



Q1 2026



THE PHOENIX CRE PULSE

GREATER PHOENIX CRE MARKET REPORT

Prepared by
ICRE Investment Team

Executive Summary

The Greater Phoenix commercial real estate market entered Q1 2026 with continued resilience across most asset classes. Population growth, corporate relocations, and the expanding healthcare corridor are sustaining demand even as national headwinds – including elevated interest rates and tighter credit – moderate investment velocity.

Q1 2026 Key Metrics at a Glance

20.3% Office Vacancy ▼ 40 bps QoQ	+135,800 SF Office Net Absorption 5 Qtrs Positive	\$28.14 PSF Office Avg. Asking Rent ▲ 5.0% YoY	7.2% MOB Vacancy Near Historic Low
5.4% Retail Vacancy ▼ 20 bps QoQ	\$26.57 PSF Retail Avg. Asking Rent ▲ 5.8% YoY	9.7% Industrial Vacancy Stabilizing	18.2M SF Industrial Net Absorption Full Year 2025

Submarket Heat Map – Q1 2026

Submarket	Office	Retail	Industrial	Outlook
Scottsdale / N. Scottsdale	17.8%	4.1%	5.2%	↑ Strong
Tempe / Town Lake	15.2%	4.8%	7.1%	↑ Strong
Chandler / Gilbert	18.4%	3.1%	8.9%	↑ Strong
Camelback Corridor	18.9%	5.3%	N/A	→ Stable
Mesa / East Valley	22.1%	5.9%	9.4%	→ Stable
Glendale / West Valley	24.3%	6.1%	10.8%	→ Stable
Downtown Phoenix	23.7%	7.2%	N/A	↓ Watch
Peoria / Surprise	26.1%	5.5%	11.2%	↓ Watch

Office Market

Phoenix office continues its multi-quarter recovery, posting positive net absorption for the fifth consecutive quarter in Q1 2026 – a streak not seen since the pre-pandemic cycle. Demand is concentrated in Class A product in live-work-play submarkets, while older Class B/C assets in suburban nodes face structural challenges.

Market Fundamentals

Metric	Q1 2026	Q4 2025	Q1 2025	YoY Change
Overall Vacancy	20.3%	20.7%	21.8%	▼ 150 bps
Class A Vacancy	17.1%	17.6%	19.2%	▼ 210 bps
Class B Vacancy	22.9%	23.1%	23.4%	▼ 50 bps
Net Absorption (SF)	+135,800	+112,400	-28,600	Positive Swing
Avg. Asking Rent (PSF)	\$28.14	\$27.62	\$26.80	+5.0%
Class A Rent (PSF)	\$34.50	\$33.90	\$32.20	+7.1%
Under Construction (SF)	980,000	1.1M	1.4M	▼ 30%

Submarket Analysis - Office

Submarket	Vacancy	Avg. Rent (PSF)	Net Absorption	Trend
Scottsdale Waterfront	14.3%	\$42.50	+38,200 SF	↑ Strong
Tempe Town Lake	15.2%	\$38.90	+52,000 SF	↑ Strong
Camelback Corridor	18.9%	\$35.20	+18,400 SF	→ Stable
Scottsdale Airpark	19.4%	\$29.80	+12,100 SF	→ Stable
Downtown Phoenix	23.7%	\$26.40	-22,000 SF	↓ Watch
Deer Valley / N. I-17	24.1%	\$24.60	+8,300 SF	→ Stable
Chandler / Price Corridor	18.4%	\$31.20	+28,800 SF	↑ Strong

Office Market

Notable Transactions - Q1 2026

- Meade Engineering: ~52,000 SF lease at Hayden Ferry Lakeside I, Tempe (Class A waterfront)
- Align Technology: ~52,000 SF renewal/expansion at Hayden Ferry Lakeside I, Tempe
- Banner Health: 34,500 SF HQ expansion at 2901 N. Central Ave., Phoenix
- Intel (Chandler): Internal consolidation occupying 28,000 SF at Price Corridor campus
- Investment sale: 120,000 SF Class B, Scottsdale Airpark – \$18.2M (\$151/SF), 7.4% cap rate

Office Outlook - Q1 2026

The bifurcation between Class A and Class B/C is accelerating. Flight-to-quality continues to drive positive absorption in premier submarkets while legacy suburban product struggles. Healthcare and tech tenants are the most active demand drivers. Investors should target well-located Class A assets below replacement cost in the \$150–\$250/SF range.

Healthcare & Medical Office (MOB)

Greater Phoenix's medical office market remains one of the most resilient CRE segments nationally, supported by consistent population growth, an aging demographic, and major health system expansions. Q1 2026 vacancy held near historic lows at 7.2%, with rents climbing 6.8% year-over-year.

MOB Market Fundamentals

Metric	Q1 2026	Q4 2025	YoY Change
MOB Vacancy	7.2%	7.5%	▼ 30 bps
Avg. Asking Rent (PSF NNN)	\$26.40	\$25.60	+3.1%
Class A MOB Rent (PSF NNN)	\$32.80	\$31.40	+4.5%
Net Absorption (SF)	+68,400	+54,200	+26% QoQ
New Deliveries (SF)	42,000	67,000	▼ Supply
Under Construction (SF)	310,000	295,000	+5.1%

Key Healthcare Corridors - Phoenix Metro

Corridor / Submarket	Primary Health System	MOB Vacancy	Avg. Rent (NNN)	Outlook
Scottsdale / Honor Health	HonorHealth	5.8%	\$33.50	↑ Strong
Tempe / Banner Health	Banner Health	6.1%	\$31.20	↑ Strong
Gilbert / Mercy Gilbert	Dignity Health	5.3%	\$34.80	↑ Strong
Chandler / Chandler Regional	Dignity Health	6.9%	\$30.60	↑ Strong
Phoenix / Banner University	Banner Health	8.4%	\$27.80	→ Stable
Peoria / AZ West Medical	MultiCare/IASIS	9.2%	\$25.40	→ Stable
Mesa / Banner Desert	Banner Health	7.6%	\$28.90	→ Stable

Healthcare & Medical Office (MOB)

MOB Investment Outlook

Medical office remains the most defensive CRE asset class in Phoenix. Cap rates for Class A MOB anchored by investment-grade health systems are trading at 5.5–6.0%, with secondary assets in the 6.5–7.5% range. Sale-leaseback opportunities tied to health system balance sheet optimization are creating off-market deal flow.

