MARKET REPORT · Q3 2026

Industrial

Phoenix

Los Angeles | Orange County | Ventura | Inland Empire | **Phoenix**

10.81%
OVERALL VACANCY

4.99M SF
NET ABSORPTION

$1.52B
SALE VOLUME

A quarterly read on industrial leasing, absorption, and investment activity across the Phoenix metro.

DAUM
COMMERCIAL REAL ESTATE SERVICES

Experience in a Changing Market

IN THIS REPORT

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03 Market Trends
04 Leasing & Sales Activity
05 Submarket Detail
07 Map & Methodology

QUARTER IN MOTION

Direct Vacancy	**9.71%**	▼ 4 bps
Leasing Activity	**10.04 MSF**	▲ 18.4%
Asking Rent NNN	**$1.18**	▲ $0.01
Under Construction	**15.03 MSF**	▲ 18.3%

Industrial Market Report

10.81%

OVERALL VACANCY RATE

▲ 2 bps QoQ ▼ 178 bps YoY

Q3 AT A GLANCE

Vacancy edged up 2 bps from revised Q2 to 10.81% in Q3 as 5.00 MSF of new supply delivered, while net absorption remained strong at 4.99 MSF, bringing YTD 2026 to 17.98 MSF. Leasing activity rose 18.4% to 10.04 MSF and asking rents held at $1.19 PSF NNN. Sale volume climbed 43.4% to $1.52B, the highest quarterly total since Q4 2024, bringing YTD 2026 volume to $3.65B.

9.71%	4.99M SF	10.0M SF	$1.18	15.03M SF	$1.52B
DIRECT VACANCY	NET ABSORPTION	LEASING ACTIVITY	ASKING RENT NNN	UNDER CONSTRUCTION	SALE VOLUME
▼ 4 bps QoQ	▼ 1.35M QoQ	▲ 18.4% QoQ	▲ $0.01 QoQ	▲ 18.3% QoQ	▲ YTD up 8.9% Y/Y

MARKET

- **Vacancy Rate:** Increased by 2 bps from revised Q2 to 10.81% in Q3. Year over Year decrease of 178 bps or 7.18 MSF.
- **Net Absorption:** Direct spaces led demand in Q3, totaling 4.99 MSF. YTD 2026 totaled 17.98 MSF, up 39.1% from 2025.
- **Asking Rates:** Remained the same at $1.19 PSF NNN in Q3, up $0.05 Y/Y.
- **Leasing Activity:** Up 18.4% from revised Q2 to 10.04 MSF in Q3.
- **Sale Activity:** Median price PSF in Q3 was $234.59. Volume up 43.4% to $1.52B. YTD 2026 volume of $3.65B is up 8.9% from 2025.

ECONOMIC OUTLOOK

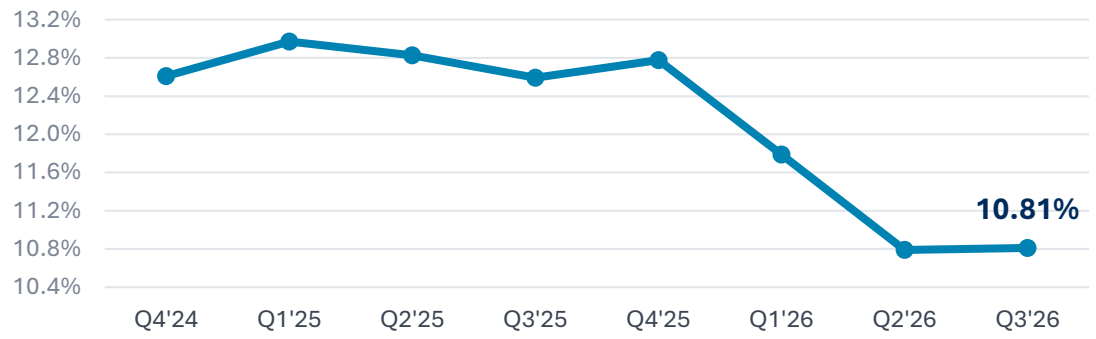
- **Interest Rates:** FOMC held rates in July, then raised by 25 bps in September to a range of 3.75%-4.00%.
- **Supply Chain:** Record volume at San Pedro Bay Port Complex totaling 5.80M TEUs in Q3. YTD Y/Y volume at the San Pedro Port Complex is up 3.6% through Sept. The cost from China/East Asia to the West Coast increased 36.2% over Q3, ending at $8,411 per container. (Freightos).
- **Geopolitics:** The conflict in Iran resumed in July after a June agreement briefly reopened the Strait of Hormuz, keeping shipping costs elevated.

