



# Retail Market Report

METRO PHOENIX 2021

**NAI**Horizon

## TOP LEASE OF Q3



Submarket: Chandler  
Tenant Name: Flex Brew  
SF Leased: 35,143 SF  
Time on Market: 9 mos

**1 Chandler Blvd  
Chandler, AZ 85225**

## TOP SALE OF Q3



Submarket: Scottsdale  
Price: \$21,000,000  
SF Sold: 37,006 SF  
Date Sold: 7/22/2021

**3923-3967 E Camelback Rd  
Phoenix, AZ 85018**

## Positive Observations of Quarter 3

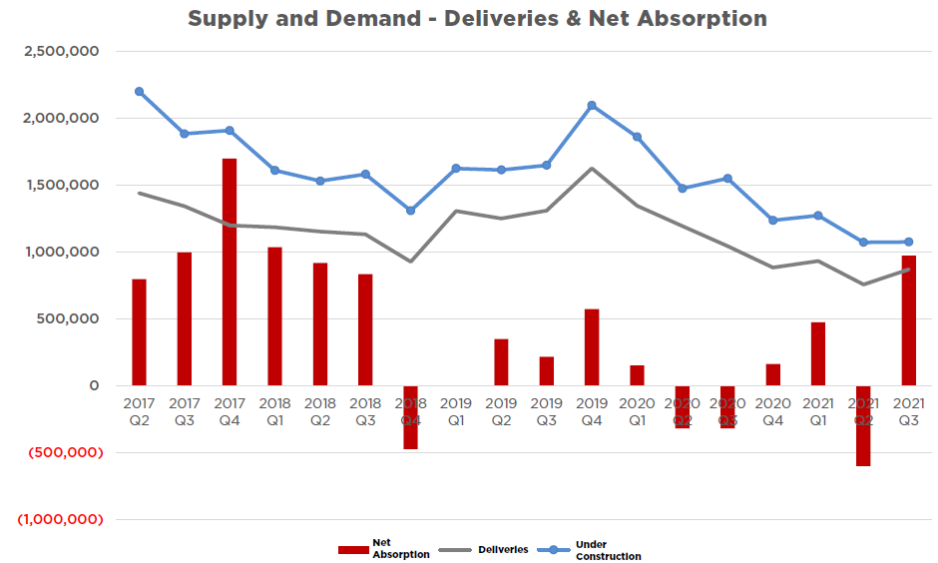
The Third Quarter retail market saw a sustainable and organic increase in activity. As observed in the previous quarter, retail shoppers are enthusiastic about returning to normal. Restaurants are filling to the brim with patrons, lines are longer at grocery and department stores, and there are notably more people back in fitness establishments. This quarter registered a positive net absorption of 970k square feet, the highest figure since Q1 of 2018. This quarter's increased activity results from pent-up consumer demand and feeling safer as vaccination rates increase. Gym-goers are returning to their fitness activities, shoppers are back in stores, and family and friends are gathering at restaurants to catch up.

## Quick Note on Grocers

Grocers continue to experience a boom in business as they did in Q2. Popular grocery concept Aldi is finishing the development of its stores planned before the pandemic. COVID-19 may have slowed the process, but their long-term strategy remains seemingly intact, with plans to open 100 new stores in California, Arizona, Florida, and the Northeast(1).

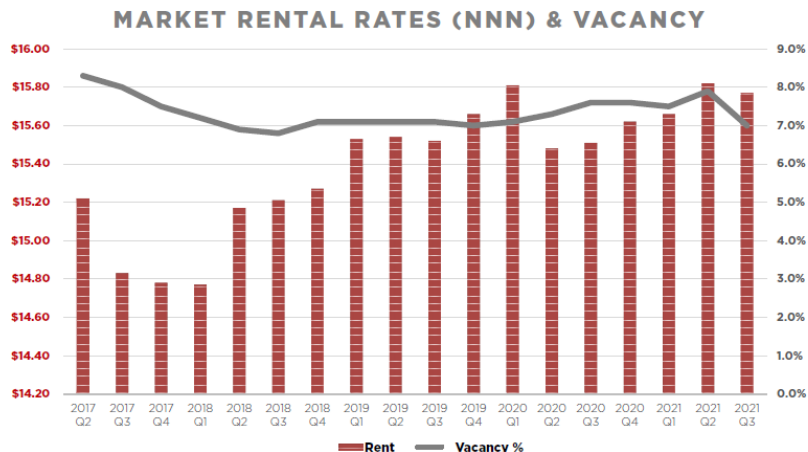
Another development this quarter was the acquisition of Basha's by California-based Raley's.

The sale of the company (including Hispanic foods, Food City, and high-end grocer Aj's) aims to solidify the company's position as a more extensive scale bidder for inventory, which may help stave off shortages(2).



## Fitness is Making a Comeback

Gyms like Planet Fitness and EOS are actively expanding. Planet Fitness signed two new leases this quarter, one at Phoenix West Plaza (on Indian School and 43rd Ave) and the other at Cactus Village Shopping Center (on 43rd Ave and Cactus). Planet Fitness and EOS are not alone. Many boutique gyms and yoga studios are backfilling old space previously dedicated to fitness concepts, reflecting a positive trend in the long-term viability of gyms in the valley.