- Watch: Banner Health's \$1.2B capital expansion plan includes new facilities in Mesa and Tucson
- Watch: HonorHealth's Deer Valley expansion adds 140,000 SF of clinical space through 2027
- Opportunity: Small-bay MOB (3,000–8,000 SF) in Gilbert and Chandler remains undersupplied

Retail Market

Greater Phoenix retail continued to outperform national benchmarks in Q1 2026, with vacancy declining to 5.4% and asking rents up 5.8% year-over-year – marking the eighth consecutive quarter of positive rent growth. Population inflows, limited new supply, and the absence of major anchor closures support the bullish near-term outlook.

Retail Market Fundamentals

Metric	Q1 2026	Q4 2025	Q1 2025	YoY Change
Overall Vacancy	5.4%	5.6%	6.1%	▼ 70 bps
Neighborhood Center Vacancy	4.8%	5.0%	5.8%	▼ 100 bps
Power Center Vacancy	6.2%	6.5%	7.3%	▼ 110 bps
Avg. Asking Rent (PSF)	\$26.57	\$25.90	\$25.11	+5.8%
Inline Shop Rent (PSF)	\$31.20	\$30.40	\$28.80	+8.3%
Net Absorption (SF)	+284,000	+218,000	+196,000	+44.9%
New Deliveries (SF)	142,000	168,000	220,000	▼ Supply

Submarket Analysis - Retail

Submarket	Vacancy	Avg. Rent (PSF)	Net Absorption	Top Demand Driver
Old Town Scottsdale	3.4%	\$42.80	+18,200 SF	F&B / Experiential
Gilbert / SanTan	3.1%	\$34.50	+38,400 SF	Population Growth
Chandler Fashion Area	4.2%	\$31.20	+22,100 SF	Entertainment
Tempe Marketplace Area	4.9%	\$28.60	+19,800 SF	ASU Demand
Scottsdale Quarter / DC Ranch	3.8%	\$38.90	+14,200 SF	Luxury
Mesa Riverview / Main St.	5.9%	\$24.80	+12,600 SF	Value Retail
West Valley / Glendale	6.1%	\$22.40	+28,900 SF	Population Inflows
Peoria / Surprise	5.5%	\$23.10	+16,400 SF	New Rooftops

Retail Market

Notable Transactions & Openings - Q1 2026

- Sprouts Farmers Market: New 28,000 SF store, Peoria — part of 30-store national expansion
- Dutch Bros Coffee: 6 new Phoenix MSA locations Q1 2026 (pad sites, \$1.8–2.4M/site)
- Investment sale: SanTan Village Power Center outparcel — \$3.1M, 5.4% cap rate
- Entertainment: Main Event signed 40,000 SF at Chandler Fashion District (former department store conversion)
- Grocery-anchored: Fry's-anchored center in Surprise traded at \$18.6M (\$210/SF), 6.1% cap rate

Retail Outlook — Q1 2026

Phoenix retail fundamentals remain among the strongest in the Sun Belt. Grocery-anchored, necessity-based, and experiential retail are the investment darlings while legacy mall-adjacent product faces ongoing repositioning. Investors with a 5–7-year horizon should target well-located neighborhood centers in high-growth East Valley and West Valley submarkets.

Industrial Market

After a record-setting expansion cycle, Phoenix industrial is entering a healthy normalization phase. Vacancy ticked up to 9.7% as deliveries outpaced absorption, but net absorption remains positive and the construction pipeline has fallen to its lowest level since 2020 (10.6M SF), setting up favorable supply-demand dynamics for late 2026 and 2027.

Industrial Market Fundamentals

Metric	Q1 2026	Q4 2025	Q1 2025	YoY Change
Overall Vacancy	9.7%	9.2%	7.1%	▲ 260 bps
Bulk Warehouse Vacancy	11.4%	10.8%	8.3%	▲ 310 bps
Flex/R&D Vacancy	7.2%	7.0%	5.9%	▲ 130 bps
Avg. Asking Rent (PSF NNN)	\$13.80	\$13.40	\$12.10	+14.0%
Bulk Rents (PSF NNN)	\$11.20	\$10.90	\$9.80	+14.3%
Net Absorption (SF)	+1.8M	+2.1M	+3.4M	Moderating
Under Construction (SF)	10.6M	12.1M	18.4M	▼ 42%
New Deliveries (SF)	3.2M	4.1M	4.8M	▼ Supply

Submarket Analysis - Industrial

Submarket	Vacancy	Avg. Rent (NNN)	Under Construction	Key Tenants/Activity
Southwest Valley	9.1%	\$11.80	3.8M SF	Prologis, Amazon, USPS
Southeast Valley	8.4%	\$14.20	1.9M SF	TSMC supply chain
Chandler / Gilbert	8.9%	\$15.10	0.8M SF	Tech/Aerospace
Peoria / Glendale	10.8%	\$11.20	2.4M SF	Logistics/E-com
Mesa / East Mesa	9.4%	\$12.80	1.1M SF	Cold storage, fleet
Deer Valley / N. Phoenix	7.8%	\$16.40	0.3M SF	Flex/R&D, Medical Mfg
Goodyear / Buckeye	11.2%	\$10.90	1.8M SF	Mega-DC, Food dist.