Covers industrial & flex (R&D) buildings 5,000 SF and greater across the Phoenix metro. · Source: DAUM Research, Q3 2026. · Full methodology on page 7.

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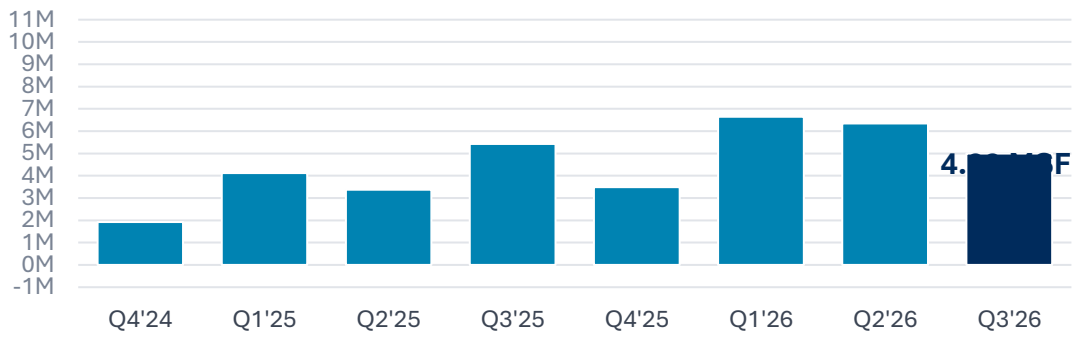
Leasing Fundamentals

Overall Vacancy



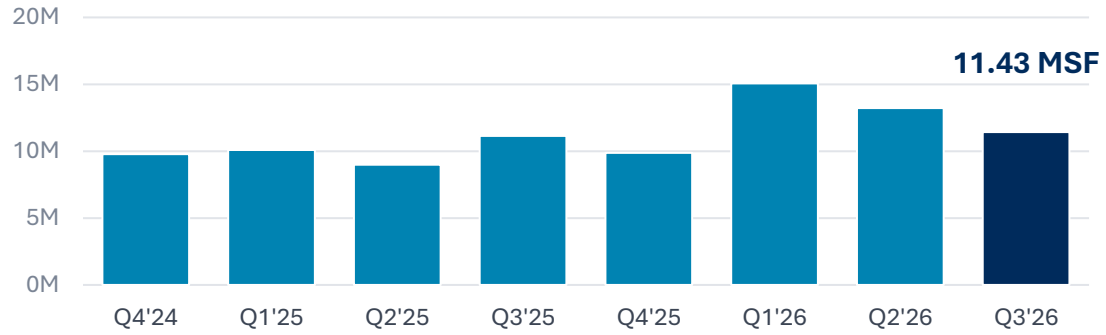
Increased by 2 bps from revised Q2 to 10.81% in Q3.

Net Absorption



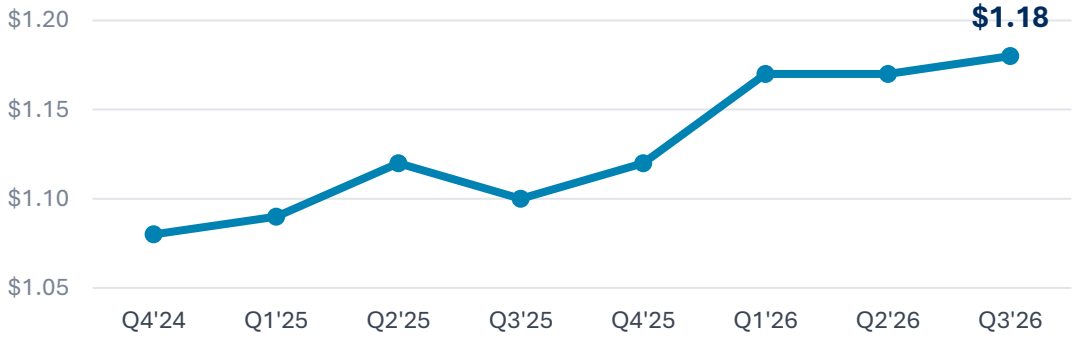
Direct spaces drove demand in Q3, totaling 4.99 MSF.

Gross Absorption



Declined by 13.6% from revised Q2 to 11.43 MSF in Q3.

