

Phoenix Investment Sales 2023 Year End Report



The Colliers Arizona Investment Properties Sales Team



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Statistics Snapshot | 2023

Metropolitan Phoenix

2023 was characterized by continued increases in interest rates that peaked in October and receded, somewhat, by year-end. Despite gloomy reports elsewhere, job and population growth, along with the expansions by our talented tech sector kept Arizona in the spotlight, not only domestically, but globally.

OFFICE | QUICK STATS



	CURRENT	2023 v 2022
VACANCY	14.9%	↑
LEASE RATES	\$29.66	↑
NET ABSORPTION	(1,738,159)	↑
COMPLETIONS	740,128	↓

RETAIL | QUICK STATS



	CURRENT	2023 v 2022
VACANCY	4.2%	↓
LEASE RATES	\$16.56	↑
NET ABSORPTION	2,952,485	↓
COMPLETIONS	1,357,091	↑

INDUSTRIAL | QUICK STATS



	CURRENT	2023 v 2022
VACANCY	6.7%	↑
LEASE RATES	\$1.06	↑
NET ABSORPTION	15,982,862	↓
COMPLETIONS	27,939,858	↑

Metro Phoenix was highlighted in 2023

- ▶ 2023 Super Bowl generated \$1.3 billion in economic activity for Phoenix MSA.
- ▶ Phoenix Sky Harbor International Airport reached a new milestone last year, with 2023 as the busiest year in the airport's 95-year history serving 49 million passengers.
- ▶ The Diamondbacks shocked the world and "embraced the chaos" with their underdog run to the World Series bringing in over \$10 million in revenue to the Phoenix MSA.
- ▶ Maricopa County is #1 for talent attraction for the fourth consecutive year released by Lightcast.
- ▶ Google announced it will make a \$600 million investment in Mesa to build a new data center.
- ▶ Arizona State University, recognized as the #1 innovation university, is ranked 40th in the U.S. among top universities by QS World University Rankings for 2024 — up from 47th in the 2023 rankings.
- ▶ Arizona Commerce Authority announced 61 companies representing 13,000 jobs were awarded since July 2023; and a pipeline of +400 companies that together account for 140,000 jobs are actively considering Arizona.



2023 office sales declined by 51% compared with 2022

Of the 78 office sales in 2023, 40 sold at less than 70% leased, of which 20 were vacant when sold. This caused a 28% decline in price per square foot compared to 2022. Many offices were purchased for land value to be redeveloped; yet numerous trophies, many of which were medical, eclipsed \$375 PSF.



JAN

WEST VALLEY MEDICAL CENTER



140 N Litchfield Rd, Goodyear, AZ
(part of a 5-bldg national portfolio - \$36.4M)
Size/Percent Leased: 35,369 SF / 100%
Sales Price: \$13.8M (\$390 PSF)

FEB

THE GROVE



4200 E Camelback Rd, Phoenix, AZ
Size/Percent Leased: 70,000 SF / 100%
Sales Price: \$48.5M (\$693 PSF)

MAR

SOUTHERN SUNSET PLAZA



1250-1342 S Country Club Dr, Mesa, AZ
Size/Percent Leased: 200,091 SF / 86%
Sales Price: \$30.0M (\$150 PSF)

APR

1330 W SOUTHERN AVE



1330 W Southern Ave, Tempe, AZ
Size/Percent Leased: 150,000 SF / 83%
Sales Price: \$13.3M (\$89 PSF)

MAY

CHANDLER MIDWAY CORPORATE CENTER, A



5740 W Chandler Blvd, Chandler, AZ
Size/Percent Leased: 20,944 SF / 100%
Sales Price: \$5.5M (\$260 PSF)

JUNE

SCOTTSDALE FINANCIAL CENTER I



4110 N Scottsdale Rd, Scottsdale, AZ
Size/Percent Leased: 109,968 SF / 96.1%
Sales Price: \$44.0M (\$400 PSF)

JULY

ONE ARIZONA CENTER



400 E Van Buren St, 455 N 3rd St, Phoenix, AZ
Size/Percent Leased: 556,105 SF / 44.0%
Sales Price: \$27.0M (\$49 PSF)

AUG

DESERT NORTH COMMERCE CENTER



42201, 42211 N 41st Dr, Phoenix, AZ
Size/Percent Leased: 52,027 SF / 89.9%
Sales Price: \$7.9M (\$151 PSF)

