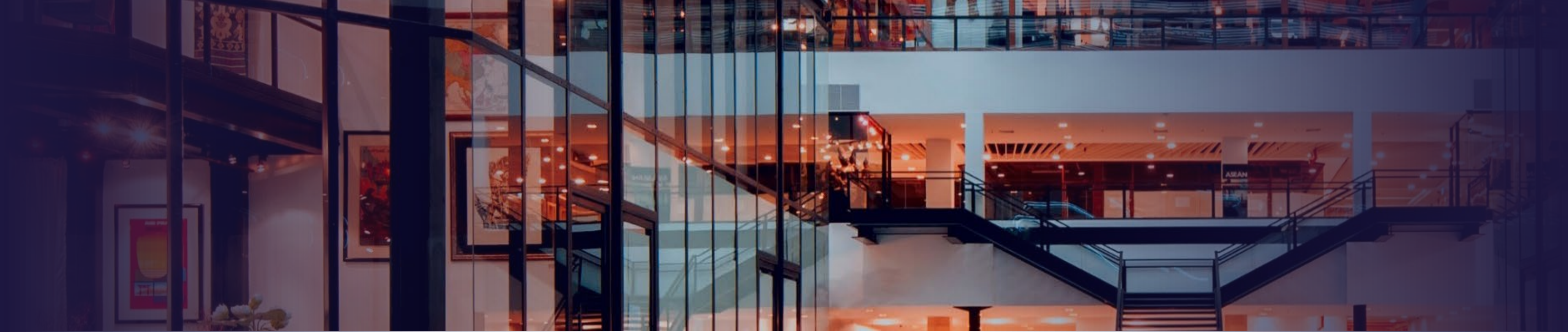


CUSHMAN & WAKEFIELD

MARKET FUNDAMENTALS

	YOY Chg	Outlook
$95,700 Median HH Income	▲	▲
0.7% Population Growth	▼	▲
3.8% Unemployment Rate	▲	▼

Source: BLS

**Q4 2025*

ECONOMIC INDICATORS

	YOY Chg	Outlook
2.2% GDP Growth	▲	▲
2.1% Consumer Spending Growth	▼	▲
1.5% Retail Sales Growth	▼	▲

Source: BEA, Census Bureau

ECONOMY: OUTPUT ACCELERATES AMID SUSTAINED JOB GROWTH

In Q2 2026, the Phoenix Metro reported an employment level of 2.5 million, after adding 20,500 jobs over the last year. While the unemployment rate ticked up from 3.8% to 4.0% during that timeframe, it remained below the national average of 4.2% and ranked third-lowest among major U.S. metros with total employment of at least 2 million jobs. Continued wage growth encouraged new entrants into the labor force, with the median household income increasing by 3.8% year-over-year (YOY) to $97,400. Population growth also more-than doubled the national average, however, the 0.8% YOY increase marked a deceleration from previous quarters. Annual GDP growth, meanwhile, accelerated up from 2.0% in Q2 2025 to 3.5% in Q2 2026, underscoring the Metro's positive economic momentum.

DEMAND: VACANCY REMAINS UNCHANGED QUARTER-OVER-QUARTER

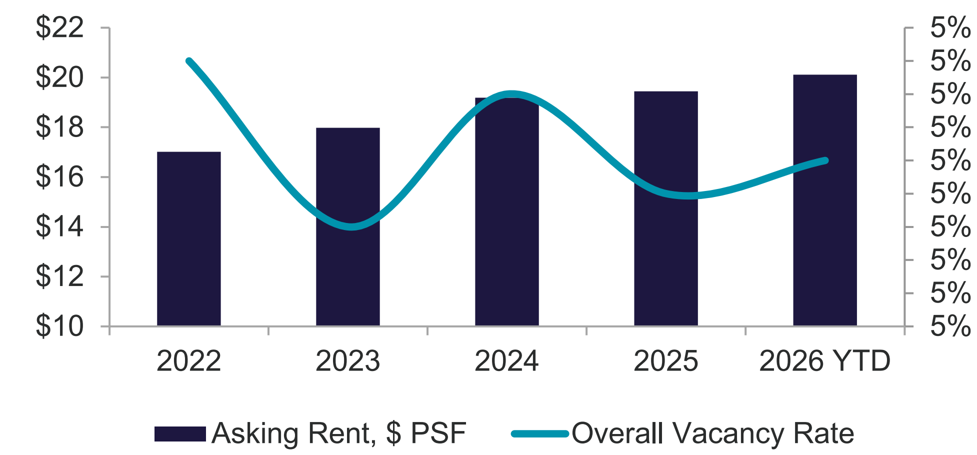
In Q2 2026, the total overall vacancy in the metro Phoenix retail market remained unchanged quarter-over-quarter (QOQ) at 5.0%. The East Phoenix and the Central Business District submarkets recorded the lowest overall vacancies with 1.9% and 3.3%, respectively. The Mesa and North I-17 submarkets recorded the highest vacancies of 9.9% and 7.2%, respectively.

