SOUTHWEST REGION

2025

SOUTHWEST REGION

QUARTER 1 PERSPECTIVE

PREPARED BY :

SVN COMMERCIAL REAL ESTATE ADVISORS


Collective Strength.
Accelerated Growth.

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THE SVN® BRAND

We believe in the power of COLLECTIVE STRENGTH to accelerate growth in commercial real estate. Our global coverage and amplified outreach to traditional, cross-market, and emerging buyers and tenants allows us to drive outsized success for our clients, colleagues, and communities. Our unique business model is built on the power of collaboration and transparency and supported by our open, inclusive culture. By proactively promoting properties and sharing fees with the entire industry, we build lasting connections, create superior wealth for our clients, and prosper together.

SVN® BY THE NUMBERS

200+
Offices Owners Nationwide

3
Global Offices & Expanding

18
Core Services & Specialty Practice Areas

2,000+
Advisors & Staff

$15.5B
Total Value of Sales & Lease Transactions in 2024

66M+
SF in Properties Managed

This is the SVN Difference.

SOUTHWEST
Region Offices

The SVN Southwest Region Quarterly newsletter will keep you informed and equipped with the latest trends, opportunities, and expert analysis in this thriving region. Our team of experienced professionals understands the dynamic nature of the Southwest's commercial real estate landscape. We are committed to delivering valuable content, including market indicators, investment opportunities, regulatory updates, and localized insights.

REGIONAL TRANSACTIONS

282 CLOSED DEALS

$148 M TOTAL VALUE

SOLD - $ 7,400,000
± 22,038 SF | Medical Office
David Livingston, Fabian Lechuga
SVN | The Equity Group

SOLD - $ 7,250,000
± 91,400 SF | Retail
Troy Meyer, Kevin Matthews
SVN | Denver Commercial

SOLD - $ 2,800,000
± 9,144 SF | Office
Justin Horwitz, Richard Lewis, Sean Alderman
SVN | Desert Commercial

SOLD - UNDISCLOSED
± 9,600 SF | Retail
Jay Dabbs
SVN | Traditions

REGIONAL LISTINGS

661 LISTINGS ON MARKET

$1.6 B SALE LISTINGS VALUE

FOR SALE - $ 5,740,000
± 14,000 SF | Industrial
Cameron Jones, SIOR
SVN | Vanguard

FOR SALE - $ 19,000,000
± 25,000 SF | Retail
Al Barbagallo
SVN | The Equity Group

FOR LEASE - $50.00/SF (Gross)
± 46,000 SF | Office
Lisa Hughes
SVN | J. Beard Real Estate

FOR SALE - $5,250,000
± 26 AC | Land
Walt Arnold, Kelly Schmidt, Larry Ilfeld
SVN | Walt Arnold Commercial Brokerage

Southern California

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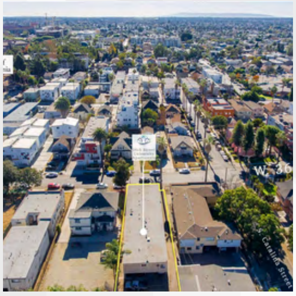
Los Angeles

Los Angeles is world-renowned for its iconic attractions, cultural diversity, and vibrant lifestyle. A diverse economy, with major industries like entertainment, technology, aerospace, tourism, and trade keeps LA thriving. The real estate market in Los Angeles has shown strong appreciation, making it an attractive investment option for those looking for long-term growth. Notable commercial real estate developments (planned or under construction) in Los Angeles include:

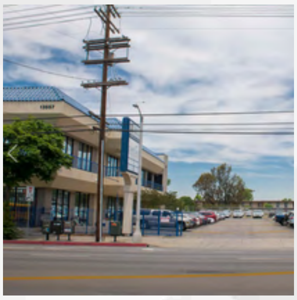
- ***Broadway Trade Center***
- ***Oceanwide Plaza***
- ***Figueroa 8***

FEATURED ON MARKET LISTINGS



FOR SALE
$3,100,000
±7,148 SF | Multifamily

FOR SALE
$1,450,000
±3,123 SF | Retail



FOR SALE
$7,500,000
±30,300 SF | Retail

VIEW ALL LISTINGS

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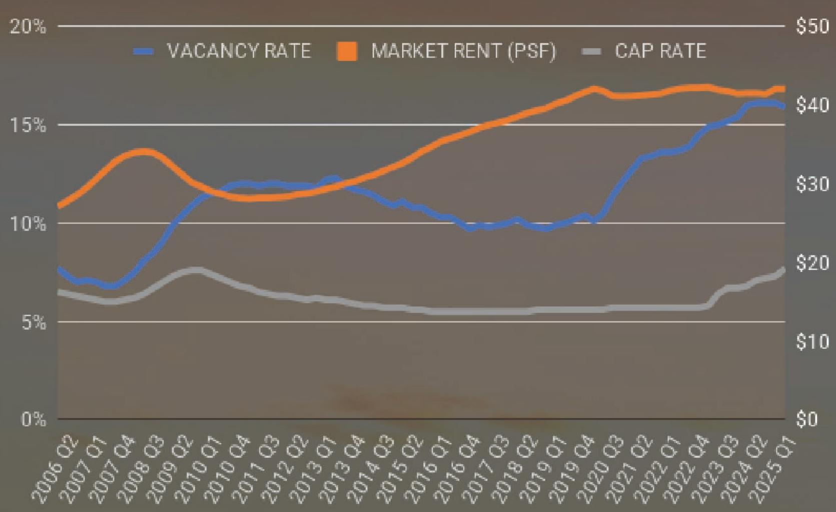
Los Angeles

OFFICE

Headwinds endure in Los Angeles' office market in the first quarter, with fundamentals at their worst position in decades. Vacancy, 15.9%, continues to rise from around 10% in early 2020, reaching new heights. While most office markets nationally have also weakened during the past several years, Los Angeles has endured more significant occupancy losses than most metros. Office attendance in the metro compared to prepandemic levels has trailed the return to the office seen in most other U.S. office markets. Additionally, the area's elevated unemployment rate and recent job losses in the entertainment and tech sectors, key office tenancies, have restrained tenant demand.



15.9% VACANCY RATE

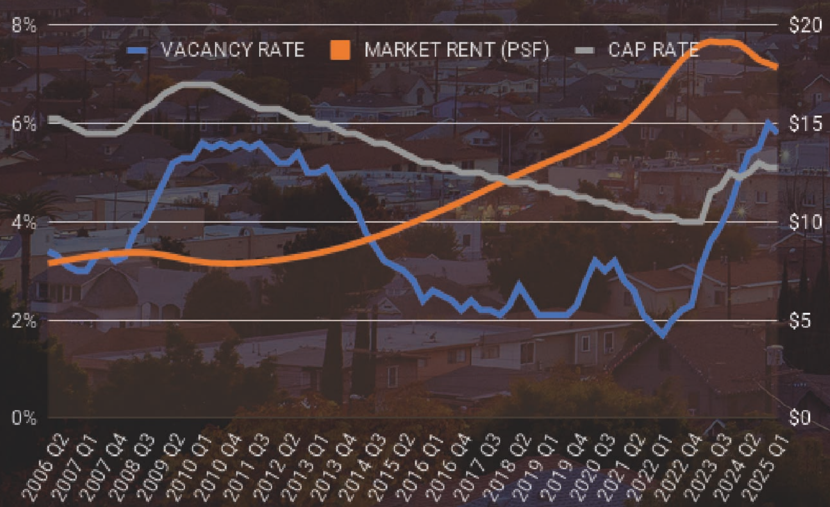
7.7% CAP RATE

$42.09 MARKET RENT

$321 PRICE/SF

INDUSTRIAL

Industrial vacancy in Los Angeles has increased at the same pace as the national average over the past two years. However, while national vacancy expansion has been driven by supply growth, LA's has been driven by a contraction in occupancy. Net absorption ran negative for the 11th consecutive quarter at the close of 2024, and spec developments are delivering vacant. Vacancy has reached 5.8% as of the first quarter of 2025. Of the nearly 11 million SF of new industrial space completed since 2023, roughly 37% remains vacant. Meanwhile, trailing-year net absorption of SF was weighed down by downsizing logistics tenants, bankrupt retailers closing warehouses, and some manufacturers shutting down operations.



Data Source: CoStar

5.8% VACANCY RATE

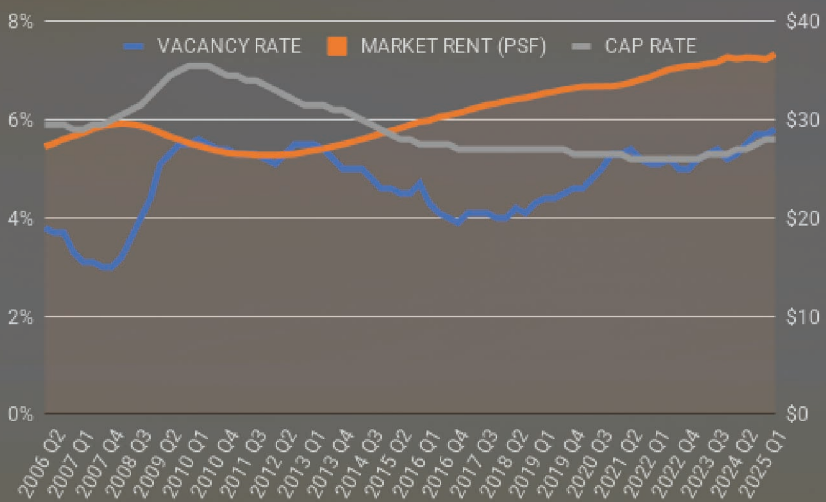
5.1% CAP RATE

$17.86 MARKET RENT

$313 PRICE/SF

RETAIL

The Los Angeles retail market continues to witness the softest demand formation among major U.S. markets in the first quarter. The market has had to grapple with multiple headwinds. Population losses in recent years and, more recently, meager population gains have stymied household formation and subsequently consumption growth. Softer economic fundamentals than most U.S. metros and elevated housing costs have left residents less confident in spending. Additionally, high interest rates weigh on operational costs and business formation. Fortunately for landlords, retail construction has had a limited impact on the market's softness; total retail space in the market largely held steady during the past year.



5.8% VACANCY RATE

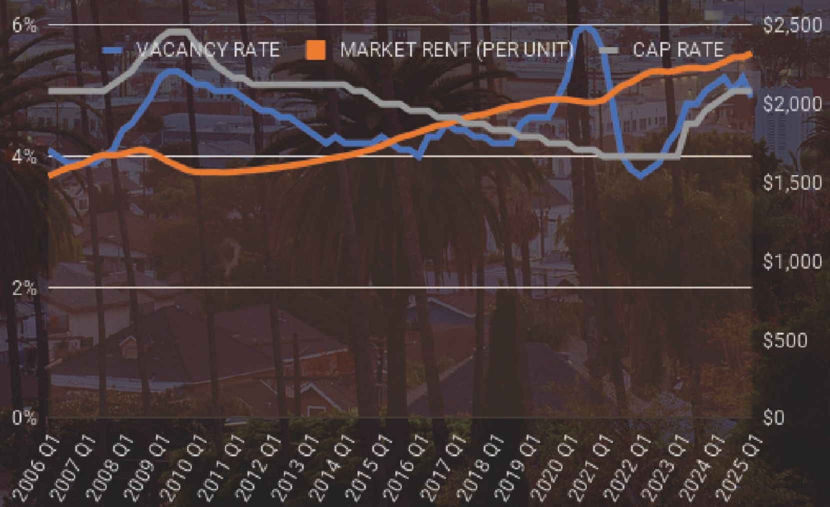
5.6% CAP RATE

$36.69 MARKET RENT

$418 PRICE/SF

MULTIFAMILY

Los Angeles apartment market conditions improved in early 2025 after remaining largely steady last year. Year-to-date renter demand has been stronger than last year. However, recent stronger activity still represents among the most modest renter demand recently seen among major U.S. metros. Relative economic softness, job losses in the entertainment and tech sectors, and outmigration by residents continue to weigh on overall conditions. However, analyzing recent demand by asset quality demonstrates diverging renter activity. Higher-income renters seeking top-tier apartments have been the most significant driver of activity. Unfortunately for many owners, lower-to-middle-income households comprise the lion's share of the renter pool.



4.9% VACANCY RATE

5.0% CAP RATE

$2,322 MARKET RENT

$351,612 PRICE/UNIT

Data Source: CoStar

Southern California

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Orange County

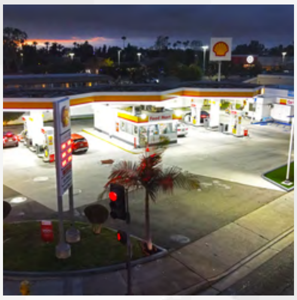
With its beautiful coastline, sunny climate, and diverse economy, Orange County offers residents and visitors a high quality of life. Major sectors of the region's economy include tourism, technology, healthcare, finance, and manufacturing. Overall, Orange County is known for its picturesque landscapes, economic prosperity, and vibrant culture, making it a desirable place to live, work, and visit. Notable commercial real estate developments (planned or under construction) in Orange County include:

- ***Disneyland Expansion***
- ***Anaheim Convention Center Expansion***
- ***Mainplace Mall Transformation***

FEATURED ON MARKET LISTINGS

FOR SALE
$4,500,000
±22,011 SF | Retail/Office

FOR SALE
$6,950,000
±1,700 SF | Marina



FOR SALE
$5,750,000
±1,666 SF | Gas Station

VIEW ALL LISTINGS

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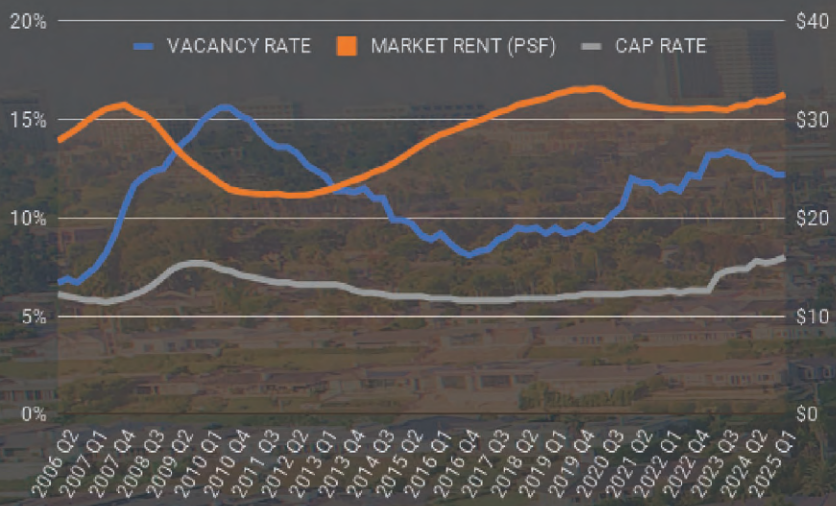
Orange County

OFFICE

Counter to national trends, supply-demand fundamentals in Orange County's office market improved in 2024. Since peaking a year and half ago, vacancy has declined 100 basis points to 12.2% as of the first quarter of 2025. Compared to urban downtowns like LA, Orange County's suburban environment lends to higher office utilization, reflected in public transit use that is trending above precovid levels, well ahead of the national average. Although new leasing volume is yet to improve, fewer Orange County office tenants are relinquishing space upon lease expiration or ahead of it compared to recent years past. Total availability has declined, in part as a result of sublease space being leased, de-listed, or expired.



