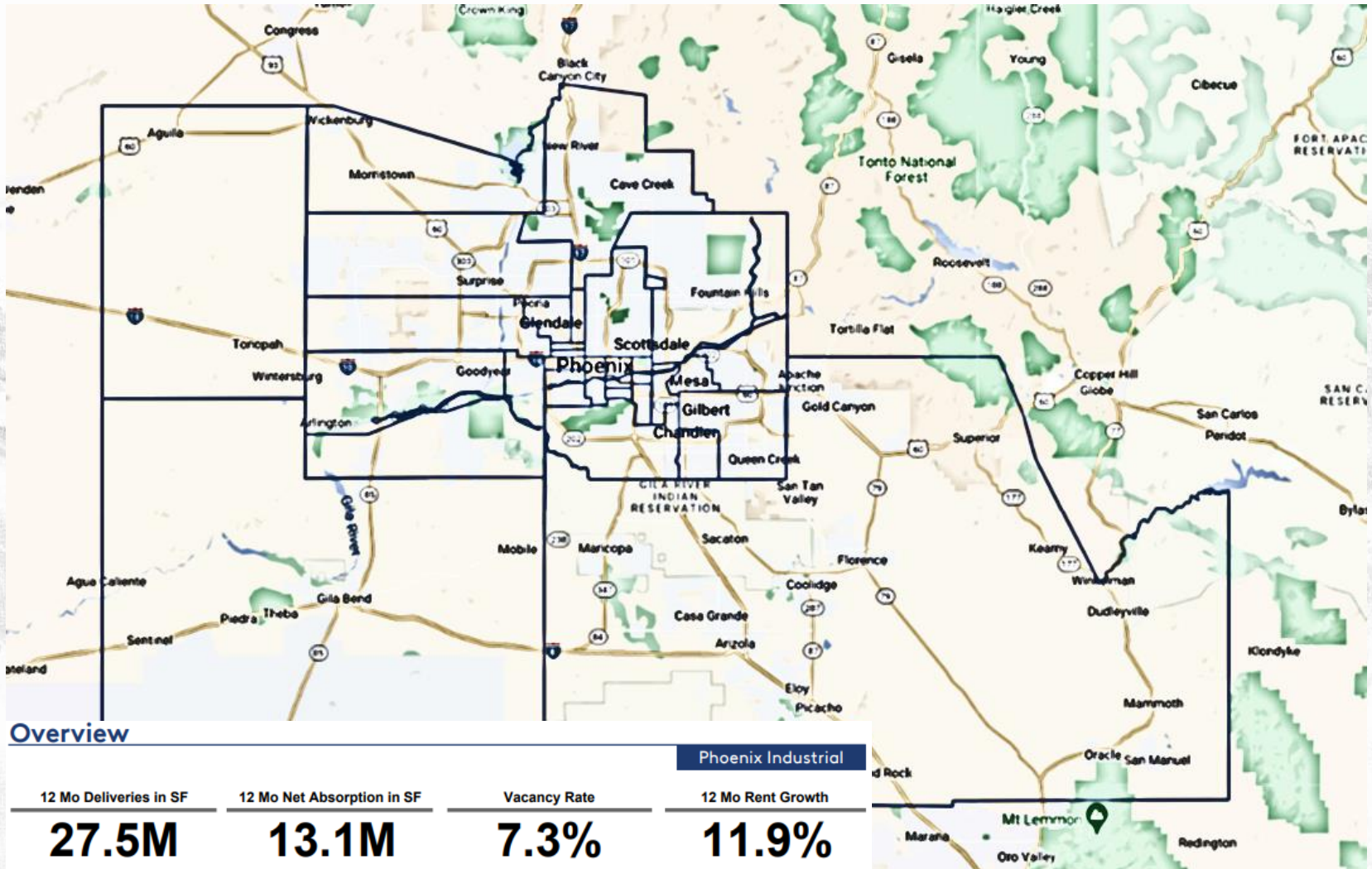


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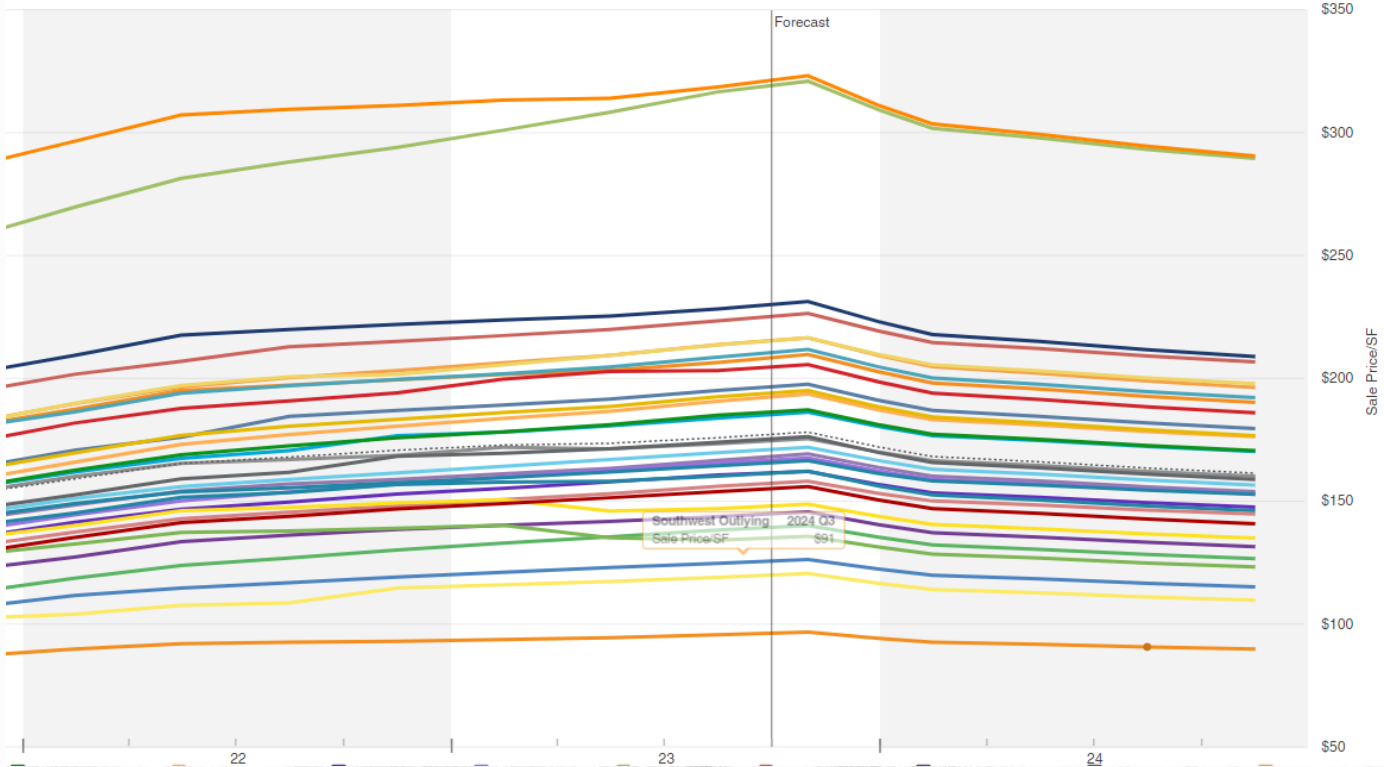
# Phoenix Sub-Markets




# Submarket Sales

Market Sale Price/SF ▾

Chandler Airport	\$323
Scottsdale Airpark	\$321
Chandler	\$231
Scottsdale/Salt River	\$226
Tempe East	\$217
Central Phoenix	\$216
Falcon Fld/Apache Jct	\$212
Chandler N/Gilbert	\$210
Deer Vly/Pinnacle Pk	\$205
Tempe Northwest	\$197
Tempe Southwest	\$195
S Airport S of Roeser	\$193
S Airport N of Roeser	\$187
North Airport	\$186
SW S of Buckeye Road	\$176
Surprise	\$175
North Black Canyon	\$172
Mesa	\$169
SC S of Salt River	\$167
Northwest Outlying	\$166
Tolleson	\$162
SC N of Salt River	\$162
North Outlying	\$158
Grand Avenue	\$156
Goodyear	\$149
SW N of Buckeye Road	\$145
W Phx S of Thomas Rd	\$140
Glendale	\$136
W Phx N of Thomas Rd	\$126
Pinal County	\$120
Southwest Outlying	\$97



