Quarterly Report

Phoenix Investment Sales | Q32025

Quarterly Highlights

Population growth and continued labor force expansion made the third quarter another strong period for Greater Phoenix. This supported investor demand for investment properties of all property types. Phoenix ranked 9th nationally in total overall investment sales volume in Q3, supported by strong sector performance, and was the 5th-highest industrial sales volume and the 6th-highest office sales volume across U.S. markets.

Of the **26 office sales** totaling $539 million during Q3 larger than 20,000 SF, the most notable transaction represented one-half the total ($266 million). Southwest Value Partners acquired a portfolio from City Office REIT that included 1.25 million SF in five Class A properties across metro Phoenix. Typical for the past several years, during the same quarter prices per square foot range dramatically from $46 to $406 PSF, with occupancies averaging 56% - ranging from vacant to full. There was only one MOB that sold during the quarter, a small three-tenant fully occupied property that sold at $398 PSF. Occupancies, rent rates, minimal new development, redevelopment plays, and positive office leasing activity point to Phoenix offices continuing to move into recovery mode.

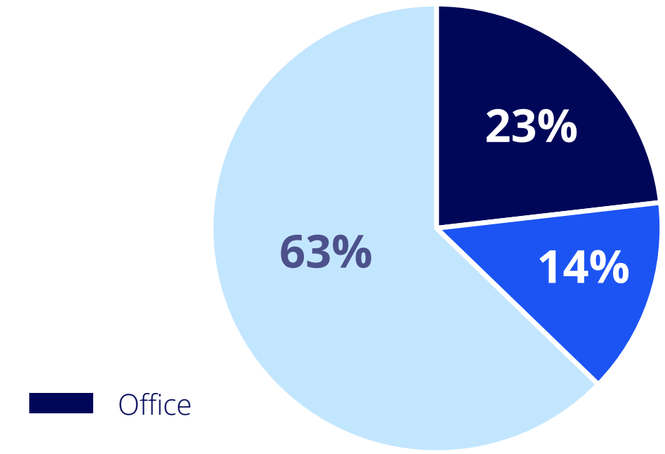
A healthy balance of low vacancies, consistent absorption, increasing rental rates; and strong population and employment trends throughout the region, have continued to **stimulate investor interest in retail property investments** throughout metro Phoenix. Demand continues to outstrip supply, with only 17 transactions greater than 20,000 SF during Q3, totaling $311 million that averaged $183 PSF. Unlike offices, other than the four retail properties purchased for redevelopment, the other 13 sales averaged 97% leased at time of sale.

Industrial net absorption nearly tripled from the previous quarter, totaling 7.87 million SF, reflecting a sharp rebound in tenant demand and one of the strongest quarterly performances nationwide. This led to quarter-over-quarter vacancy dropping by 110 basis points to 9.8%, the first sustained downward trend since 2022. With new construction deliveries simultaneously slowing to 2.5 million SF, the lowest quarterly total since Q2 2021, we project net absorption will continue eating away at the current vacancy. Translating to property sales, industrial properties continue to dominate the institutional and international fund acquisition targets. There were $1.383 billion in 53 industrial properties that sold at an average of $149 PSF. The two largest individual industrial building sales were 1.0 and 1.2 million SF, and sold at $140 and $147 million respectively.

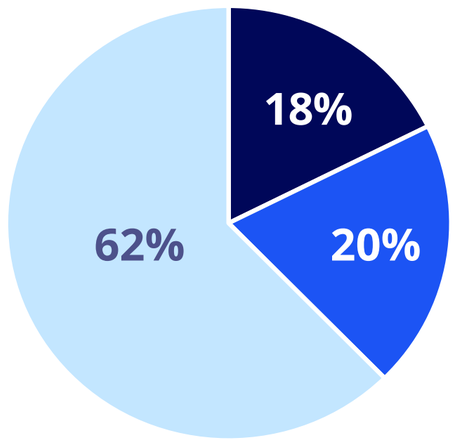
The impact to greater Phoenix of the expansion by TSMC in the North Valley can not be overstated. TSMC's Phoenix campus has fueled massive investment, is creating thousands of jobs, attracting suppliers, and expanding the region's infrastructure, accelerating Greater Phoenix's rise as a leading U.S. semiconductor and innovation hub.