Asking Rents (NNN)

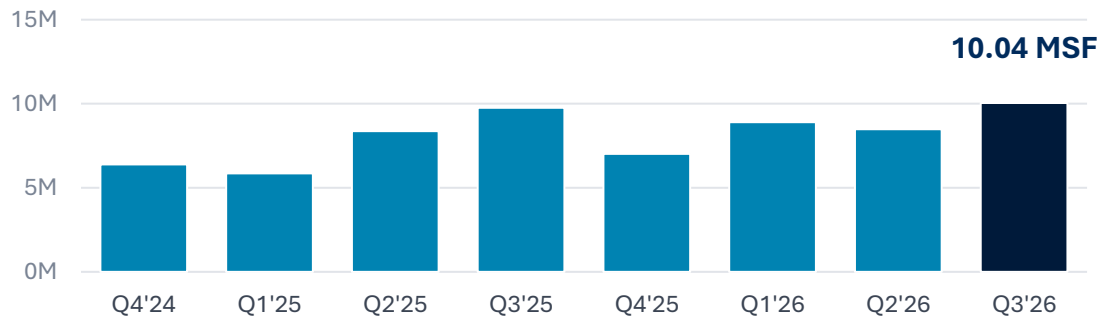


Remained the same at $1.19 PSF NNN in Q3.

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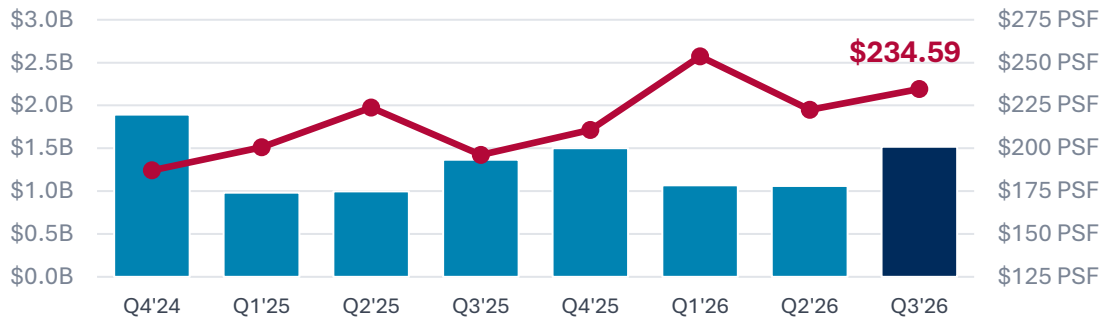
Leasing & Sales Activity

Leasing Activity



Increased by 18.4% from revised Q2 to 10.04 MSF in Q3.

Sales Volume & Median Price PSF



Volume was $1.52B in Q3, up 43.4% from Q2. The median price PSF was $234.59.

NOTABLE LEASE TRANSACTIONS

PROPERTY	SUBMARKET	TENANT	SF	Type
7842 N Reems Rd	Glendale	DHL	1,146,518	Direct
4275 N 97th Ave	Glendale	Southland Industries	317,077	Direct
16595 W Camelback Rd	Glendale	DCSL	303,500	Direct
150 N Litchfield Rd	Goodyear	DSV	251,216	Direct
6913 W Buckeye Rd	Tolleson	Jacent	216,845	Direct

NOTABLE SALE TRANSACTIONS

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE / PSF
16400-16500 W Glendale Ave (2 bldgs)	Glendale	303 Glendale VF / Undisclosed	1,113,135	$170.3M/ $152.95
400 S 99th Ave	Tolleson	CLNC NNN Alberts / ALTOAZ001 LLC	910,250	$85.3M/ $93.68
670 S 91st Ave	Tolleson	Tolleson Logistics / Indus Properties	417,600	$47.8M/ $114.46
405 N 75th Ave (portfolio)	Tolleson	Link Logistics / Undisclosed	408,462	$77.0M/ $188.47
3607 S 12th St	SC S of Salt River	TCC & Clarion / IDIL Phoenix Airport	356,089	$86.2M/ $242.00

