



Q4 | 2025 Market Report

||||||| Phoenix Industrial



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MARKET REPORT Q4

Industrial 2025 Phoenix



MARKET ACTIVITY



Direct Vacancy
▼ 11.30%



Net Absorption
▼ 2,299,515 SF



Overall Vacancy
▼ 12.83%



Gross Absorption
▼ 8,377,366 SF



Under Construction
▼ 10,199,633 SF



Rental Rates (NNN)
▲ \$1.12



Median Sale \$/SF
▲ \$210.69



Deal Volume
▲ \$1.50B

KEY TAKE AWAYS

MARKET

- Vacancy Rate:** Declined by 24 bps from revised Q3 to a rate of 12.83% in Q4.
- Net Absorption:** Weaker demand in Q4, totaling 2.3 MSF. Absorption totaled 12.7 MSF in 2025.
- Industrial Supply:** 3.3 MSF was delivered in Q4. Construction activity revised to exclude large data center projects. 10.2 MSF is currently under construction. Representing 2.1% of inventory.
- Sales:** The median price PSF in Q4 was \$210.69. Volume in Q4 totaled \$1.50B. Bringing the total volume YTD 2025 to \$4.85B. That is an increase of 10.4% compared to 2024.

ECONOMIC OUTLOOK

- Interest Rates:** FOMC decided cut rates twice over Q4. Ending the year at range of 3.50%-3.75%. Only one cut projected in 2026.
- Supply Chain:** YTD Y/Y volume at the San Pedro Port Complex is up 1.8% through Nov. The cost from China/East Asia to the West Coast increased 41.2% over Q4, ending at \$2,617 per container. (Freightos). US tariffs stabilized at country-specific rates (25-40% most nations, 125% China). Revenue collection from tariffs far out exceeding expectations. With consumers not being burdened by them yet.
- Geopolitics:** The removal of Venezuelan President Maduro may lead to lower energy prices in the future. Helping to fuel the AI boom.

ECONOMIC OUTLOOK



U.S. Employment
▲ 4.4%



U6 Rate
▲ 8.4%



Interest Rate
▼ 6.15%
(30 year fixed)