Direct Quarterly Sales (over 20,000 SF & $1 M)

Total $ Spent



# of Sales



MINDY KORTH
Executive Vice President
Direct +1 602 222 5005
mindy.korth@colliers.com

JENNY BASSETT
Real Estate Analyst
Direct +1 602 222 5158
jenny.bassett@colliers.com

KELSEY ROBINSON
Senior Client Services Coordinator
Direct +1 602 222 5041
kelsey.robinson@colliers.com

ALYSSA SMITH
Graphic Designer
Direct +1 602 222 5041
alyssa.smith@colliers.com

The Colliers Arizona Investment Properties Sales Team

Colliers | 2390 E Camelback Road, Suite 100 | Phoenix, AZ 85016
Main Phone: +1 602 222 5000
colliers.com | www.phoenixinvestment.properties

Monthly Snapshots

July	Office	Retail	Industrial	Total
Total Amount	$65,300,000	$28,510,000	$371,458,001	$465,268,001
Per Square Foot	$83	$115	$173	
Number of Transactions	6	4	16	26

August				
Total Amount	$399,118,200	$164,826,324	$169,012,547	$732,957,071
Per Square Foot	$196	$239	$166	
Number of Transactions	14	7	9	30

September				
Total Amount	$74,100,000	$117,327,454	$842,621,031	$1,034,048,485
Per Square Foot	$149	$155	$149	
Number of Transactions	6	6	28	40

Q3				
Total Amount	$538,518,200	$310,663,778	$1,383,091,579	$1,477,152,380
Per Square Foot	$162	$183	$157	
Number of Transactions	26	17	53	96

Market Makers

July

Office

2800 Tower
2800 N Central Ave, Phoenix, AZ
Size/Percent Leased: 370,736 SF / 60%
Sales Price: $28.5M ($77 PSF)

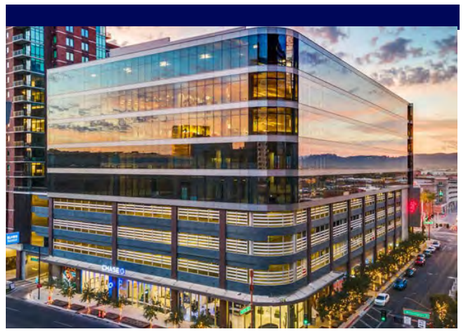
Retail

Santana Village Crossing
7539-7575 W Peoria Ave, Peoria, AZ
Size/Percent Leased: 64,463 SF / 100%
Sales Price: $8.2M ($127 PSF)

Industrial

Power Commerce Park (12 bldgs)
3380 S Power Rd, Gilbert, AZ
Size/Percent Leased: 146,052 SF / 100%
Sales Price: $55.0M ($377 PSF)

August



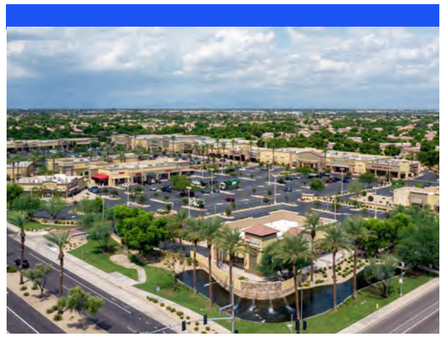
City Office REIT Portfolio
6 office bldgs/complexes, Metro Phoenix
Size/Percent Leased: 1,251,704 SF
Sales Price: $266.0M ($213 PSF)

Stetson Village
3780-3890 W Happy Valley Rd, Peoria, AZ
Size/Percent Leased: 165,080 SF / 100%
Sales Price: $71.0M ($430 PSF)

CCP Investments/Link Logistics Portfolio
3 warehouse/distribution bldgs, Tolleson, AZ
Size/Percent Leased: 731,571 SF / 100%
Sales Price: $116.7M ($160 PSF)