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By Submarket

SUBMARKET STATISTICS

SUBMARKET	INVENTORY (SF)	% OF TOTAL	DIRECT VACANT (SF)	DIRECT VACANCY	OVERALL VACANT (SF)	OVERALL VACANCY	QTR NET ABSORPTION	YTD NET ABSORPTION	YTD LEASING ACTIVITY	UNDER CONSTR. (SF)	YTD COMPL. (SF)	AVG. RENT NNN	SALES VOLUME	PRICE PSF
North Airport	16,763,889	3%	1,479,509	8.83%	1,540,426	9.19%	–145,934	–97,473	529,018	74,077	705,956	$1.14	$25.3M	$301.82
S Airport N of Roeser	15,958,899	3%	1,342,642	8.41%	1,547,588	9.70%	363,716	–9,697	790,972	135,950	305,143	$1.28	$77.4M	$241.94
S Airport S of Roeser	4,821,493	1%	188,600	3.91%	188,600	3.91%	2,072	–50,393	285,817	–	0	$1.29	$18.5M	$242.83
SC N of Salt River	16,271,236	3%	1,084,364	6.66%	1,355,656	8.33%	43,005	–211,979	764,161	8,000	0	$1.14	$9.5M	$223.06
SC S of Salt River	3,093,385	1%	464,426	15.01%	464,426	15.01%	–35,863	–50,151	19,500	–	356,089	$0.81	$94.5M	$206.13
Airport	**56,908,902**	**11%**	**4,559,541**	**8.01%**	**5,096,696**	**8.96%**	**226,996**	**–419,693**	**2,389,468**	**218,027**	**1,367,188**	**$1.15**	**$225.3M**	**$245.84**
Central Phoenix	4,245,295	1%	159,716	3.76%	162,657	3.83%	–19,553	16,210	47,827	70,000	0	$1.29	$15.2M	$210.92
Scottsdale Airpark	7,089,013	1%	299,919	4.23%	368,568	5.20%	23,142	51,027	348,389	–	0	$1.74	$32.1M	$298.54
Scottsdale/Salt River	6,276,167	1%	433,140	6.90%	433,140	6.90%	110,000	288,570	232,215	267,051	305,375	$1.78	$12.1M	$246.25
Northeast	**17,610,475**	**3%**	**892,775**	**5.07%**	**964,365**	**5.48%**	**113,589**	**355,807**	**628,431**	**337,051**	**305,375**	**$1.68**	**$59.4M**	**$235.24**
Deer Vly/Pinnacle Pk	23,006,391	5%	1,489,676	6.48%	1,647,522	7.16%	141,340	555,337	1,106,945	1,193,847	37,887	$1.32	$32.9M	$328.27
Glendale	63,032,175	12%	5,674,606	9.00%	7,349,391	11.66%	2,047,960	9,079,312	8,425,356	4,829,872	2,199,731	$1.14	$229.9M	$152.19
Grand Avenue	16,310,759	3%	1,779,033	10.91%	1,804,283	11.06%	55,569	–203,396	489,826	0	468,642	$0.91	$31.5M	$225.99
North Black Canyon	5,407,250	1%	1,065,806	19.71%	1,084,251	20.05%	55,444	–100,962	118,755	428,011	0	$1.21	$9.4M	$146.23
Surprise	7,732,183	2%	1,515,551	19.60%	1,515,551	19.60%	–11,154	1,013,591	203,904	297,300	0	$1.39	$37.5M	$153.00
W Phx N of Thomas Rd	8,148,831	2%	365,905	4.49%	367,255	4.51%	–53,094	16,796	327,666	0	0	$1.07	$1.6M	$160.00
W Phx S of Thomas Rd	7,126,608	1%	165,951	2.33%	177,350	2.49%	–69,523	–50,788	100,394	0	0	$1.23	$67.2M	$195.55
Northwest	**130,764,197**	**26%**	**12,056,528**	**9.22%**	**13,945,603**	**10.66%**	**2,166,542**	**10,309,890**	**10,772,846**	**6,749,030**	**2,706,260**	**$1.17**	**$409.9M**	**$207.88**
Chandler Airport	9,909,958	2%	1,139,221	11.50%	1,910,542	19.28%	–23,530	–195,771	498,593	746,977	18,137	$1.50	$75.5M	$224.67
Chandler	26,801,262	5%	1,982,329	7.40%	2,077,570	7.75%	777	194,560	727,149	86,286	298,981	$1.39	$126.1M	$271.87
Chandler N/Gilbert	51,430,214	10%	9,396,181	18.27%	9,707,866	18.88%	738,275	2,796,549	3,536,635	1,111,429	1,047,062	$1.35	$156.6M	$253.71
Falcon Fld/Apache Jct	6,897,232	1%	747,479	10.84%	779,151	11.30%	55,068	95,376	184,910	108,296	524,771	$1.42	$21.5M	$392.94
Mesa	7,675,834	2%	391,259	5.10%	401,384	5.23%	–753	101,747	241,893	0	0	$1.07	$16.5M	$196.91
Tempe East	7,462,769	1%	935,710	12.54%	945,263	12.67%	96,456	148,280	270,542	190,595	498,514	$1.42	$14.0M	$237.00
Tempe Northwest	11,486,060	2%	778,734	6.78%	889,135	7.74%	344,392	142,297	511,033	599,950	287,585	$1.27	$8.6M	$232.29
Tempe Southwest	22,970,104	5%	2,210,306	9.62%	2,448,633	10.66%	334,847	62,319	1,156,589	507,799	273,341	$1.23	$21.8M	$211.11
Southeast	**144,633,433**	**29%**	**17,581,219**	**12.16%**	**19,159,544**	**13.25%**	**1,545,532**	**3,345,357**	**7,127,344**	**3,351,332**	**2,948,391**	**$1.35**	**$440.6M**	**$240.40**
Goodyear	44,194,321	9%	4,523,226	10.23%	4,559,230	10.32%	1,174,440	5,210,587	2,236,964	2,467,794	1,530,786	$1.01	$37.8M	$177.27
SW N of Buckeye Road	38,733,029	8%	3,963,159	10.23%	4,395,112	11.35%	469,601	468,199	1,986,647	437,694	322,905	$0.99	$11.3M	$206.69
SW S of Buckeye Road	21,198,990	4%	1,954,577	9.22%	2,006,951	9.47%	–42,161	–244,061	634,516	196,316	125,480	$1.06	$4.5M	$334.81
Tolleson	50,216,772	10%	3,436,945	6.84%	4,395,056	8.75%	–661,954	–1,048,910	1,637,584	1,275,500	0	$0.86	$329.0M	$184.89
Southwest	**154,343,112**	**31%**	**13,877,907**	**8.99%**	**15,356,349**	**9.95%**	**939,926**	**4,385,815**	**6,495,711**	**4,377,304**	**1,979,171**	**$0.97**	**$382.6M**	**$186.68**
Phoenix Totals	**504,260,119**	**100%**	**48,967,970**	**9.71%**	**54,522,557**	**10.81%**	**4,992,585**	**17,977,176**	**27,413,800**	**15,032,744**	**9,306,385**	**$1.18**	**$1.52B**	**$234.59**