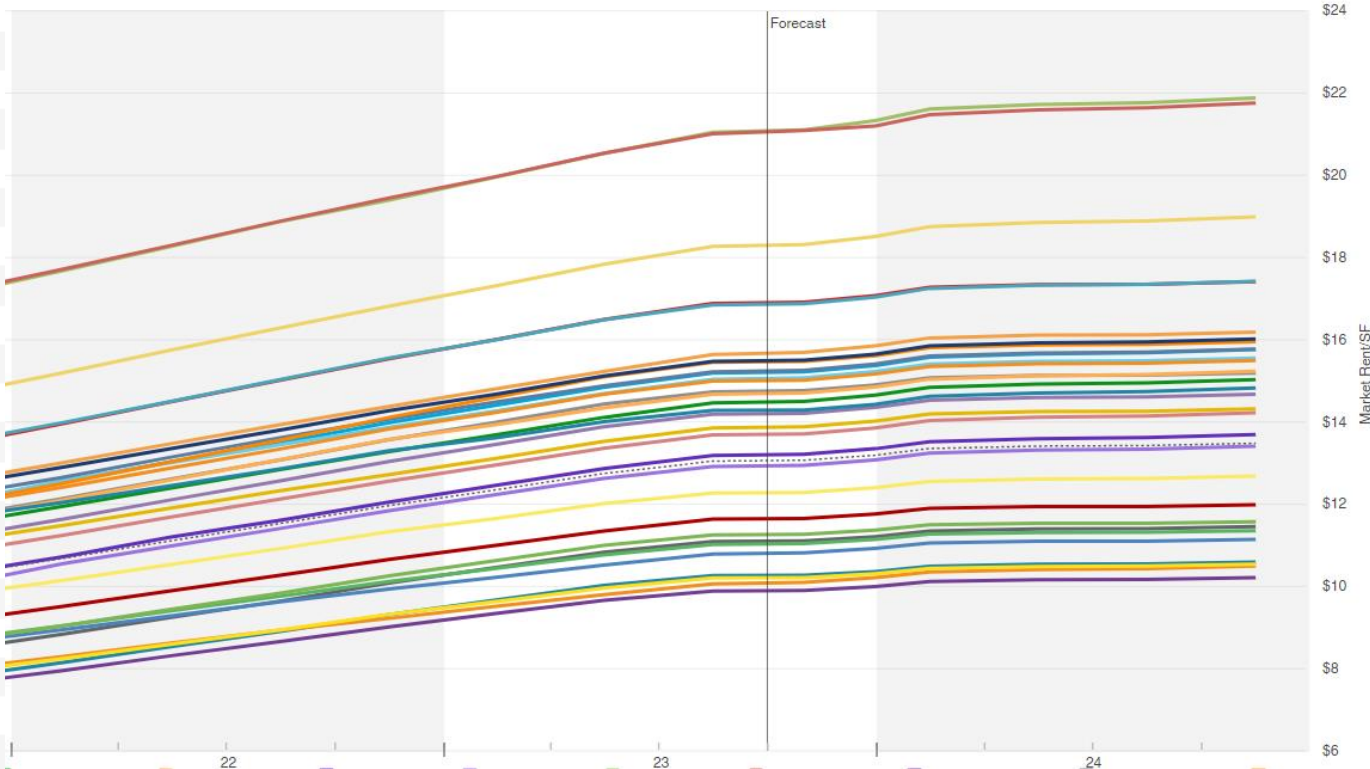
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# Submarket Rents

Market Rent/SF ▾

Scottsdale Airpark	\$21.09
Scottsdale/Salt River	\$21.08
Central Phoenix	\$18.31
Deer Vly/Pinnacle Pk	\$16.90
Falcon Fld/Apache Jct	\$16.86
Tempe East	\$15.64
Chandler	\$15.49
Chandler Airport	\$15.46
Tempe Northwest	\$15.25
North Airport	\$15.21
North Black Canyon	\$15.06
Chandler N/Gilbert	\$15.01
Surprise	\$14.75
S Airport S of Roeser	\$14.69
S Airport N of Roeser	\$14.49
Northwest Outlying	\$14.28
Mesa	\$14.20
Tempe Southwest	\$13.87
North Outlying	\$13.70
SC N of Salt River	\$13.20
SC S of Salt River	\$12.93
Pinal County	\$12.27
Grand Avenue	\$11.64
Glendale	\$11.25
SW S of Buckeye Road	\$11.10
W Phx S of Thomas Rd	\$11.03
W Phx N of Thomas Rd	\$10.81
Tolleson	\$10.26
Goodyear	\$10.21
Southwest Outlying	\$10.09
SW N of Buckeye Road	\$9.89



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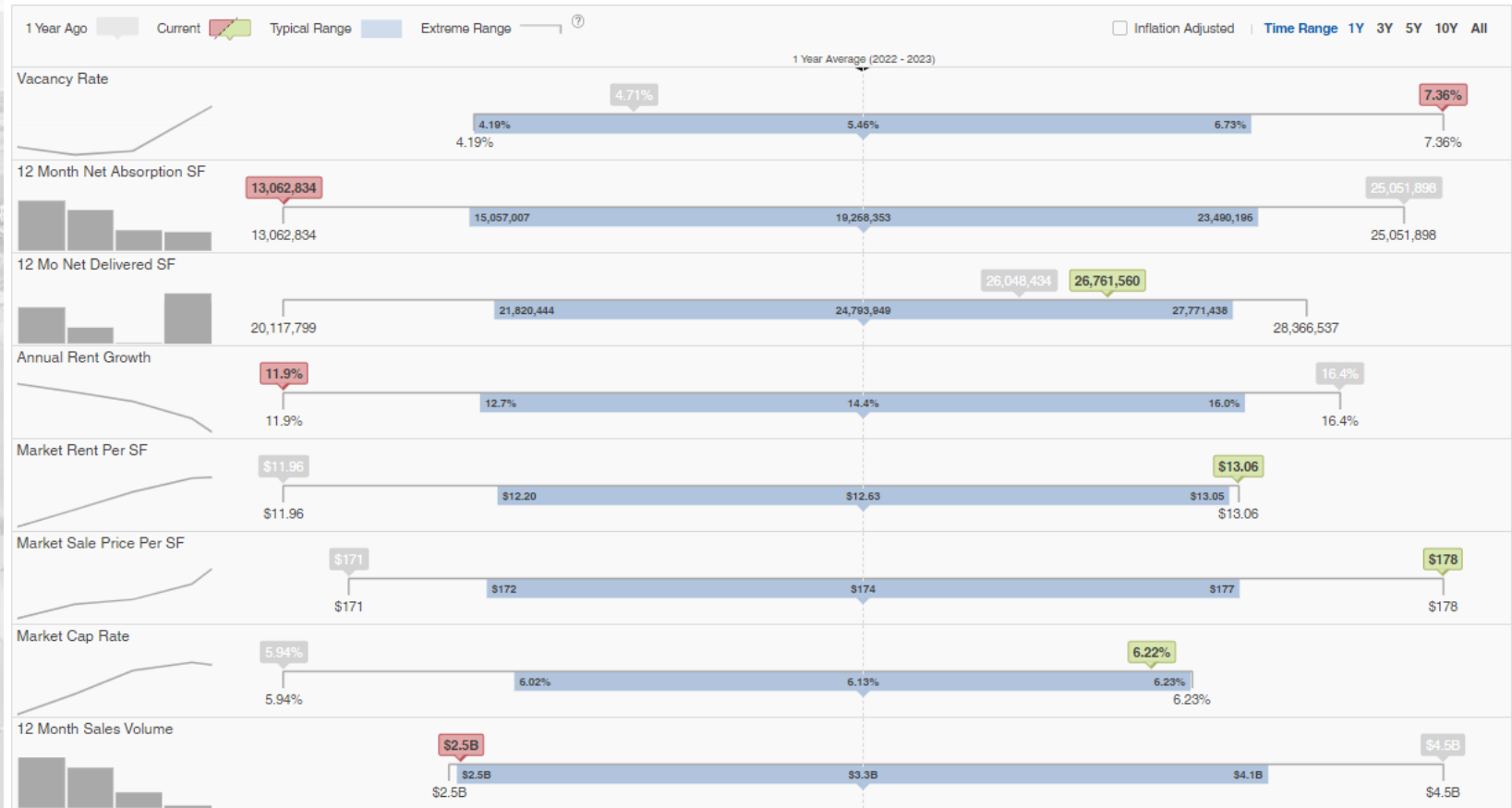
## KEY INDICATORS

Current Quarter	RBA	Vacancy Rate	Market Rent	Availability Rate	Net Absorption SF	Deliveries SF	Under Construction
Logistics	312,706,331	8.4%	\$12.59	16.0%	(1,538,480)	1,526,468	41,538,533
Specialized Industrial	91,796,354	3.4%	\$12.98	3.3%	(237,967)	0	5,779,304
Flex	34,401,917	7.9%	\$18.10	10.1%	(104,247)	0	421,556
<b>Market</b>	<b>438,904,602</b>	<b>7.3%</b>	<b>\$13.06</b>	<b>13.0%</b>	<b>(1,880,694)</b>	<b>1,526,468</b>	<b>47,739,393</b>