September

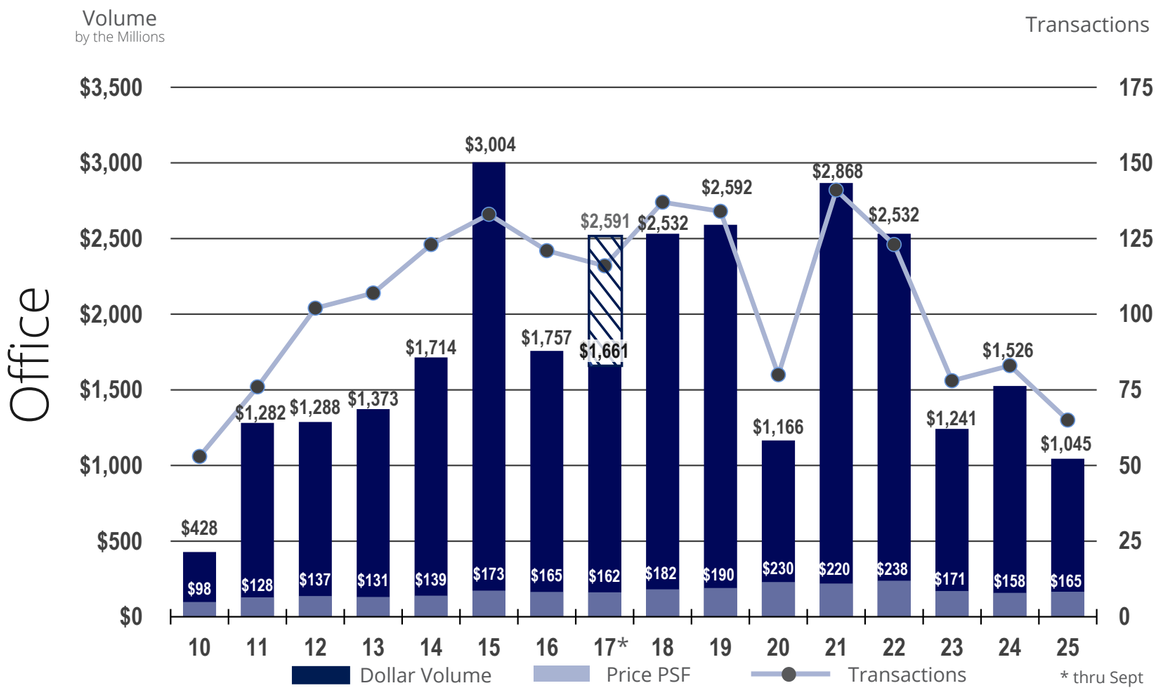
One Chandler Corporate Center Phase II
4100 W Chandler Blvd, Chandler, AZ
Size/Percent Leased: 118,857 SF / 49.4%
Sales Price: $23.2M ($195 PSF)