504,260,119 SF total market size · Source: DAUM Research, Q3 2026

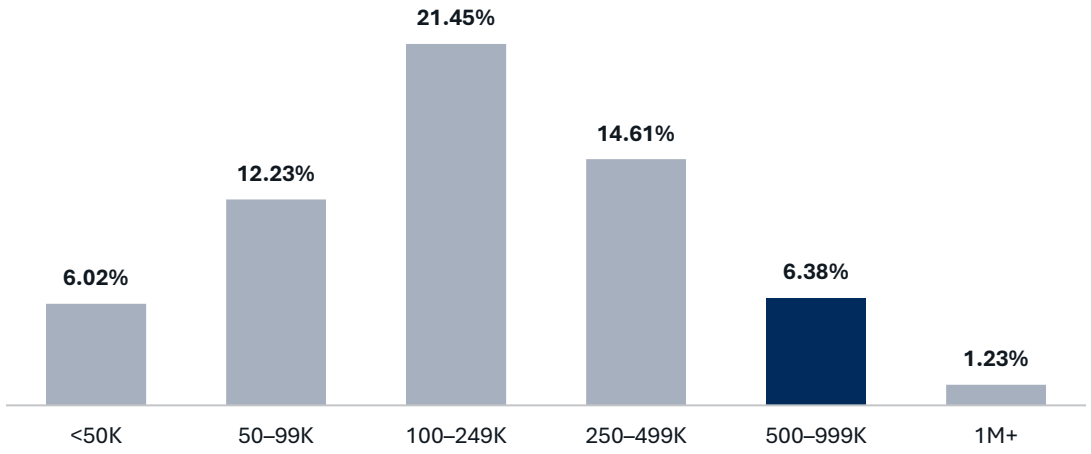
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By Building Size