Industrial Market

Notable Transactions - Industrial Q1 2026

- Prologis acquisition: \$104M mega-warehouse in Glendale (≈1.03M SF, ~\$101/SF)
- 1.03M SF lease executed: Glendale submarket (logistics tenant, identity undisclosed)
- TSMC supply chain: 180,000 SF new lease in Southeast Valley (semiconductor fab support)
- Cold storage: Lineage Logistics signed 220,000 SF BOT deal in Mesa
- Flex sale: 42,000 SF Deer Valley R&D facility – \$10.8M (\$257/SF), 5.9% cap rate

Industrial Outlook – Q1 2026

The pipeline reduction is the most important industrial story of 2026. With deliveries dropping sharply and demand from TSMC's supply chain, e-commerce, and onshoring tenants remaining steady, vacancy should peak near 10–11% in mid-2026 before recovering. Investors willing to accept near-term lease-up risk in the Southwest Valley can acquire assets at meaningful discounts to 2023 peak pricing.

Investment Outlook & Themes

Greater Phoenix maintains its position as one of the top 5 target markets for CRE institutional capital. Below are the five themes shaping investment decisions in Q1 2026:

Theme 1: Healthcare as a Core Hold

MOB and healthcare-adjacent assets offer the strongest risk-adjusted returns in Phoenix CRE. Demographic tailwinds, health system expansion, and limited new supply create durable income with below-average vacancy risk. Target: Class A MOB, 5.5–6.5% cap rates, 10-year NNN leases with investment-grade tenancy.

Theme 2: Retail Renaissance in the East Valley

Gilbert, Chandler, and Queen Creek are absorbing retail supply as fast as it's built. Grocery-anchored neighborhood centers with an NNN rent structure and weighted average lease terms of 7+ years represent some of the best risk-adjusted retail plays nationally. Target: \$200–\$300/SF acquisitions, 5.5–6.5% cap rates.

Theme 3: Office Bifurcation Creates Value

Class A office in Tempe Town Lake, Scottsdale Waterfront, and the Camelback Corridor is fundamentally different from the metro-wide 20% vacancy headline. Well-located Class A assets trading at \$150–\$250/SF – below replacement cost of \$350–\$450/SF – offer significant upside for patient capital.

Theme 4: Industrial Normalization is a Buying Signal

The normalization of Phoenix industrial (9.7% vacancy vs. sub-3% in 2022) is creating acquisition opportunities not seen since 2019–2020. Investors targeting well-located second-generation bulk product at \$100–\$140/SF stand to benefit as supply pipeline compression tightens the market again in 2027.

Theme 5: Population Growth Underpins All Asset Classes

Arizona added 98,000 new residents in 2024-25, with Maricopa County accounting for the bulk of growth. New rooftops drive retail demand, new employers drive office and industrial leasing, and aging residents drive MOB demand. Phoenix is one of the few markets where population-driven CRE fundamentals are structural, not cyclical.

Investment Outlook & Themes

Risk Factors to Monitor

- Interest rate trajectory: Elevated rates pressure cap rate expansion and reduce buyer leverage
- Office sublease overhang: 3.2M SF of sublease space remains in metro Phoenix
- Industrial oversupply: Goodyear/Buckeye vacancy above 11% may require extended lease-up
- Retail credit risk: Watch JOANN, Big Lots, and Spirit Halloween anchor closures
- Capital markets: Bid-ask spreads widened 15–20% YoY; deal volume down 22% Q1 2026

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References & Sources

This appendix catalogs the third-party sources supporting the quantitative claims, transaction details, and market outlook statements in the Q1 2026 Phoenix CRE Pulse report. Each entry lists the report section in which the claim appears, the specific claim or figure, and the underlying source with a direct link. Where a published source materially differs from the report's wording (for example, an updated vacancy figure or a different square-footage count), a short reconciliation note is included.

Market-data figures for Greater Phoenix fundamentals (vacancy, absorption, rent growth, pipeline) draw primarily from the quarterly MarketBeat, Market Dynamics, and Market Report series published by the major CRE brokerages. Transaction level claims are cross-referenced to the broker's release or to trade press coverage. All URLs were verified in April 2026.

References & Sources

Publishers cited in this appendix

Publisher / Source	Report Section Supported	Source Type
Colliers (Greater Phoenix MOB & Office reports)	Office; MOB	Brokerage market report
Cushman & Wakefield (Phoenix MarketBeats)	Office; Industrial; Retail	Brokerage market report
CBRE (U.S. & Phoenix Real Estate Outlook 2026)	Investment themes; capital markets	Brokerage market report
JLL (Phoenix Office Market Dynamics Q1 2026)	Office fundamentals	Brokerage market report
Kidder Mathews / Avison Young / Matthews	Office; Retail; Industrial	Brokerage market report
CommercialEdge / Commercial Property Executive	Office sales; Industrial transactions	CRE trade publication
AZ Big Media / Phoenix Business Journal	Transactions; submarket color	Local business press
Real Estate Daily News	Hayden Ferry Lakeside leases	Local CRE press
Banner Health / HonorHealth press & partners	Health system capital expansion	Issuer press / project partner release
Arizona Office of Economic Opportunity; U.S. Census	Population & migration	Government data
Axios / Newsweek / CBS / Grocery Dive / Progressive Grocer	Retailer closures & expansions	National press

1. Executive Summary & Key Metrics

Report section: Executive Summary – “continued resilience across most asset classes”; “elevated interest rates and tighter credit moderate investment velocity”

Claim: Greater Phoenix remained among the leading Sun Belt CRE markets entering 2026 despite a higher-rate environment and tighter credit conditions.

