



COMMERCIAL PROPERTIES INC.

Locally Owned. Globally Connected. 

PHOENIX METRO | OFFICE
1 Q 2022

RESEARCH &
MARKET REPORT

Transactions

Commercial Properties Incorporated (CPI) completed 112 Office transactions for a total of 418,140 square feet at the end of first quarter 2022. The top CPI Office transactions for the quarter included the 40,334 SF sale of Broadway Court - 3230 E Broadway Rd. for \$6.1 million in Phoenix, AZ, the 11,503 SF sale of 1100 E Washington St. for \$2.94 million in Phoenix, and the 9,942 SF sale of 5750 W Thunderbird Rd. for \$2.85 million in Glendale, AZ.

Vacancy Rate & Absorption

The Phoenix Office market ended first quarter 2022 with a vacancy rate of 14.2%. This is a slight increase from the 13.9% vacancy rate reported last year. Net absorption ended up at a negative (-819,798) square feet at the end of first quarter 2022. Absorption was down compared to net absorption last year previously reported at negative (-700,892) square feet. 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

The Office rental rates for first quarter 2022 averaged out at \$27.26, which is an increase from the \$26.26 average previously reported during the same time period last year. Class-A average rental rates at the end of first quarter were \$32.97 while the Class-B average rental rates were at \$27.26 and the Class-C average rates were at \$26.05. During the same time period last year, the average rates were \$32.39 for Class-A, \$26.26 for Class-B and \$24.85 for Class-C.

Vacancy

Up to 14.2% from
13.9% in Q1 2021
Net Absorption
Negative (-819,798) SF

Rental Rates

Up - Averaging
\$27.26 compared to
\$26.26 during same
time period last year

CAP Rates

Down - 7.10% Avg
compared to same
period in 2021 when
Avg 7.15%

Visit Our Property
Search Page Online:

[SEARCH PROPERTIES](#)



2323 W. University Drive, Tempe, AZ 85281 | 8777 N. Gailey Center Dr., Ste. 245, Scottsdale, AZ 85258
P (480) 966.2301 | F (480) 966.2307 | www.cpiaz.com



COMMERCIAL PROPERTIES INC.

Locally Owned. Globally Connected. 

PHOENIX METRO | OFFICE
1Q 2022

RESEARCH &
MARKET REPORT

Construction

2,046,459 square feet were reported as still being under construction at the end of first quarter 2022 in the Office Sector. This is up 1.3% compared to the 2,020,872 square feet under construction a year ago. Some of the biggest projects still under construction include a 245,000 SF office, apartments and retail at Scottsdale Entrada which is expected to deliver in 2022. Another project is 100 Mill Avenue in Downtown Tempe, a 287,000 SF office tower high-rise that is 60% leased with \$50/SF rental rates, the highest rental rate in the market, and is expected to deliver in Q2 2022 with office tenants like Deloitte and Amazon.

Inventory

At the end of first quarter, there was a total of 193,858,280 SF of Office inventory in Phoenix. This square footage is broken out into 9,039 buildings that make up the sector. This is a 0.5% increase from the 192,911,573 SF of total Office inventory reported at the same time a year ago.

For more information, contact:

Jason Price

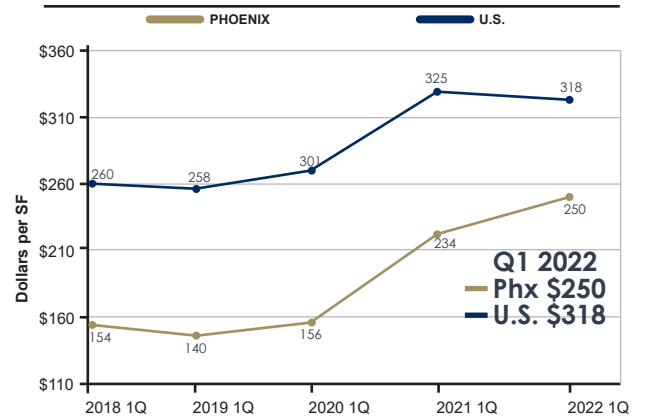
Director of Marketing & Research
480.214.1107
jprice@cpiaz.com