Changing GDP
▲ 5.4%



Port Traffic Y/Y Δ
▲ 1.8%



NYSE Performance
▲ 2.8%



Inflation Change
▼ 2.71%



10 Yr. - 2 Yr. Spread
▲ 71 BPS

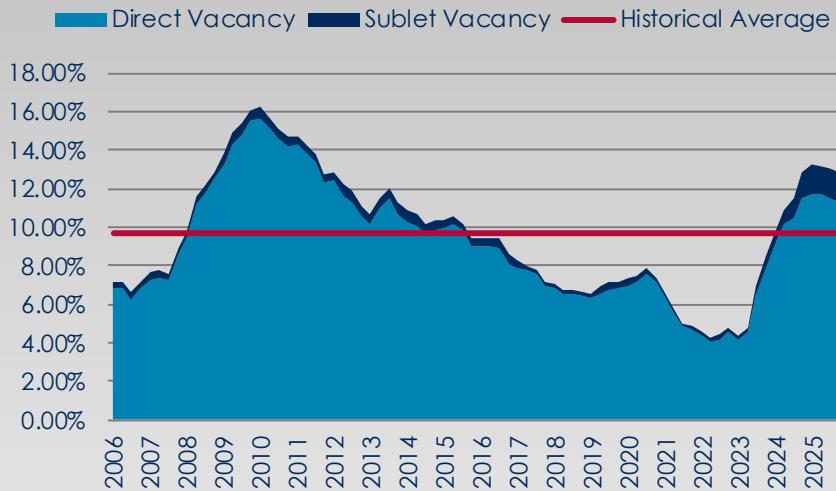
EXPERIENCE IN A CHANGING MARKET

@DAUMCOMMERCIAL

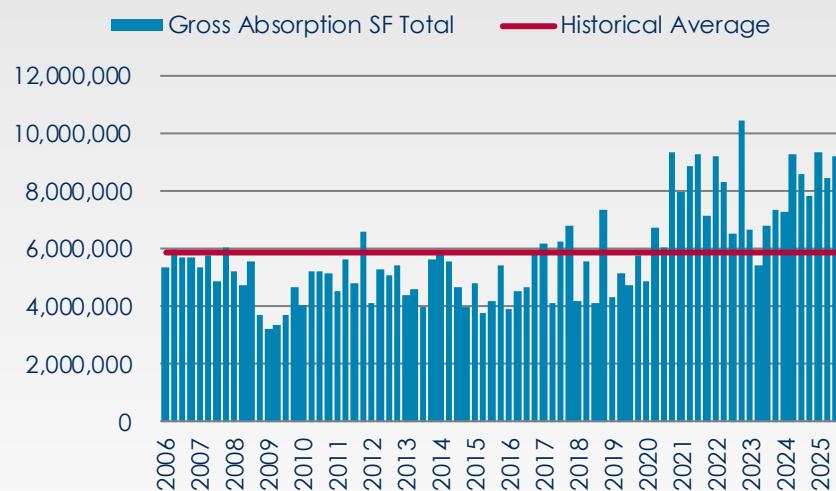


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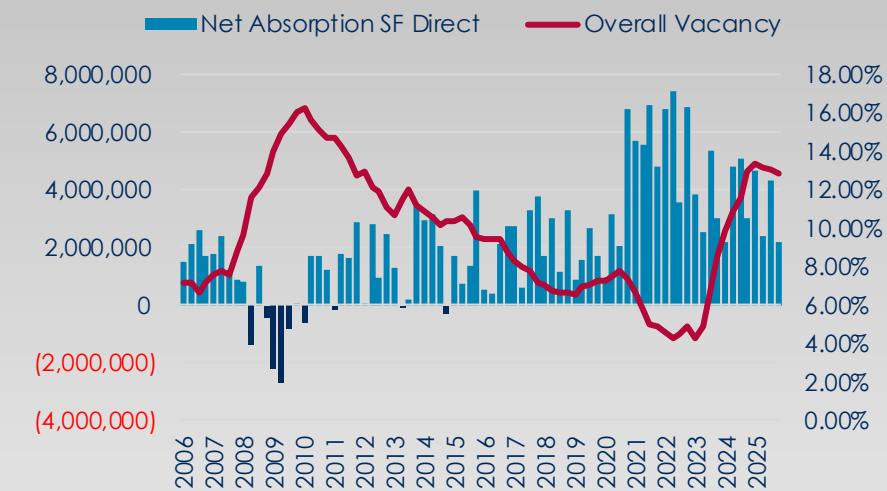
OVERALL VACANCY DECLINED BY 24 BPS FROM REVISED Q3 TO 12.83% IN Q4