12.2% VACANCY RATE

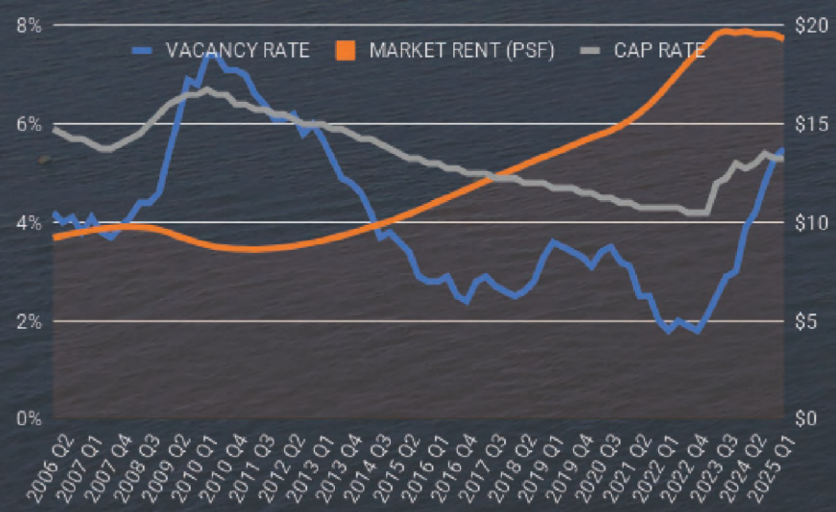
8.0% CAP RATE

$32.57 MARKET RENT

$251 PRICE/SF

INDUSTRIAL

Demand for industrial space in Orange County has softened since the beginning of 2023, with occupancy losses accelerating in 2024. Vacancy has increased to 5.5% as of the first quarter of 2025, which still ranks OC in the bottom half of the nation's largest 20 industrial markets and well below the national average of 6.9%. Space availability, which includes under-construction inventory and sublease listings, has expanded by nearly 500 basis points since the beginning of 2023 to 8.2%. Tenant competition has cooled, with available spaces leasing at a median of over three months. Vacancy has increased at a similar pace to the national average and will likely rise in conjunction with it in the quarters ahead.



Data Source: CoStar

5.5% VACANCY RATE

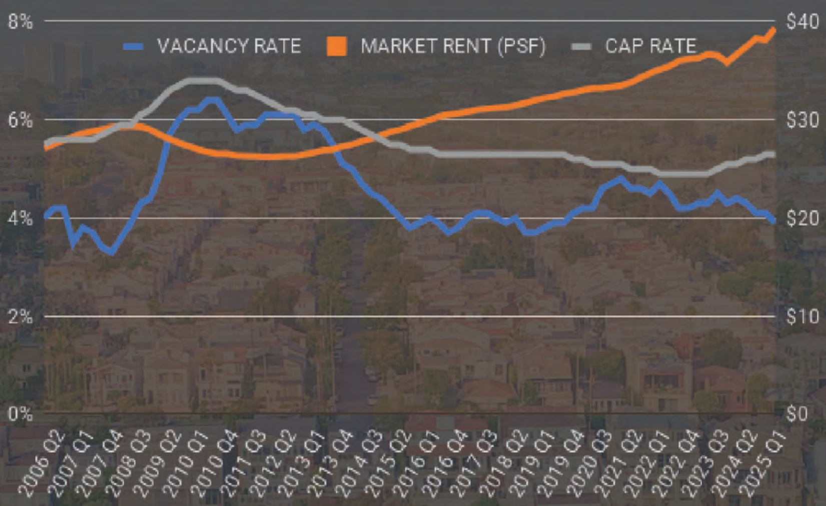
5.3% CAP RATE

$19.33 MARKET RENT

$345 PRICE/SF

RETAIL

Already boasting strong fundamentals, Orange County's retail market tightened further at the end of 2024 and into 2025. A jump in new leasing volume in the fourth quarter of 2024, up to a multi-year high of over 750,000 SF sent availability below 4%. Availability has compressed further in 2025, reaching a new cyclical low and toward the market's historical low point achieved more than 16 years ago, just before the global financial crisis in 2007-08. Discount retailers and grocery stores drove big-box leasing in 2024, while experiential retailers like Defy Trampoline Parks are also opening. Expanding retailers have reduced the number of institutional-quality spaces available across the market, with most prime corridors at or near full occupancy.



3.9%
VACANCY RATE

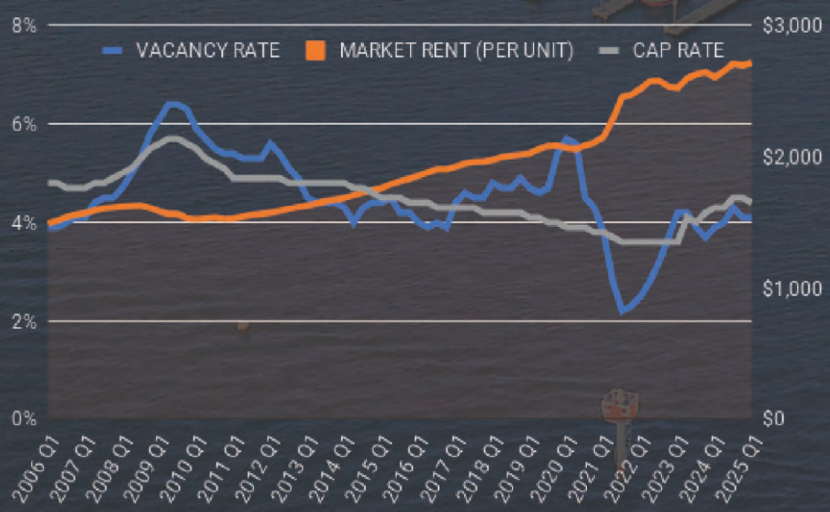
5.3%
CAP RATE

$39.37
MARKET RENT

$450
PRICE/SF

MULTIFAMILY

Affordable housing remains in high demand in Coastal California, fostering high occupancy across Orange County apartments. While the national vacancy rate has increased significantly since 2023 to 8.1%, vacancy in OC has remained compressed at just 4.1% as of the first quarter of 2025. Vacancy in OC ranks second lowest among the nation's largest 50 markets. Although it still compares favorably to other markets, vacancies across all quality segments were up slightly in 2024. As a result, rents were nearly flat in 2024. Annual rent growth measures only 2.1% as of the first quarter of 2025 as operators focus on maintaining nearly full occupancies.



Data Source: CoStar

4.1%
VACANCY RATE

4.4%
CAP RATE

$2,719
MARKET RENT

$441,572
PRICE/UNIT

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Inland Empire

The Inland Empire is Southern California's fastest-rising business hub, where expanding industries meet unmatched access to ports, freeways, and major markets. With a booming population, a deep labor pool, and record investments in industrial and logistics space, the region offers the perfect launchpad for businesses ready to scale. Opportunity is wide open in the IE, this is a place where growth isn't just happening, it's accelerating. Notable commercial real estate developments (planned or under construction) in Inland Empire include:

- ***Goodman Commerce Center (Eastvale, CA) - 200-acre mixed use development***
- ***Artisan Alley (Lake Elsinore, CA) - 11-acre mixed-use development***
- ***Disney's Cotino Storyliving Community (Rancho Mirage, CA) – 618-acre residential development***

FEATURED ON MARKET LISTINGS

FOR SALE
$1,520,000
±5,678 SF | Industrial

FOR SALE
$1,049,000
±2.23 AC | Land

FOR LEASE
$3.50/SF/Mo (NNN)
±3,000 SF | Retail

VIEW ALL LISTINGS

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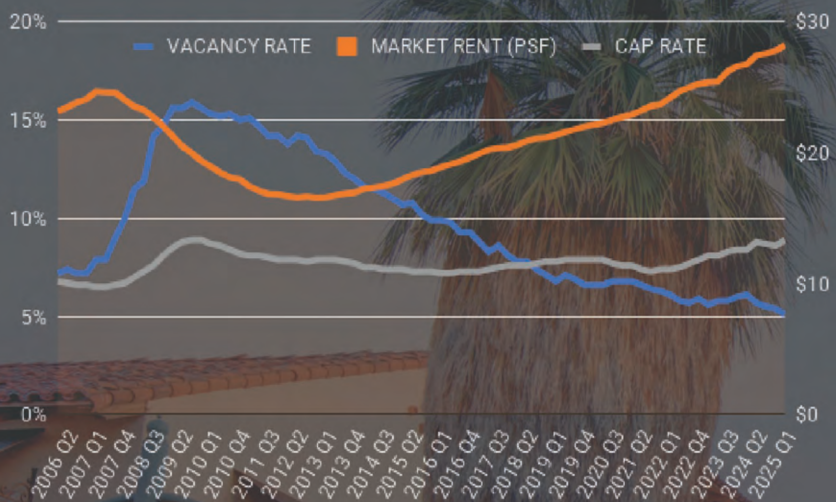
Inland Empire

OFFICE

Demand for office space in the Inland Empire increased in early 2025, and occupancy levels are rising into record-breaking territory. Net absorption totaled over 400,000 SF in 2024, with roughly a third of that total stemming from medical office buildings, followed by over 250,000 SF in the first quarter of 2025. As a result of expanding tenant occupancy and limited supply growth, vacancy has fallen to 5.1% as of the first quarter of 2025, down from 6.0% in the first quarter of 2024 and a pre-pandemic rate of 6.5%. Few Inland Empire office tenants relinquished space during the pandemic, outside of government entities. The market is unique in its reliance on small businesses, locally serving professionals, and healthcare providers, which have primarily maintained occupancy due to outperforming economic growth.



5.1%
VACANCY RATE

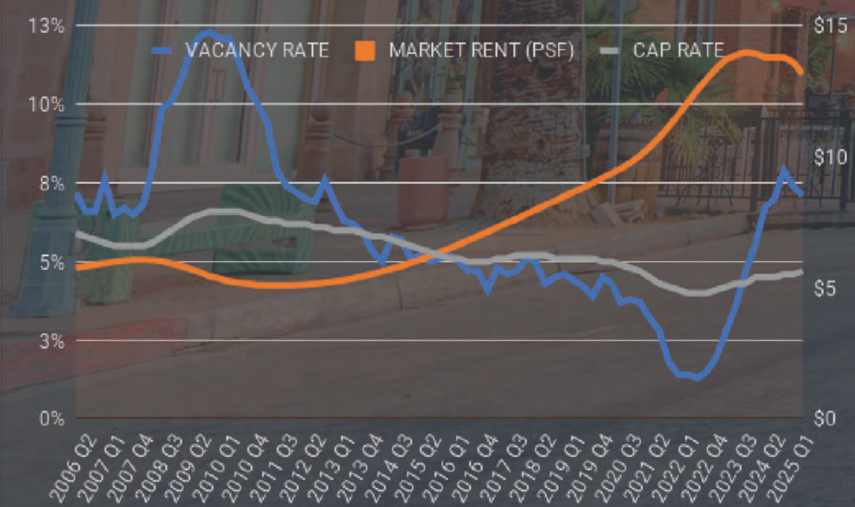
8.9%
CAP RATE

$28.21
MARKET RENT

$192
PRICE/SF

INDUSTRIAL

Following a sharp rise that lasted for more than two years, industrial vacancy in the Inland Empire ticked lower in the fourth quarter of 2024. Net absorption jumped back into positive territory totaling 5 million SF. Vacancy measures 7.1% as of the first quarter of 2025, uncharacteristically trending higher than the national average following the record expansion. Wave of new supply has pressured vacancies higher. Nearly 60 million SF of new industrial space has been finished since 2023, over 30% is still available for lease. Meanwhile, trailing 12-month net absorption of 16 million SF, compared to the prior 10-year average of 20 million SF, was weighed down by large distribution center closures by third-party logistics firms.



Data Source: CoStar

7.1%
VACANCY RATE

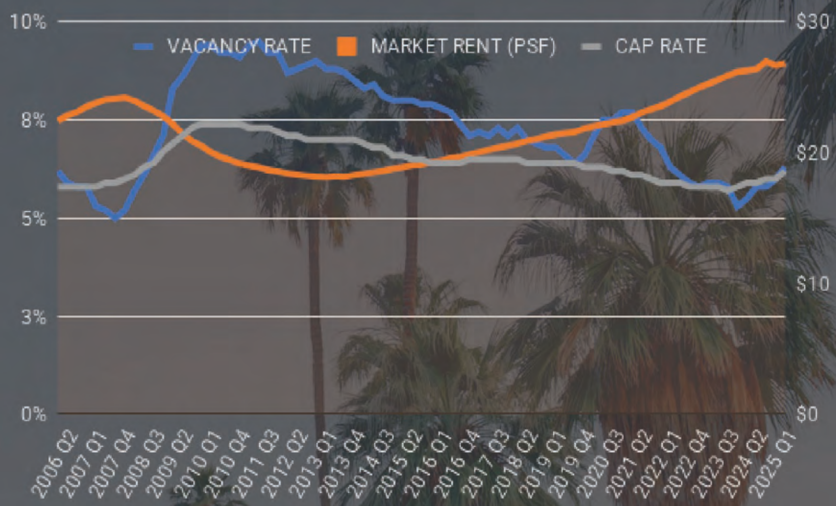
4.7%
CAP RATE

$13.16
MARKET RENT

$264
PRICE/SF

RETAIL

Retail market fundamentals in the Inland Empire remain tight from a historical perspective but have softened over the past two years. Space availability has expanded approximately 100 basis points from a decade's-plus low, reaching 6.7% as of the first quarter of 2025. Nevertheless, availability is still down substantially from an early pandemic-era peak of 8.1%. Retailers expanded in the market to meet a rise in resident buying power driven by higher-income households moving into the area for its affordability. Assuming the economy continues to expand at a slow pace, availability in the market will remain compressed.