2323 W. University Drive, Tempe, AZ 85281 | 8777 N. Gailey Center Dr., Ste. 245, Scottsdale, AZ 85258
P (480) 966.2301 | F (480) 966.2307 | www.cpiaz.com

U.S. PRICE/SF COMPARISON

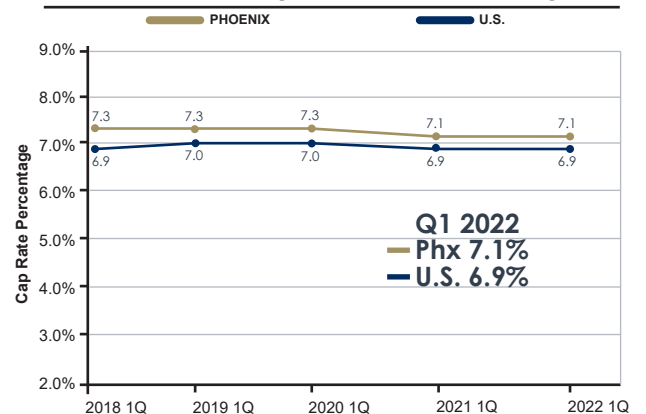
Based on Office Building Sales of 15,000 SF and Larger



Source: CoStar COMPS

U.S. CAP RATE COMPARISON

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




Source: CoStar COMPS

Visit Our Property Search Page Online:

[SEARCH PROPERTIES](#)



COMMERCIAL PROPERTIES INC.

Locally Owned. Globally Connected. 

PHOENIX METRO | INDUSTRIAL
1 Q 2022

RESEARCH &
MARKET REPORT

Transactions

Commercial Properties Incorporated (CPI) completed 423 Industrial transactions for a total of 1,788,443 square feet at the end of first quarter 2022. The top CPI Industrial transactions for the quarter were the 54,578 SF sale of 3315 & 3335 E Broadway Rd. for \$7.11 million in Phoenix, the 24,495 SF sale of 501 E Comstock Dr. for \$4.57 million in Chandler, and the 25,000 SF sale of 6145 W Detroit St. for \$4.08 million in Chandler, Arizona.

Vacancy Rate & Absorption

The first quarter vacancy rate of 4.0% represents a 34% decrease from the 6.1% vacancy rate reported during the same time last year. Net absorption ended up at a positive 7,249,308 square feet at the end of first quarter 2022. Absorption was up compared to the positive 4,777,979 square feet of net absorption reported in Q1 of 2021.


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

In spite of new construction, demand continued to outpace supply of industrial space and has attributed to the sectors rental rate growth in Phoenix. The industrial rental rates for first quarter 2022 averaged out at \$10.33 annual or \$0.86 monthly, which is an increase of 14% from the \$9.05 annual or \$0.75 monthly average reported during the same time period last year. The Flex rental rate average was \$15.36 annual or \$1.28 monthly with the average Warehouse rental rates at \$9.71 annual or \$0.81 monthly at the end of Q1 2022. A year ago, the average rates were \$14.01 annual or \$1.17 monthly for Flex and \$8.42 or \$0.70 monthly for Warehouse.

 **Vacancy**
Down to **4.0%** from
6.1% in Q1 2021
Net Absorption
Positive **+7,249,308 SF**

 **Rental Rates**
Up to **\$10.33 Avg**
Compared to \$9.05
during same time
period last year

 **CAP Rates**
Down Slightly - **5.7%**
Avg Compared to
same time period in
2021 when Avg 5.8%

Visit Our Property Search
Page Online:


[SEARCH PROPERTIES](#)



2323 W. University Drive, Tempe, AZ 85281 | 8777 N. Gainey Center Dr., Ste. 245, Scottsdale, AZ 85258
P (480) 966.2301 | F (480) 966.2307 | www.cpiaz.com



COMMERCIAL PROPERTIES INC.

Locally Owned. Globally Connected. 

PHOENIX METRO | INDUSTRIAL 1 Q 2022

RESEARCH & MARKET REPORT

Construction

New growth soared as demand for logistics and manufacturing space increased throughout first quarter 2022. The Southwest Valley and Southeast Valley experienced the most growth with the benefit of Phoenix's affordability, West Coast proximity, and the major transportation routes access to Interstate 10, Interstate 8, and Interstate 17 freeways, along with the BNSF and Union Pacific railroads. 38,090,906 square feet were reported as under construction at the end of first quarter 2022 in the Industrial Sector. This is a 91% increase compared to the 19,917,409 square feet under construction last year. Some of the biggest projects still under construction were Power 202 Business Park, a 330,500 SF speculative project near Gateway Airport, and Elliot 202 Industrial Park, which is a 1 million SF facility.

