

Phoenix

Industrial - Q3 2026

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Market recovery continues as vacancy declines and rents stabilize

The Phoenix industrial market continued to show signs of recovery in Q3 2026 as sustained tenant demand and slowing deliveries supported improving fundamentals. Vacancy declined 180 basis points (bps) year over year to 13.3%, marking its lowest level since Q1 2024. Net absorption totaled 5.8 million square feet (msf) during the quarter, bringing year-to-date absorption to 12.4 msf, matching the same period last year. Meanwhile, asking rents held steady at \$0.87 per square foot (psf) per month for the third consecutive quarter, up 3.5% year over year, highlighting pricing stability as the market absorbed excess inventory.

Slower deliveries support improving supply-demand balance

Industrial deliveries totaled 6.3 msf year to date, down 7.2 msf from the same period last year, reflecting a significant slowdown in new supply following the market's recent construction cycle. The development pipeline declined to 9.9 msf in Q3 2026, down from 13.3 msf last quarter and well below its peak of nearly 50.0 msf in 2023. Despite the slowdown, development activity remained concentrated in several key submarkets. Notable projects included Prologis' 1.4-msf, two-building speculative development at Yuma and Bullard Avenue in the Southwest submarket and LG's 1.3-msf build-to-suit facility in Pinal.

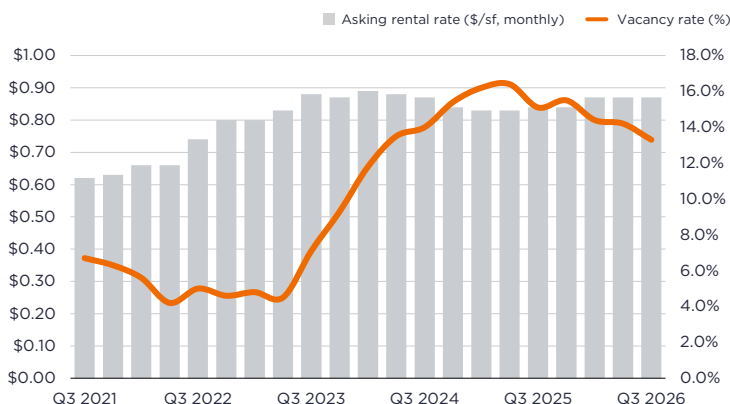
Northwest submarket continues to lead leasing activity

The Northwest submarket remained Phoenix's primary leasing destination for the top deals in Q3 2026, accounting for 2.6 msf of positive net absorption. Large occupiers remain key drivers of activity, including DHL's new 1.1-msf lease at 7842 North Reems Road, along with new commitments from Atkinson Industries, Southland Industries and DCSL. Despite strong leasing activity, Northwest vacancy remained elevated at 15.4%, above the market average of 13.3%. The submarket also maintained the largest construction pipeline at 5.6 msf, highlighting its continued concentration of industrial development and occupier demand.

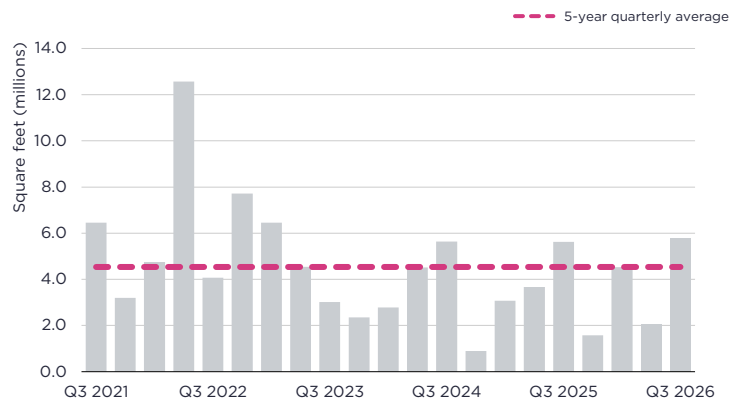
KEY STATISTICS

	Q3 2025	Q3 2026	Y-O-Y
Inventory	341.9 msf	358.0 msf	+16.1 msf
Vacancy rate	15.1%	13.3%	-180 bps
Asking rental rate (monthly)	\$0.84	\$0.87	+3.5%
Net absorption YTD	12.4 msf	12.4 msf	0.0 msf
Deliveries YTD	13.5 msf	6.3 msf	-7.2 msf
Under construction	11.8 msf	9.9 msf	-1.9 msf

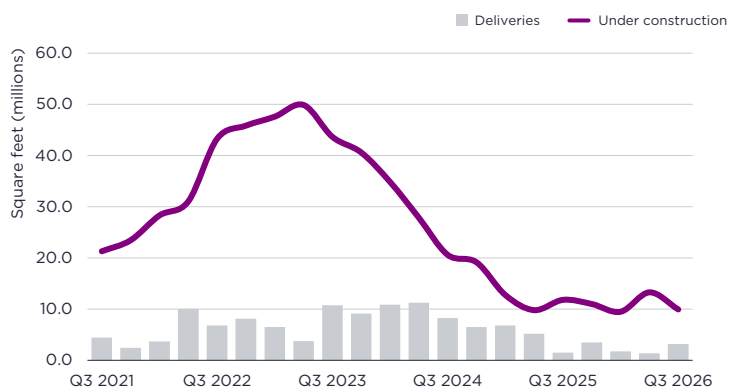
ASKING RENT AND VACANCY



NET ABSORPTION



DELIVERIES AND CONSTRUCTION



Outlook

01

Continued positive absorption and slower deliveries could support further vacancy improvement as Phoenix works through excess inventory.