- CBRE U.S. Real Estate Market Outlook 2026 – Phoenix – Phoenix market outlook, capital markets context, and sector-by-sector forecast.
<https://www.cbre.com/insights/reports/phoenix-2026-u-s-real-estate-market-outlook>
- CBRE U.S. Real Estate Market Outlook 2026 – Capital Markets – National capital-markets backdrop cited in the report intro.
<https://www.cbre.com/insights/books/us-real-estate-market-outlook-2026/capital-markets>
- Cushman & Wakefield Phoenix MarketBeats – Quarterly Phoenix vacancy, absorption, and rent series used as the baseline across sectors.
<https://www.cushmanwakefield.com/en/united-states/insights/us-marketbeats/phoenix-marketbeats>

2. Office Market

Report section: Office Market – “positive net absorption for the fifth consecutive quarter in Q1 2026”

Claim: Phoenix office posted its fifth consecutive quarter of positive net absorption in Q1 2026, the strongest stretch since the pre pandemic cycle.

- JLL Phoenix Office Market Dynamics, Q1 2026 <https://www.jll.com/en-us/insights/market-dynamics/phoenix-office>
- AZ Big Media – “Phoenix office market posts strongest net absorption since pre-pandemic” <https://azbigmedia.com/real-estate/phoenix-office-market-posts-strongest-net-absorption-since-pre-pandemic/>
- Kidder Mathews Phoenix Office Market Report – Independent confirmation of multi-quarter absorption streak.
<https://kidder.com/market-reports/phoenix-office-market-report/>

Report section: Office Market – “bifurcation between Class A and Class B/C”; “flight-to-quality”

Claim: Demand is concentrated in Class A product in live-work-play submarkets while older Class B/C suburban assets face structural challenges.

- JLL U.S. Office Market Dynamics, Q1 2026 – Class A absorption posted gains in 47 of 91 U.S. markets Q1 2026. <https://www.jll.com/en-us/insights/market-dynamics/us-office>
- Commercial Property Executive – “Phoenix Office Sector Shows Strong Sales, Tight Vacancy” <https://www.commercialsearch.com/news/phoenix-office-market-update/>

Report section: Office – Submarket Analysis – implied “~20% metro headline vacancy” (see Theme 3: “metro-wide 20% vacancy headline”)

Claim: Metro Phoenix office availability has approached the ~20% range, with vacancy concentrated in older suburban Class B/C product.

- AZ Big Media – “Phoenix office rates continue rising despite available space approaching 20%” <https://azbigmedia.com/real-estate/phoenix-office-rates-continue-rising-despite-available-space-approaching-20/>
- AZ Big Media – “Metro Phoenix office market vacancy rate drops” – End-of-2025 overall office vacancy ~26% per CBRE; directional support for the bifurcation narrative. <https://azbigmedia.com/real-estate/metro-phoenix-office-market-vacancy-rate-drops/> Note: Different methodologies (availability vs. direct vacancy) explain the spread between the ~20% headline and the ~26% all-in figure.
- South East Valley powers metro office sector resurgence (Gilbert Sun News / Chandler News) – SE Valley 300K+ SF of positive absorption in 2025; ran below metro average vacancy. https://www.chandlernews.com/arizonan/business/se-valley-powers-metro-office-sector-resurgence/article_f504d200-f6a7-4ebd-a580-272c04097782.html

Report section: Office Market – “bifurcation between Class A and Class B/C”; “flight-to-quality”

Claim: Demand is concentrated in Class A product in live-work-play submarkets while older Class B/C suburban assets face structural challenges.

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- Commercial Property Executive – “Phoenix Office Sector Shows Strong Sales, Tight Vacancy” <https://www.commercialsearch.com/news/phoenix-office-market-update/>

Report section: Office – Submarket Analysis – implied “~20% metro headline vacancy” (see Theme 3: “metro-wide 20% vacancy headline”)

Claim: Metro Phoenix office availability has approached the ~20% range, with vacancy concentrated in older suburban Class B/C product.

- AZ Big Media – “Phoenix office rates continue rising despite available space approaching 20%” <https://azbigmedia.com/real-estate/phoenix-office-rates-continue-rising-despite-available-space-approaching-20/>
- AZ Big Media – “Metro Phoenix office market vacancy rate drops” – End-of-2025 overall office vacancy ~26% per CBRE; directional support for the bifurcation narrative. <https://azbigmedia.com/real-estate/metro-phoenix-office-market-vacancy-rate-drops/> Note: Different methodologies (availability vs. direct vacancy) explain the spread between the ~20% headline and the ~26% all-in figure.
- South East Valley powers metro office sector resurgence (Gilbert Sun News / Chandler News) – SE Valley 300K+ SF of positive absorption in 2025; ran below metro average vacancy. https://www.chandlernews.com/arizonan/business/se-valley-powers-metro-office-sector-resurgence/article_f504d200-f6a7-4ebd-a580-272c04097782.html

Report section: Office – Notable Transactions – Meade Engineering ~52,000 SF at Hayden Ferry Lakeside I, Tempe

Claim: Meade Engineering leased roughly 52,000 SF at Hayden Ferry Lakeside I (80 E. Rio Salado Pkwy., Tempe); relocation from North Scottsdale.

- Real Estate Daily News – “Hayden Ferry Lakeside Lands Trio of Major Office Leases in Tempe” <https://realestatedaily-news.com/hayden-ferry-lakeside-lands-trio-of-major-office-leases-in-tempe/>
- LoopNet / CBRE building pages – Hayden Ferry Lakeside <https://www.loopnet.com/Listing/80-E-Rio-Salado-Pky-Tempe-AZ/3940280/>

Report section: Office – Notable Transactions – Align Technology ~52,000 SF renewal/expansion at Hayden Ferry Lakeside I

Claim: Align Technology (Invisalign, iTero) took ~52,873 SF at Hayden Ferry Lakeside I; HQ has been in Tempe since 2021.

- Real Estate Daily News – Hayden Ferry Lakeside trio of leases (covers Meade, Align, Cognite). <https://realestatedaily-news.com/hayden-ferry-lakeside-lands-trio-of-major-office-leases-in-tempe/>

Report section: Office – Notable Transactions – Banner Health 34,500 SF HQ expansion at 2901 N. Central Ave., Phoenix

Claim: Banner Health expanded its corporate HQ footprint in midtown Phoenix.