6.3%
VACANCY RATE

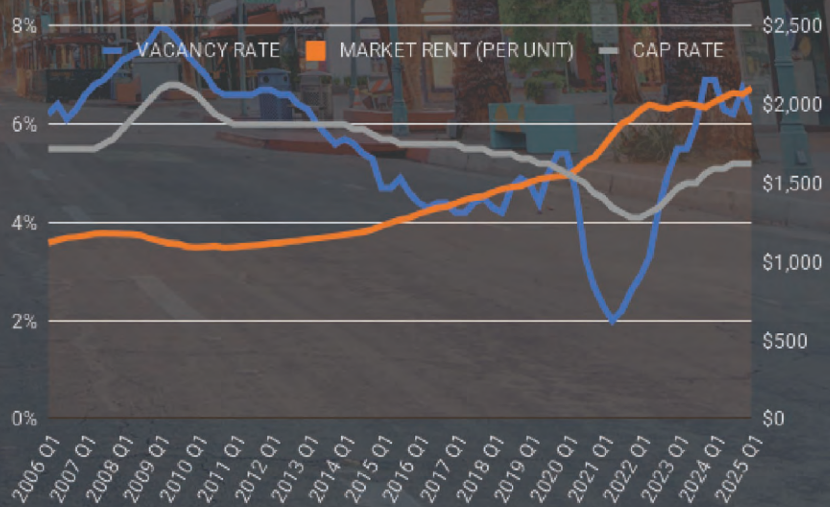
6.2%
CAP RATE

$26.82
MARKET RENT

$292
PRICE/SF

MULTIFAMILY

Absorption of Inland Empire apartments has increased in 2025 as a wave of new supply is reaching completion. Absorption increased from approximately 900 units in the fourth quarter of 2024 to over 1,500 units in the first quarter of 2025. Absorption outpaced supply growth in the first quarter. Inlcuding the new apartments in lease-up, overall vacancy has ticked down to 6.2% as of the first quarter of 2025. Vacancy among stabilized apartments peaked at the end of 2023 and has trended lower since then, falling below 5% in recent quarters.



Data Source: CoStar

6.2%
VACANCY RATE

5.2%
CAP RATE

$2,104
MARKET RENT

$270,827
PRICE/UNIT

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San Diego

San Diego is a dynamic coastal city known for its diverse neighborhoods, innovative industries, and laid-back lifestyle. With a strong presence in biotech, defense, and tourism, it continues to attract both businesses and talent. The city's unique blend of urban development and natural beauty makes it a dynamic environment for growth and investment. Notable commercial real estate developments (planned or under construction) in San Diego include:

- ***San Diego International Airport Terminal 1 Expansion***
- ***Research and Development District (RaDD)***
- ***Mission Gorge Modular Housing***
- ***Central Embarcadero Redevelopment (Seaport San Diego)***

FEATURED ON MARKET LISTINGS

FOR SALE
$2,950,000
±7,343 SF | Industrial

FOR SALE
Contact Advisor
±10,458 SF | Industrial

FOR SALE
$2,899,000
±7,259 SF | Industrial

[VIEW ALL LISTINGS]

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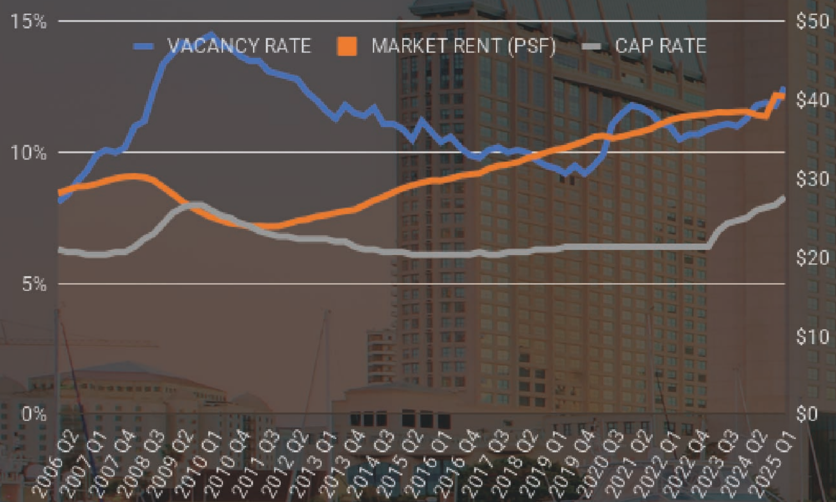
San Diego

OFFICE

The occupancy losses that have spread across the major office markets in the U.S. since 2020 have not been nearly as dramatic in San Diego. The region's core industries, which are tied to the innovation and military economies, have helped the region sidestep some of those concerns. Even so, last year was a challenging one for area landlords after leasing volume fell to its lowest level since 2009, aside from 2020. There is widespread belief among market participants that leasing volume will remain below pre-pandemic trends, and rent growth will remain stagnant while confronting the most new supply to open in 20 years. Vacancy may be heading toward 14% following the completion of Campus at Horton after RaDD finished construction Downtown in early 2025.



12.5% VACANCY RATE

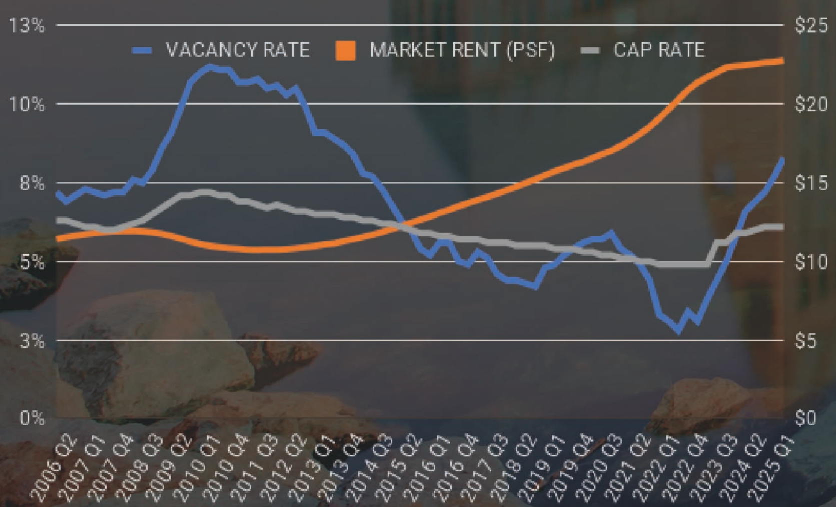
8.3% CAP RATE

$40.43 MARKET RENT

$288 PRICE/SF

INDUSTRIAL

Occupancy losses extended through 24Q4 for the eighth straight quarter. That has been the longest stretch since the height of the Great Recession. Vacancies tied to the defense industry and biotech sector in North County and to distributors in South County have led to vacancy rising to 8.3%, which is the highest level since 2013. Yet market participants were hopeful that several large leases at the end of 2024 and early 2025 could be a harbinger of the region coming out of a period of weak demand and on the path to stabilizing in 2025.



Data Source: CoStar

8.3% VACANCY RATE

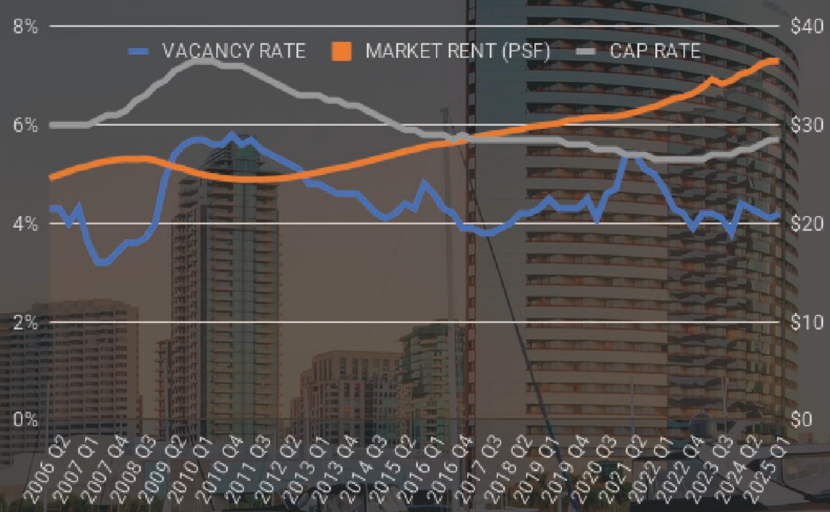
6.1% CAP RATE

$22.79 MARKET RENT

$328 PRICE/SF

RETAIL

San Diego's retail market entered 2025 in one of its strongest positions in years. The availability rate held steady quarter-over-quarter in 24Q4 and rose only 10 basis points year over year. With the exception of power centers and malls, most retail sub-types are trending near historically low availability rates. However, availability already ticked up further for malls and power centers in early 2025 after Macy's, Joann, and Kohls announced they were closing several area stores. While leasing as a percentage of inventory rose in 2024, it still fell short of 2%, due to lack of adequate retail spaces. According to market participants, "all of the best spaces have been leased," and retailers interested in high-profile shopping center or outparcel sites are finding few opportunities as availability remains limited.



4.2%
VACANCY RATE

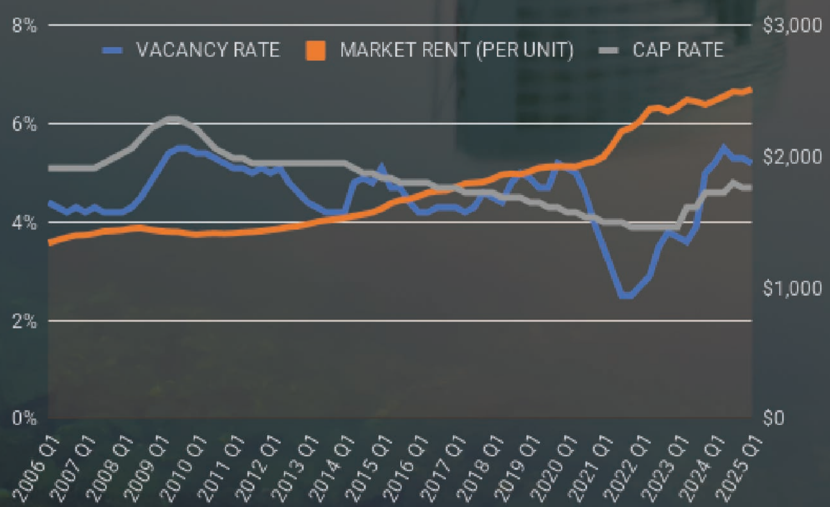
5.7%
CAP RATE

$36.49
MARKET RENT

$399
PRICE/SF

MULTIFAMILY

San Diego's apartment market finds itself in a paradoxical position. Demand rebounded in the second half of 2024, and net absorption reached its highest level since 2021. It doubled absorption from 2022 and 2023 combined. Yet, was not necessarily a result of rising consumer confidence or diminishing recessionary fears, but rather the widespread use of concessions. According to local property managers, renewals have largely stabilized, with many local property managers employing concessions to maintain stronger occupancy rates. Those were seldom used for renewals before last year. Similarly, concessions from free rent to look-and-lease specials and gift cards have helped secure new demand of stabilized properties.



Data Source: CoStar

5.2%
VACANCY RATE

4.7%
CAP RATE

$2,516
MARKET RENT

$393,370
PRICE/UNIT

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Las Vegas

As a key center for tourism, entertainment, and innovation, the city of Las Vegas has seen a significant increase in both population and economic activity, fueled by an attractive job market, favorable climate, and business incentives. This growth has notably positioned Las Vegas as hotspots for commercial real estate investment. Recent developments in Las Vegas have focused on diversifying the economy beyond tourism, with significant strides in sectors such as technology, healthcare, and renewable energy. Notable commercial real estate developments (planned or under construction) in Las Vegas include:

- ***Brightline West High Speed Rail - $3B***
- ***Oakland A's MLB Stadium - $1.5B***
- ***UHS Henderson Hospital - $385M***
- ***Summerlin Studios - $1.8B***

FEATURED ON MARKET LISTINGS

FOR SALE
$9,000,000
±11,500 SF | Retail

FOR SALE
$8,550,000
±31,500 SF | Industrial

FOR SALE
$6,900,000
±25,229 SF | Office

VIEW ALL LISTINGS

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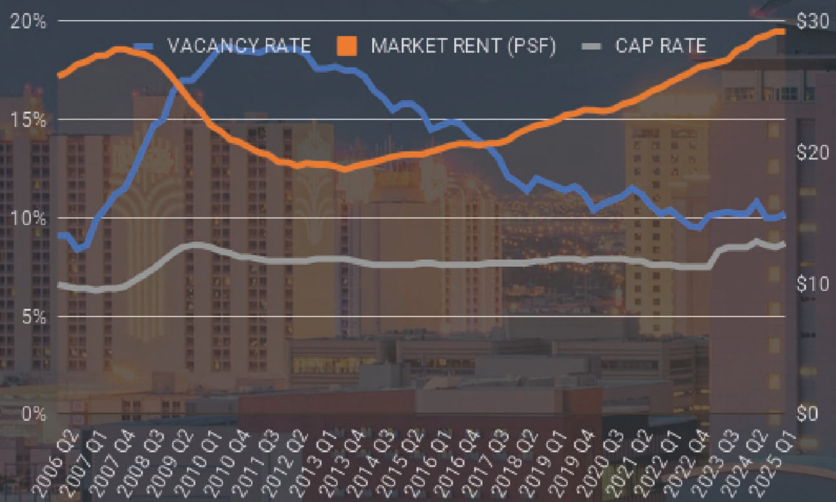
Las Vegas

OFFICE

At 10.2% as of 25Q1, Las Vegas has one of the lowest vacancy rates among major U.S. metros. The trend of large-scale negative absorption in many office markets has not played out here. The local economy's dependence on the leisure hospitality sector and minimal tech exposure have served as a buffer against national downsizing trends. Office-using employment growth played a considerable role in Las Vegas' economic rebound post-pandemic and underpinned consistent demand for office space. But this momentum has waned more recently. Las Vegas office users occupy a below-average footprint relative to major office markets, mitigating downside risk and limiting upside. While large occupancy losses are rare, smaller space givebacks and weaker leasing volume have weighed on the market.