At mid-year 2026 the metro Phoenix retail market recorded positive net absorption with 581,078 square feet (sf). Absorption declined 53.3% QOQ to 184,914 sf as seven of the eleven submarkets reported positive absorption in the quarter. The North Central Phoenix and Southeast Valley submarkets posted the largest gains of positive absorption with 93,233 sf and 80,162 sf, respectively. The Mesa submarket led the market in negative absorption in Q2 with 53,221 sf followed by Scottsdale with 35,317 sf.

PRICING: AVERAGE ASKING RENT CONTINUES TO CLIMB

The direct average asking rate for the metro Phoenix retail market was $20.11 per square foot (psf) on an annual triple net basis in Q2. This marks a 6.3% YOY increase from the $18.84 psf average asking rate that was recorded one year ago. In Q2, the Central Business District (CBD) submarket had the highest asking rate of the eleven submarkets, at $42.36 psf followed by the East Phoenix submarket with $32.16 psf. The Southwest Phoenix submarket had the lowest asking rate of the eleven submarkets, at $13.32 psf.

ASKING RENT / VACANCY RATE



SPACE DEMAND / DELIVERIES

Source: CoStar

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	29,609,987	111,563	1,192,302	4.0%	78,987	512,313	419,756	574,184	$20.28
Southwest Phoenix	3,939,754	0	198,393	5.0%	18,676	8,080	5,864	65,492	$13.32
North I-17	18,498,355	29,020	1,326,071	7.2%	-8,704	-29,439	295,792	-	$17.28
North Central Phoenix	10,000,248	11,490	458,905	4.6%	93,233	100,336	187,836	10,800	$23.76
Scottsdale	14,496,178	18,593	647,850	4.5%	-35,317	1,117	127,322	-	$26.16
Mesa	8,133,662	0	808,306	9.9%	-53,221	-18,956	91,627	-	$14.64
Southeast Valley	39,957,511	60,244	1,828,833	4.6%	80,162	21,451	490,036	739,681	$21.72
Tempe	6,958,129	21,719	318,098	4.6%	-19,336	-57,399	32,077	-	$18.48
Sky Harbor Airport	1,136,766	0	50,055	4.4%	6,167	3,871	17,849	-	$17.64
East Phoenix	4,737,260	0	91,478	1.9%	14,394	29,831	44,704	-	$32.16
CBD	403,867	0	13,140	3.3%	9,873	9,873	9,873	-	$42.36
PHOENIX TOTALS	**137,871,717**	**252,629**	**6,933,420**	**5.0%**	**184,914**	**591,078**	**1,722,736**	**1,390,157**	**$20.11**