SEPT

3131 & 3133 CAMELBACK



3131, 3133 E Camelback Rd, Phoenix, AZ
Size/Percent Leased: 297,680 SF / 84.0%
Sales Price: \$72.1M (\$242 PSF)

OCT

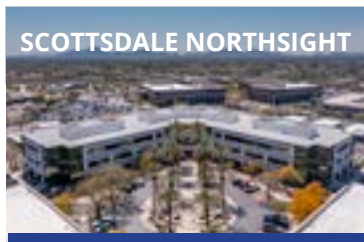
5222 E BASELINE



5222 E Baseline Rd, Gilbert, AZ
Size/Percent Leased: 62,480 SF / 100.0%
Sales Price: \$12.0M (\$192 PSF)

NOV

SCOTTSDALE NORTHSIGHT



14350 N 87th St, Scottsdale, AZ
Size/Percent Leased: 138,693 SF / 69.0%
Sales Price: \$26.5M (\$191 PSF)

DEC

BLACKHAWK CORPORATE CENTER



2902, 3010 W Agua Fria Fwy, 20401 N 29th Ave, Phoenix, AZ
Size/Percent Leased: 252,350 SF / 96.0%
Sales Price: \$46.0M (\$182 PSF)



2023 retail sales volume was a “normal” volume

Following a record high in 2022, retail sales and PSF prices dropped by 46% and 19% in 2023, a more “normal” volume for greater Phoenix. Cap rates ticked up due to more expensive acquisition financing, but not dollar for dollar. Buyers and sellers sidelined for a while. By year end, activity had picked up.

ARCADIA TOWNE CENTER



JAN

SPROUTS CENTER



5225-5235 E Southern Ave, Mesa, AZ
Size/Percent Leased: 57,345 SF / 100%
Sales Price: \$18.5M (\$323 PSF)

FEB

GATEWAY AIRPORT CROSSING



5221-5229 S Power Rd, Mesa, AZ
Size/Percent Leased: 28,894 SF / 90%
Sales Price: \$11.8M (\$408 PSF)

MAR

CROSSROADS PLAZA



6750 W Peoria Ave, Peoria, AZ
Size/Percent Leased: 112,838 SF / 91%
Sales Price: \$14.7M (\$131 PSF)

APR

SUPERSTITION SPRINGS CENTER



2060-2150 S Power Rd, Mesa, AZ
Size/Percent Leased: 94,258 SF / 93%
Sales Price: \$16.7M (\$177 PSF)

MAY

GILBERT TOWN SQUARE



1144, 1166 S Gilbert Rd, Gilbert, AZ
Size/Percent Leased: 81,879 SF / 100%
Sales Price: \$23.9M (\$292 PSF)

JUNE

ARCADIA TOWNE CENTER



4730-4748 E Indian School Rd, Phoenix, AZ
Size/Percent Leased: 69,497 SF / 98.4%
Sales Price: \$25.3M (\$364 PSF)

JULY

PLAZA 32



3205-3329 E Bell Rd, Phoenix, AZ
Size/Percent Leased: 173,303 SF / 81.0%
Sales Price: \$31.3M (\$181 PSF)

AUG

MY FLORIST PLAZA



1601-1607 N 7th Ave, Phoenix, AZ
Size/Percent Leased: 21,933 SF / 100.0%
Sales Price: \$10.5M (\$479 PSF)

SEPT

SHOPPES AT MIRADOR SQUARE



860, 874, 894 E Warner Rd, Gilbert, AZ
Size/Percent Leased: 48,541 SF / 100.0%
Sales Price: \$9.3M (\$192 PSF)

OCT

NORTHSIGHT CROSSING



14651-14987 N Northsight Blvd, Scottsdale, AZ
Size/Percent Leased: 112,113 SF / 100.0%
Sales Price: \$27.4M (\$244 PSF)

NOV

SOUTH MOUNTAIN CROSSING



3510-3648 W Southern Ave, Phoenix, AZ
Size/Percent Leased: 89,389 SF / 100.0%
Sales Price: \$11.5M (\$129 PSF)

DEC

PALM VALLEY PAVILIONS WEST



1380-1474 N Litchfield Rd, Goodyear, AZ
Size/Percent Leased: 232,577 SF / 100.0%
Sales Price: \$59.0M (\$254 PSF)



2023 industrial sales volume was the lowest level since 2018

2023 industrial sales were 53% lower than in 2022, the lowest since 2018 that totaled \$1.5 billion and \$95 PSF. One-half went to institutional investors, and another 35% to major investors. While cap rates rose in 2023, institutional-quality industrial assets still have the lowest compared with office and retail investments.