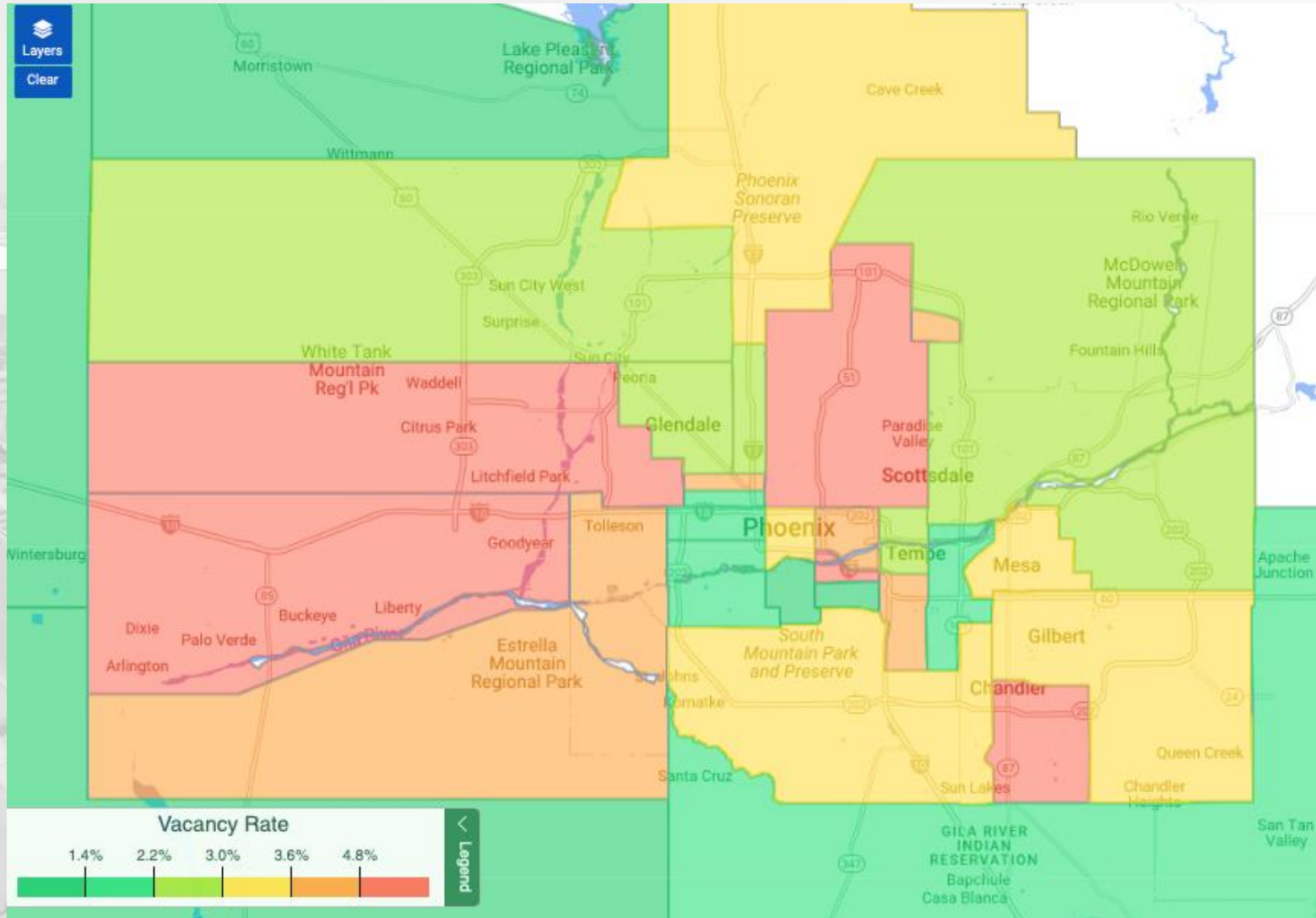
Annual Trends	12 Month	Historical Average	Forecast Average	Peak	When	Trough	When
Vacancy Change (YOY)	2.8%	9.2%	10.3%	16.3%	2010 Q1	4.1%	2023 Q1
Net Absorption SF	13.1M	7,866,832	13,987,756	27,263,989	2021 Q3	(6,777,972)	2009 Q3
Deliveries SF	27.5M	8,724,150	20,623,505	29,134,061	2023 Q3	1,160,264	2011 Q2
Rent Growth	11.9%	3.4%	4.6%	16.4%	2022 Q4	-9.0%	2009 Q4
Sales Volume	\$2.5B	\$1.6B	N/A	\$6.7B	2022 Q2	\$340.7M	2009 Q3