- Banner Health Newsroom (corporate announcements) – Issuer source for facility footprint; cross-reference with Yoast/local press once expansion is publicly announced. <https://www.bannerhealth.com/newsroom> Note: If a dedicated press release is unavailable at time of publication, cite Phoenix Business Journal or AZ Big Media coverage of the lease.

Report section: Office – Notable Transactions – Intel (Chandler) 28,000 SF
Price Corridor consolidation

Claim: Internal Intel consolidation at its Chandler Price Corridor campus.

- Phoenix Business Journal – Intel Chandler campus coverage – Cite the specific PBJ/AZ Big Media article on the consolidation once referenced in the final report. Note: Intel internal consolidations are typically reported through regional press rather than corporate filings.

Report section: Office – Notable Transactions – 120,000 SF Class B, Scottsdale Airpark sale – \$18.2M (\$151/SF), 7.4% cap

Claim: Class B Scottsdale Airpark office sale at ~\$151/SF / 7.4% cap – illustrative of current suburban Class B pricing.

- CoStar sale comp (subscription) – Pull the CoStar Comp ID for this transaction and reference it parenthetically (e.g., “Source: CoStar, Sale Comp ID #####”). Note: Public replication: search Commercial Property Executive and Phoenix Business Journal for the asset name at time of closing.

Report section: Office Outlook – Class A below replacement cost (\$150–\$250/SF vs. \$350–\$450/SF replacement)

Claim: Well-located Class A office trades below replacement cost in the \$150–\$250/SF range; replacement cost ~\$350–\$450/SF.

- CBRE Phoenix 2026 U.S. Real Estate Market Outlook
<https://www.cbre.com/insights/reports/phoenix-2026-u-s-real-estate-market-outlook>
- ITDG Construction – Arizona Commercial Construction Costs 2026
<https://itdgconstruction.com/blog/commercial-construction-cost-per-square-foot-arizona>

3. Healthcare & Medical Office (MOB)

Report section: MOB – “Q1 2026 vacancy held near historic lows at 7.2%”

Claim: Phoenix medical office vacancy was near the low-7% range in Q1 2026 – materially tighter than general office.

- Colliers – Greater Phoenix Medical Office Building Market Report (quarterly series) – Quarterly MOB vacancy, absorption, and rent series for the Phoenix MSA. <https://www.colliers.com/en/research/phoenix/2025-q1-greater-phoenix-medical-office-building-market-report>
- AZ Big Media – “Phoenix medical office market is fueled by population growth” – Direct MOB vacancy ~11.8% at end-2023 vs. ~14.9% general office; six consecutive quarters of positive absorption. <https://azbigmedia.com/real-estate/phoenix-medical-office-market-is-fueled-by-population-growth/> Note: Colliers Q1 2025 report shows Phoenix MOB vacancy ~13.4%. The report’s 7.2% figure is materially tighter than the Colliers composite and likely reflects either a specific submarket slice (e.g., on-campus / MSA core), a different definition of occupancy, or the latest Q1 2026 readout. Please cite the exact source/data vintage in the body.

Report section: MOB – “rents climbing 6.8% year-over-year”

Claim: Phoenix MOB rents have posted mid-single-digit year-over-year growth.

- Colliers Greater Phoenix MOB Market Report <https://www.colliers.com/en/research/phoenix/2025-q1-greater-phoenix-medical-office-building-market-report>
- Cushman & Wakefield Phoenix MarketBeats <https://www.cushmanwakefield.com/en/united-states/insights/us-marketbeats/phoenix-marketbeats>
- Commercial Property Executive – “What’s Ahead for Medical Office in 2026” – National MOB rent growth context.
- <https://www.commercialsearch.com/news/medical-office-real-estate-trends-to-watch/>

Report section: MOB – Cap rates: Class A MOB 5.5–6.0%; secondary 6.5–7.5%
Claim: Phoenix Class A MOB anchored by investment-grade health systems traded in the mid-5% to low-6% cap range; secondary assets wider.

- CBRE Phoenix 2026 Outlook – Capital Markets
<https://www.cbre.com/insights/books/us-real-estate-market-outlook-2026/capital-markets>
- Matthews – Key Fundamentals for Building Out Medical Office
https://www.matthews.com/market_insights/key-fundamentals-for-building-out-medical-office

Report section: MOB – Watch: Banner Health \$1.2B capital expansion plan incl. Mesa & Tucson

Claim: Banner Health is executing on a multi-year, billion-dollar capital program including East Valley and Southern Arizona capacity additions.

- Becker’s Hospital Review – “Banner Health enters 2026 with momentum – and a plan to accelerate”
<https://www.beckershospitalreview.com/hospital-management-administration/banner-health-enters-2026-with-momentum-and-a-plan-to-accelerate/>
- Greater Phoenix Chamber – “Banner Health annual report highlights \$1.1 billion in community investments” – Publicly disclosed 2025 community investment figure; program-level capex is disclosed in Banner’s audited financials. <https://phoenixchamber.com/2026/04/03/banner-health-annual-report-highlights-1-1-billion-in-community-investments-medical-breakthroughs/> Note: The report’s \$1.2B figure covers forward capital plans; the \$1.1B community-investment figure reflects 2025 actuals. Please flag the data vintage in the footnote if both figures are quoted.
- AZ Big Media – Banner Health Center Mesa expansion (GCON)
<https://azbigmedia.com/business/health-care/gcon-doubles-size-of-banner-health-center-mesa/>

Report section: MOB – Watch: HonorHealth Deer Valley expansion “adds 140,000 SF of clinical space through 2027”

Claim: HonorHealth is executing a multi-phase expansion at Deer Valley Medical Center adding meaningful clinical capacity through the 2026–2027 window.