Inventory

At the end of first quarter, there was a total of 398,845,772 SF of Industrial inventory for Phoenix. This square footage is broken out into 11,287 buildings that make up the sector. This is a 5.0% increase from the 379,659,215 SF of total Industrial inventory reported during the same time period last year.

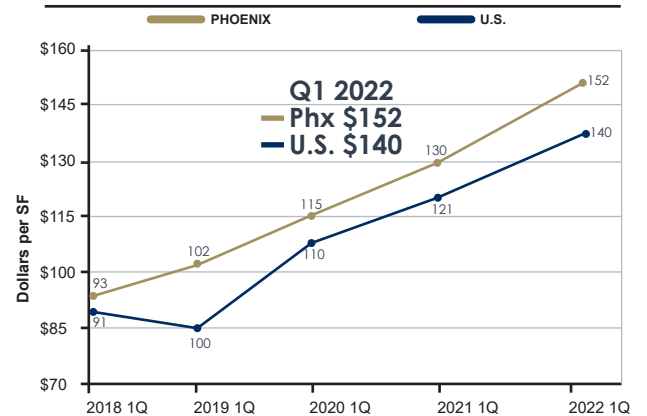
For more information, contact:

Jason Price

Director of Marketing & Research
480.214.1107
jprice@cpiaz.com

U.S. PRICE/SF COMPARISON

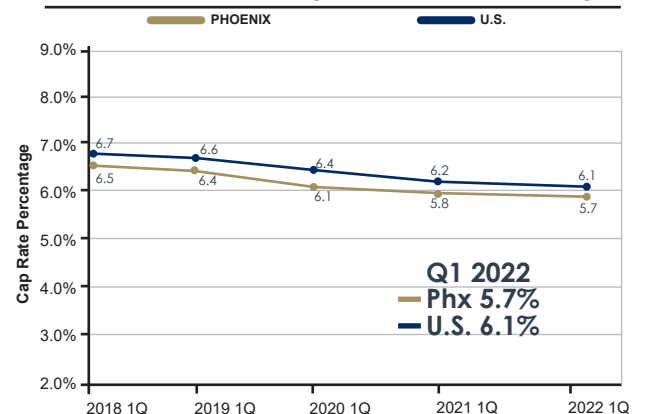
Based on Industrial Building Sales of 15,000 SF and Larger



Source: CoStar COMPS

U.S. CAP RATE COMPARISON

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



Source: CoStar COMPS

Visit Our Property Search Page Online:

[SEARCH PROPERTIES](#)





COMMERCIAL PROPERTIES INC.

Locally Owned. Globally Connected. 

PHOENIX METRO | RETAIL
1 Q 2022

RESEARCH &
MARKET REPORT

Transactions

Commercial Properties Incorporated (CPI) completed 47 Retail transactions for a total of 199,636 square feet in first quarter 2022. The top CPI Retail transactions for the quarter were the 24,929 SF sale of Pasadena Plaza at 255 E. Southern Ave. in Mesa for \$3.125 million, the 5,432 SF sale of Enterprise Rent-a-Car and Waffle House at 4545 & 4601 W Ina Rd. for \$2.4 million in Tucson, and a 3,473 SF sale at 8134 E Indian School Rd. for \$1.1 million in Scottsdale, AZ.

Vacancy Rate & Absorption

The Phoenix Retail market ended first quarter with a vacancy rate of 6.1%. This is a 20% decrease from the 7.7% vacancy rate last year. First quarter net absorption was positive 1,406,843 SF. Absorption is up compared to last year's net absorption which was positive 455,494 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, which is a 13.6% decrease from the 4.4% reported during the same time period in 2021.

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 \$21.26 per square foot, up from the \$19.88 per square foot during Q1 of 2021 last year. This represents a 6.9% increase in the average retail rental rates for the Phoenix market. Phoenix's rental rates are maintaining positive momentum from the rapidly growing population, and positive absorption. Ghost kitchens, take-out, and drive-thru restaurants are leading the way as high consumer demand continues to fuel those businesses.



