MARKETBEAT

# PHOENIX

RETAIL Q3 2026



CUSHMAN & WAKEFIELD

## MARKET FUNDAMENTALS

| | YOY Chg | Outlook |
|---|---|---|
| **$98,500** Median HH Income | ▲ | ▲ |
| **0.8%** Population Growth | ▼ | ▲ |
| **4.4%** Unemployment Rate | ▲ | ▼ |

*Source: BLS, BOC, Moody's Analytics*

## ECONOMIC INDICATORS

| | YOY Chg | Outlook |
|---|---|---|
| **1.6%** GDP Growth | ▼ | ▲ |
| **1.5%** Consumer Spending Growth | ▼ | ▲ |
| **1.0%** Retail Sales Growth | ▼ | — |

*Source: BEA, Census Bureau*

## ECONOMY: PHOENIX ECONOMY CONTINUES TO EXPAND

In Q3 2026, the Phoenix Metro reported an employment level of 2.5 million, after adding 24,000 jobs over the last year. While the unemployment rate ticked up from 3.9% to 4.4% during that timeframe—and exceeded the national average of 4.2%—the increase was largely attributed to expanded labor force participation, rather than job losses. A key driver of this trend has been the Metro's strong wage growth, with the median household income rising by 4.6% year-over-year (YOY) to $98,500. Phoenix's population also grew at four times the rate of the national average, however, the 0.8% YOY increase marked a slowdown from previous quarters. Annual GDP growth, meanwhile, accelerated up from 2.4% in Q3 2025 to 2.7% in Q3 2026, underscoring the Metro's positive economic momentum.

## DEMAND: VACANCY REMAINS STABLE QUARTER-OVER-QUARTER

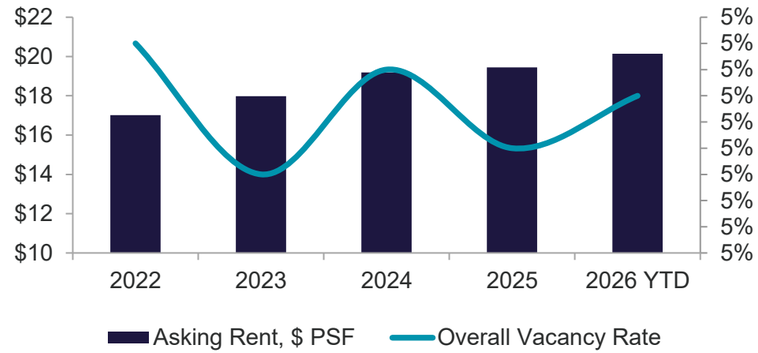
In Q3 2026, the total overall vacancy in the metro Phoenix retail market remained stable quarter-over-quarter (QOQ) at 5.1%. The East Phoenix and the Northwest Phoenix submarkets recorded the lowest overall vacancies with 2.2% and 3.7%, respectively. The Scottsdale and North I-17 submarkets recorded the highest vacancies of 9.6% and 7.1%, respectively.

The Metro registered 31,924 square feet (sf) of positive absorption in Q3, pushing the year-to-date (YTD) total to 1.0 million square feet (msf). This level of demand represents a 19.1% increase compared to the first three quarters of 2025, with three submarkets — Northwest Phoenix (329,661 sf), Southeast Valley (74,656 sf) and Mesa (25,594 sf) — underpinning the Metro's overall performance. Still, demand was generally widespread, with eight out of 11 submarkets noting positive absorption YTD, compared to seven at the same time last year.

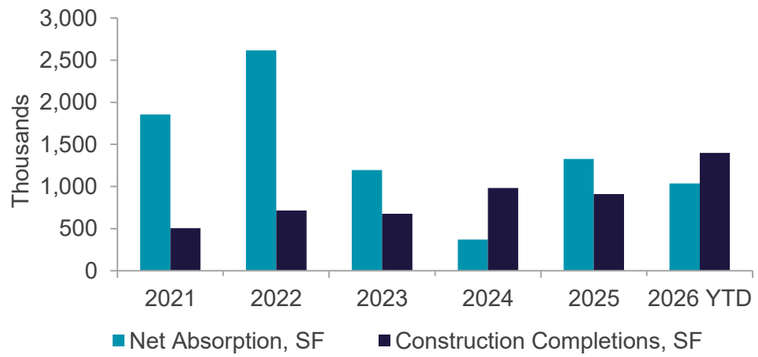
## PRICING: AVERAGE ASKING RENT CONTINUES TO CLIMB

The direct average asking rate for the metro Phoenix retail market was $20.14 per square foot (psf) on an annual triple net basis in Q3. This marks a 4.9% YOY increase from the $19.20 psf average asking rate that was recorded one year ago. In Q3, the Central Business District (CBD) submarket had the highest asking rate of the eleven submarkets at $42.35 psf followed by the East Phoenix submarket with $30.31 psf. The Southwest Phoenix submarket had the lowest asking rate of the eleven submarkets, at $13.42 psf.