## Key Performance Indicators

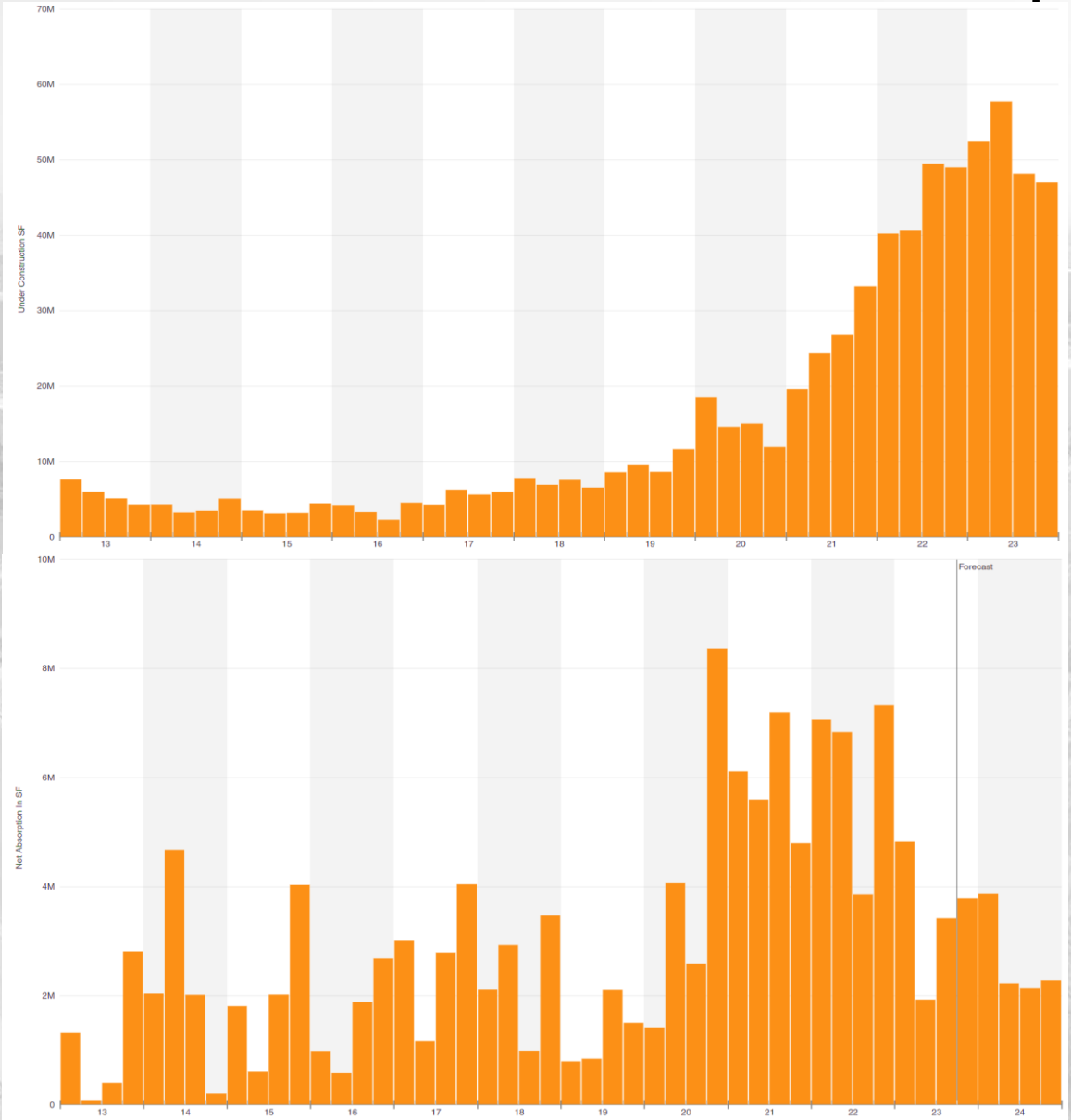




# Sub-Market Vacancy Rate



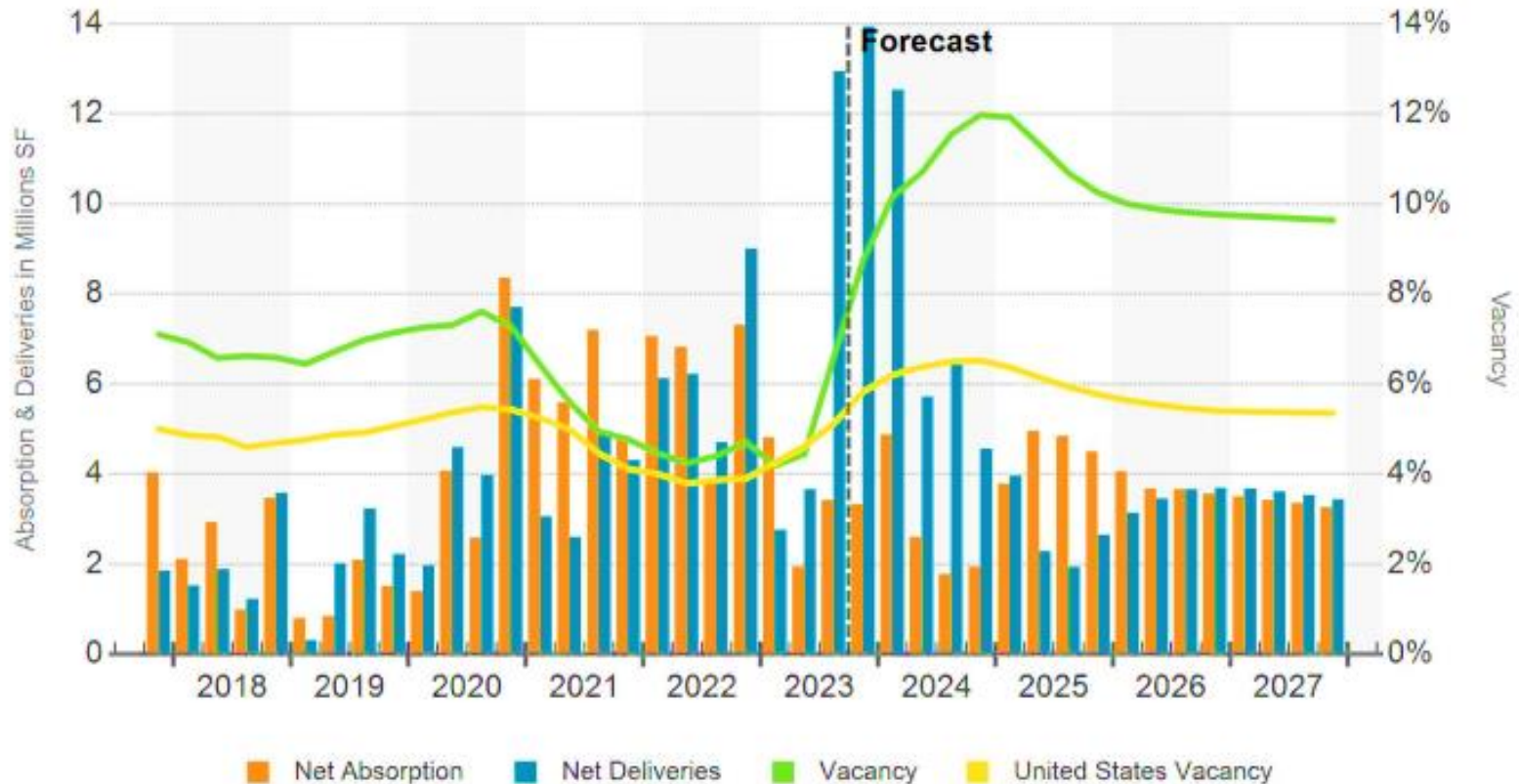
# Under Construction / Net Absorption





# Construction VS Net Absorption

NET ABSORPTION, NET DELIVERIES & VACANCY

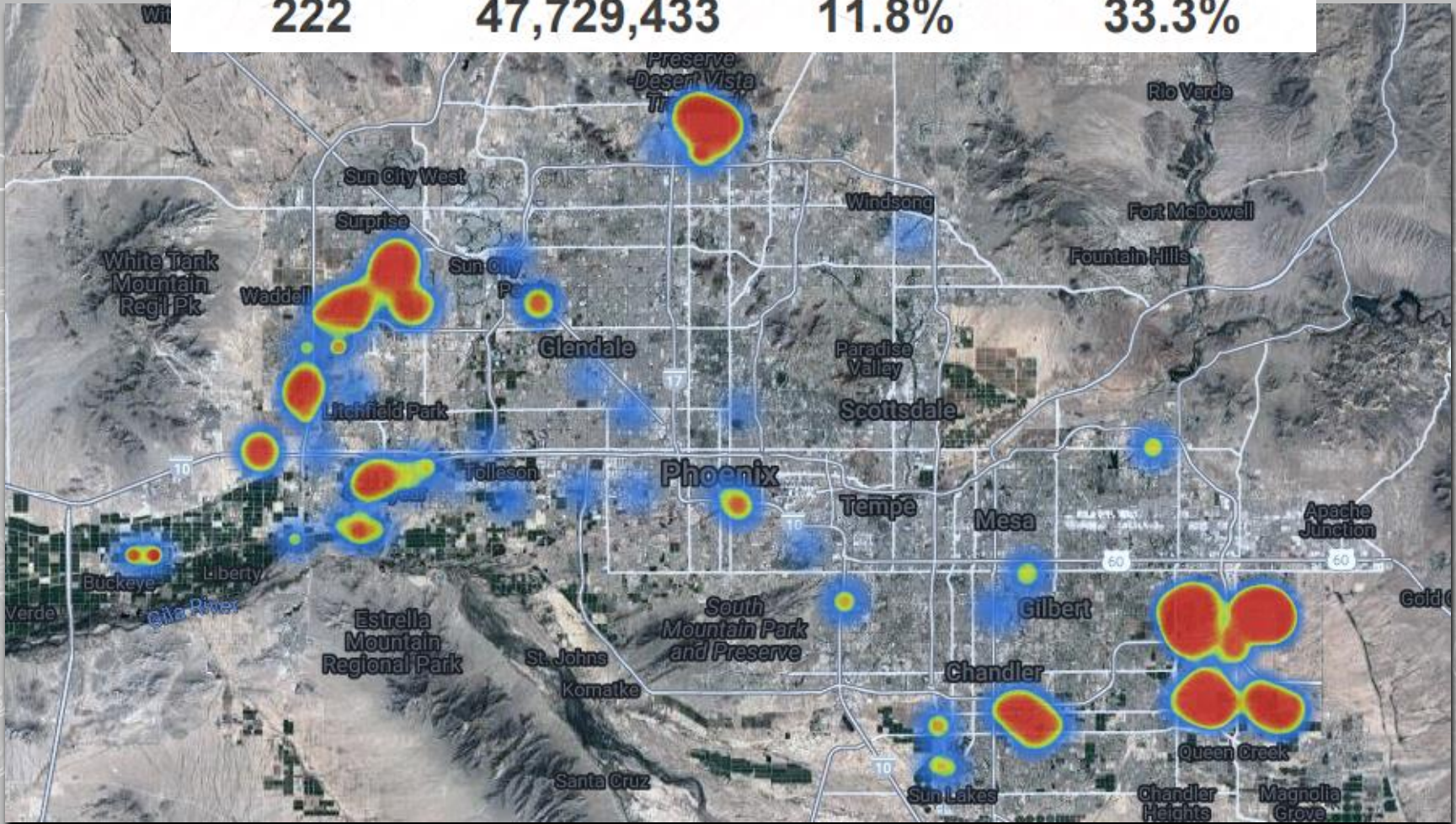


# Construction Heat Map

## Under Construction Properties

Phoenix Industrial

Properties	Square Feet	Percent of Inventory	Released
<b>222</b>	<b>47,729,433</b>	<b>11.8%</b>	<b>33.3%</b>