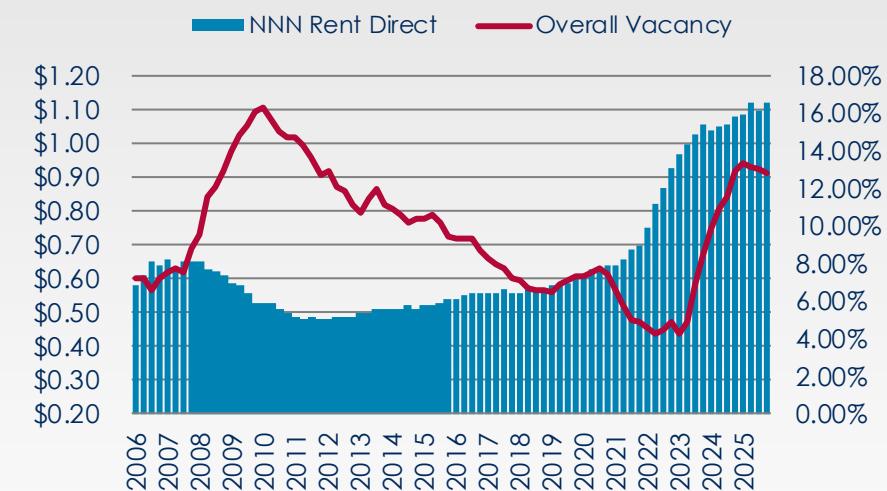
GROSS ABSORPTION DECLINED 9.0% FROM REVISED Q3 TO 8.38M SF IN Q4



NET ABSORPTION WEAKER DEMAND IN Q4 TOTALING 2.3 MSF

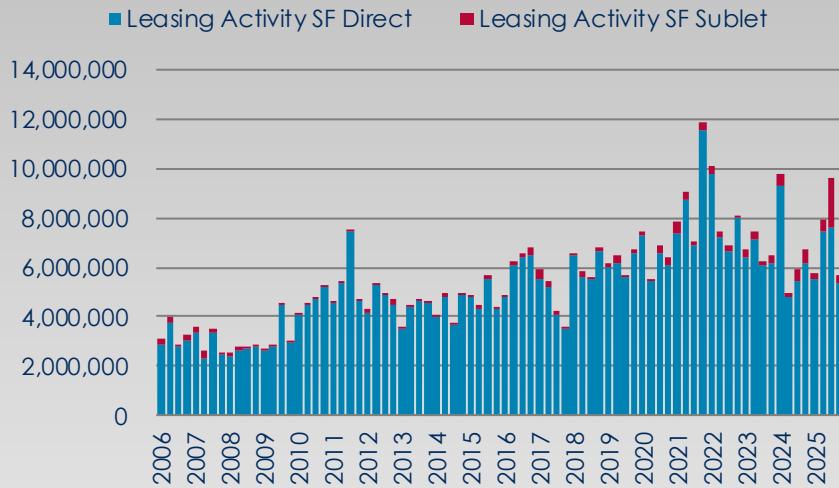


ASKING RENTS INCREASED BY \$0.02 PSF OR 1.8% FROM Q3 TO \$1.12 PSF IN Q4

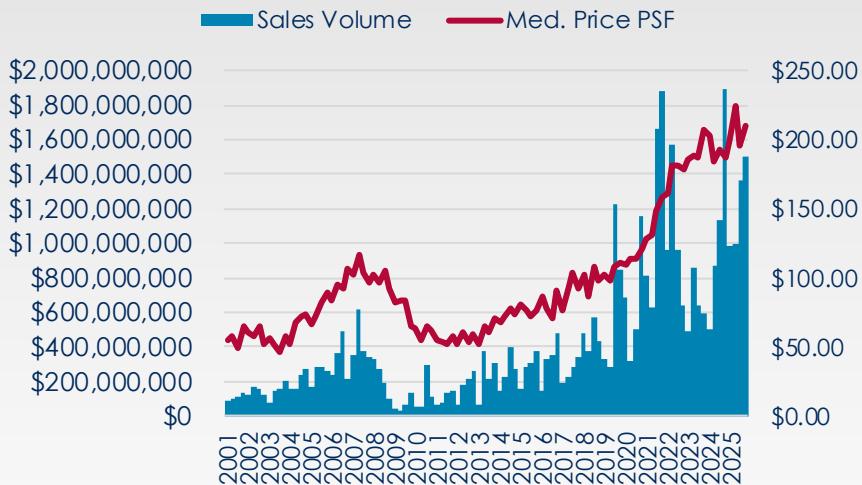


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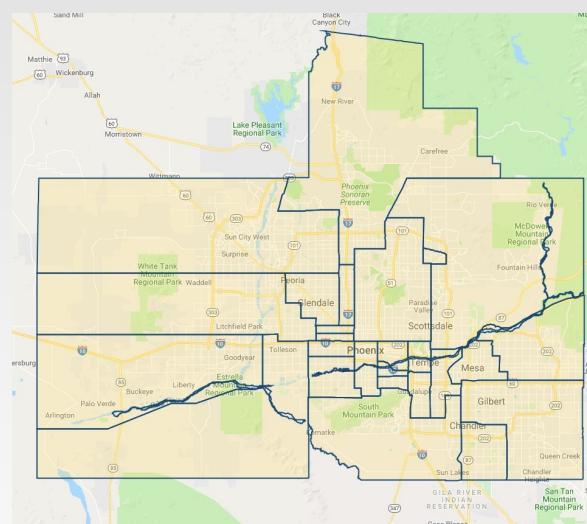
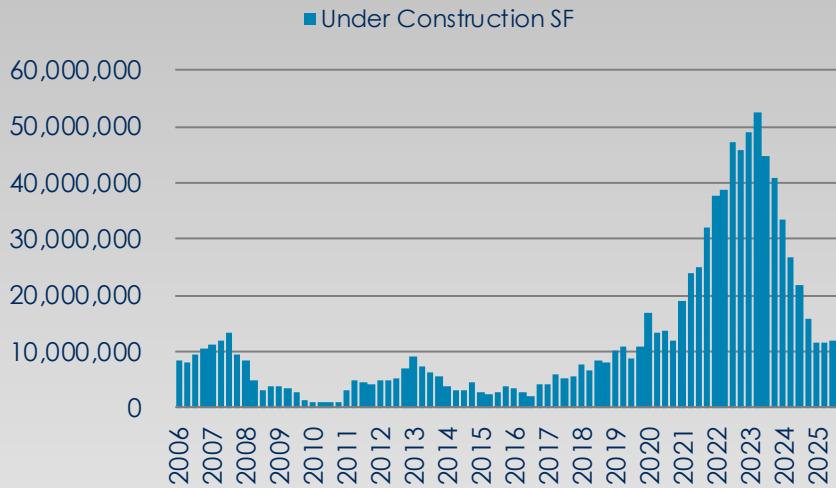
LEASING ACTIVITY DECLINED 41.1% FROM REVISED Q3 TO 5.65 MSF IN Q4