- Cumming Group – “HonorHealth Reaches Key Milestone in \$170M Deer Valley Expansion” – Project scope: new support services building; 14,000 SF surgical expansion (4 ORs); 166,000 SF four-story patient tower. Total program = \$170M. <https://cumming-group.com/en/news-insights/press-releases/honorhealth-reaches-key-milestone-in-170-million-expansion-at-deer-valley-medical-center/> Note: The 140,000 SF headline rounds down the combined phases; consider updating to “approximately 180,000 SF across three phases (\$170M)” for source-match accuracy.
- Healthcare Design Magazine – “HonorHealth Marks Topping Out of Deer Valley Medical Center Expansion” <https://healthcaredesignmagazine.com/news/honorhealth-marks-topping-out-of-deer-valley-medical-center-expansion-in-phoenix/69301/>
- Arizona Digital Free Press – “HonorHealth Deer Valley enters final stage of \$170M expansion” <https://arizonadigitalfreepress.com/honorhealth-deer-valley-medical-center-enters-final-stage-of-170m-expansion-endeavor/>

4. Retail Market

Report section: Retail – “vacancy declining to 5.4% and asking rents up 5.8% year-over-year”; “eighth consecutive quarter of positive rent growth”

Claim: Phoenix retail fundamentals remain among the tightest in the Sun Belt, with low-5% vacancy and mid-single-digit rent growth sustained over multiple quarters.

- ROI Properties – “Phoenix Retail Trends 2026: Rent Growth & Market Analysis” – Confirms 5.8% YoY asking-rent growth and eight consecutive quarters of positive growth. <https://roiproperties.com/phoenix-retail-transitions-from-untouchable-to-the-magic-touch>
- Avison Young – Phoenix Retail Real Estate Market Report <https://www.avisonyoung.us/web/phoenix/retail-market-report>
- Matthews – Phoenix Retail Market Report https://www.matthews.com/market_insights/retail-market-report-phoenix-az-2 Note: Independent brokers report Q4 2025 retail vacancy ~4.9%; Q1 2026 figure of 5.4% is within the same vicinity but sourced from the brokerage the report relies on – include the primary source name in the chart.

Report section: Retail – Sprouts Farmers Market Peoria 28,000 SF store; “part of 30-store national expansion”

Claim: Sprouts opened a Peoria, AZ store as part of its 2026 national expansion program.

- Progressive Grocer – “Sprouts Farmers Market’s 2026 Growth Strategy” – Confirms 40+ new stores planned in 2026; more than 140 approved in pipeline. <https://progressivegrocer.com/sprouts-farmers-markets-2026-growth-strategy-loyalty-personalization-self-distribution-and-40-new> Note: Sprouts is now publicly guiding to 40+ new stores (not 30) for 2026. Consider updating the figure.

- ABC15 – “Sprouts-anchored retail project breaks ground in East Valley”
<https://www.abc15.com/news/business/sprouts-anchored-retail-project-breaks-ground-in-east-valley>
- Arizona Foothills Magazine – “New Sprouts Opens in Peoria”
<https://www.arizonafoothillsmagazine.com/taste/phoenix-food-and-restaurant-news/april-22-new-sprouts-opens-in-peoria>

Report section: Retail – Dutch Bros Coffee: 6 new Phoenix MSA locations in Q1 2026

Claim: Dutch Bros continues to expand in its headquarters metro following its HQ move to Phoenix.

- ABC15 – “Dutch Bros accelerates expansion with 175 stores planned for 2026”
<https://www.abc15.com/news/business/dutch-bros-accelerates-expansion-with-175-stores-planned-for-2026>
- OPB – “Dutch Bros is officially moving headquarters from Grants Pass to Phoenix, Arizona”
<https://www.opb.org/article/2025/06/11/dutch-bros-headquarters-grants-pass-phoenix-arizona/>
- Dutch Bros Location Finder (Phoenix) – Primary source for current and newly-opened Phoenix-area stores.
<https://www.dutchbros.com/locations/az/phoenix>

Report section: Retail – Main Event signed 40,000 SF at Chandler Fashion District (former department-store conversion)

Claim: Main Event Entertainment executed a ~40,000 SF lease at Chandler Fashion District converting former big-box department-store space.

- Main Event Location Finder – Arizona – Corporate location page for confirmation when the store opens. <https://www.mainevent.com/>
- Phoenix Business Journal / AZ Big Media – Suggested local-press citation – replace with the specific article once live. Note: No independent press coverage surfaced in search. Recommend pulling the specific broker press release or PBJ article before publishing the cite.

Report section: Retail — SanTan Village Power Center outparcel sale — \$3.1M, 5.4% cap

Claim: Outparcel trade at SanTan Village in Gilbert.

- CoStar sale comp (subscription) — Pull and quote the CoStar Sale Comp ID. Note: Typical outparcel trades at SanTan Village are covered by Phoenix Business Journal; replace with the specific article when available.

Report section: Retail — Fry’s-anchored center in Surprise traded at \$18.6M (\$210/SF), 6.1% cap

Claim: Grocery-anchored neighborhood center in Surprise, AZ trade at ~\$210/SF.

- CoStar sale comp (subscription) — CoStar Sale Comp ID should be cited in the report body. Note: Public cross-reference: check Commercial Property Executive / Phoenix Business Journal grocery-anchored coverage for the same asset.

Report section: Risk Factors — “Watch JOANN, Big Lots, and Spirit Halloween anchor closures”

Claim: Retailers vacating big-box footprints are a watch-item for Phoenix retail landlords.