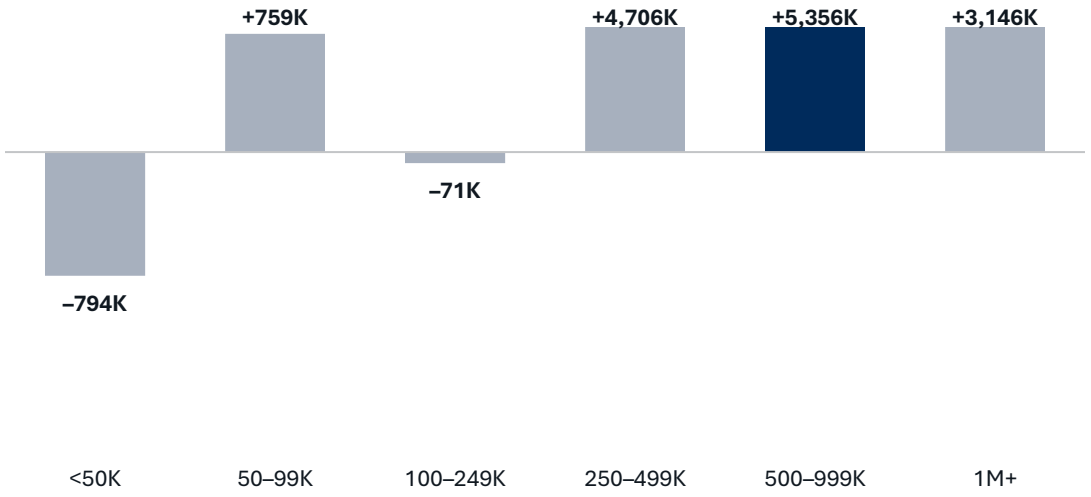
STATISTICS BY BUILDING SIZE RANGE

BUILDING SIZE RANGE	INVENTORY (SF)	% OF TOTAL	VACANCY RATE	AVG. ASKING RENT NNN	YTD NET ABSORPTION	UNDER CONSTR. (SF)
Below 50,000 SF	136,289,741	28%	6.02%	$1.26	–793,976	499,388
50,000 – 99,999 SF	71,808,993	15%	12.23%	$1.15	758,734	2,355,993
100,000 – 249,999 SF	105,258,447	22%	21.45%	$1.05	–71,252	4,647,434
250,000 – 499,999 SF	71,530,154	15%	14.61%	$0.86	4,705,922	751,498
500,000 – 999,999 SF	60,681,255	12%	6.38%	$0.73	5,356,330	2,048,922
1,000,000 SF+	40,609,649	8%	1.23%	$0.65	3,146,115	4,572,193

VACANCY RATE BY BUILDING SIZE



YTD NET ABSORPTION BY BUILDING SIZE (THOUSANDS SF)



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Map & Methodology

SUBMARKET MAP



METHODOLOGY & TERMINOLOGY

Methodology

Industrial and flex (R&D) buildings that are 5,000 square feet and greater.

Direct Vacancy Rate

Total vacant direct space divided by total rentable square footage.

Net Absorption

Net change in occupied space: positive changes (move-ins) less negative changes (move-outs).

Direct Vacant SF

Vacant space ready for occupancy, offered for lease or sale directly by the landlord.

Vacancy W/ Sublet Rate

Total vacant direct and sublease space divided by total rentable square footage.

Under Construction

Planned buildings where construction has started but no Certificate of Occupancy yet.

Total Vacant W/ Sublet SF

Vacant space offered by the landlord or for sublease by the current tenant.

Gross Absorption

Total change in occupied space, counting occupied space but not space vacated.

Completed in 2026

New buildings with original construction completed in 2026 and granted a C of O.

DAUM OFFICES

MARKET	ADDRESS	PHONE
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 Vermont Ave. Suite 850 Torrance, CA 90502	310-538-6700
Mid-Counties	13810 Cerritos Corporate Dr. Suite C Cerritos, CA 90703	562-207-3300

MARKET	ADDRESS	PHONE
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
Indian Wells	74900 Highway 111, Suite 221 Indian Wells, CA 92210	760-253-8539

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ECONOMIC OVERVIEW · Q3 2026

Economic Overview

National Indicators

BOTTOM LINE FOR CRE

Record Q3 port volume and a 3.6% GDP nowcast show firm goods demand, but the Fed's September hike and a 10-Year near 5% raise financing costs, while 11.2% input inflation keeps new supply constrained, favoring well-located existing buildings.

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IN THIS SECTION

02 Trade & Growth

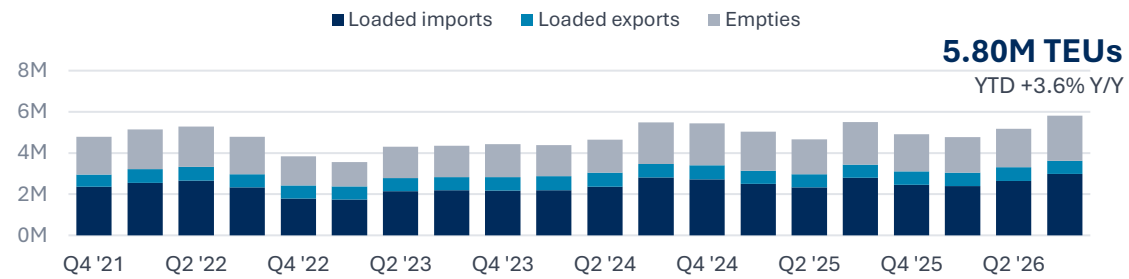
03 Prices, Labor & Capital

QUARTER IN MOTION

Port Volume, San Pedro Bay	**5.80M TEUs**	▲ 5.4% Y/Y
Trans-Pacific Freight	**$8,411**	▲ 36.2% Q/Q
Retail Inventory-to-Sales	**1.36**	2019 avg 1.46
Real GDP, Q3 GDPNow	**3.6%**	Q2 BEA 2.2%
CPI, September Y/Y	**3.7%**	▲ 0.2 pt Q/Q
Unemployment Rate	**4.2%**	Unch. Q/Q
Fed Funds Target	**3.75–4.00%**	▲ 25 bps Q/Q
10-Year Treasury, 9/30	**5.29%**	Sep avg 4.99%
Construction Input Costs	**159.1**	▲ 59.1% vs 1/20