10.2% VACANCY RATE

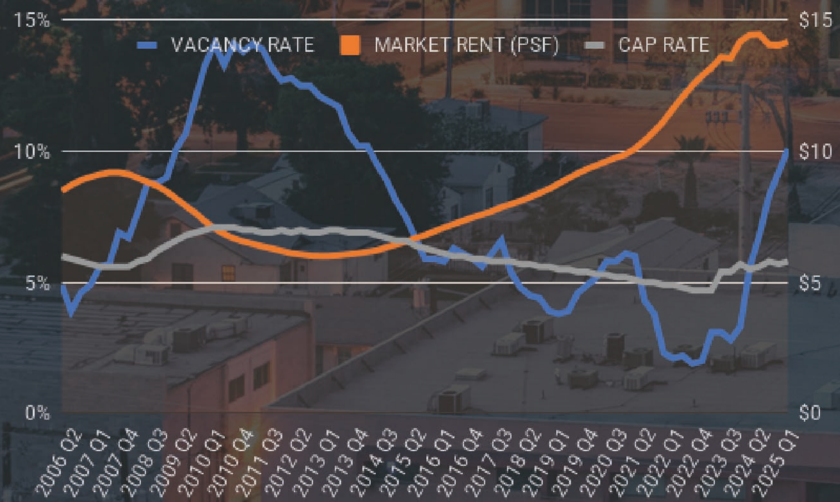
8.7% CAP RATE

$29.24 MARKET RENT

$243 PRICE/SF

INDUSTRIAL

Supply pressure and underwhelming demand are driving the industrial vacancy rate higher in Las Vegas. Nearly 15 million square feet delivered in 2024, a record high and a 70% increase from the previous year. However, the pace of quarter-over-quarter completions has decelerated sharply. Due to the abrupt slowdown in starts over the past year, quarterly completions are likely to resemble their pre-pandemic average in 2025. At 10.1%, the vacancy rate has been rising since mid-2022. Speculative construction in the pipeline could continue the trend of rising vacancy, which is forecasted to breach 11% by the end of this year. There is currently 7.6 million SF of space under construction, about 80% of which is available for lease in early 2025.



Data Source: CoStar

10.1% VACANCY RATE

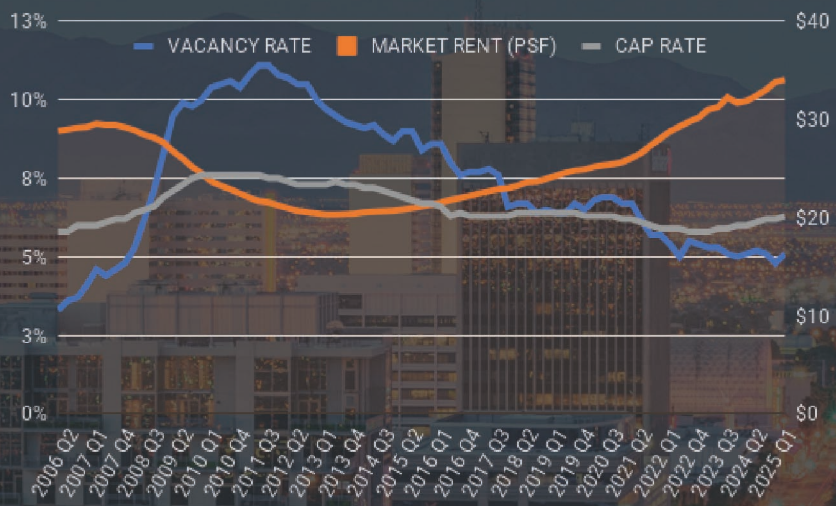
5.8% CAP RATE

$14.18 MARKET RENT

$209 PRICE/SF

RETAIL

The Las Vegas retail market is as competitive as it has been in nearly two decades for tenants seeking space. The availability rate is 5.4% and the vacancy rate is 5.1%, both near 15-year lows, as demand has consistently nullified supply pressure. Leasing activity has decelerated from its peak in 2021, primarily due to the lack of available space that meets tenant requirements. The 3 million SF of leased space last year was nearly 20% below the five-year high and roughly 30% below its pre-pandemic average. The single-tenant vacancy rate is sub-3%. The limited availability of single-tenant spaces has forced many expanding tenants to pursue ground-up construction, leading to a scarcity of land in high-traffic, high-visibility hard corners.



5.1%
VACANCY RATE

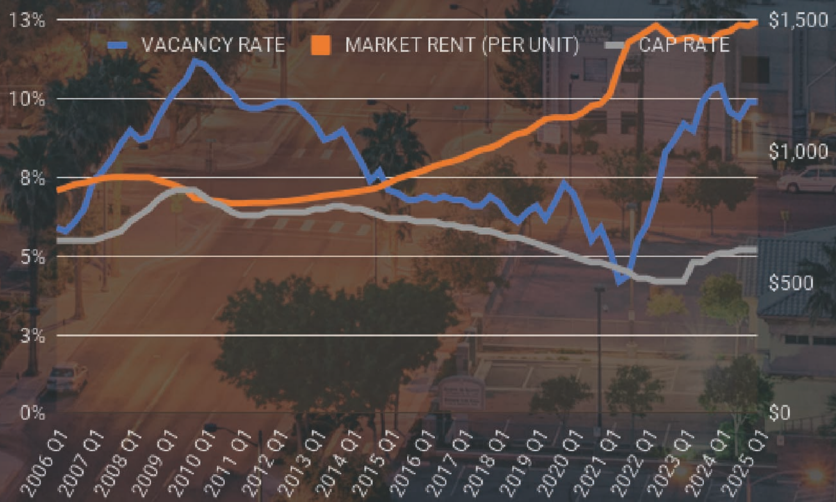
6.3%
CAP RATE

$34.06
MARKET RENT

$319
PRICE/SF

MULTIFAMILY

Net absorption in 2024 set a new benchmark in Las Vegas, however, most of the occupancy gains were in assets built in 2023-24. Market participants have observed many renters in older vintages taking advantage of generous concessions at newly built projects. The vacancy rate slightly compressed in the past year but remains elevated at 9.9%. Supply-side pressure will become less of a factor in 2025. Roughly 4,100 units are under construction, which would expand Las Vegas apartment inventory 2.1% once all projects are complete. If demand continues on its trend while deliveries moderate, the market would be poised for a recovery.



Data Source: CoStar

9.9%
VACANCY RATE

5.2%
CAP RATE

$1,498
MARKET RENT

$218,344
PRICE/UNIT

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Arizona

Phoenix

The Phoenix Metropolitan Area, home to around 4.9 million residents, is one of the fastest-growing regions in the United States, driven by its warm climate and affordable housing. Key industries include real estate, healthcare, technology, manufacturing, and retail, supporting a diverse and expanding economy. Continued population growth, projected to exceed 5.5 million by 2030, fuels demand in construction, services, and healthcare. Notable commercial real estate developments (planned or under construction) in Phoenix include:

- ***Taiwan Semiconductor Manufacturing Company (TSMC) - $12 billion plant***
- ***Ranks 1st in the U.S. for active industrial projects, with 37M square feet underway***
- ***The Phoenix Metro area currently has 46,572 apartment units under construction; an additional 23,191 units in the planning stage***

FEATURED ON MARKET LISTINGS

FOR SALE
$7,840,000
±9,551 SF | Retail

FOR SALE
$7,792,500
±16,392 SF | Office

FOR SALE
Subject to Offer
±42,338 SF | Industrial

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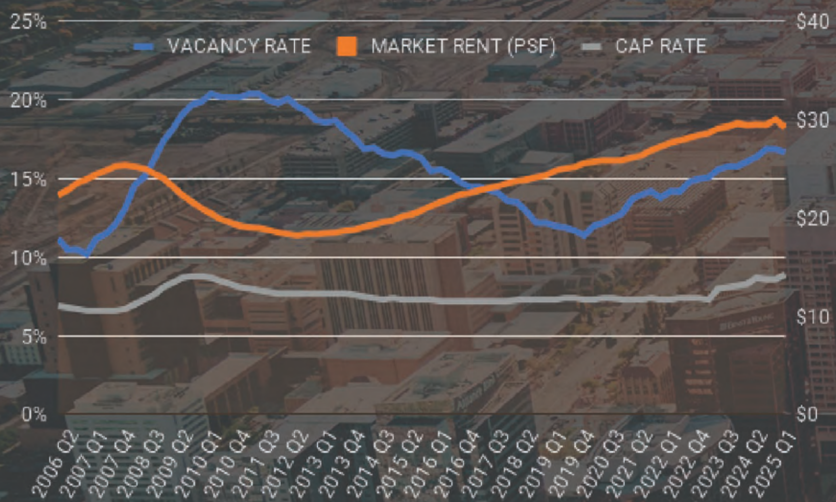
Phoenix

OFFICE

Conditions in the Phoenix office market remain dislocated. Users continue to scrutinize the effective use of their footprints, often resulting in space reductions or closures. Additionally, job growth has been sluggish in traditionally office-using employment sectors for over two years. This lowering of underlying space demand caused vacancy to climb more than 550 basis points since 19Q4, and expectations are for further increases over the midterm as pre-pandemic leases expire. The net amount of space vacated since the onset of COVID has surpassed -5.5 million SF. More than half of the space givebacks occurred in the past 24 months as weak tenant demand persists even five years removed from the pandemic's start. Empty space is accumulating quicker in larger suites and single-tenant buildings.



16.7% VACANCY RATE

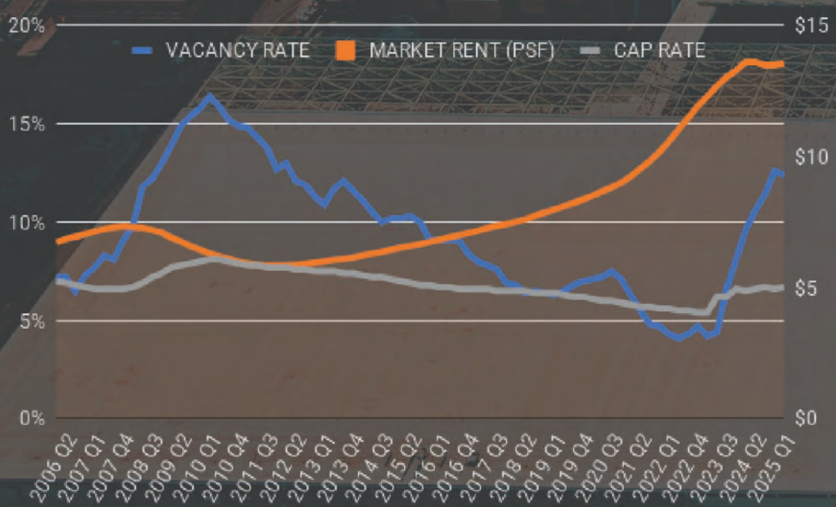
8.9% CAP RATE

$29.25 MARKET RENT

$200 PRICE/SF

INDUSTRIAL

A deluge of new development completions continues to drive Phoenix's industrial vacancy rate higher, a condition that could persist into 2026. Builders delivered an unprecedented 34.7 million SF of net new industrial space over the past 12 months, driving a normalization of market conditions. The wave of construction overshadows a resilient demand picture. While demand has eased from the frenetic pace seen in 2021 and 2022, leasing volume modestly accelerated in 2024 and is 33% above the average annual level from 2017 to 2019 as occupiers related to logistics, construction, and manufacturing continue to expand.



Data Source: CoStar

12.4% VACANCY RATE

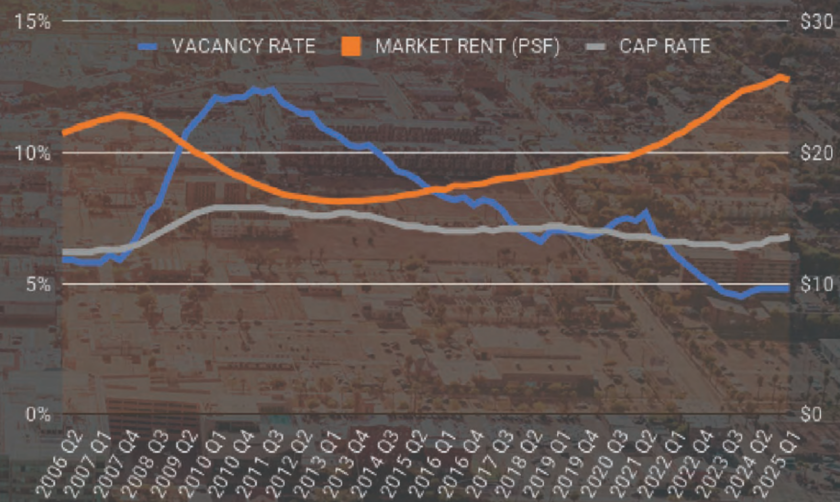
6.7% CAP RATE

$13.57 MARKET RENT

$177 PRICE/SF

RETAIL

Though a pick-up in store closures caused net absorption to decelerate swiftly last year, fundamental tightness in the Phoenix retail market persists as 2025 kicks off. Strong demographics, continued income growth, and healthy job gains fuel robust underlying tenant demand. These stout demand drivers, coupled with the modest construction pipeline, have kept availability low and rent growth elevated. The availability rate has risen to 5.1% in early 2025, up from 4.3% in late 2023. Bankruptcies by national brands, as well as the closure of some small-business tenants, left several vacant spaces that have yet to be fully backfilled. Despite the modest increase, availability remains well below the low-8% range recorded in 20Q1. Additionally, local market participants report that competition for space is elevated and tenant retention is healthy.



4.8%
VACANCY RATE

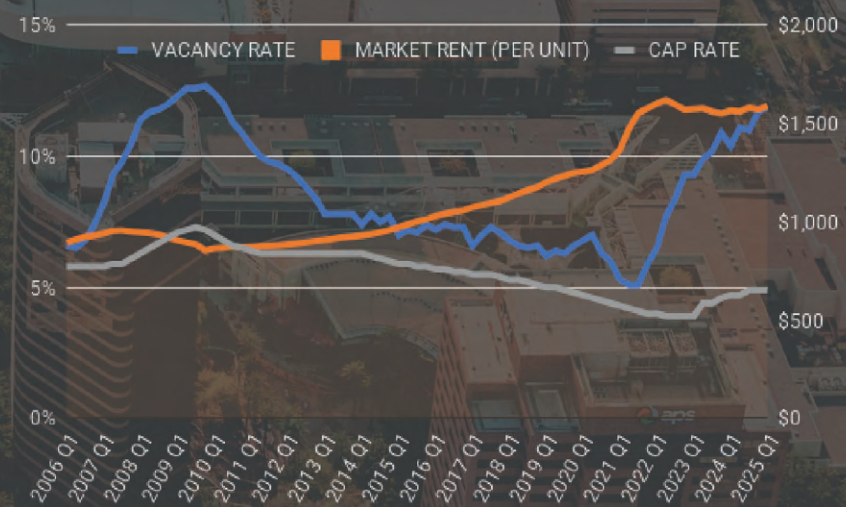
6.8%
CAP RATE

$25.55
MARKET RENT

$252
PRICE/SF

MULTIFAMILY

A persistent mismatch between supply and demand continues to hamper the Phoenix apartment market. A multidecade high wave of construction is overshadowing a healthy leasing picture, keeping vacancies elevated and rent growth negative. The Valley recorded 18,000 units of net absorption over the past 12 months, and midpriced communities saw 4,200 units of net absorption over the past 12 months. Although demand has improved, the surge in construction remains a formidable headwind. As a result, overall vacancy, which includes newly built properties and those in leaseup, has risen to 11.9% and could drift higher throughout the year as more supply comes online.