Vacancy

Down to 6.1% from 7.7% in Q1 2021
Net Absorption
Positive 1,406,843 SF



Rental Rates

Up - Averaging \$21.26
Compared to same time period in 2021 when Avg \$19.88



CAP Rates

Down - Averaging 6.6%
Compared to same time period in 2021 when Avg 6.8%

Visit Our Property Search Page Online:

[SEARCH PROPERTIES](#)



2323 W. University Drive, Tempe, AZ 85281 | 8777 N. Gainey Center Dr., Ste. 245, Scottsdale, AZ 85258
P (480) 966.2301 | F (480) 966.2307 | www.cpi.az.com



COMMERCIAL PROPERTIES INC.

Locally Owned. Globally Connected. 

PHOENIX METRO | RETAIL 1Q 2022

RESEARCH & MARKET REPORT

Construction

1,784,448 SF were reported as still being under construction at the end of first quarter in the retail sector. This is up from the 1,578,462 SF previously reported as under construction in Q1 2021. Construction is focused primarily in the rapidly growing suburbs in the Southeast Valley and West Valley. New development continues conservatively following demand. One of the largest projects underway is the 50,000 SF San Tan Pavilions in Gilbert, which is already pre-leased by Urban Air Adventure Park. Most new projects under construction are mid-sized projects from 10,000 SF to 20,000 SF for food and beverage tenants.

Inventory

The Phoenix Retail inventory currently consists of 16,006 buildings that make up the 236,941,749 SF of total Retail inventory in Phoenix at the end of first quarter 2022 compared to last year during the same time period when inventory was 15,920 buildings totaling 236,913,534 SF.

For more information, contact:

Jason Price

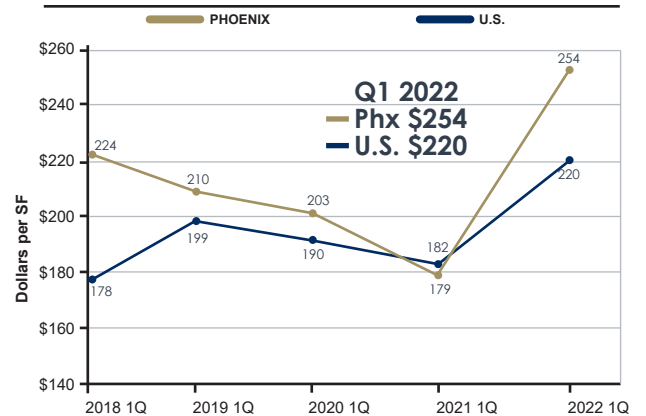
Director of Marketing & Research
480.214.1107
jprice@cpiaz.com



2323 W. University Drive, Tempe, AZ 85281 | 8777 N. Gainey Center Dr., Ste. 245, Scottsdale, AZ 85258
P (480) 966.2301 | F (480) 966.2307 | www.cpiaz.com

U.S. PRICE/SF COMPARISON

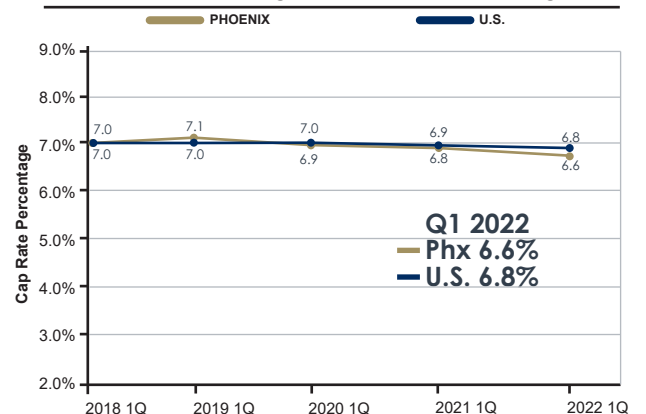
Based on Retail Building Sales of 15,000 SF and Larger



Source: CoStar COMPS

U.S. CAP RATE COMPARISON

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



Source: CoStar COMPS

Visit Our Property Search Page Online:

[SEARCH PROPERTIES](#)