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# Vacancy Rate

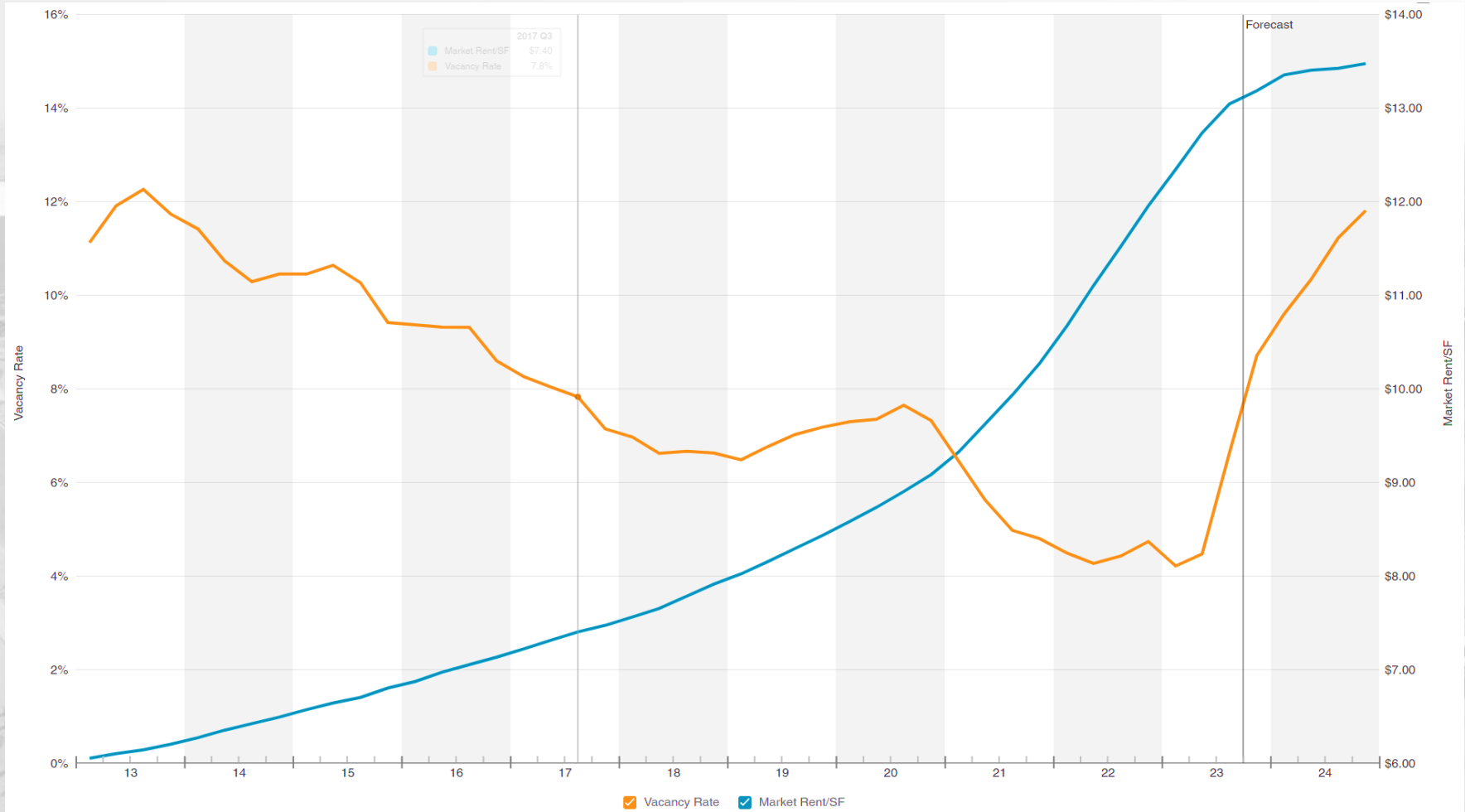
DAILY VACANCY RATE



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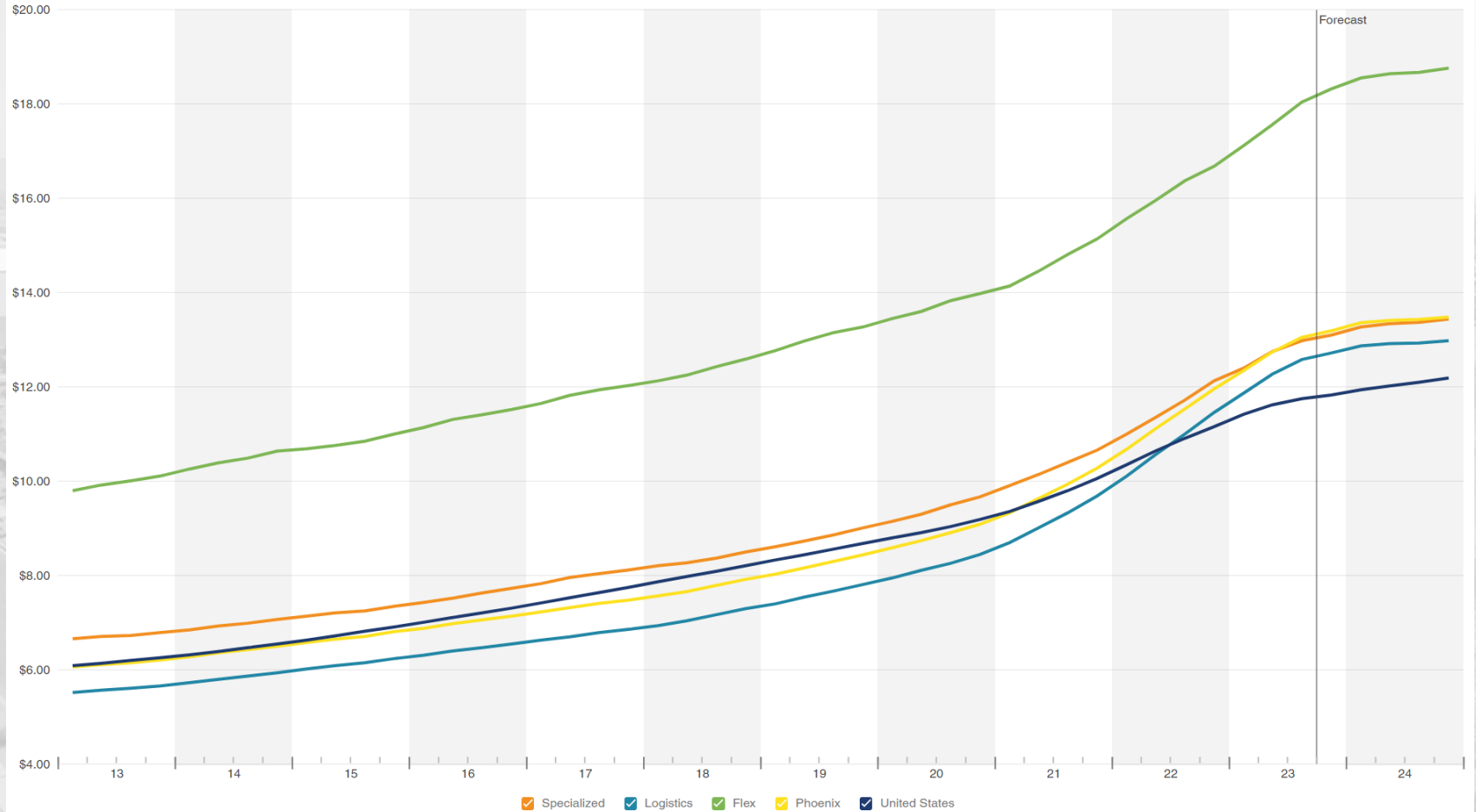
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# Vacancy & Market Rent



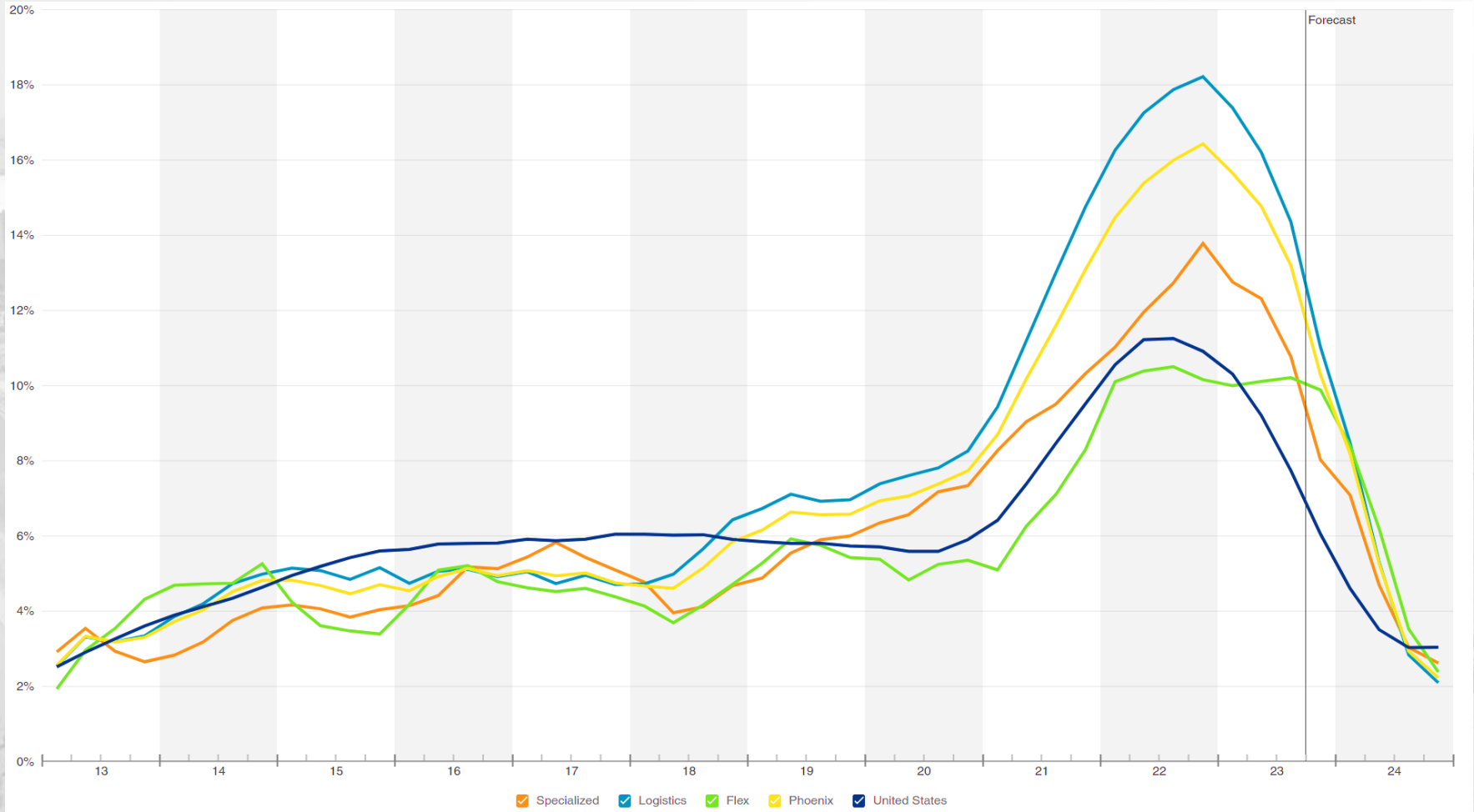


# Market Rent PSF




- 628 deals (2,077,000 SF) / 22.48% rent growth on existing rates.