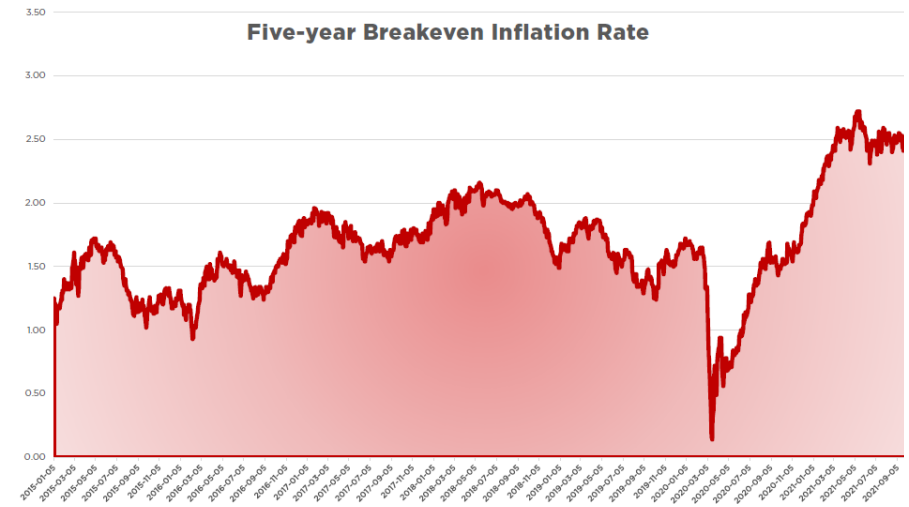
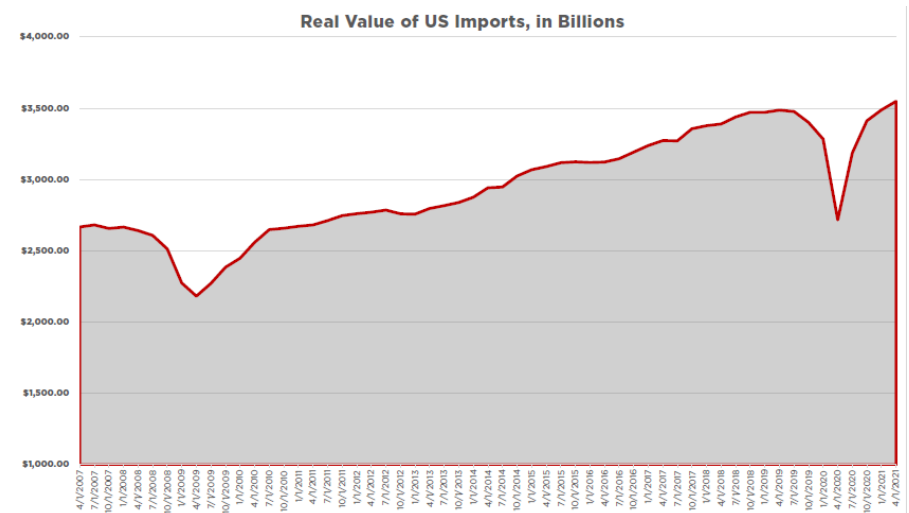


## Concerns Surround Supply-Chain, Inflation, Labor Shortages as the Busy Holiday Shopping Season Approaches

The general outlook is positive as the holiday shopping season approaches. Shoppers are itching to get out of the house and make up for the lost time, the phenomenon Forbes has labeled Revenge Shopping. The National Retail Federation predicts retail sales will grow between 6.5% and 8.2%, which bodes extremely well for the upcoming quarter(3).

A few challenges still face the industry in the near future. One of which is inflation, a topic NAI agents have heard more about recently. Fear of inflation may cause tenants to consider longer-term deals to shield themselves from uncertainty.

On a broader scale, inflation may cause higher input costs with inventory or labor, causing increased prices outright. For example, Dollar Tree is considering raising its prices to exceed the one-dollar mark while ordering less merchandise. Alternatively, they'll cut employee hours to accommodate costs but face offering sub-par customer service(4).



## About NAI Horizon

Exceptional global commercial real estate solutions begin with local market leadership and expertise. Established in 1992, NAI Horizon is a full-service commercial real estate company serving Arizona with offices located in Phoenix and Tucson. NAI Horizon is passionate about the commercial real estate business, providing Brokerage and Property Management Services for local, national and international clients. NAI Horizon is a member of the NAI Global commercial real estate network providing real estate solutions to more than 300 offices worldwide. For more information visit [www.naihorizon.com](http://www.naihorizon.com).

## About NAI Global

Advisory Services | Leasing | Property Management  
Property & Note Sales | Tenant Representation

NAI Global is a leading global commercial real estate brokerage firm. NAI Global offices are leaders in their local markets and work in unison to provide clients with exceptional solutions to their commercial real estate needs. NAI Global has more than 300 offices in 43 countries strategically located throughout North America, Latin America and the Caribbean, Europe, Africa and Asia Pacific, with 5,100 local market professionals, managing in excess of 1.1 billion square feet of property and facilities. Annually, NAI Global completes in excess of \$20 billion in commercial real estate transactions and a gross revenue of \$1.5 billion.

NAI Global professionals achieve extraordinary results for clients locally and globally through creativity, collaboration and the consistent delivery of exceptional knowledge and service that only market-leading firms can provide. NAI Global provides a full range of corporate real estate services, including brokerage and leasing, property and facilities management, real estate investment and capital market services, due diligence, global supply chain and logistics consulting and related advisory services.

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