SALES VOLUME WAS \$1.50B IN Q4. THE MEDIAN PRICE PSF WAS \$210.69

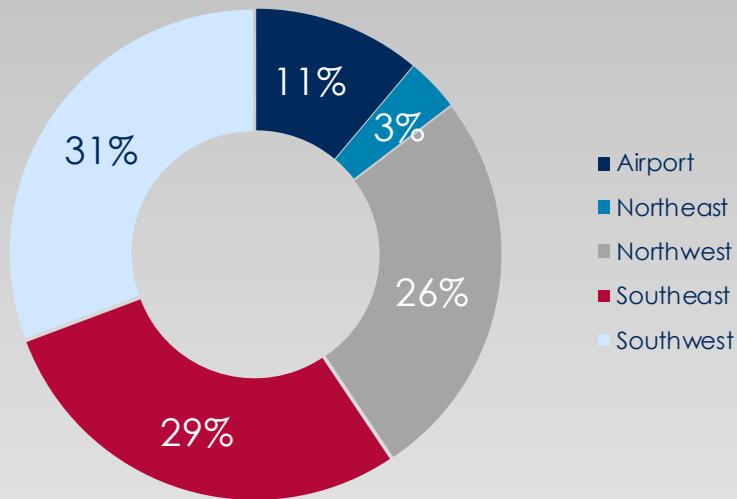


CONSTRUCTION ACTIVITY 3.31 MSF WAS DELIVERED IN Q4. UC REVISED SIGNIFICANTLY TO 10.2M SF

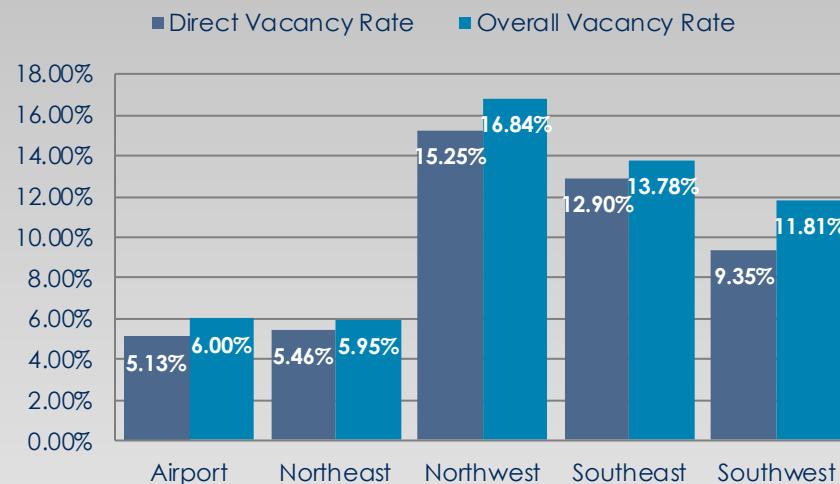


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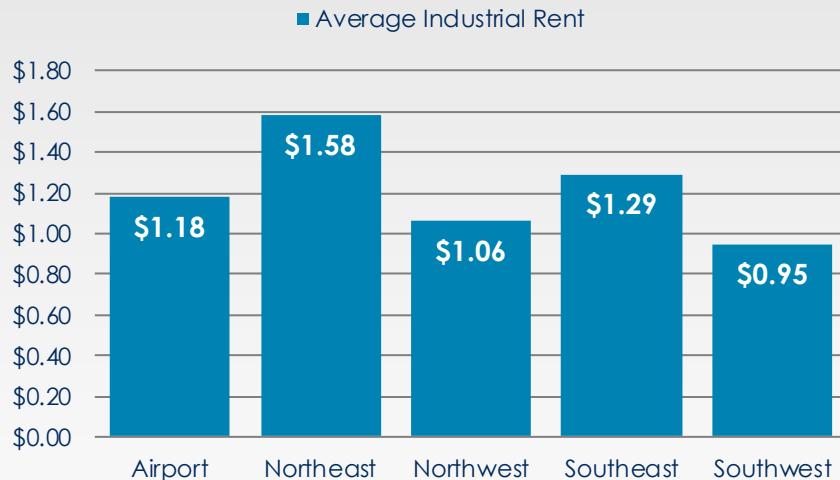
SQUARE FOOT BREAKDOWN – 493,830,854SF MARKET SIZE