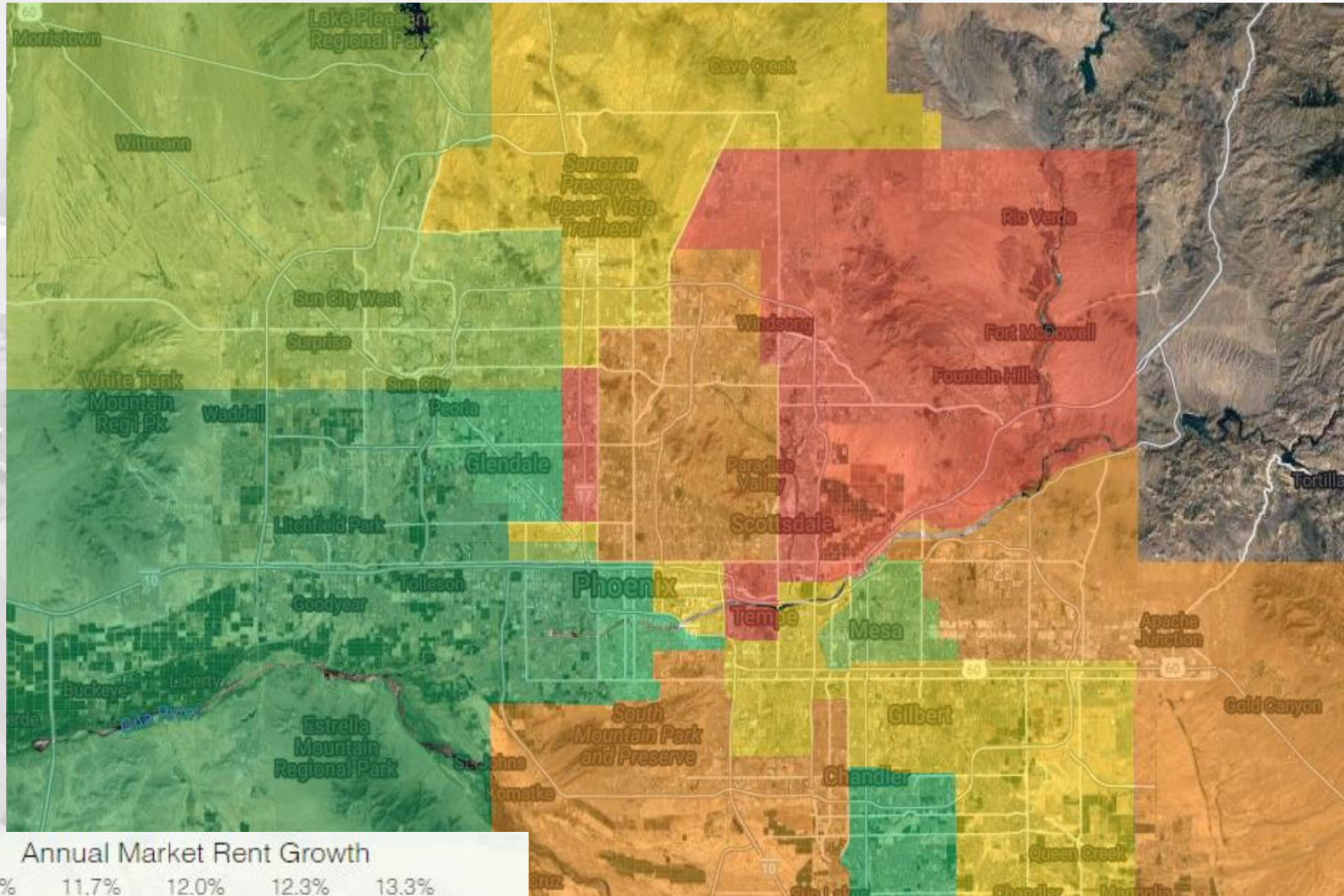
# Market Rent Growth



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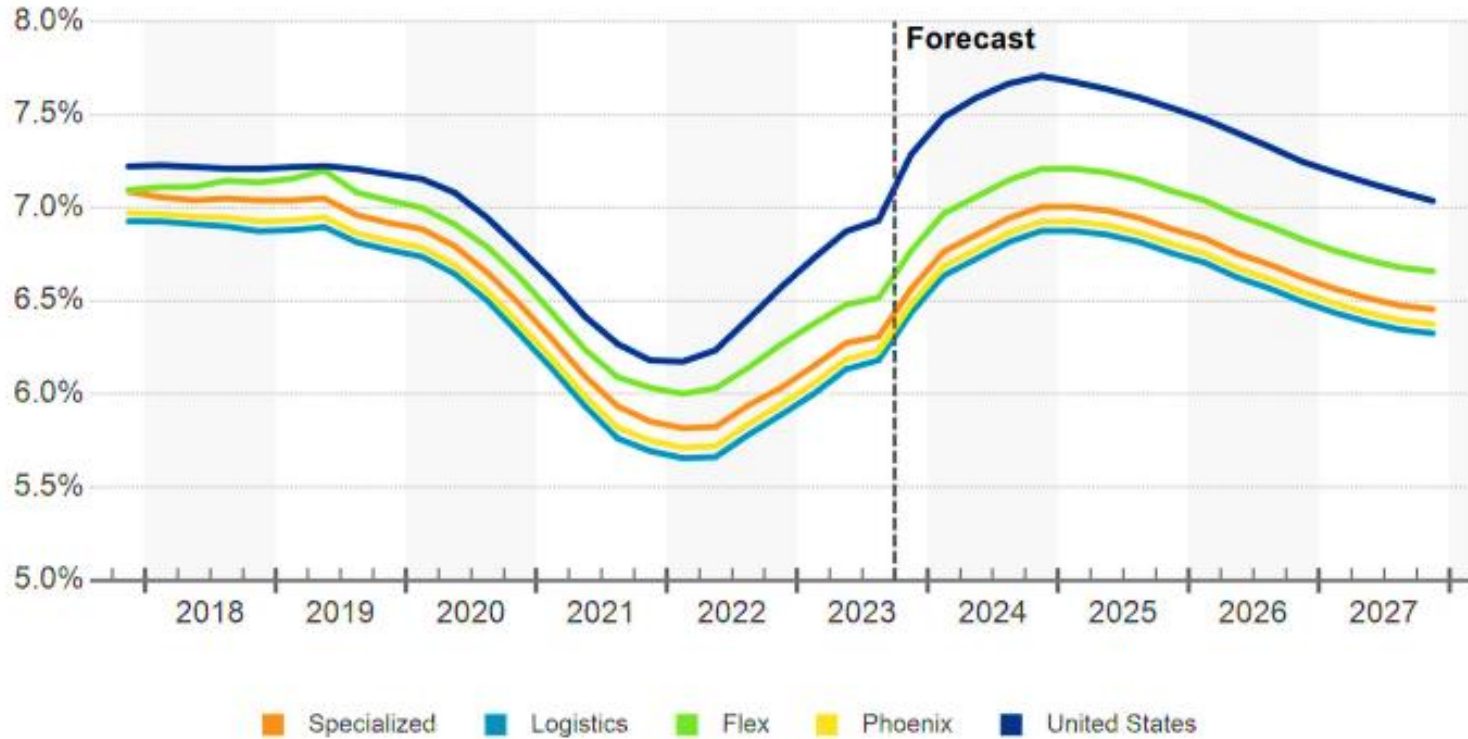
# Market Rent Growth