02

Asking rents are expected to remain relatively stable as healthy net absorption is balanced by elevated vacancy.

03

The Northwest submarket is forecasted to remain a primary driver of leasing and development activity, supported by sustained demand from large occupiers.

NOTABLE LEASES

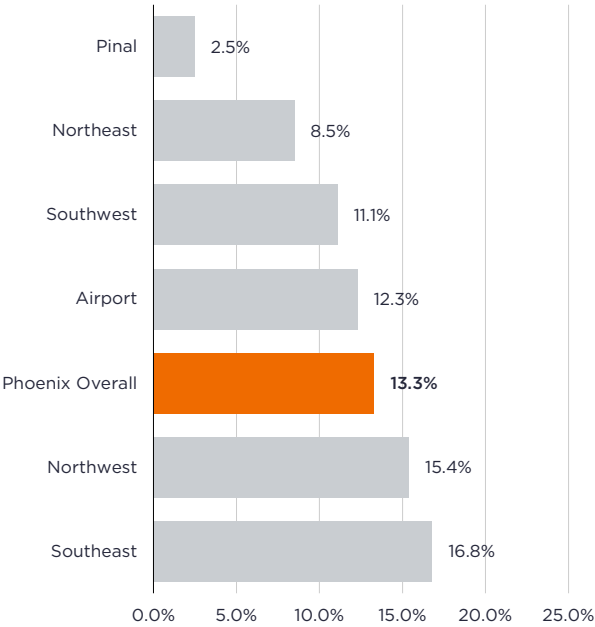
Source: Savills Research

Tenant	Size (SF)	Submarket	Address	Transaction type	Industry
DHL	1,146,518	Northwest	7842 N Reems Road	New Lease	Logistics & Distribution/3PLs
Atkinson Industries	391,639	Northwest	17450 W Minnezona Avenue	New Lease	Industrial Machinery & Supplies
Southland Industries	317,077	Northwest	4275 N 97 th Avenue	New Lease	Professional & Business Services
DCSL	303,500	Northwest	16595 W Camelback Road	New Lease	Logistics & Distribution/3PLs
DSV	251,216	Southwest	150 N Litchfield Road	New Lease	Logistics & Distribution/3PLs

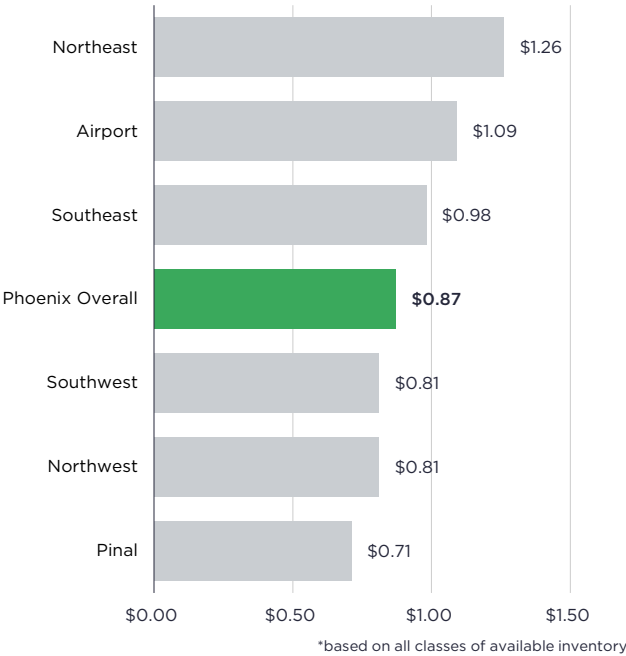
NEW DEVELOPMENTS

Developer / Tenant	Size (SF)	Submarket	Address	Development type	Status
Prologis	1,432,922	Southwest	SEC Yuma & Bullard Avenue	Speculative (available)	Under Construction
LG	1,273,231	Pinal	Germann Road at Ironwood Drive	Build-to-suit	Under Construction
Trammell Crow Company	534,669	Northwest	3570 & 3438 N 93rd Avenue	Speculative (available)	Delivered Q3 2026
Clarion Partners & Trammell Crow / Zoux	218,254	Airport	1616 E Buckeye Road	Speculative (partially leased)	Delivered Q3 2026
Opus	57,520	Northwest	16305 N 56 th Avenue	Speculative (available)	Under Construction

VACANCY RATE COMPARISON (%)
PHOENIX SUBMARKETS



RENTAL RATE COMPARISON (\$/SF)*
PHOENIX SUBMARKETS



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Unless otherwise noted, all rents quoted throughout this report are average asking net (NNN) rents per square foot. Statistics are calculated using both direct and sublease information. Current and historical vacancy and rent data are subject to change due to changes in inventory. The information in this report is obtained from sources deemed reliable, but no representation is made as to the accuracy thereof. Unless otherwise noted, source for data is Savills Research. Copyright © 2026 Savills