VACANCY BREAKDOWN



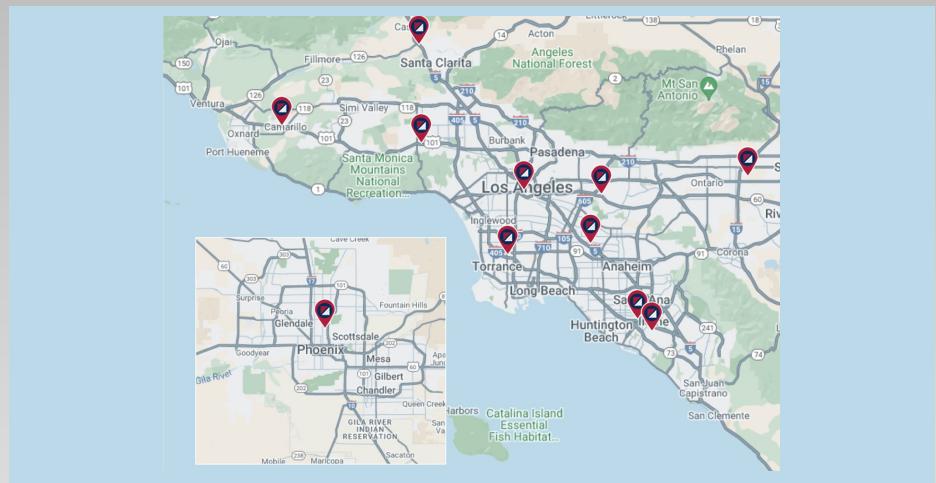
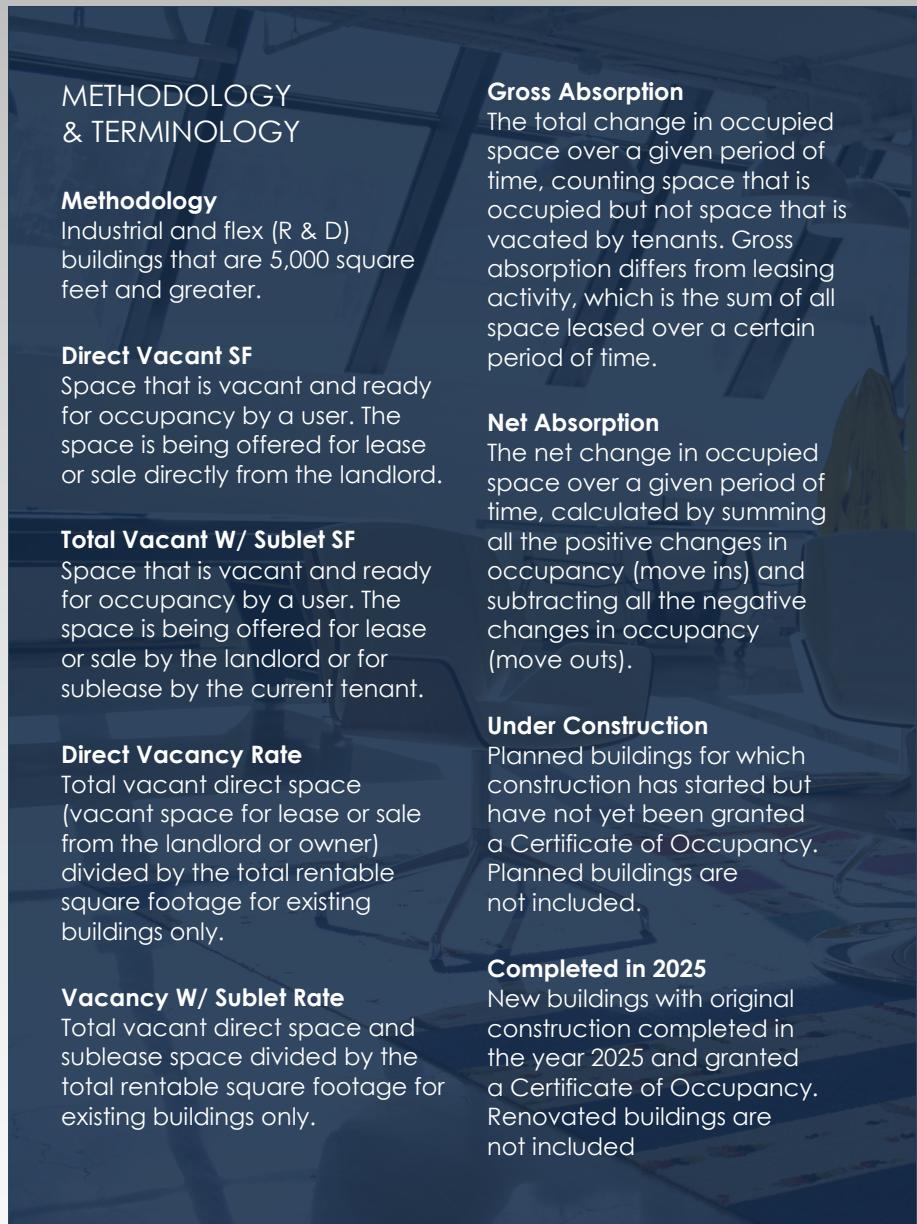
AVERAGE ASKING RENT PSF NNN AT CLOSE OF QUARTER