Trade & Growth

Port Volume



Q3 port volume rose 5.4% Y/Y to a record 5.80M TEUs; loaded imports up 6.2% support distribution space demand.

Source: Ports of Los Angeles and Long Beach. Quarterly totals of monthly TEUs; Q3 2026 is a record since 1995.

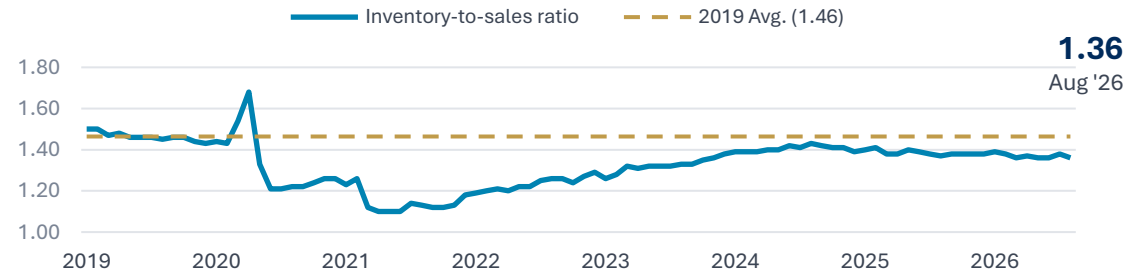
Freight Rates



Trans-Pacific spot rates rose 36.2% in Q3 to $8,411, the highest since June 2022; landed costs keep rising for importers.

Source: Freightos Baltic Index (FBX01), Asia to N. America West Coast, weekly to 9/25/2026. Events: CRS; UN News.

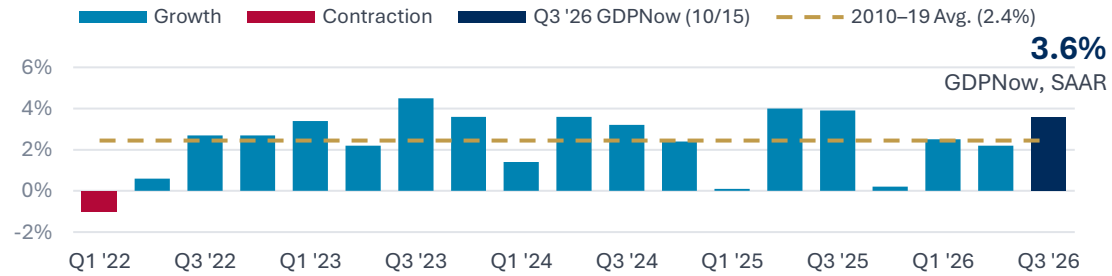
Retail Inventory to Sales



Retail inventory-to-sales was 1.36 in August after Census revisions, still below the 1.46 2019 norm; lean stocks temper storage demand.

Source: U.S. Census Bureau via FRED (RETAILIRSA), seasonally adjusted, 2026 annual revision. Latest: August 2026.

GDP



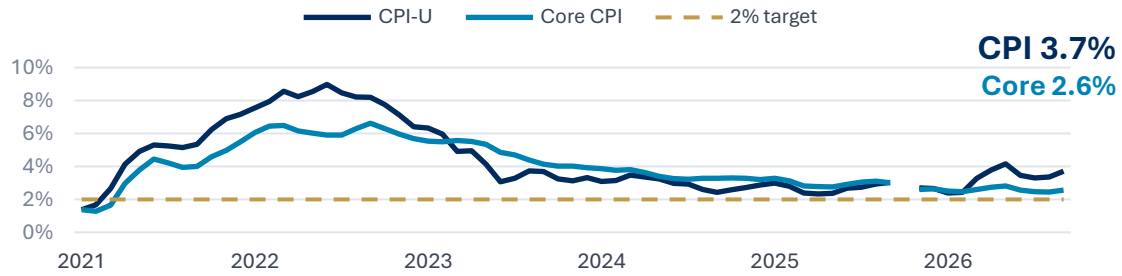
GDP: Q2 revised to 2.2%; GDPNow puts Q3 at 3.6%, with inventory building adding 1.9 points, a warehouse tailwind.