# Sales Price PSF

## MARKET CAP RATE



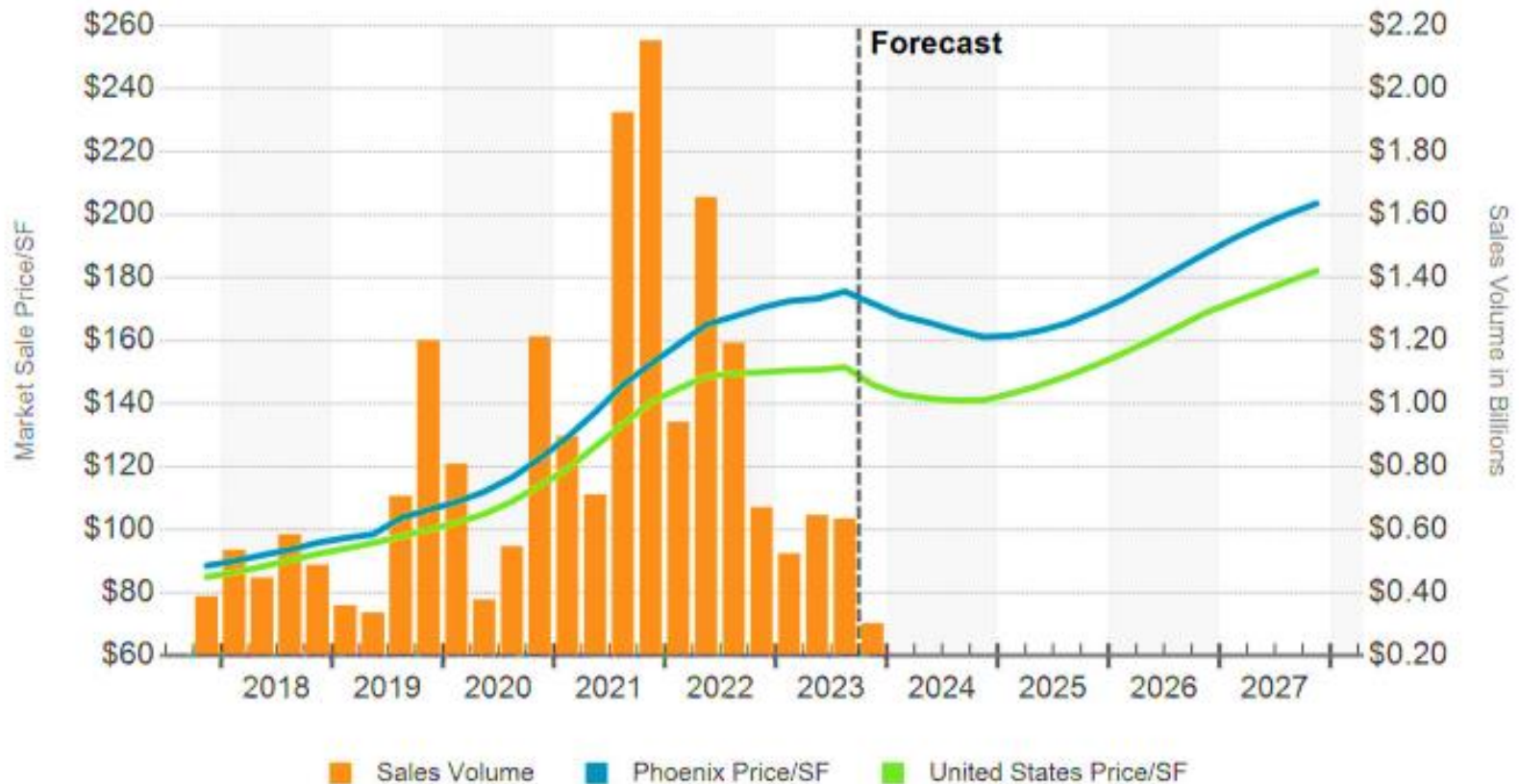
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# Sales Price PSF

Sale Comparables	Avg. Cap Rate	Avg. Price/SF	Avg. Vacancy At Sale
<b>545</b>	<b>5.9%</b>	<b>\$147</b>	<b>18.4%</b>

**SALES VOLUME & MARKET SALE PRICE PER SF**



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An aerial photograph of a large-scale industrial or commercial development in Arizona. The image shows several large, modern buildings with flat roofs, extensive parking lots filled with cars and trucks, and a road network. In the background, there are mountains under a clear sky. The entire image is overlaid with a semi-transparent blue filter. Centered over the image is the text "Is Arizona still on the Map?" in a bold, blue, sans-serif font.

**Is Arizona still  
on the Map?**



# Companies Moving to AZ



## Xnrgy

Mesa, Arizona  
350 Jobs • 550K Sq. Ft.  
Manufacturing

Providing sustainable solutions in air treatment systems, Xnrgy designs and manufactures HVAC systems that reduce costs and improve energy efficiency.



## Tokyo Electron (TEL)

Chandler, Arizona  
300 Jobs • 16K+ Sq. Ft.  
Advanced Administrative

A leading global company in semiconductor production equipment. Tokyo Electron is the only manufacturer offering system solutions for all four sequential patterning processes.



## JA Solar

Phoenix, Arizona  
355 Jobs • 765K+ Sq. Ft.  
Manufacturing

Once operational, JA Solar's Phoenix facility will be the largest manufacturing site of solar/PV products in Arizona with a capacity of 2 gigawatts.



## Rehrig Pacific

Buckeye, Arizona  
122 Jobs • 250K+ Sq. Ft.  
Advanced Manufacturing

Rehrig Pacific is a leading manufacturer of integrated sustainable solutions for the supply chain and environmental waste industries.

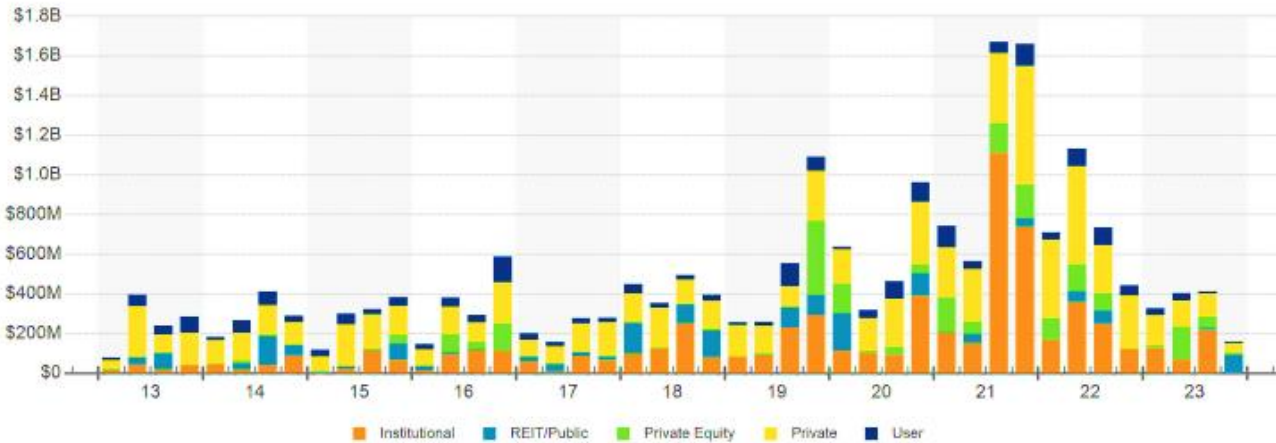


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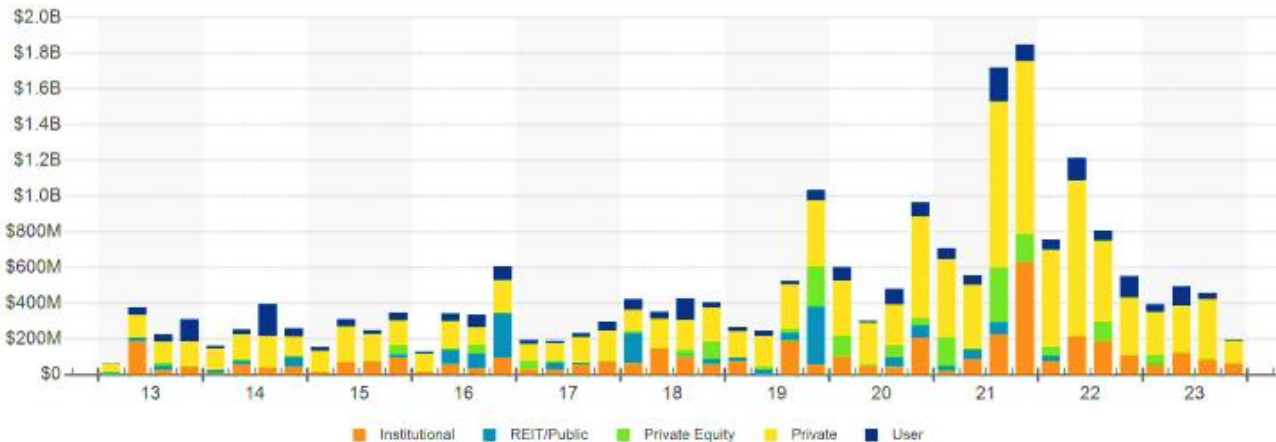
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# Investment Growth