VOLUME BREAKDOWN



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MARKET	OFFICE ADDRESS	PHONE NUMBER
LOS ANGELES	801 S FIGUEROA ST. SUITE 600 LOS ANGELES, CA 90017	213-626-9101
LOS ANGELES NORTH	21820 BURBANK BLVD. SUITE 130 WOODLAND HILLS, CA 91367	818-887-3600
SANTA CLARITA VALLEY	27200 TOURNEY RD. SUITE 425 VALENCIA, CA 91355	661-705-2299
SAN GABRIEL VALLEY	13181 CROSSROADS PKWY N. SUITE 100 CITY OF INDUSTRY, CA 91746	562-695-7244
SOUTH BAY	19191 S VERNONT AVE. SUITE 850 TORRANCE, CA 90502	310-538-6700
MID-COUNTIES	13810 CERRITOS CORPORATE DR. SUITE C CERRITOS, CA 90703	562-207-3300
ORANGE COUNTY	4400 MACARTHUR BLVD. SUITE 950 NEWPORT BEACH, CA 92660	949-724-1900
VENTURA COUNTY	751 DAILY DR. SUITE 105 CAMARILLO, CA 93010	805-987-8866
INLAND EMPIRE	3595 E INLAND EMPIRE BLVD. BLDG 5 ONTARIO, CA 91764	909-980-1234
PHOENIX	1702 E HIGHLAND AVE. SUITE 120 PHOENIX, AZ 85016	602-957-7300
INVESTMENT DIVISION	650 TOWN CENTER DR. SUITE 120 COSTA MESA, CA 92626	949-341-4500
INDIAN WELLS	74900 HIGHWAY 111, SUITE 221 INDIAN WELLS, CA 92210	760-253-8539