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

KEY LEASE TRANSACTIONS Q2 2026

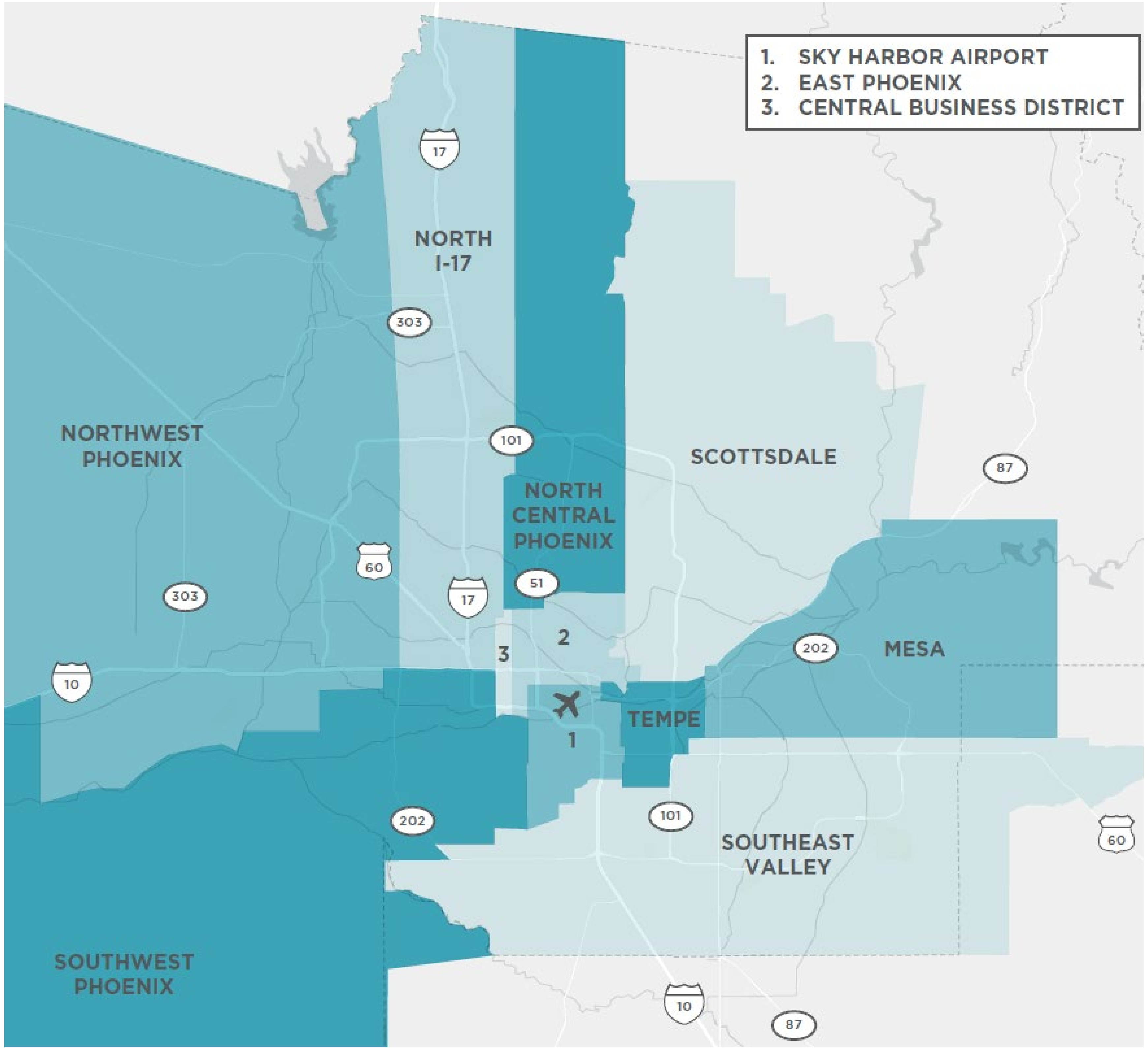
PROPERTY	SUBMARKET	TENANT	SF	TYPE
Laveen Towne Center	Southwest Phoenix	Walmart	171,000	Direct
Laveen Towne Center	Southwest Phoenix	Sam’s Club	163,450	Direct
Laveen Towne Center	Southwest Phoenix	Fat Cats	65,340	Direct
Metro Square	NorthI-17	Fun City Adventure Park	58,474	Sublease
Glendale Market Square	North I-17	Tractor Supply	45,593	Direct

KEY SALE TRANSACTIONS Q2 2026

PROPERTY	SUBMARKET	SELLER/BUYER	SF	PRICE / $ PSF
Foothills Park Place	Southeast Valley	Tooley Interests / JCP Phoenix LLC	104,880	$10.M / $99
Costco Plaza	Southeast Valley	Citivest Commercial Investments LLC / Tempe Silverrock LLC	102,943	$21.9M / $212
Alta Vista Plaza	NorthI-17	Evergreen Phoenix Investors II LLC / Alta Vista Owners LLC	87,720	$6.2M / $70
Tuscani Pointe	North Central Phoenix	Tuscani Pointe of Arizona LLC / ECC GGKS LLC	66,290	$9.0M / $135
Lakeview Village Shopping Center	Southeast Valley	Lakeview Village Corporation / Redeemer Bible Church	61,753	$10.2M / $164

Sources: Costar, MSCI Real Capital Analytics, Vizzda

RETAIL SUBMARKETS



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