



COMMERCIAL PROPERTIES INC.

Locally Owned. Globally Connected. 

PHOENIX METRO | INDUSTRIAL 1Q 2019

RESEARCH & MARKET REPORT

Transactions

Commercial Properties Incorporated (CPI) completed 257 Industrial transactions for a total of 1,177,233 square feet at the end of first quarter 2019. The top CPI Industrial transactions for the quarter were the 28,241 SF sale of 7434 E. Monte Cristo Ave. for \$4.68 million in Scottsdale, AZ, and the 22,000 SF sale of 3228 N. Higley Rd. for \$3.51 million in Mesa, AZ.

Vacancy Rate & Absorption

The Phoenix Industrial market ended first quarter 2019 with a vacancy rate of 6.5%. This is a 9.72% decrease from the 7.2% vacancy rate reported in Q1 2018. Net absorption ended up at a positive 1,759,587 square feet at the end of first quarter 2019. Absorption was up compared to last quarter's net absorption previously reported at positive 2,661,210 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 first quarter 2019 averaged out at \$8.16 or \$0.68 monthly, which is a slight increase of 12.08% from the \$7.28 or \$0.61 monthly average reported during the same time period last year in first quarter 2018. The Flex rental rate average was \$13.20 with the average Warehouse rental rates at \$7.44 at the end of Q1 2019. During the same time period in first quarter 2018, the average rates were \$12.85 for Flex and \$6.50 for Warehouse.

Vacancy

Down at 6.5%
from 7.2% in Q1 2018
Net Absorption
+1,759,587 SF

Rental Rates

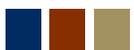
Up to \$8.16 Avg
Compared to \$7.28 during
same time period last year

CAP Rates

Lower - Averaging 6.5%
Compared to 6.82%
Avg during same time
period last year

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Construction

8,524,564 square feet were reported as still being under construction at the end of first quarter 2019 in the Industrial Sector. This is up compared to the 6,630,296 square feet under construction last year in Q1 2018. Some of the biggest projects still under construction were The HUB at Goodyear, a 790,980 SF building which is expected in November 2019, and Orbital ATK Manufacturing, a 617,000 SF facility which is expected to deliver in July of 2019.

Inventory

At the end of first quarter, there was a total of 345,823,085 SF of industrial inventory for Phoenix. This square footage is broken out into 10,894 buildings that make up the sector.

For more information, contact:

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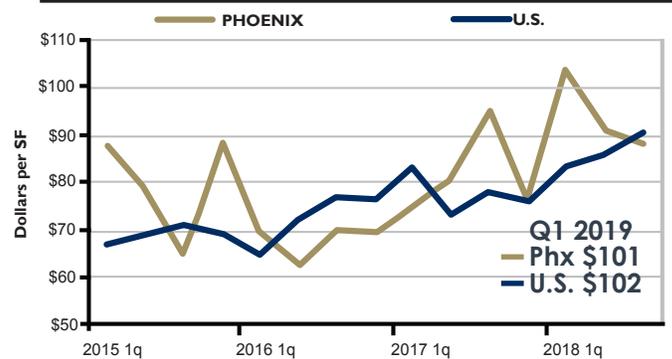
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U.S. PRICE/SF COMPARISON

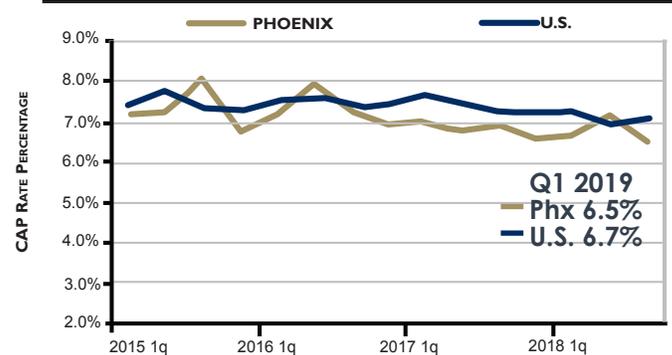
Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS

U.S. CAP RATE COMPARISON

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



Source: CoStar COMPS

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