Source: BEA via FRED (A191RL1Q225SBEA), Q2 third est. 9/30/26. Q3: Atlanta Fed GDPNow model nowcast, 10/15/26.

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Prices, Labor & Capital

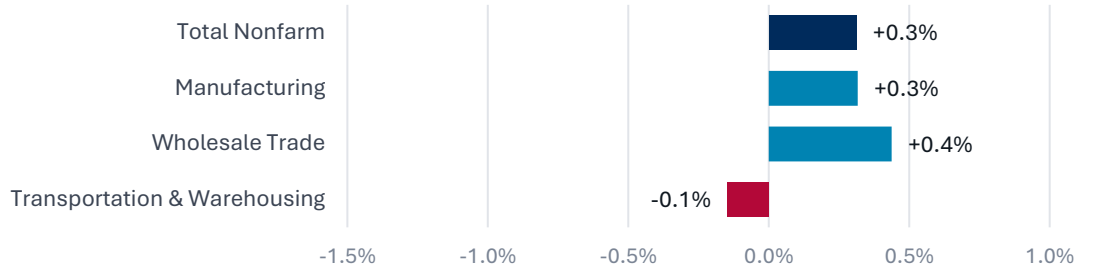
Inflation



CPI rose to 3.7% in September as gasoline jumped 9.1% m/m; core was 2.6%, keeping rate relief off the table.

Source: BLS via FRED (CPIAUCSL, CPILFESL), Y/Y from SA indexes. Through September 2026; Oct 2025 not published.

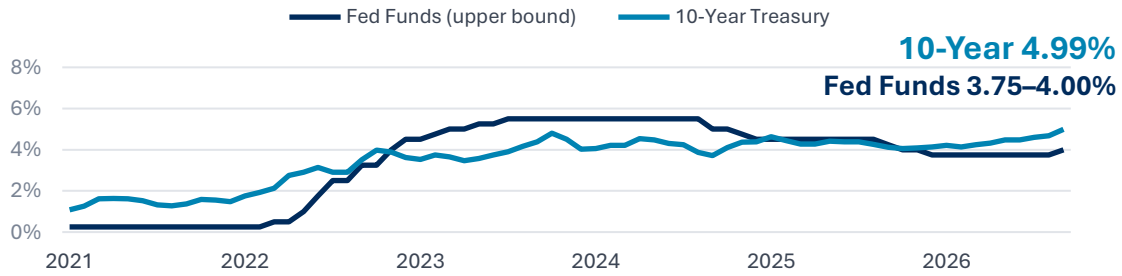
Employment



Industrial-using payrolls were mixed Y/Y in September and total hiring slowed to 29,000; occupier expansion stays cautious.

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics, SA. Sept. 2026 (preliminary) vs. Sept. 2025.

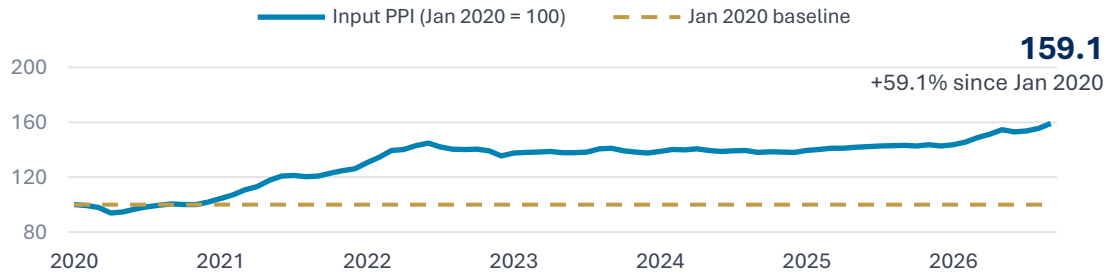
Interest Rates



The Fed raised rates to 3.75–4.00% on Sept. 16; the 10-Year averaged 4.99% in September, lifting debt costs for owners.

Source: Federal Reserve; Federal Reserve H.15 via FRED (GS10, monthly average). Through September 2026.

Construction Input Costs



Nonresidential construction input prices rose 11.2% Y/Y to 59.1% above January 2020, raising replacement costs and limiting new supply.

Source: U.S. Bureau of Labor Statistics via FRED (WPUIP2312001), not seasonally adjusted. Through September 2026.

Although all information is furnished regarding sale, rental or financing from sources deemed reliable, it has not been verified and no representation is made as to its accuracy.