Data Source: CoStar

11.9%
VACANCY RATE

4.9%
CAP RATE

$1,591
MARKET RENT

$266,174
PRICE/UNIT

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Colorado

Denver

The Denver Metro region is a growing economic hub with a diverse economy, strong infrastructure, and a vibrant commercial real estate market. Anchored by key sectors like tech, healthcare, aerospace, and energy, it attracts investors through transit-oriented developments, adaptive reuse, and mixed-use projects. With lifestyle appeal and business-friendly policies, Denver remains a top choice for long-term investment and professional growth. There are several notable CRE projects currently underway in the city:

- ***The District – Greenwood Village: A 36 AC, mixed-use community***
- ***RidgeGate Expansion – Lone Tree***
- ***Belleview Station – Denver South: Transit-oriented development***
- ***Clear Creek/Federal Station – Adams County: 22-AC transit-oriented development***

FEATURED ON MARKET LISTINGS

FOR SALE
$13,900,000
±171,189 SF | Office

FOR LEASE
$25 SF/YR NNN
±13,843 SF | Office

FOR SALE
$4,150,000
±26,116 SF | Industrial

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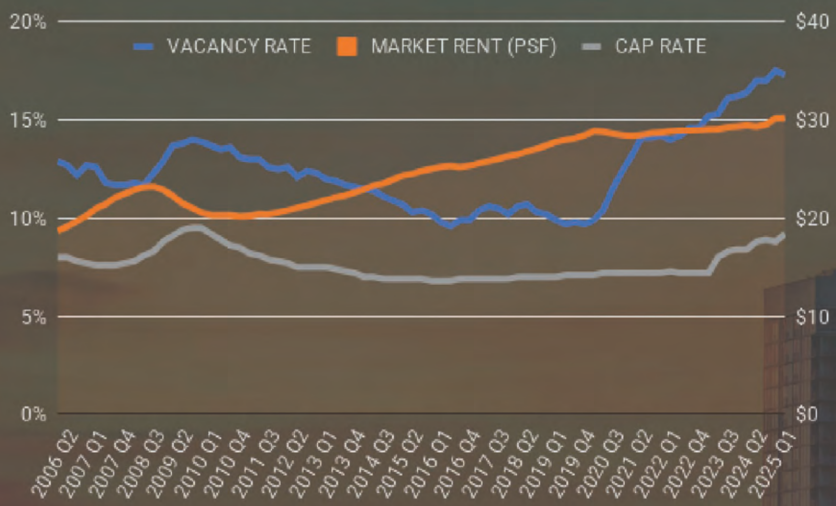
Denver

OFFICE

At 17.3% as of 25Q1, Denver has one of the highest vacancy rates among major U.S. markets. Low office utilization has plagued nearly every market across the nation, but Denver is more susceptible than most due to the market's high exposure to tech sector workers who have led the way in adopting flexible workplace arrangements. Office availability is likely to remain elevated in Denver for some time, as current leasing trends suggest that companies are adjusting their footprints to lower space-per-worker requirements when their leases expire. Leases signed in 24Q4 averaged about 3,300 SF, representing a 40% decrease in average lease size since its peak in 2015.



17.3% VACANCY RATE

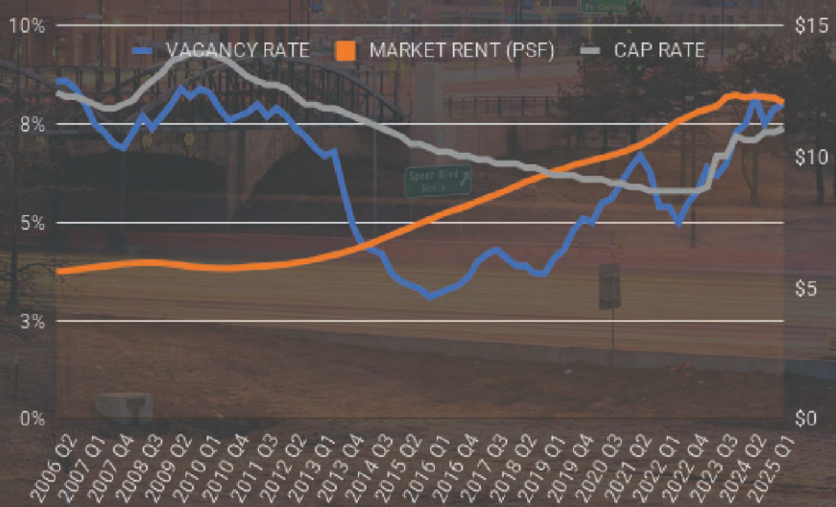
9.2% CAP RATE

$30.18 MARKET RENT

$200 PRICE/SF

INDUSTRIAL

Denver's industrial market stabilized in the past year as a slowdown in new construction completions coincided with an uptick in tenant demand. Still, the market remains more in tenants' favor due to the development surge between 2021 and 2023 that led to the sharpest vacancy expansion of the last decade. While the vacancy rate is not expected to rise much higher, at 8.0%, it is among the highest of any major U.S. market. The vacancy rate will likely remain elevated through the first half of 2025 as landlords work through the supply overhang. Tenant demand accelerated in the past year along with key positive economic data, including an uptick in consumer confidence and wage growth rising above inflation.



Data Source: CoStar

8.0% VACANCY RATE

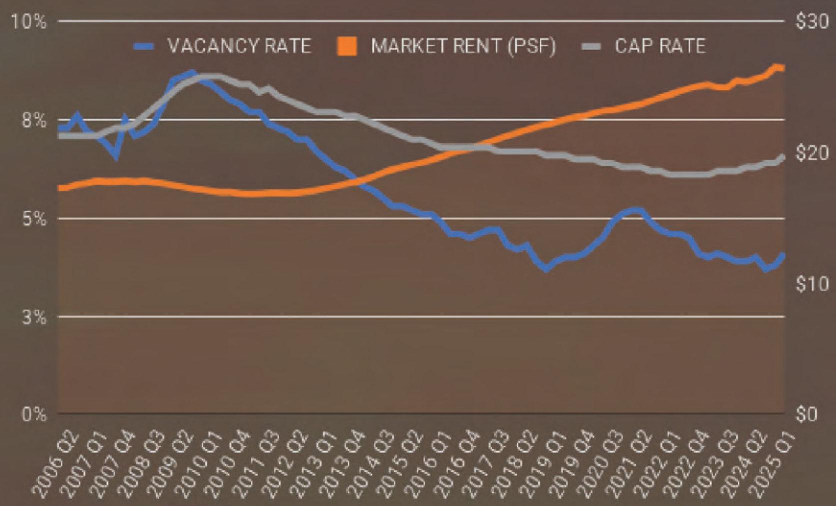
7.4% CAP RATE

$12.07 MARKET RENT

$174 PRICE/SF

RETAIL

As of 25Q1, Denver's retail market continues to benefit from an exceptionally low availability rate, limited new construction, and a resilient consumer base. This comes despite longstanding concerns of a softening economy and Denver's slower population growth. Retail availability has hit a record low of 5.0%, coming in below the 10-year average of 5.4%. Low availability is beginning to impact leasing activity as tenants face challenges securing the right type of space. On the smaller end of the market, national chains, including quick-service restaurants, convenience stores, and banks, are driving leasing activity. In larger formats, experiential tenants were key drivers of demand, as reflected in the top leases signed in the first half of the year.



4.1%
VACANCY RATE

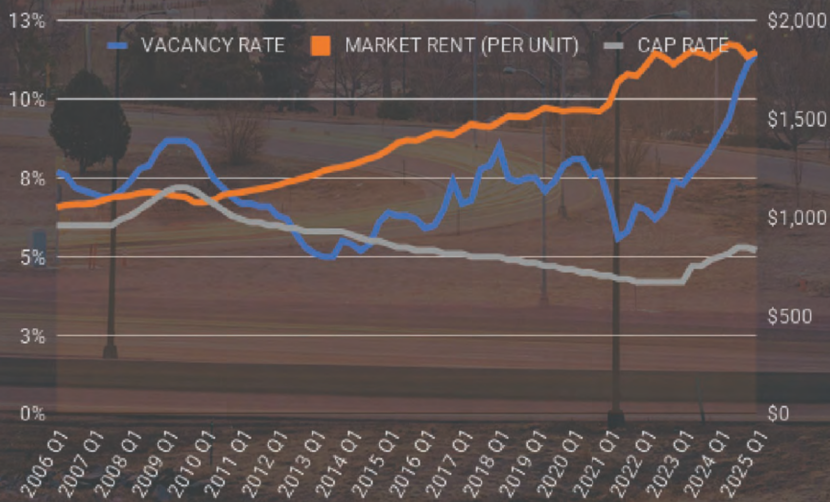
6.6%
CAP RATE

$26.42
MARKET RENT

$268
PRICE/SF

MULTIFAMILY

Demand for Denver apartments has improved, but the market continues to face one of the most active pipelines in the country that has put significant upward pressure on the vacancy rate, increasing from 5.6% in mid-2021 to 11.5% in 25Q1. Rents have moved by -3.1% in the past year, placing Denver in the bottom half of major markets across the country. The supply and demand imbalance will likely continue to suppress rent growth in 2025, particularly in areas of the metro where scheduled net deliveries as a percentage of inventory runs high. The impact of Denver's pipeline varies across the market. Demand has pulled back in the middle-tier segment, and vacancies are rising fastest as the pullback in demand is exacerbated by the number of units delivering in this category.



Data Source: CoStar

11.5%
VACANCY RATE

5.2%
CAP RATE

$1,844
MARKET RENT

$308,209
PRICE/UNIT

Northern Colorado

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Fort Collins

Northern Colorado is experiencing significant growth, driven by robust population increases, economic diversification, and strategic investments in infrastructure. The region's strong industrial, commercial, and residential sectors are attracting sophisticated investors and real estate professionals seeking stable long-term returns. With a favorable business climate, innovation-driven industries, and appealing lifestyle factors, Northern Colorado remains highly attractive for strategic real estate investment and development. Notable commercial real estate developments (planned or under construction) in Northern Colorado include:

- ***Amazon Robotic Fulfillment Center – Loveland***
- ***Bloom Mixed-Use Project – East Fort Collins***
- ***Ladera Subdivision – Timnath***
- ***Midtown King Soopers Redevelopment – Fort Collins***

FEATURED ON MARKET LISTINGS

FOR SALE
$4,500,000
±16,751 SF | Retail

FOR SALE
$2,963,000
±12,692 SF | Industrial

FOR SALE
$1,450,000
±0.52 AC | Land

VIEW ALL LISTINGS

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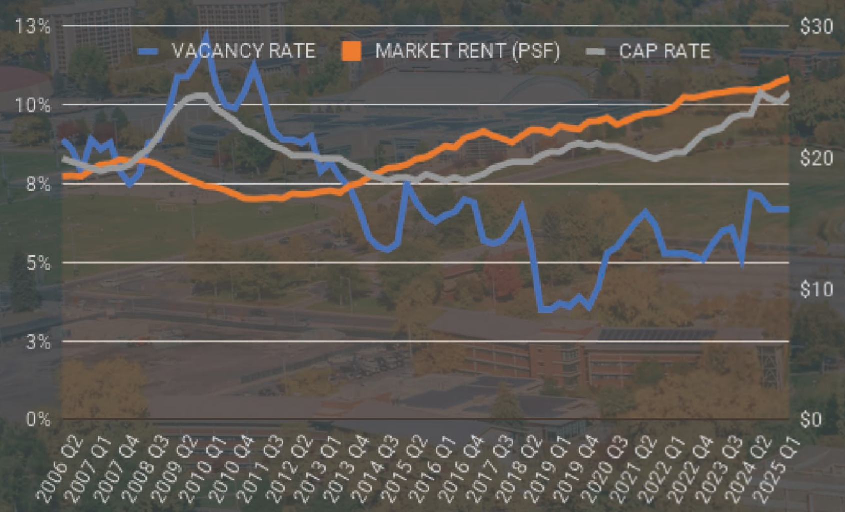
Fort Collins

OFFICE

While markets across the country grapple with demand challenges stemming from low office utilization, the Fort Collins office market has remained relatively resilient. The vacancy rate has remained relatively flat from the previous year. At 6.7%, vacancy still remains just above the long-term average of 5.7%. Technology, government, and health care companies primarily drove the uptick in leasing activity. An improvement in leasing activity is also behind the drop in vacancy, particularly in 4 and 5 Star properties which have a vacancy rate of just 2.4%. Vacancy is highest in the 3 Star segment at 7.6%. Going forward, the overall vacancy rate is projected to remain relatively low due to an uptick in activity no new construction activity.



6.7%
VACANCY RATE

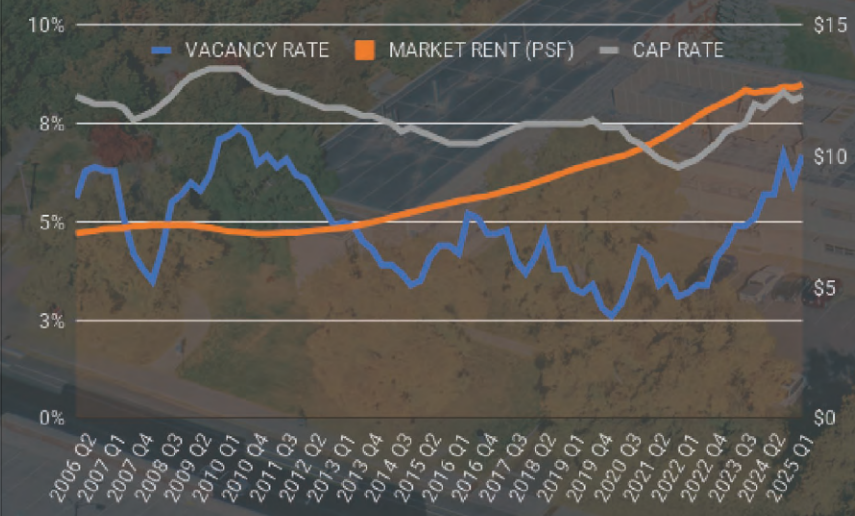
10.4%
CAP RATE

$26.10
MARKET RENT

$162
PRICE/SF

INDUSTRIAL

As of the first quarter of 2025, the Fort Collins industrial market continues to cool. Decelerating net absorption combined with a steady stream of industrial project completions have pushed the vacancy rate up by over a full percentage point in the past year to 6.7%. Annual rent growth is decelerating, averaging 2.0%, which is down from the 7.3% gains achieved in mid-2022. Developers were especially active in the area surrounding the Northern Colorado Regional Airport. Amazon completed construction of its 3.8 million-SF distribution center on 150 acres located on the northern border of the airport in 2023. The expansion is projected to generate roughly 1,000 jobs.