SALES VOLUME BY BUYER TYPE



SALES VOLUME BY SELLER TYPE

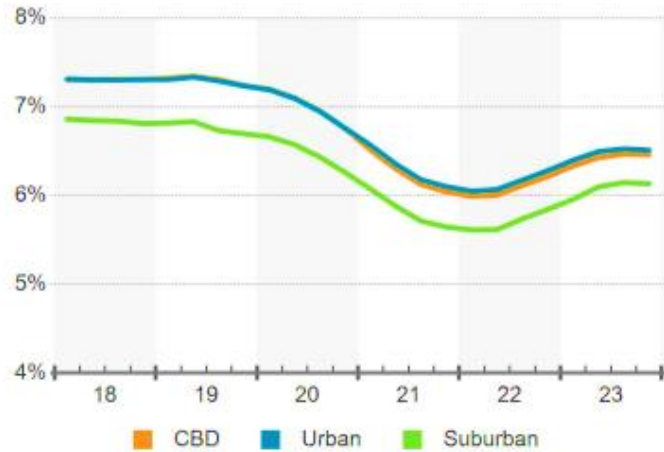


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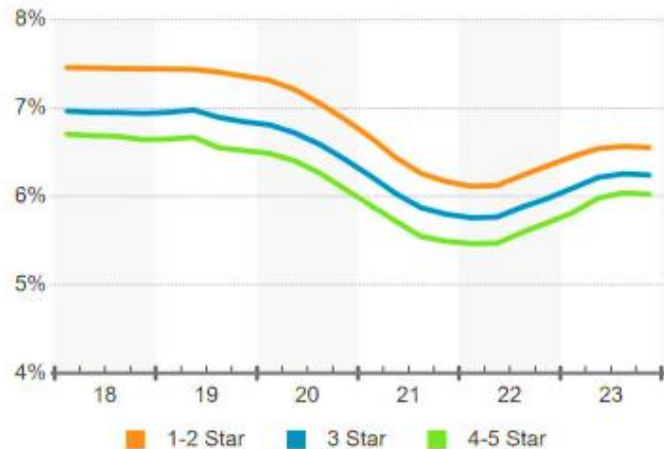
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# Cap Rates

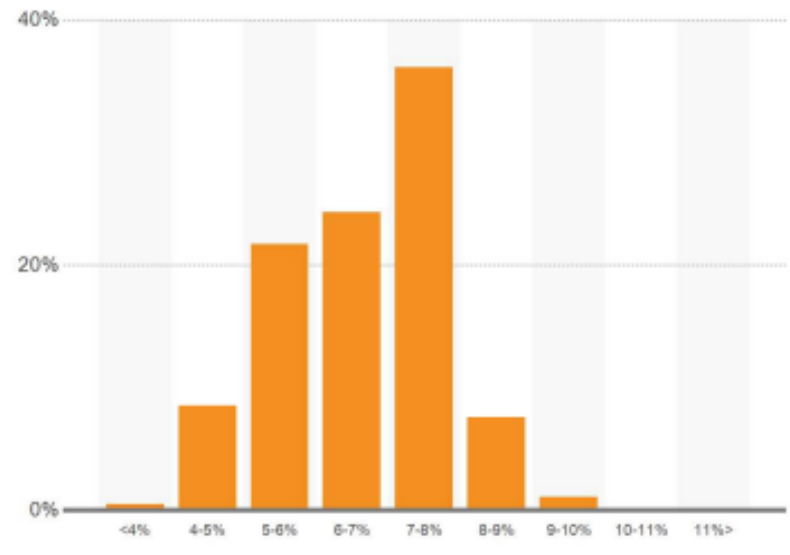
MARKET CAP RATE BY LOCATION TYPE



MARKET CAP RATE BY STAR RATING



MARKET CAP RATE DISTRIBUTION



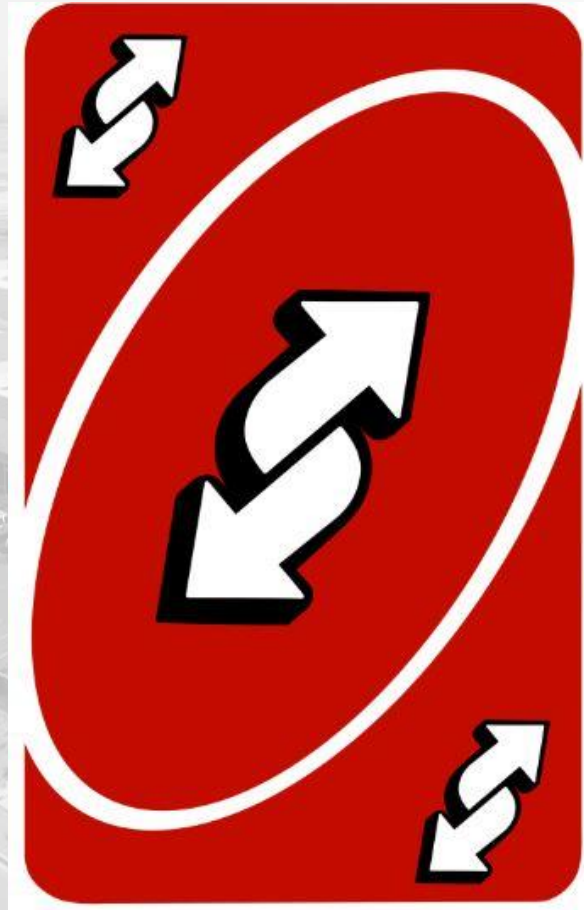
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# Owner User Vs Investment Deals

- Last 3 years Investors could Pay more than Users...



- Now Users are able to pay more PFS than Investors.



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# Case Study #1

- Buyer: Rock Solid Concrete
  - Property: 445 N Austin Dr  
Chandler, AZ
  - SF: 9,474
  - Price: \$3,100,000
  - PSF: \$280 PSF
  - Sale Date: August 2023
- 
- Lease Rate: \$1.30 - \$1.35 NNN
  - CAP Rate: 6% – 6.5%
  - Investor Price: \$2.4M - \$2.55M
  - Actual Cap: 4.8% - 5%



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# Case Study #2

- Buyer: BB1048
- Property: 1048 W Maricopa Fwy
- SF: 17,400
- Price: \$4.6M / \$264 PSF
- CAP Rate: 6.32% Est.
- Closed: 09/07/23



- 6-8 months ago this would have sold for a 5-5.5% Cap
- Strong company
- 1.96 Acres

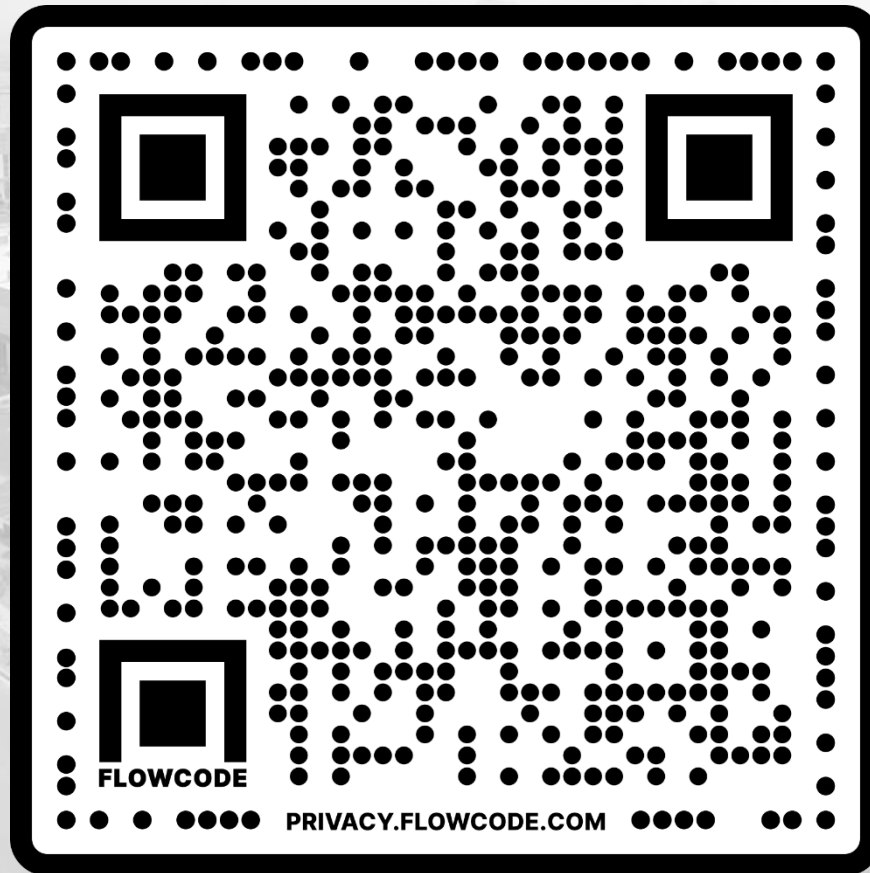


Looking to the Future?

2027  
2026  
2025  
2024  
2023

A perspective view of a two-lane asphalt road stretching towards a bright sun on the horizon. The road is flanked by dark, silhouetted hills. The sky is a deep blue with scattered white clouds. The years 2023, 2024, 2025, 2026, and 2027 are painted in large, white, sans-serif font along the center of the road, receding into the distance. The sun is positioned directly behind the road's vanishing point, creating a lens flare effect.

# Phoenix Industrial Market Report



# Thank You



# QUESTIONS?