- Axios — “Joann closing all stores in bankruptcy, holding going out of business sales” <https://www.axios.com/2025/02/24/joann-fabrics-closing-all-stores-bankruptcy>
- Newsweek — “Full List of Joann Fabrics Stores Closing in 2025” <https://www.newsweek.com/joann-store-closings-list-2025-bankruptcy-2036012>
- CBS — “Joann to close about 500 fabric and craft stores nationwide” <https://www.cbsnews.com/boston/news/joann-fabric-store-closings/>
- Fox Business — “Party City, Big Lots, Macy’s and Joann enter final days of store closing sales” <https://www.foxbusiness.com/retail/what-know-final-days-store-closures-party-city-joann-more>
- Jacobin — “Spirit Halloween Is Robbing the Shopping Mall Cemetery” — Context on Spirit Halloween taking over closed JOANN / Party City / Forever 21 footprints. <https://jacobin.com/2025/10/spirit-halloween-retail-private-equity>

- Talk Business & Politics – “Retailers shuttered more than 7,300 stores in 2024” <https://talkbusiness.net/2025/01/the-supply-side-retailers-shuttered-more-than-7300-stores-in-2024/>

5. Industrial Market

Report section: Industrial – “Vacancy ticked up to 9.7%”; “construction pipeline has fallen to its lowest level since 2020 (10.6M SF)”

Claim: Phoenix industrial vacancy in the high-9% range with the construction pipeline compressed to the lowest level since 2020.

- AZ Big Media – “Phoenix industrial vacancy rate falls to 9.7%” <https://azbigmedia.com/real-estate/phoenix-industrial-vacancy-rate-falls-to-9-7/>
- The Ravenscroft Group – “Phoenix Real Estate in 2026: A Complete Market Analysis” – Confirms 10.6M SF pipeline (lowest since 2020) framing. <https://theravenscroftgroup.com/blog/phoenix-real-estate-investment-2026-market-analysis>
- Commercial Property Executive – “Phoenix’s Industrial Pipeline Expands but Deliveries Slow” <https://www.commercialsearch.com/news/phoenix-industrial-market-update/>
- Colliers – “Record level construction drives up Phoenix industrial vacancy” <https://www.colliers.com/en/news/phoenix/record-level-construction-drives-up-phoenix-industrial-vacancy>
- VAC Development – “Phoenix Industrial Market Q4 2025: Navigating the Shift from Boom to Balance” <https://www.vacdevelopment.com/learn/phoenix-industrial-market-q4-2025-navigating-the-shift-from-boom-to-balance>

- Talk Business & Politics – “Retailers shuttered more than 7,300 stores in 2024” <https://talkbusiness.net/2025/01/the-supply-side-retailers-shuttered-more-than-7300-stores-in-2024/>

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- Commercial Property Executive – “Phoenix’s Industrial Pipeline Expands but Deliveries Slow” <https://www.commercialsearch.com/news/phoenix-industrial-market-update/>
- Colliers – “Record level construction drives up Phoenix industrial vacancy” <https://www.colliers.com/en/news/phoenix/record-level-construction-drives-up-phoenix-industrial-vacancy>
- VAC Development – “Phoenix Industrial Market Q4 2025: Navigating the Shift from Boom to Balance” <https://www.vacdevelopment.com/learn/phoenix-industrial-market-q4-2025-navigating-the-shift-from-boom-to-balance>

Report section: Industrial — Prologis \$104M Glendale acquisition (~1.03M SF, ~\$101/SF)

Claim: Prologis paid \$104M for Cotton 303 Logistics Center in Glendale, AZ.

- Commercial Property Executive — “Prologis Pays \$104M for Phoenix-Area Warehouse” — 915,160 SF facility at 40’ clear height, 162 dock doors; Cubework full-building tenant.

<https://www.commercialsearch.com/news/prologis-pays-104m-for-phoenix-area-warehouse/> Note: Reported SF is ~915,160 (not 1.03M).

Consider correcting the size figure in the report body.

- Commercial Real Estate Direct — “Prologis Pays \$104Mln for Glendale, Ariz., Industrial Property” <https://crenews.com/2026/03/23/prologis-pays-104mln-for-glendale-ariz-industrial-property/>

Report section: Industrial — TSMC supply-chain 180,000 SF new lease in Southeast Valley

Claim: TSMC supplier activity continues to drive Southeast Valley industrial leasing demand.

- Commercial Property Executive — “How TSMC’s \$65B Campus Will Impact Arizona’s Industrial Market”

<https://www.commercialsearch.com/news/how-tsmcs-65b-campus-will-impact-arizonas-industrial-market/>

- KTAR News — “TSMC suppliers rush to buy Deer Valley land for industrial projects” <https://ktar.com/arizona-business/tsmc-suppliers-buy-land/5843571/>
- AZ Big Media — “TSMC buys 900 acres of land in North Phoenix for \$197 million” <https://azbigmedia.com/real-estate/tsmc-buys-900-acres-of-land-in-north-phoenix-for-197-million/>
- Peoria Economic Development — Semiconductor & Microelectronics Suppliers <https://www.peoriaed.com/industries/semiconductors> Note: The specific 180,000 SF tenant name and building should be pulled from the brokerage press release or CoStar comp before publishing the footnote.

Report section: Industrial – Lineage Logistics 220,000 SF BTS in Mesa

Claim: Lineage is expanding its Arizona cold-storage footprint.

- Lineage Logistics – Network Expansion (official)
<https://www.onelineage.com/news-stories/lineage-expansions-us-network-longtime-customer>
- Supply Chain Dive – “Lineage to buy, build Tyson cold-storage warehouses in \$1B plan” – Confirmed Arizona facility in the program is Tolleson, AZ (not Mesa), and two build-to-suit assets open late 2027 / 2028. <https://www.supplychaindive.com/news/lineage-tyson-cold-chain-warehouse-deal/747279/> Note: Please verify the Mesa location and 220,000 SF footprint against the brokerage press release before publication – public disclosures to date place Lineage’s most recent AZ facility in Tolleson/Waddell, not Mesa.
- Lineage – Phoenix/Waddell facility begins operations
<https://www.onelineage.com/news-stories/phoenix-waddell-az-cold-storage-facility-begins-operations>

Report section: Industrial – 42,000 SF Deer Valley R&D flex sale – \$10.8M (\$257/SF), 5.9% cap

Claim: Deer Valley flex/R&D sale at ~\$257/SF / sub-6% cap.

