



# COMMERCIAL PROPERTIES INC.

Locally Owned. Globally Connected. 

PHOENIX METRO | INDUSTRIAL  
4Q 2019

RESEARCH &  
MARKET REPORT

## Transactions

Commercial Properties Incorporated (CPI) completed 212 Industrial transactions for a total of 835,598 square feet at the end of fourth quarter 2019. The top CPI Industrial transactions for the quarter were the 29,300 SF sale of 3602 E. LaSalle St. for \$2.8 million in Phoenix, AZ, and the 13,962 SF sale of 7408 S. Atwood St. for \$1.75 million in Mesa, AZ.

## Vacancy Rate & Absorption

The Phoenix Industrial market ended fourth quarter 2019 with a vacancy rate of 7.0%. There was no change from the 7.0% vacancy rate reported in Q4 2018. Net absorption ended up at a positive 1,970,705 square feet at the end of fourth quarter 2019. Absorption was down compared to last quarter's net absorption during the same period at positive 2,753,248 square feet.

The figures above include buildings that are owner occupied as well, which affects the actual vacancy numbers. Check with your CPI broker for an accurate representation of the vacancy rates in the submarket around your properties.

## Rental Rates

The Industrial rental rates for fourth quarter 2019 averaged out at \$8.28 or \$0.69 monthly, which is a slight increase of 4.5% from the \$7.92 or \$0.66 monthly average reported during the same time period last year in fourth quarter 2018. The Flex rental rate average was \$13.44 or \$1.22 monthly with the average Warehouse rental rates at \$7.80 or \$0.65 monthly at the end of Q4 2019. During the same time period in fourth quarter 2019, the average rates were \$12.72 or \$1.06 monthly for Flex and \$7.20 or \$0.60 monthly for Warehouse.

### Vacancy

Flat at 7.0%  
from 7.0% in Q4 2018  
Net Absorption  
+1,970,705 SF

### Rental Rates

Up to \$8.28 Avg  
Compared to \$7.92 during  
same time period last year

### CAP Rates

Lower - Averaging 6.4%  
Compared to 6.5% Avg  
during same time period  
in 2018 of last year

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### Construction

15,069,734 square feet were reported as still being under construction at the end of fourth quarter 2019 in the Industrial Sector. This is up compared to the 5,784,446 square feet under construction last year in Q4 2018. Some of the biggest projects still under construction were Ferrero Rocher Chocolate, a 643,800 SF manufacturing facility in Glendale, AZ which is expected in Q2 2020, and the Microsoft Data Center in Goodyear, AZ, a 500,000 SF facility which is expected to deliver in Q1 of 2020.

### Inventory

At the end of fourth quarter, there was a total of 353,241,551 SF of industrial inventory for Phoenix. This square footage is broken out into 10,989 buildings that make up the sector.

For more information, contact:

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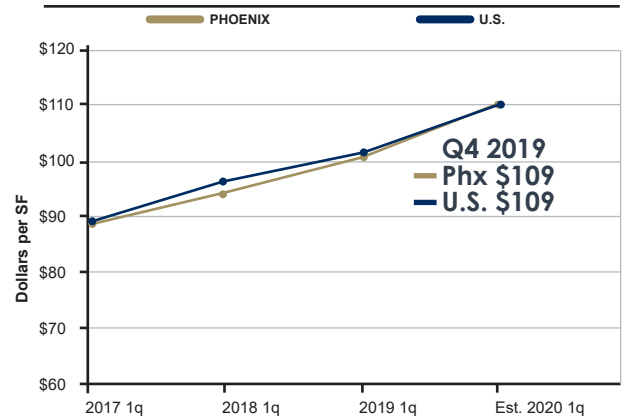
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### U.S. PRICE/SF COMPARISON

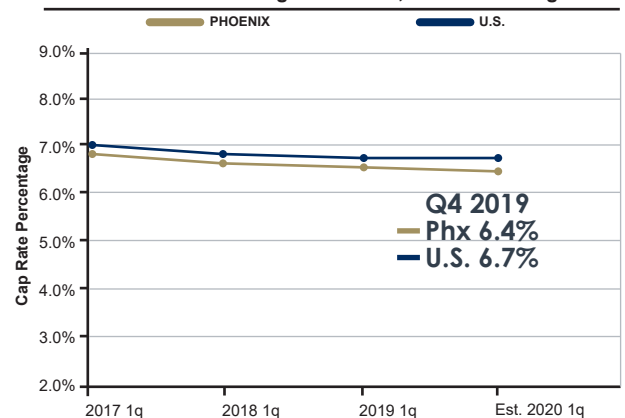
Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS

### U.S. CAP RATE COMPARISON

Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS

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