Data Source: CoStar

6.7%
VACANCY RATE

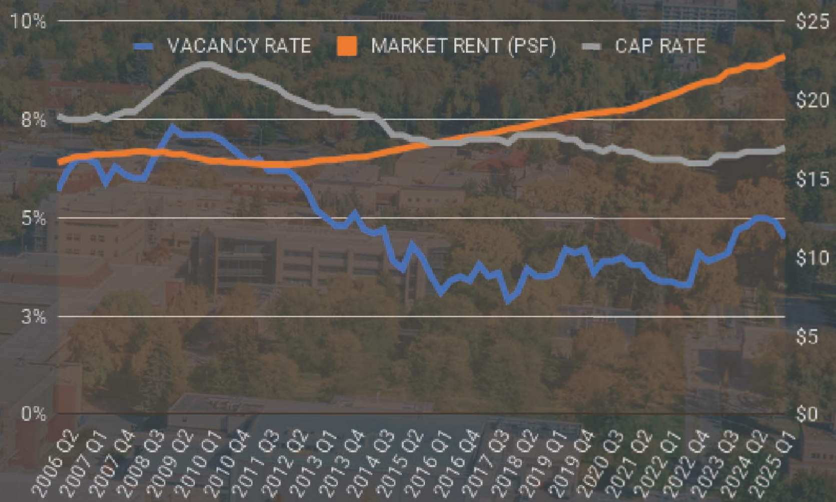
8.2%
CAP RATE

$12.74
MARKET RENT

$147
PRICE/SF

RETAIL

Retail fundamentals have improved, supported by a lift in consumer spending. The Fort Collins retail market logged negative annual net absorption, amounting to 130,000 SF in the past year, causing vacancies to rise. However, the majority of the negative net absorption was the result of a renovation that is changing tenancy. The Outlets at Loveland are under new ownership and are now Loveland Yards. The existing tenants vacated last year and will be replaced once the renovations are complete. Vacancies now register 4.5%, slightly above the national average of 4.1%. A number of smaller projects are under construction across the Fort Collins market. Currently, about 20,000 SF is in the pipeline, which will expand the market's inventory by just 0.1%.



4.5% VACANCY RATE

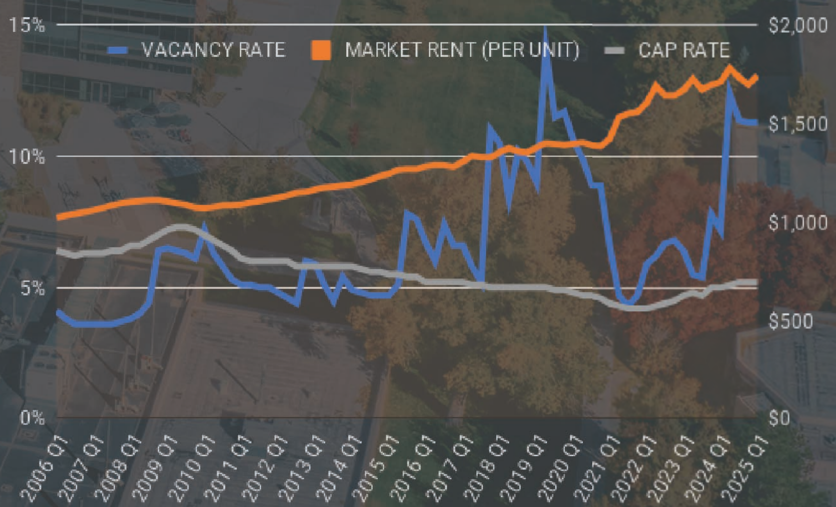
6.8% CAP RATE

$22.79 MARKET RENT

$253 PRICE/SF

MULTIFAMILY

Fort Collins apartment demand has rebounded in the past year, but the market continues to face an active pipeline that has put significant upward pressure on the vacancy rate. Marketwide vacancy increased from the most recent low of 5.4% in late 2023 to 11.3% in 25Q1. The supply and demand imbalance will likely continue to suppress rent growth in 2025. Renters who qualify for high-end apartments are typically in a better position to absorb high housing costs, and these renters are driving demand for the broader multifamily market. While demand has held up best at the top end of the market, landlords will need to offer incentives to drive demand in 4 & 5 Star assets where vacancies remain most elevated.



Data Source: CoStar

11.3% VACANCY RATE

5.2% CAP RATE

$1,746 MARKET RENT

$265,549 PRICE/UNIT

SVN
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New Mexico

Albuquerque

Albuquerque's commercial real estate market remains resilient, with steady demand in industrial and multifamily sectors, while office space faces challenges from remote work trends. Retail performance is mixed, and rising interest rates have slowed investment, though well-priced assets still attract interest. Leasing activity is stable, supported by concessions in office and retail, and the region's low cost of living and business-friendly climate continue to draw investors and tenants. Notable commercial real estate developments (planned or under construction) in Albuquerque include:

- ***Broadstone Nob Hill - 102-unit, luxury apartment by Titan Development***
- ***Sawmill District - Loft-style housing redevelopment***
- ***Griegos Farms - Unique living experience***
- ***The Strider project - 116 residential units***

FEATURED ON MARKET LISTINGS

FOR SALE
$2,196,000
±8.4 AC | Land

FOR SALE
$3,704,551
±10.55 AC | Land

FOR SALE
$2,600,000
±23,500 SF | Retail

[VIEW ALL LISTINGS]

ALBUQUERQUE

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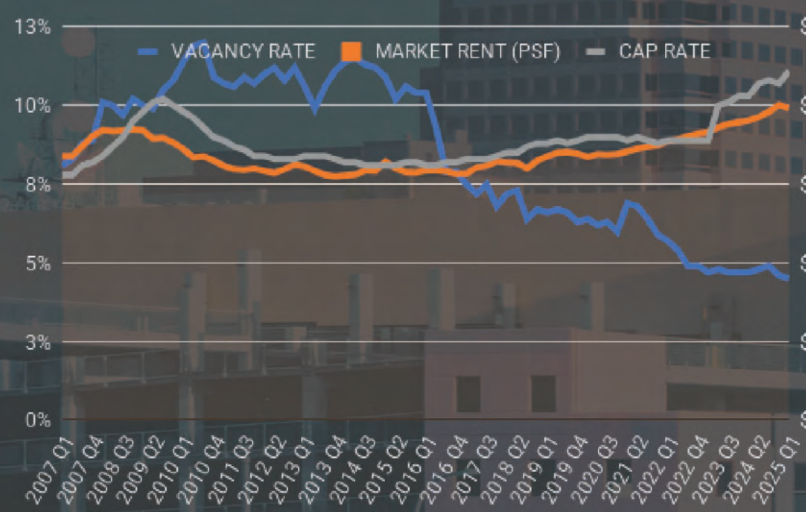
Albuquerque

OFFICE

Unlike other parts of the country that have seen conditions deteriorate since the onset of the pandemic, fundamentals in the Albuquerque office market have been comparatively stable. Vacancy has plateaued near 4.5% for several quarters and remains below the low-6% range seen in 2019. Office leasing volume accelerated in 2024 and is now in alignment with the pre-pandemic five-year average. One of the largest space commitments last year was by the University of New Mexico's Center for Development and Disability, which signed a 12-year, 67,750 SF lease in November. Additional evidence of sturdy market conditions is declining sublease availabilities. Just 87,000 SF is on the sublease market, representing 0.2% of total inventory.



4.5%
VACANCY RATE

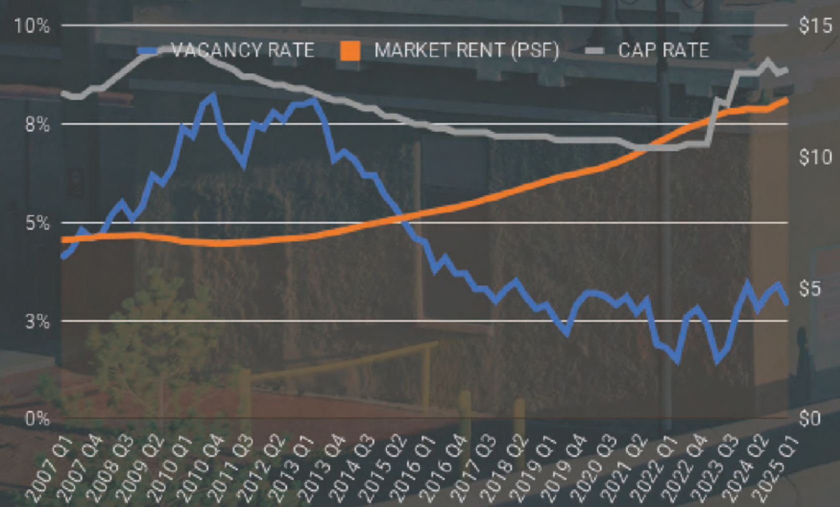
11.1%
CAP RATE

$19.82
MARKET RENT

$112
PRICE/SF

INDUSTRIAL

Unlike other metros in the Southwestern United States, the Albuquerque industrial market does not face the same level of supply-side pressure that has plagued other areas. Albuquerque carries a structurally low vacancy rate, and though conditions have oscillated quarter to quarter, the fundamental balance between supply and demand remains healthy. The market-wide vacancy rate has reached 2.9% today, about half the overall U.S. level of 6.9%. Limited construction activity has supported these tight conditions. Over the past three years, developers delivered about 3.0 million SF of net new industrial space, growing inventory by just 4.3%.



Data Source: CoStar

2.9%
VACANCY RATE

8.9%
CAP RATE

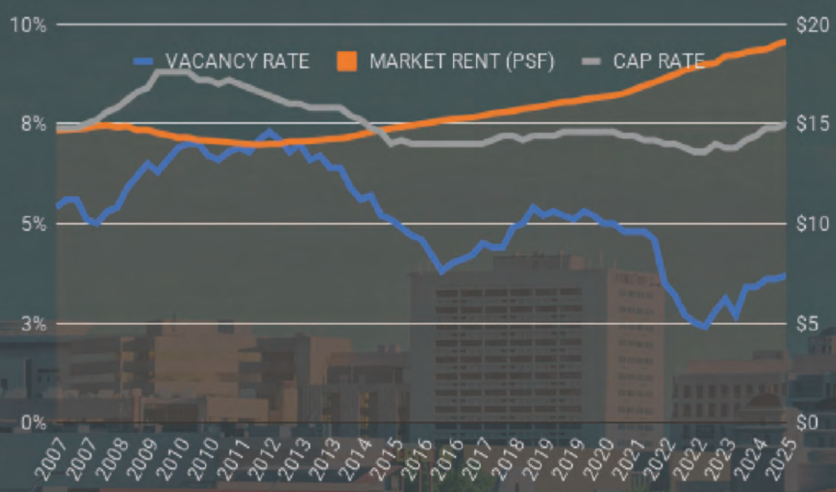
$12.18
MARKET RENT

$111
PRICE/SF

WALT ARNOLD COMMERCIAL BROKERAGE, INC.

RETAIL

Overall, market conditions in the Albuquerque retail market remain balanced, though normalization is clearly underway. Vacancy has risen but remains below the long-term average, and rent growth is decelerating but still positive. Over the past 12 months, however, a string of tenant move-outs contributed to -74,000 SF of net absorption, driving vacancy from 2.3% in early 2023 to 3.7% today. The modest construction pipeline has helped keep vacancies in check, with the current rate below the longterm average as well as the national level of 4.1%. With the bulk of the projects underway either build-to-suits or preleased, the 250,000 SF under construction is likely to have a minimal effect on conditions.



3.7%
VACANCY RATE

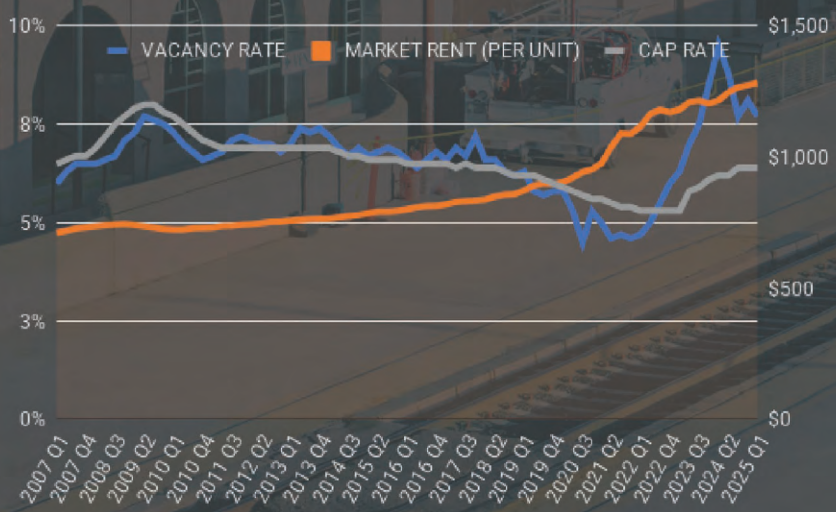
7.5%
CAP RATE

$19.14
MARKET RENT

$202
PRICE/SF

MULTIFAMILY

Demand for Albuquerque apartments has returned, but the market still faces an active pipeline that has weighed on occupancy considerably. Roughly 470 units have delivered in the past year, and another 1,700 units are in the pipeline. This puts Albuquerque on track to expand its inventory by 3.0% once these units come online. While that pace of inventory growth is rapid by Albuquerque standards, it lags the national level of about 3.2%. Vacancy has increased over the past 24 months to 7.7%, as the market takes time to digest recent deliveries. For comparison, Albuquerque apartment vacancy peaked near 7.5% during the worst of the Great Recession.