## ASKING RENT / VACANCY RATE




## SPACE DEMAND / DELIVERIES




*Source: CoStar*



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## MARKET STATISTICS

| SUBMARKET | INVENTORY (SF) | SUBLET VACANT (SF) | DIRECT VACANT (SF) | OVERALL VACANCY RATE | CURRENT QTR OVERALL NET ABSORPTION (SF) | YTD OVERALL NET ABSORPTION (SF) | YTD LEASING ACTIVITY (SF) | UNDER CNSTR (SF) | OVERALL AVG ASKING RENT (NNN)* |
|---|---|---|---|---|---|---|---|---|---|
| Northwest Phoenix | 29,990,157 | 96,414 | 1,016,658 | 3.7% | 329,661 | 895,284 | 593,413 | 224,038 | $20.25 |
| Southwest Phoenix | 3,952,068 | 1,898 | 240,138 | 6.1% | -40,613 | -32,533 | 22,252 | 65,492 | $13.42 |
| North I-17 | 18,498,629 | 86,360 | 1,234,093 | 7.1% | -7,557 | -23,821 | 496,858 | - | $17.33 |
| North Central Phoenix | 9,999,009 | 11,490 | 481,666 | 4.9% | -34,251 | 66,085 | 251,937 | 10,800 | $23.61 |
| Scottsdale | 13,887,571 | 13,243 | 627,179 | 4.6% | 7,428 | 8,545 | 188,728 | - | $27.25 |
| Mesa | 8,154,735 | 7,789 | 774,923 | 9.6% | 25,594 | 6,638 | 207,734 | - | $14.36 |
| Southeast Valley | 40,082,287 | 58,550 | 1,810,621 | 4.7% | 74,656 | 162,644 | 721,251 | 639,374 | $21.54 |
| Tempe | 6,955,783 | 21,719 | 308,381 | 4.7% | -10,238 | -67,637 | 108,229 | - | $18.96 |
| Sky Harbor Airport | 1,136,766 | 0 | 53,907 | 4.7% | -3,863 | 8 | 33,099 | - | $16.11 |
| East Phoenix | 4,740,089 | 3,700 | 100,387 | 2.2% | -12,609 | 17,222 | 56,052 | - | $30.31 |
| CBD | 401,240 | 0 | 19,424 | 4.8% | -6,284 | 3,589 | 19,425 | - | $42.35 |
| **PHOENIX TOTALS** | **137,798,334** | **301,163** | **6,667,377** | **5.1%** | **321,924** | **1,036,024** | **2,698,978** | **939,704** | **$20.14** |

** Rental rates reflect Triple Net asking $PSF/Year*

## KEY LEASE TRANSACTIONS Q3 2026

| PROPERTY | SUBMARKET | TENANT | SF | TYPE |
|---|---|---|---|---|
| Broadway Mesa Center | Mesa | Amped Fitness | 44,615 | Direct |
| Palm Valley Crossing II | Northwest Phoenix | Superplay USA | 28,159 | Direct |
| Greenway Plaza | North I-17 | Goodwill | 27,957 | Direct |
| Apache Junction Center | Mesa | Burlington | 25,561 | Direct |
| Arrowhead Crossing | Northwest Phoenix | Cavender's | 23,796 | Direct |