||||||| Los Angeles |||||

||||||| Orange County |||||

||||||| Ventura |||||

||||||| Inland Empire |||||

||||||| Phoenix |||||

Economic Overview

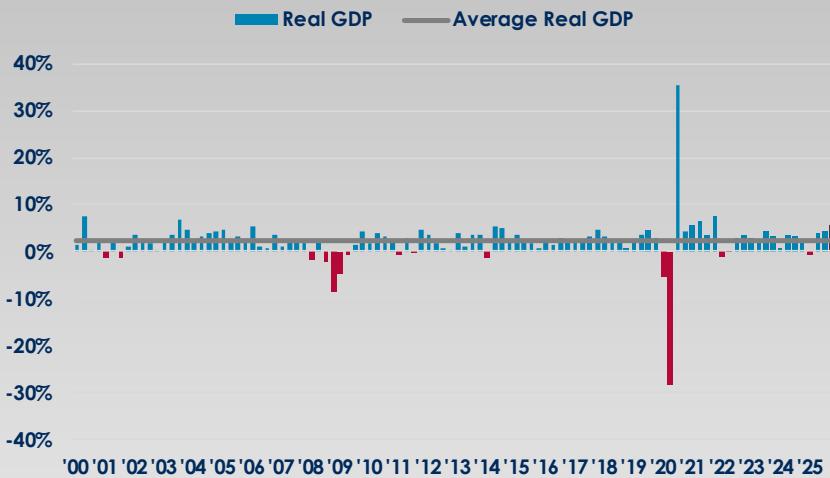
||||||| Q4 2025



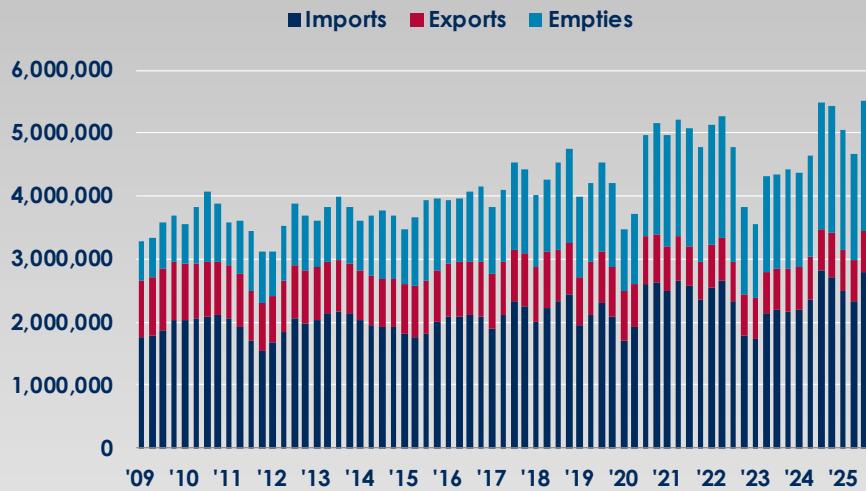
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Q4 Market Report