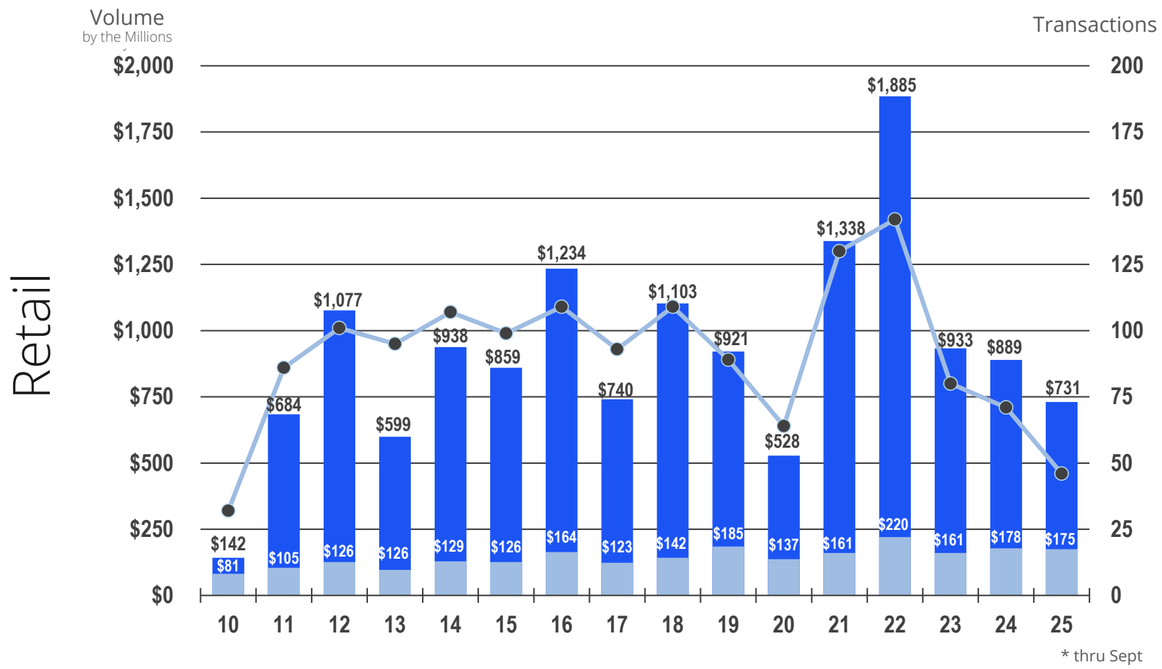


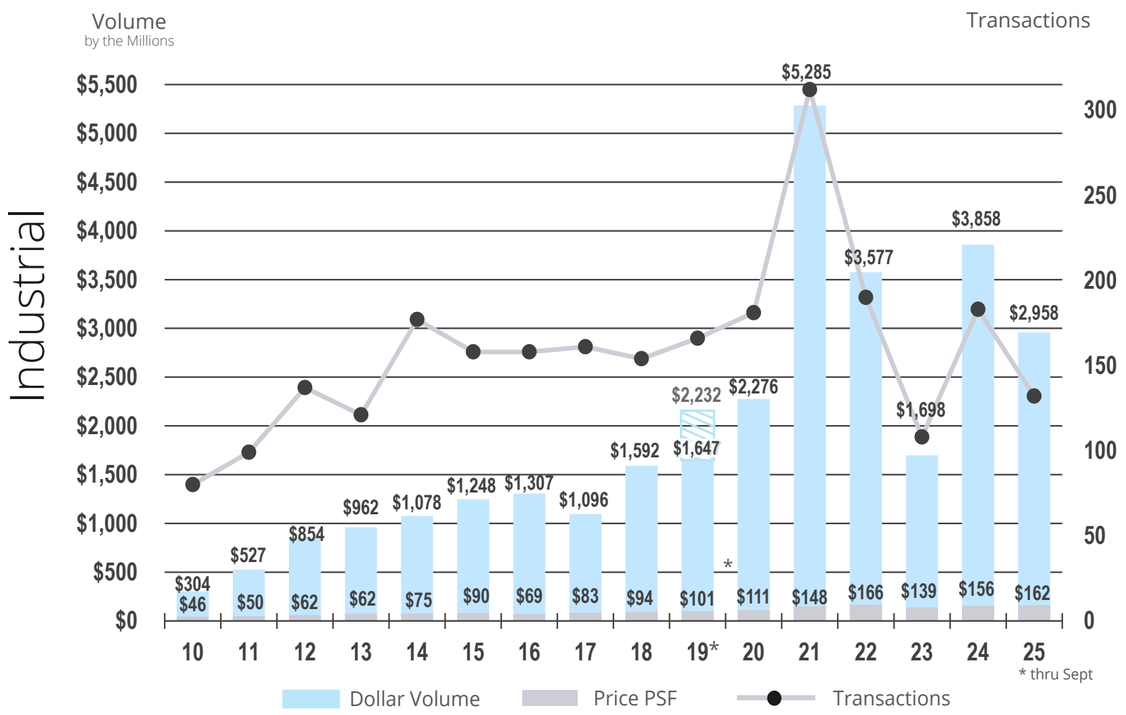
Las Tiendas Village
2805-2985 S Alma School Rd, Chandler, AZ
Size/Percent Leased: 208,880 SF / 94.2%
Sales Price: $54.5M ($261 PSF)

Equus Portfolio Sale to BKM
8 Industrial Parks, Phoenix/Tempe, AZ
Size/Percent Leased: 879,627 SF / 89%
Sales Price: $167.8M ($191 PSF)

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

* 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

Trend Spotting

Copilot, ChatGPT, Google AI are our constant companions

"AI is going to be a part of our lives and will help us solve many problems, but only if we let it," said Demis Hassabis, Co-Founder and CEO of Google DeepMind. Guided by this perspective, our team continuously explores thoughtful and intentional ways to integrate AI into our workflow. We view AI as a practical tool—one that enhances efficiency while strengthening our creative foundations. Whether leveraging Copilot to streamline technical challenges, using ChatGPT to overcome creative blocks during demanding workloads, or turning to Google AI to quickly clarify complex information, AI supports our ability to work smarter and more effectively. As we continue to learn and adapt, we remain committed to using AI to sharpen our capabilities, push creative boundaries, and embrace the opportunities shaping a smarter, more innovative future.

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