- CoStar sale comp (subscription) – Cite CoStar Sale Comp ID in report body. Note: Recommend cross-referencing Phoenix Business Journal Deer Valley coverage for a public URL before publication

6. Investment Outlook & Themes

Report section: Themes – “Phoenix maintains its position as one of the top 5 target markets for CRE institutional capital”

Claim: Greater Phoenix continues to rank among the leading national target markets for institutional CRE capital.

- CBRE Phoenix 2026 U.S. Real Estate Market Outlook
<https://www.cbre.com/insights/reports/phoenix-2026-u-s-real-estate-market-outlook>
- Primior Group – “Top 10 U.S. Cities For Commercial Real Estate Investment In 2026 (Ranked By ROI And Growth)” – Phoenix appears alongside DFW, Miami, Houston, Austin, Nashville, Tampa, Charlotte, Brooklyn, and Jersey City. <https://primior.com/top-10-u-s-cities-for-commercial-real-estate-investment-in-2026-ranked-by-roi-and-growth/>
Note: Primior’s ranking is Top 10; if the report wants to use a “Top 5” framing, the preferred primary source is the PwC/ULI Emerging Trends survey, which has historically placed Phoenix in its top tier. Cite the current year of that survey.
- CBRE – Phoenix Among Top Targets for CRE Investment (2023 Investor Survey precedent) <https://www.cbre.com/press-releases/phoenix-among-top-targets-for-commercial-real-estate-investment-in-2023-cbre-survey-finds>

Report section: Themes – Theme 5: “Arizona added 98,000 new residents in 2024-25”

Claim: Arizona population grew by roughly 97,000–98,000 residents year-over-year, driven disproportionately by Maricopa County.

- Arizona Commerce Authority – “Arizona resident growth” – Arizona Office of Economic Opportunity estimate: +97,044 residents July 2024–July 2025 (1.2% growth). <https://www.azcommerce.com/news-events/news/2025/12/arizona-resident-growth/>

- U.S. Census Bureau QuickFacts – Arizona
<https://www.census.gov/quickfacts/AZ>
- ABC15 – “Maricopa County among nation’s biggest population growth in 2024” <https://www.abc15.com/news/business/maricopa-county-among-nations-biggest-population-growth-in-2024-census-figures-show>
- Maricopa Association of Governments – 2025 Municipality Population and Housing Unit Estimates <https://azmag.gov/portals/0/Maps-Data/Population-Housing/Municipality-Population-and-Housing-Unit-Estimates-2025.pdf>

Report section: Risk Factors – Office sublease overhang: 3.2M SF of sublease space in metro Phoenix

Claim: Phoenix continues to carry multi-million SF of available sublease space as a drag on the headline vacancy figure.

- CBRE Phoenix Available Sublease Space – Live list of Phoenix sublease availabilities; total flexes over time.
<https://www.cbre.com/offices/corporate/phoenix/phoenix-property-search-sublease>
- Keyser Blog – “The Phoenix Office Market Outlook for 2026”
<https://blog.keyser.com/phoenix-outlook-2026>
- CommercialCafe – U.S. Office Market Report February 2026
<https://www.commercialcafe.com/blog/national-office-report/> Note: Recommend citing the exact brokerage’s Q1 2026 MarketBeat or Market Report for the 3.2M SF figure (Cushman & Wakefield / Colliers / Kidder Mathews all publish sublease totals quarterly).

Report section: Risk Factors – Goodyear/Buckeye industrial vacancy above 11%

Claim: Southwest Valley industrial submarkets continue to carry the highest industrial vacancy in the metro due to heavy speculative deliveries.

- Colliers – “Record level construction drives up Phoenix industrial vacancy” <https://www.colliers.com/en/news/phoenix/record-level-construction-drives-up-phoenix-industrial-vacancy>

- Avison Young – Phoenix Industrial Real Estate Market Report
<https://www.avisonyoung.us/web/phoenix/industrial-market-report>
- Kidder Mathews – Phoenix Industrial Market Report
<https://kidder.com/market-reports/phoenix-industrial-market-report/>

Report section: Risk Factors – “Bid-ask spreads widened 15–20% YoY; deal volume down 22% Q1 2026”

Claim: CRE capital-markets activity in Phoenix slowed in Q1 2026 vs. year-ago, with wider bid-ask spreads.

- CBRE U.S. Real Estate Market Outlook 2026 – Capital Markets
<https://www.cbre.com/insights/books/us-real-estate-market-outlook-2026/capital-markets>
- CBRE Phoenix 2026 Outlook
<https://www.cbre.com/insights/reports/phoenix-2026-u-s-real-estate-market-outlook>
- CoStar – Commercial Property Trends (public releases)
<https://www.costar.com/article/1915909093/were-not-swimming-upstream-anymore-major-commercial-property-firms-see-profit-at-or-near-record>

Methodology & Caveats

Market-wide figures (vacancy, net absorption, asking rent, construction pipeline, cap-rate ranges) reflect quarterly readouts from the named brokerages. Where two brokerages publish slightly different figures for the same metric in the same quarter, the report favors the source with the longer-running methodology for that asset class (for example, Colliers for MOB, CommercialEdge/CBRE for office, Cushman & Wakefield for industrial). Transaction-level data points (sale price per SF, cap rate, lease size) are sourced from CoStar Comps, primary brokerage announcements, issuer press releases, and local business press. CoStar Comp IDs should be quoted in the report body where applicable; public URLs in this appendix are provided for cross-reference.

Forward-looking statements – including cap-rate bands, target acquisition ranges, and investment theses – are ICRE. Investment Team views based on the cited primary data and should not be read as third-party forecasts.