Data Source: CoStar

7.7%
VACANCY RATE

6.4%
CAP RATE

$1,283
MARKET RENT

$139,120
PRICE/UNIT

J. BEARD REAL ESTATE
GREATER HOUSTON

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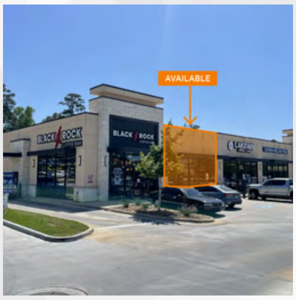
Texas

Houston

Houston, Texas, boasts a diverse economy driven by energy, particularly oil and gas, along with strong sectors in aerospace, healthcare, and manufacturing. The city is a major hub for international trade and has a robust business environment supported by its port, one of the busiest in the United States. Notable commercial real estate developments (planned or under construction) in Houston include:

- ***Ritz-Carlton Residence, The Woodlands: The $310 million Buffalo Bayou East project***
- ***GreenStreet: a four-block mixed-use district in downtown Houston***
- ***One Bridgeland Green: Innovative project located at Bridgeland Central***
- ***Ritz-Carlton Residence, The Woodlands: The luxury 39-floor condominium***

FEATURED ON MARKET LISTINGS



FOR LEASE
Negotiable
±1,200 SF Avail | Retail

FOR SALE
$1,800,000
±676 SF | Retail QSR

FOR SALE
Subject to Offer
±238 AC | Land

[VIEW ALL LISTINGS]

GREATER HOUSTON

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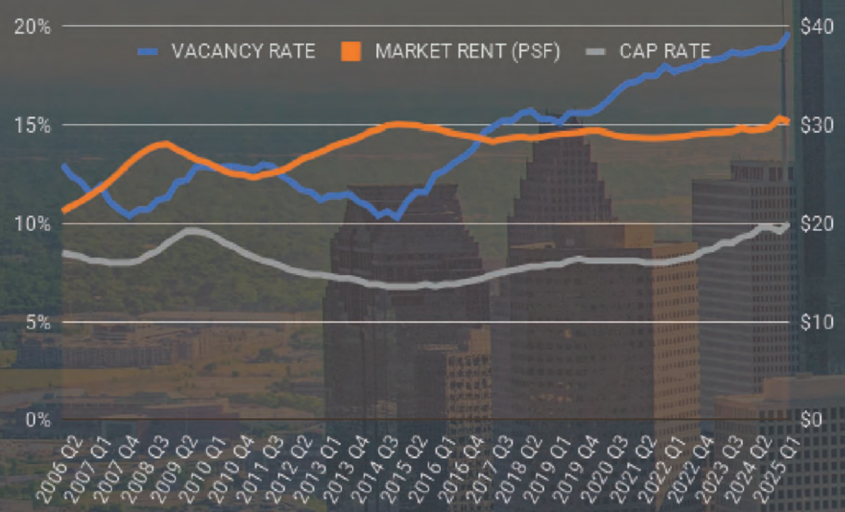
Houston

OFFICE

A slowdown in moveouts and new supply, paired with a string of large leases, kept the vacancy rate in Houston's office market stable throughout most of last year. However, entering 2025, it is once again rising. At 19.7%, the rate is the second highest in the country, behind San Francisco. This is not a recent trend, as Houston has historically carried a high vacancy rate due to overbuilding in the 1980s and, more recently, in the mid-2010s, at the height of the shale boom. Demand remains highly fragmented and buildings built prior to 1990 —which account for 60% of Houston's office inventory—continue to lose occupancy. Annually, net absorption is at 78,000 SF, the worst mark since mid-2021. With office-using employment slowing, additional space reductions or closures are on the horizon.



19.7% VACANCY RATE

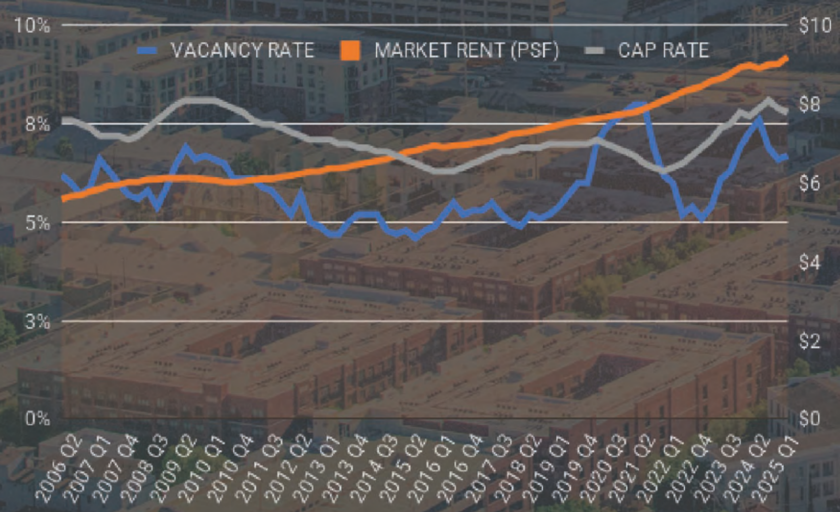
10.0% CAP RATE

$30.27 MARKET RENT

$187 PRICE/SF

INDUSTRIAL

Houston's industrial market has turned a corner as of early 2025. The supply wave is nearly over, demand remains above historic norms, and vacancies are stabilizing. Still, it could take a few years before supply and demand are back in balance, especially in the bulk distribution category. The stock of logistics properties 100,000 SF or larger has grown by 20% since 2021. Today, there is still 17.7 million SF under construction, 85% of which is available for lease, and most of which is in this segment. Similar to other fast-growing Sun Belt markets such as D-FW and Phoenix, Houston recently received a record amount of speculative new supply. However, the strength of tenant demand in Houston cannot be overlooked.



Data Source: CoStar

6.7% VACANCY RATE

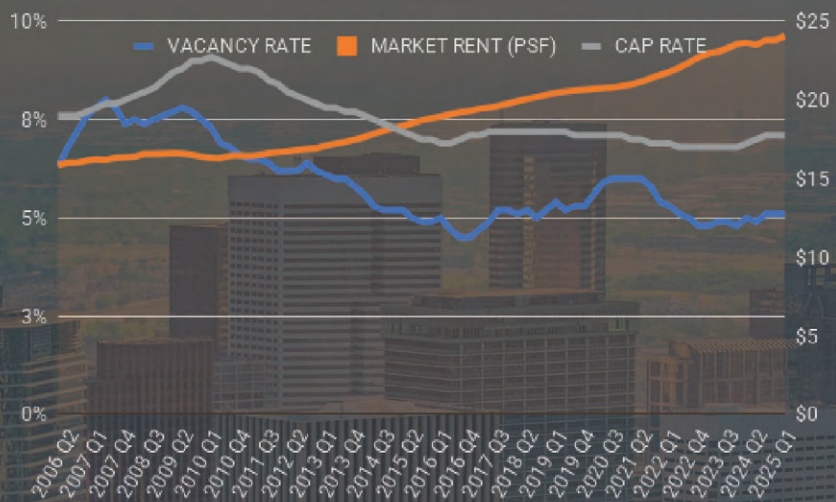
7.8% CAP RATE

$9.21 MARKET RENT

$101 PRICE/SF

RETAIL

Houston's retail market is softening but remains in equilibrium entering 2025. While positive, demand formation has slowed considerably, and annual absorption in 2024 fell to its lowest tally since 2006. This lower pace of demand growth can be largely tied to an uptick in store closures, which have risen to their highest level since 2018. Meanwhile, net deliveries have exceeded demand over the past two years. These dynamics have pushed the overall availability rate higher. At 5.9%, the amount of retail space available for lease is at a three-year high in Houston. Many available spaces are older properties. Nearly 60% of available space was built before 2000. More than 40% is in areas with below-average household incomes, which have lower potential spending power.



5.1%
VACANCY RATE

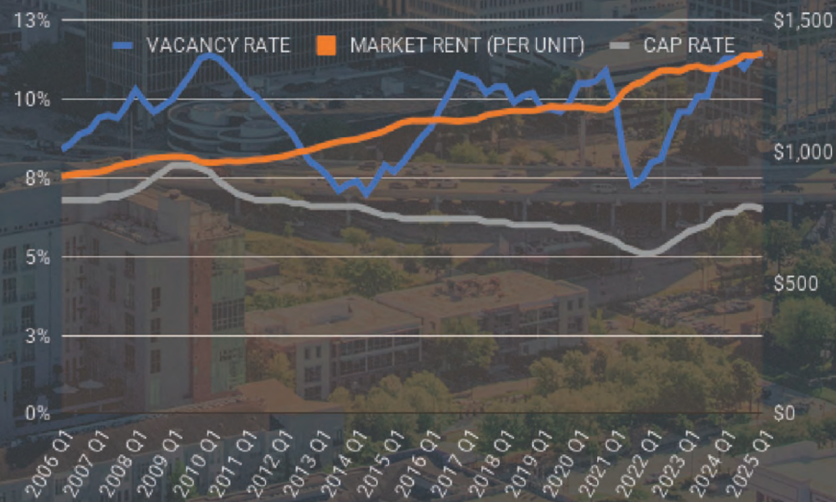
7.1%
CAP RATE

$24.07
MARKET RENT

$246
PRICE/SF

MULTIFAMILY

Entering 2025, Houston's multifamily market is stabilizing. Like the national trend, demand in 2024 was the strongest since 2021 and one of the best years on record. Though newly delivered luxury properties drove the bulk of absorption, a rebound among 3 Star properties has been noteworthy. A record number of units delivered in this category this past year. Also, easing economic uncertainty and inflation has likely released pent-up housing demand. Mid-tier and lower-income households were hit hardest by rising rents and inflation. On the supply side, bulk of the construction pipeline has emptied. While total new supply in 2024 was only slightly below the multi-decade high figure seen in 2023, it is set to drop off sharply this year.



11.4%
VACANCY RATE

6.5%
CAP RATE

$1,376
MARKET RENT

$146,265
PRICE/UNIT

Data Source: CoStar

Texas

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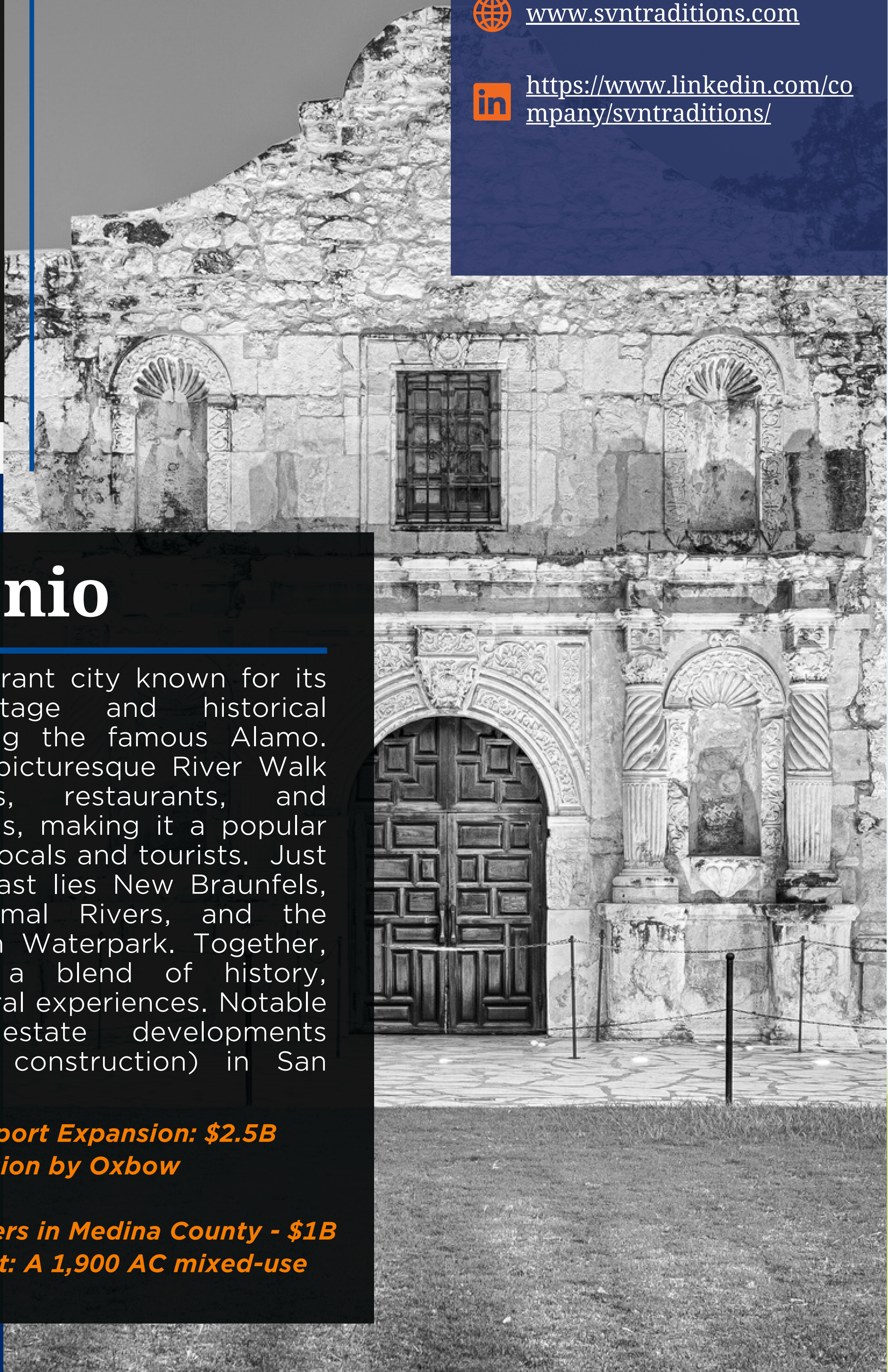

San Antonio

San Antonio is a vibrant city known for its rich cultural heritage and historical significance, including the famous Alamo. The city features a picturesque River Walk lined with shops, restaurants, and entertainment options, making it a popular destination for both locals and tourists. Just a short drive northeast lies New Braunfels, Guadalupe and Comal Rivers, and the historic Schlitterbahn Waterpark. Together, these cities offer a blend of history, recreation, and cultural experiences. Notable commercial real estate developments (planned or under construction) in San Antonio include:

- ***San Antonio Int'l Airport Expansion: $2.5B***
- ***Pearl District Expansion by Oxbow Development Group***
- ***Microsoft Data Centers in Medina County - $1B***
- ***Mayfair Development: A 1,900 AC mixed-use community***

FEATURED ON MARKET LISTINGS

FOR SALE
$5,750,000
±18,535 SF | Office

FOR SALE
$1,635,000
±7,488 SF | Office

FOR SALE
$935,000
±1.857 AC | Land

VIEW ALL LISTINGS

SAN ANTONIO

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MANAGING DIRECTOR

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Jay Dabbs, CCIM
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DIRECTOR OF PROPERTY MANAGEMENT

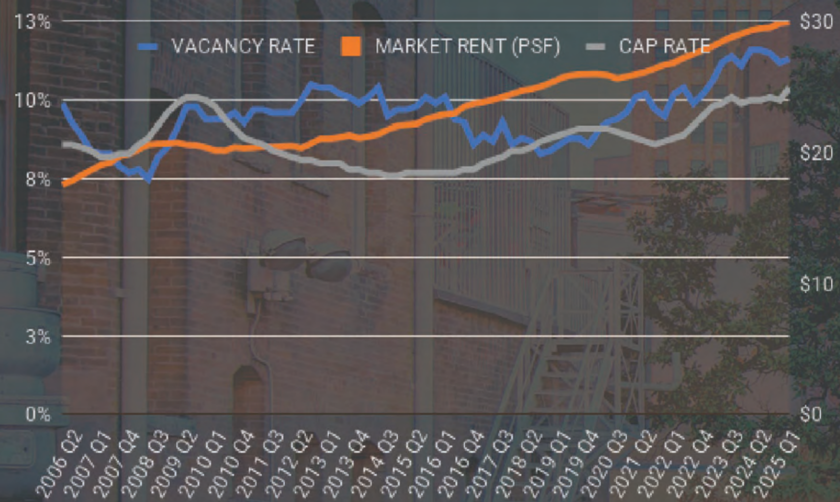
Amber Lucio
ASSISTANT PROPERTY MANAGER

Ashley Trevino
ADMIN & MARKETING COORDINATOR

SAN ANTONIO

OFFICE

As winter transitions to spring, the imbalance between supply and demand in San Antonio remains less extreme than in other major office markets in 2025. Tailwinds from outsized job and population growth have supported office demand, and the rise in vacancies has been slower here than it has been nationally over the past few years. A small construction pipeline has supported this dynamic. One area broker described certain segments of the local office market as limited, especially in the 4 & 5 Star cohort. "San Antonio has a disciplined development pipeline," the market contact noted. "We don't tend to overbuild here. That's why Austin and Dallas boom and bust." San Antonio's office vacancy rate today stands at 11.3%, which is below the U.S. average and even further below its peers in Texas.