JAN



WARNER COMMERCE CENTER
1320, 1330 W Warner Rd, Tempe, AZ
Size/Percent Leased: 197,000 SF / 0.0%
Sales Price: \$42.4M (\$215 PSF)

FEB



FRITO-LAY
7575 W Golden Ln, Peoria, AZ
Size/Percent Leased: 157,554 SF / 100%
Sales Price: \$28.6M (\$182 PSF)

MAR



GATEWAY TECHNOLOGY COMMERCE CENTER
7535 E Ray Rd, Mesa, AZ
Size/Percent Leased: 138,914 SF / 100%
Sales Price: \$25.4M (\$183 PSF)

APR



THE CUBES OF GLENDALE, BLDG E
7421 N Reems Rd, Glendale, AZ
Size/Percent Leased: 570,080 SF / 0%
Sales Price: \$82.7M (\$145 PSF)

MAY



GO-99 (3 BLDGS)
99th Ave and Buckeye Rd, Phoenix, AZ
Size/Percent Leased: 1,282,863 SF / 0%
Sales Price: \$165.0M (\$129 PSF)

JUNE



17 NORTH CORPORATE CENTER
2335 Corporate Center Dr, Phoenix, AZ
Size/Percent Leased: 111,676 SF / 0%
Sales Price: \$20.4M (\$183 PSF)

JULY



HATCHER INDUSTRIAL PARK
15101, 15151 W Hatcher Rd, Waddell, AZ
Size/Percent Leased: 906,125 SF / 0%
Sales Price: \$92.7M (\$102 PSF)

AUG



TA REALTY TO VIAWEST GROUP PORTFOLIO
6 locations throughout Metro Phoenix
Size/Percent Leased: 586,915 SF / 100.0%
Sales Price: \$105.5M (\$180 PSF)

SEPT



CHANDLER TECH CENTER
7010, 7100 W Erie St, Chandler, AZ
Size/Percent Leased: 75,201 SF / 100.0%
Sales Price: \$14.6M (\$195 PSF)

OCT



DEER VALLEY FOUR
23005-23025 N 15th Ave, Phoenix, AZ
Size/Percent Leased: 110,679 SF / 95.0%
Sales Price: \$22.4M (\$202 PSF)

NOV



BTS FOR TRUDOOR AND ASSA ABLOY
5858 W Lower Buckeye Rd, Phoenix, AZ
Size/Percent Leased: 248,750 SF / 100.0%
Sales Price: \$20.5M (\$82 PSF)