## KEY SALE TRANSACTIONS Q3 2026

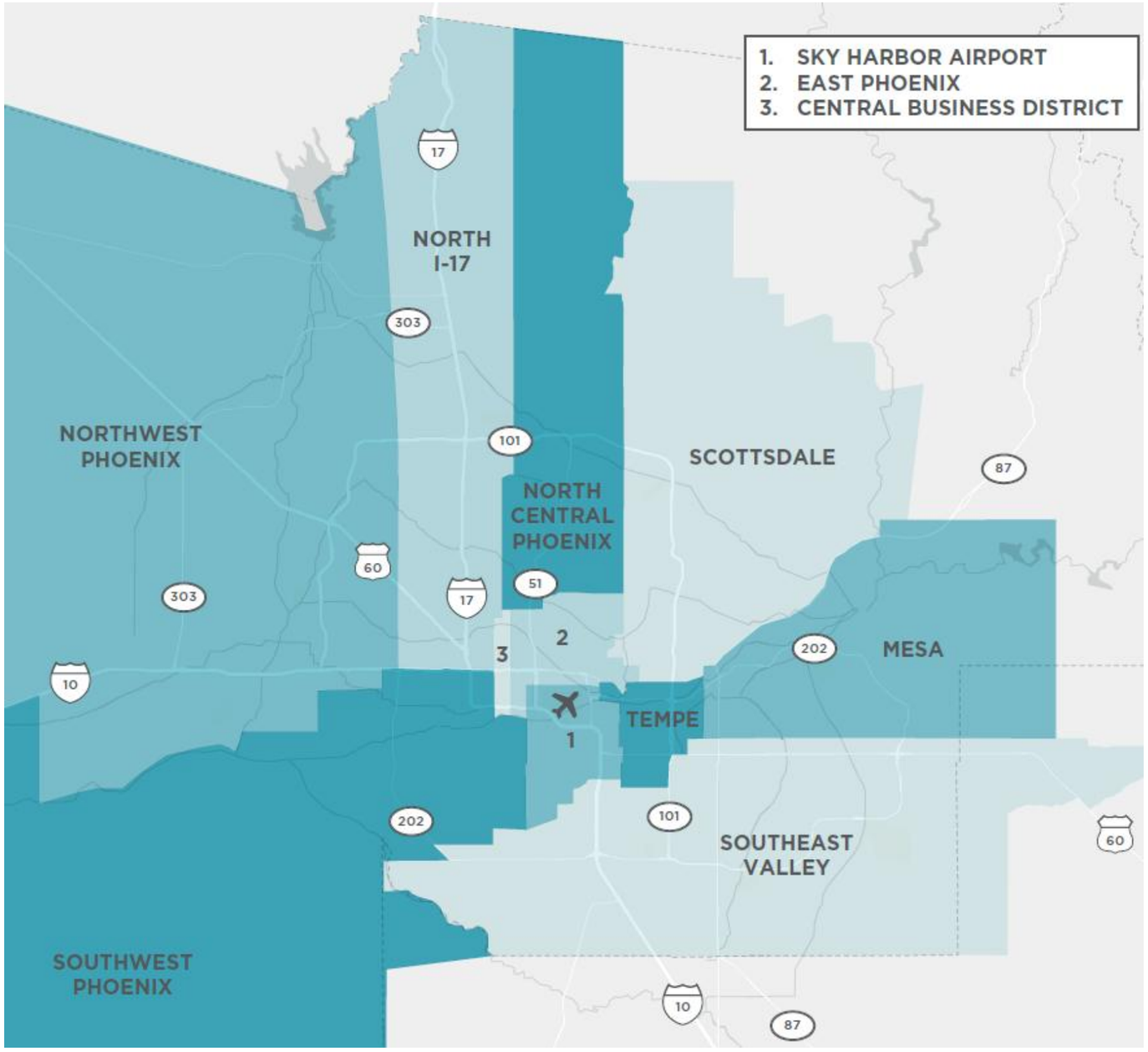
| PROPERTY | SUBMARKET | SELLER/BUYER | SF | PRICE / $ PSF |
|---|---|---|---|---|
| Grand Canyon Crossing | North I-17 | Goldman Sachs Asset Management / Cohen & Steers Income Opportunities REIT | 308,886 | $59.8M / $193 |
| Elm Street @ Surprise City Center | Northwest Phoenix | SimonCRE / Crow Holdings | 50,250 | $27.1M / $538 |
| Medina Station | Southeast Valley | SimonCRE / NETSTREIT Corp | 97,300 | $26.2M / $269 |
| Mesa Commons | Southeast Valley | Schneider Living Trust / Arileus Capital | 129,315 | $19.5M /$151 |
| Asante Trails | Northwest Phoenix | SimonCRE / Curbline Properties | 12,600 | $17.1M / $1,360 |

*Sources: Costar, MSCI Real Capital Analytics, Vizzda*


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# PHOENIX
## RETAIL Q2 2026

### RETAIL SUBMARKETS




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