GDP IN Q3 FINISHED AT 4.3%. Q4 ESTIMATE AT 5.4% PER GDPNOW

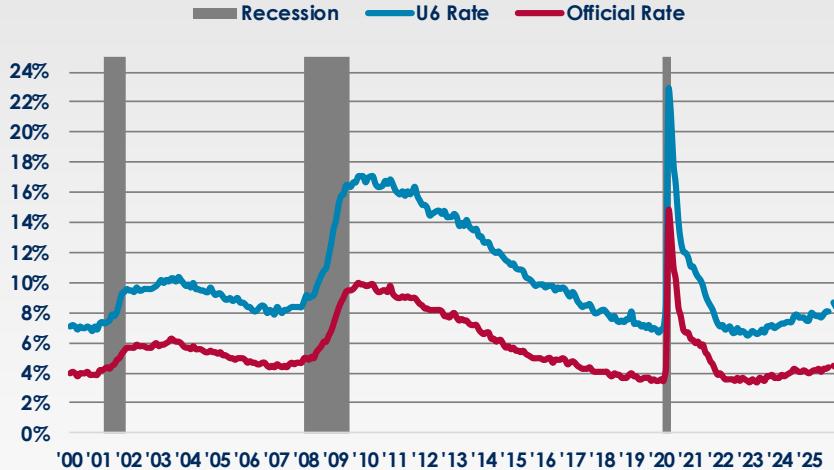


PORT ACTIVITY IN Q3 WAS UP 0.4% Y/Y. YTD 2025 UP 1.8% Y/Y

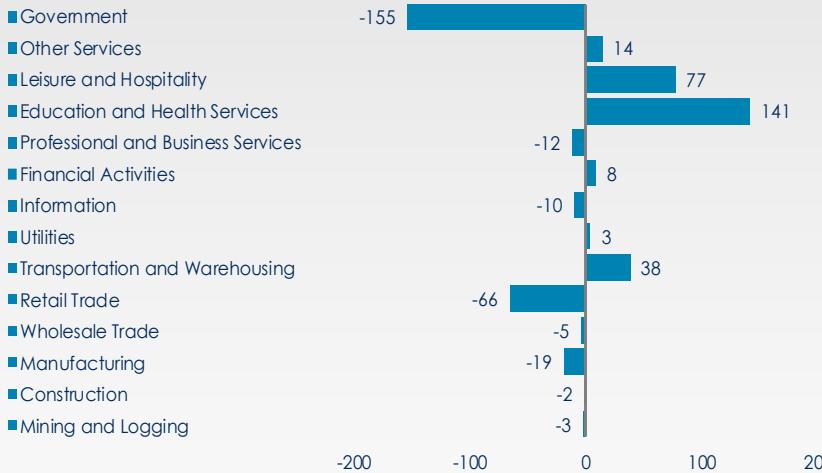


*5.4% Estimate for Q4-25 from the Federal Reserve Bank of Atlanta GDPNow

LABOR MARKET RESILIENCE LIKELY TO PAUSE RATE CUTS

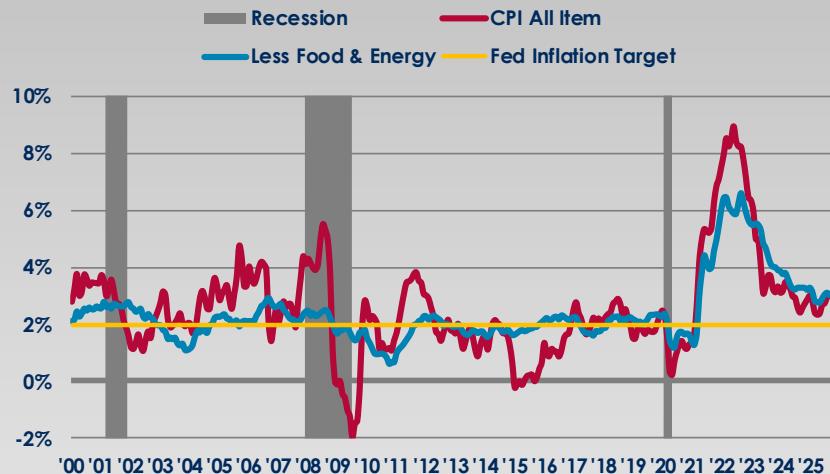


EDUCATION & HEALTH SERVICES LED JOB GAINS AGAIN IN Q4

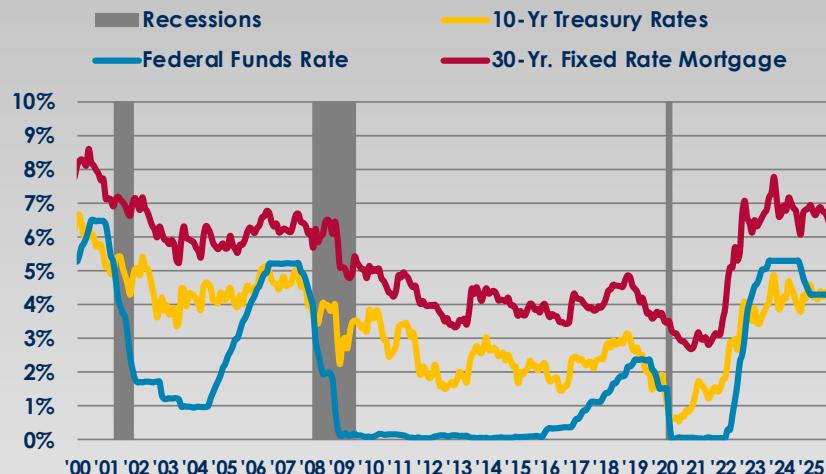


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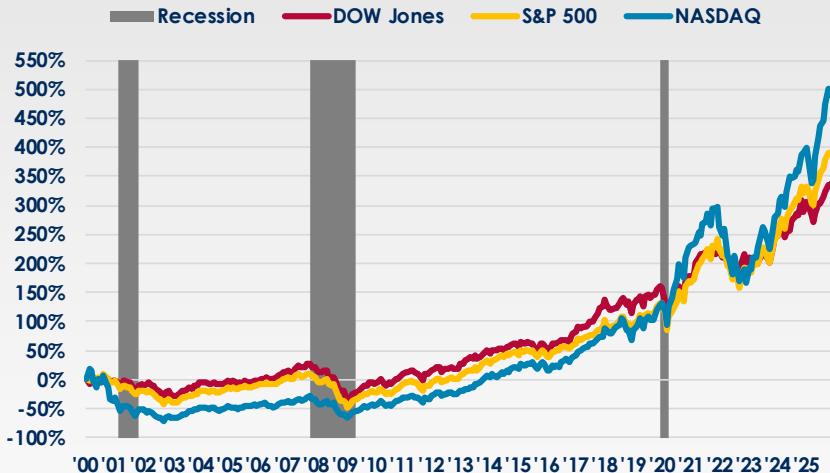
INFLATION TRENDING UPWARD ABOVE THE FED TARGET OF 2%



THE FED CUT RATES BY 50 BPS OVER Q4



MAJOR INDEXES REACHED ALL TIME HIGHS IN Q4



10-2 YEAR YIELD CURVE STEEPENED IN Q4