DEC

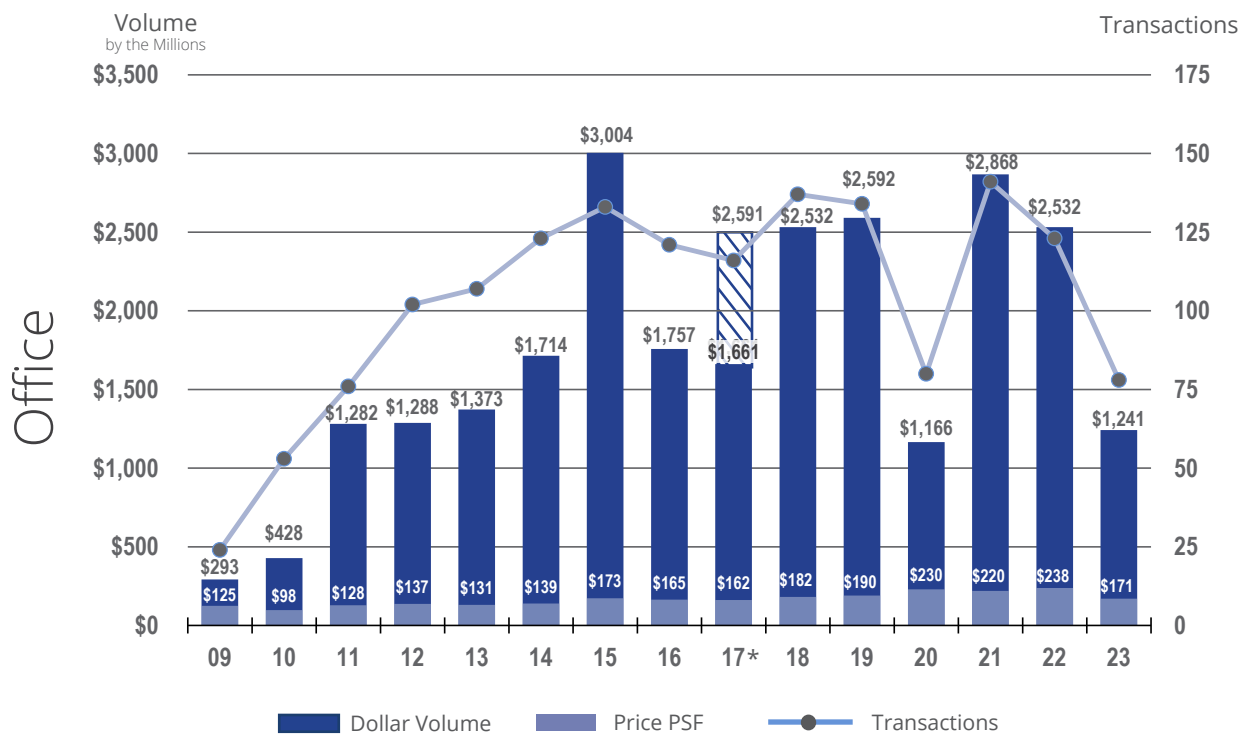


GATEWAY UNIVERSITY I & II
1605-1791 W University Dr, Tempe, AZ
Size/Percent Leased: 268,409 SF / 99.0%
Sales Price: \$48.3M (\$180 PSF)

