



# COMMERCIAL PROPERTIES INC.

Locally Owned. Globally Connected. 

PHOENIX METRO | RETAIL  
1Q 2019

RESEARCH &  
MARKET REPORT

## Transactions

Commercial Properties Incorporated (CPI) completed 23 Retail transactions for a total of 59,228 square feet in first quarter 2019. The top CPI Retail transactions for the quarter were a 3,340 SF sale of 8905 S. Harl Ave. for \$2.833 million in Tempe, Arizona, and the 6,984 SF sale of 1307 E. Southern Ave. for \$500,000 in Mesa, Arizona.

## Vacancy Rate & Absorption

The Phoenix Retail market ended first quarter with a vacancy rate of 6.8%. This is a slight decrease from the 6.9% vacancy rate last quarter. First quarter net absorption was positive 1.6 million SF. Absorption is up compared to first quarter last year's net absorption which was positive 827,456 SF. The General Retail sector, which is categorized as freestanding retail that is not in a center, had a vacancy rate of 3.8% at the end of first quarter, resulting in a slight change from the 4.1% reported during the same time last year.

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

Average retail rental rates ended the first quarter at \$18.72 per square foot, from the \$15.23 per square foot during Q1 of 2018 last year. This represents a 22.9% increase in the average retail rental rates for the Phoenix market. Fueled by population growth as one of the fastest-growing in the U.S., Phoenix's rental rates are maintaining positive momentum.



## Vacancy

Down to 6.8%  
Net Absorption  
Positive 1,600,000 SF



## Rental Rates

Up - Averaging  
\$18.72 Compared  
to \$15.23 Q1 2018

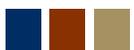


## CAP Rates

Down - Averaging 6.9%  
Compared to same time  
period in 2018 when  
average was 7.13%

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## Construction

700,000 SF were reported as still being under construction at the end of first quarter in the retail sector. This is down from the 706,687 SF previously reported as under construction in fourth quarter. A few of the largest properties still under construction were the 80,000 SF building Medieval Times at 9051 E. Via De Ventura Rd., and a 61,402 SF building at 5846 E. Longbow Pkwy. which is due to be completed in October 2019 for Fat Cats Entertainment.

## Inventory

The Phoenix Retail inventory currently consists of 15,210 buildings that make up the 231,767,187 SF of total Retail inventory in Phoenix at the end of first quarter 2019.

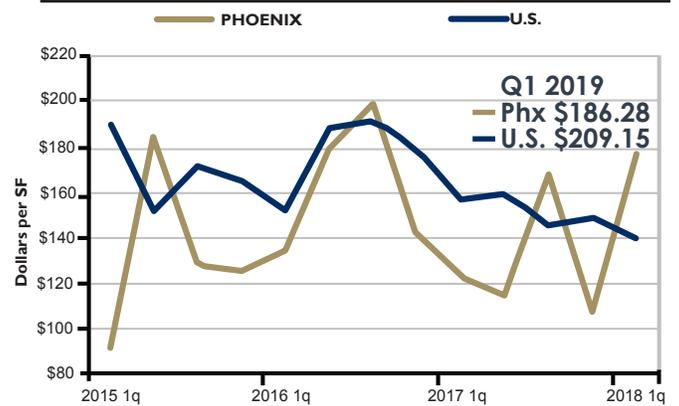
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## U.S. PRICE/SF COMPARISON

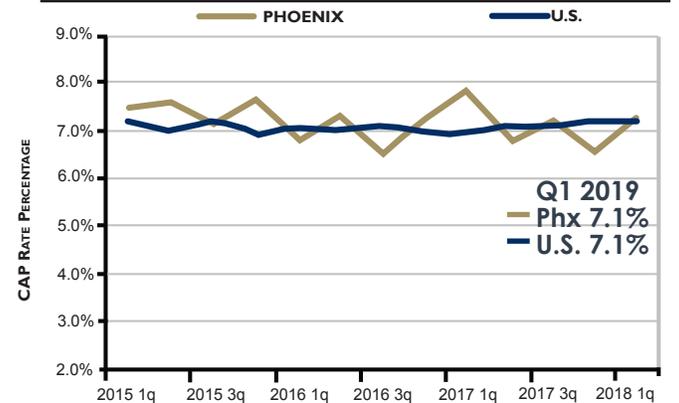
Based on Retail Building Sales of 15,000 SF and Larger



Source: CoStar COMPS

## U.S. CAP RATE COMPARISON

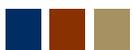
Based on Retail Building Sales of 15,000 SF and Larger



Source: CoStar COMPS

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