11.3%
VACANCY RATE

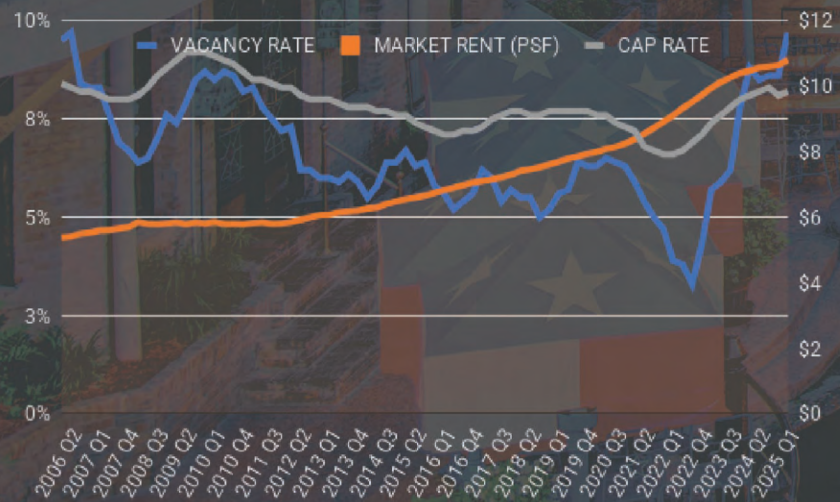
10.4%
CAP RATE

$29.98
MARKET RENT

$168
PRICE/SF

INDUSTRIAL

Entering 2025, San Antonio's industrial market has undoubtedly cooled across several key metrics. Vacancies are at their highest rate since 2010 as a wave of deliveries has far exceeded demand. Over the past three years, roughly 20.5 million SF have delivered versus 6.8 million SF absorbed. Though new leasing volume is now close to its 2019 average, suggesting a market-wide normalization, this trend masks a relatively high volume of move-outs including Amazon Air, Caterpillar, and Nations Cabinetry, have shown the extent to which demand has faltered across multiple industries. With this wave of supply meeting lukewarm demand in San Antonio, the houseview forecast calls for vacancies to expand further during 2025.



Data Source: CoStar

9.7%
VACANCY RATE

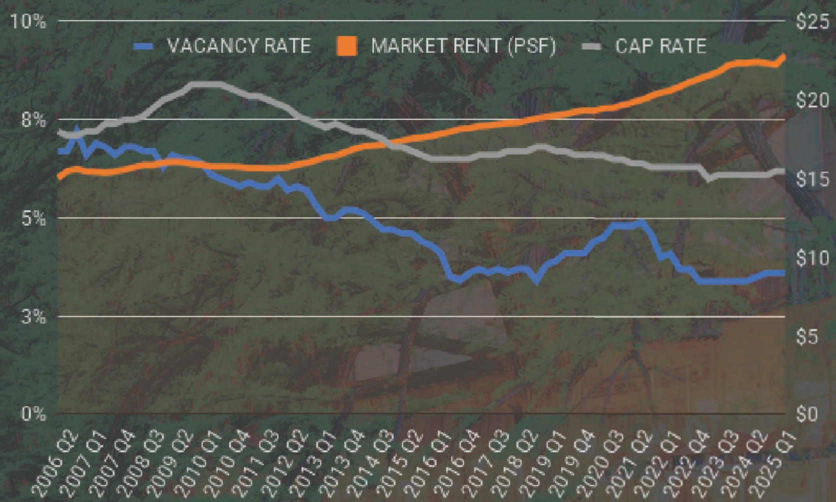
8.2%
CAP RATE

$10.81
MARKET RENT

$114
PRICE/SF

RETAIL

As the nation's leading major market for population growth from domestic migration last year, the San Antonio retail market is continuing to enjoy significant demographic momentum as it moves through the end of winter in early 2025. San Antonio has added roughly 210,000 new residents since 2020, bringing both their purchasing power and tailwinds for retail real estate. Demand has generally outstripped supply over the past five years, even if the past 12 months have featured more moderate levels of absorption. On a net basis, absorption has been positive for 15 of the past 17 quarters now, driving availabilities to 4.8% today, near a record low for the market. Though low availabilities have led to low leasing volume over the past quarter, retailers generally remain eager to lease space in San Antonio.



3.6%
VACANCY RATE

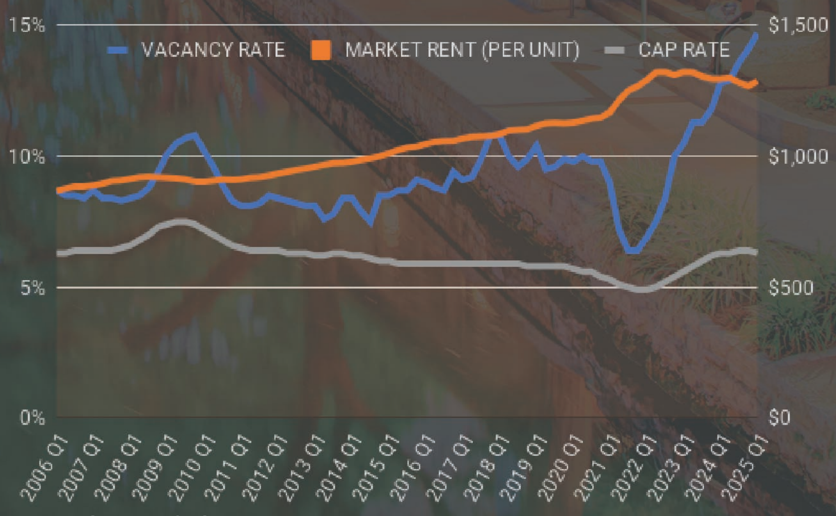
6.2%
CAP RATE

$22.87
MARKET RENT

$253
PRICE/SF

MULTIFAMILY

The largest wave of multifamily development on record continues to bring new apartments online throughout San Antonio in 2025, even as deliveries slow. The sheer number of new properties opening their doors will weigh on several key performance indicators, even as leasing activity likely increases during the coming spring and summer months. Vacancies are likely to remain in double-digit territory over the next eight quarters as the remainder of this supply wave comes online. At 14.7% today, the metrowide vacancy rate reflects a fundamental mismatch between supply and demand. With 4,933 units still under construction, San Antonio is witnessing the tail end of one of its largest waves of multifamily development on record.



Data Source: CoStar

14.7%
VACANCY RATE

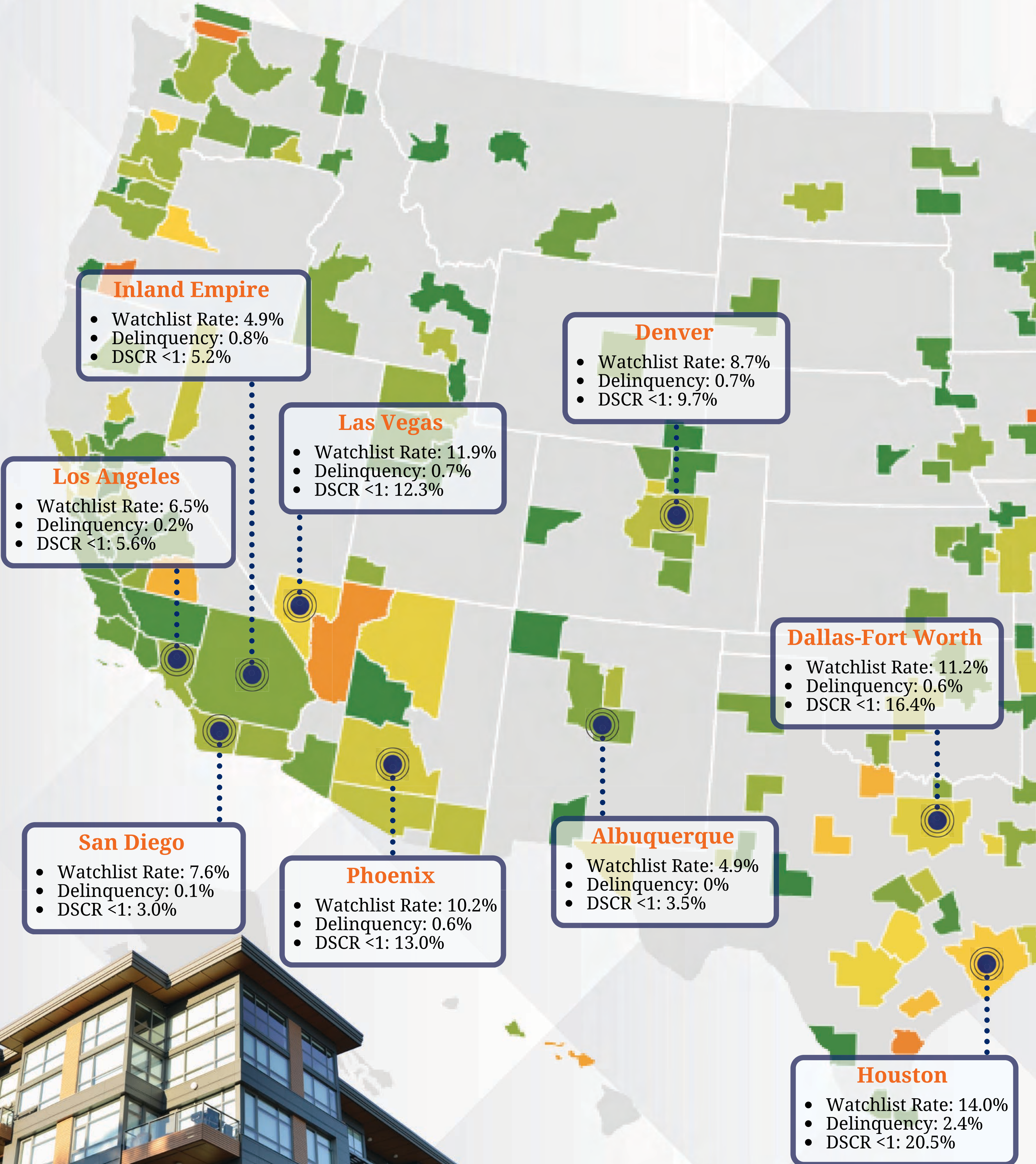
6.3%
CAP RATE

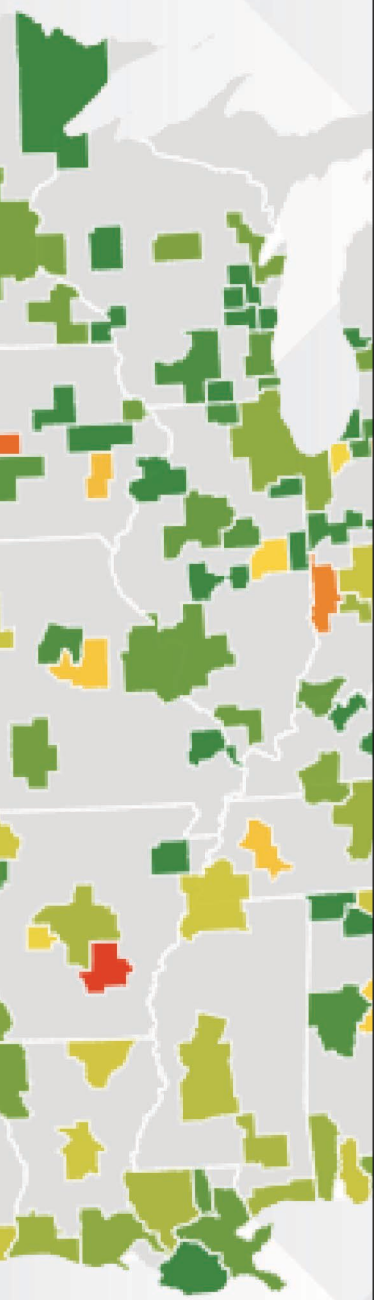
$1,287
MARKET RENT

$138,327
PRICE/UNIT

Southwest Multifamily Market

DISTRESS TRACKER





Distress MSA Ranking

Multifamily Watchlist % For Top 25 MSAs

1	**Tampa, FL**	14.43%
2	**Houston, TX**	13.96%
3	**San Antonio, TX**	11.91%
4	**Atlanta, GA**	11.54%
5	**Dallas-Fort Worth, TX**	11.15%
6	**San Francisco, CA**	10.46%
7	**Phoenix, AZ**	10.24%
8	**Philadelphia, PA**	9.30%
9	**New York, NY**	9.01%
10	**Denver, CO**	8.74%
11	**Baltimore, MD**	7.83%
12	**Detroit, MI**	7.82%
13	**San Diego, CA**	7.58%
14	**Seattle, WA**	7.02%
15	**Washington, DC**	6.89%
16	**Charlotte, NC**	6.81%
17	**Pittsburgh, PA**	6.78%
18	**Portland, OR**	6.70%
19	**Miami, FL**	6.61%
20	**Los Angeles-OC, CA**	6.57%
21	**Chicago, IL**	5.59%
22	**Riverside, CA**	4.93%
23	**Minneapolis-St. Paul, MN**	4.21%
24	**St. Louis, MO**	3.25%
25	**Boston, MA**	2.97%

Data Source: Trepp

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