Historical Sales | 2023

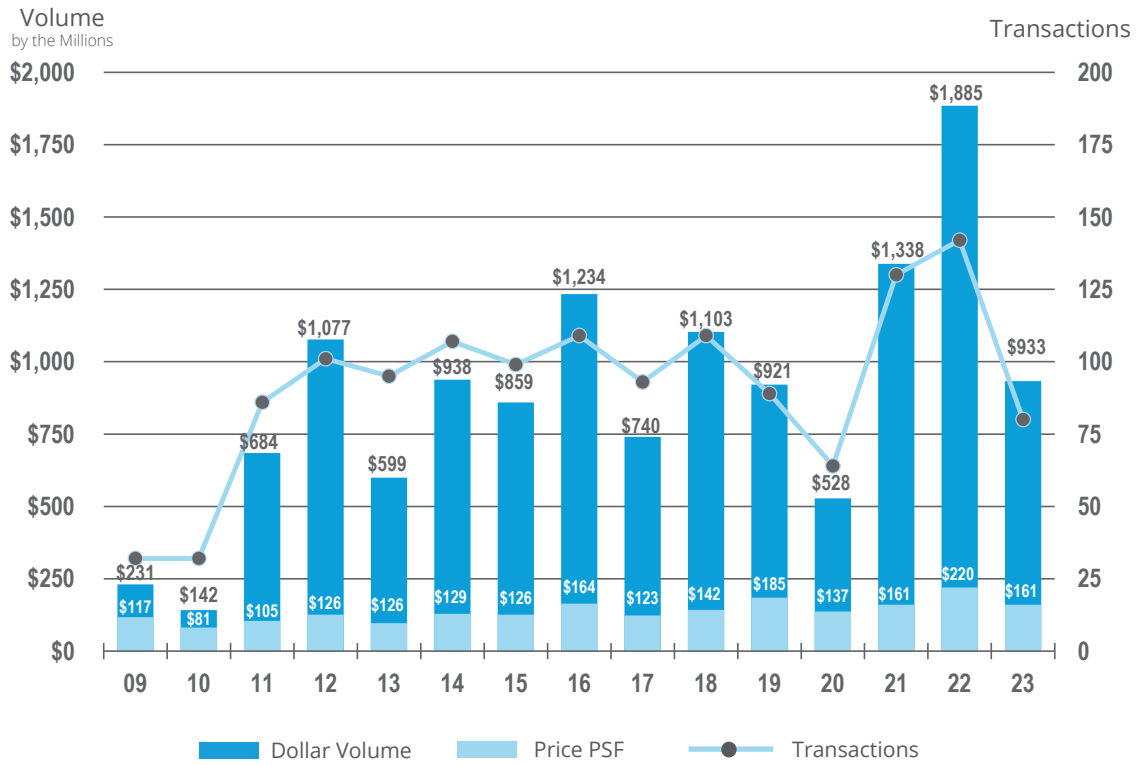
Metropolitan Phoenix

Historical Volume vs. Avg PSF and Number of Transactions

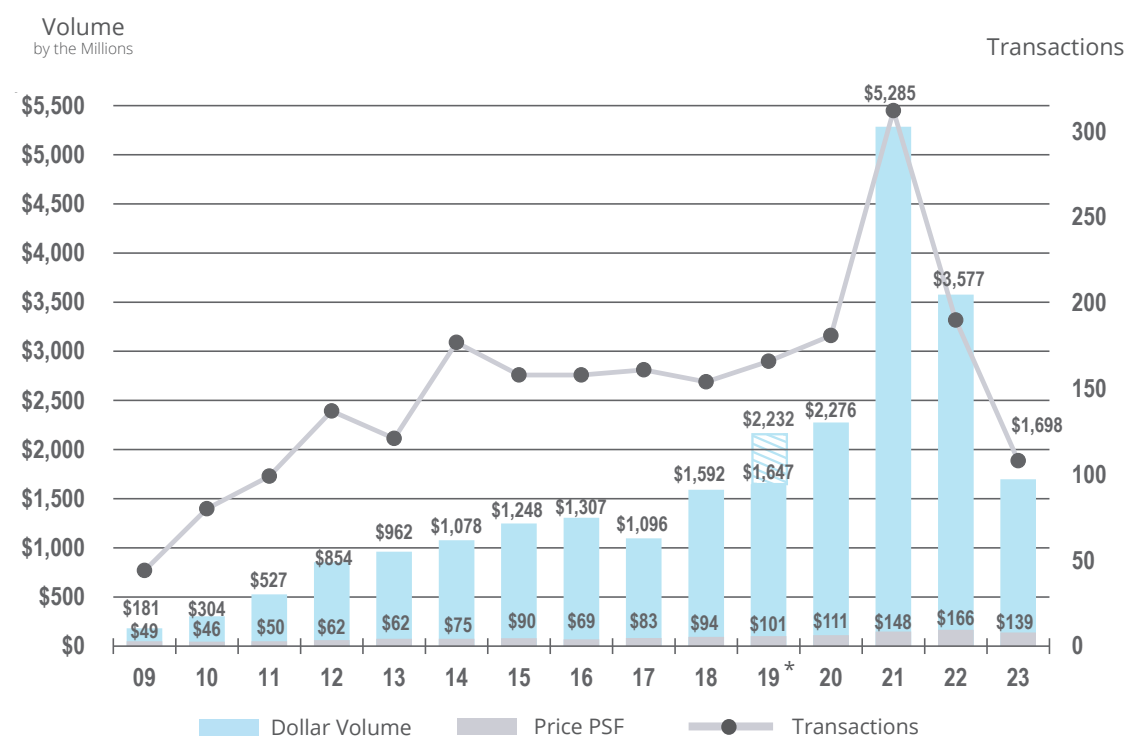


* 2017 sales exclude State Farm @ Marina Heights which if included totals \$2.591 B; 117 sales; \$211 PSF and if excluded totals \$1.661 B; 116 sales; \$162 PSF

Retail



Industrial



* 2019 sales exclude the GLP/Blackstone Group portfolio, which if included would total \$2,232B; 177 sales; \$103 PSF and if excluded would total \$1.647B; 166 sales; \$101 PSF

What to Watch in 2024 and beyond



U.S. Commercial Real Estate

[Commercial Real Estate Outlook 2024: The Kiplinger Letter](#)
(Kiplinger, January 18, 2024)

[2024 Outlook Report: Navigating Equilibrium, Distress, and Anticipated Policy Easing in Commercial Real Estate](#)
(Colliers, December 8, 2023)

[2024 Global Investor Outlook](#)
(Colliers, November 28, 2023)

[Commercial Real Estate 2024: Adapting to New Realities](#)
(The Wall Street Journal, October 31, 2023)



U.S. Housing Market

[Housing market predictions: Six experts weigh in on the real estate outlook in 2024](#)
(USA Today, January 1, 2024)



Arizona Economy

[Metro Phoenix inflation rate among nation's lowest in 2023](#)
(KJZZ, January 11, 2024)

[Minimum wage increases in Arizona for 2024](#)
(KPNX-12 News, January 1, 2024)

[2024 Arizona State Economic Outlook](#)
(Comerica, December 12, 2023)



U.S. Economy

[Economic Forecast for the US Economy](#)
(The Conference Board, February 7, 2024)

[U.S. economy added 353,000 jobs in January, much better than expected](#)
(CNBC, February 2, 2024)

[U.S. winning world economic war](#)
(AXIOS, January 31, 2024)

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