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Key Projects & Market Update: Build to Rent, Industrial, and Retail

By **Jake Minkin**

In recent updates on the commercial markets in Metro Phoenix, several key projects and market trends have appeared across different sectors. Some were highlighted at the REIAC Southwest Key Projects & Market Update June 20 at the CoStar offices.

RED Development, under Bret Heron's leadership, has been transforming Paradise Valley Mall since 2012. Following Sears' departure in 2020 and JC Penney's bankruptcy, Macy's, and Dillard's soon followed behind Sears, marking a significant shift in anchor tenants.

Recently, Phase 1 renovations introduced Whole Foods, popular eateries like Flower Child and Blanco, and 334 multifamily units averaging \$100 per square foot. Phase 2 plans include Lifetime Fitness along with a Lifetime living multifamily unit, self-storage, a park, and added dining options, along with 75,000 SF of new office space slated for completion by October. RED is also constructing their office within the complex, aligning with a Hilton hotel developer set to close next year.

Alex Boles from ViaWest Group highlighted two major projects. The first involves a 160,000 SF opportunity on Van Buren with extensive manufacturing capabilities. The second, "The Base," north of Camelback in Buckeye, offers 2 MSF of industrial space, attracting demand due to lower operational costs compared to surrounding areas like Las Vegas.

Shannon Hersker of NorthMarq noted challenges in capital markets despite robust demand for horizontal multifamily units in Metro Phoenix. Approximately 44,000 units are planned, averaging \$2,000 per rentable unit. Occupancy remains strong at 93 percent, down slightly from the previous year. Sales have slowed, with units trading at around \$339,000 per door and 6 percent cap rates.

The Metro Phoenix commercial real estate landscape continues to evolve with significant and ongoing market adjustments amid uncertain national and regional economic conditions.

Jake Minkin is a broker intern with LevRose Commercial Real Estate.

Upcoming Events:

[September 19, 2024](#) - REIAC SW Fall Mixer

[December 5, 2024](#) - REIAC SW Holiday Mixer



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