Phoenix Industrial Buildings Trend Smaller as Big-Box Pipeline Winds Down

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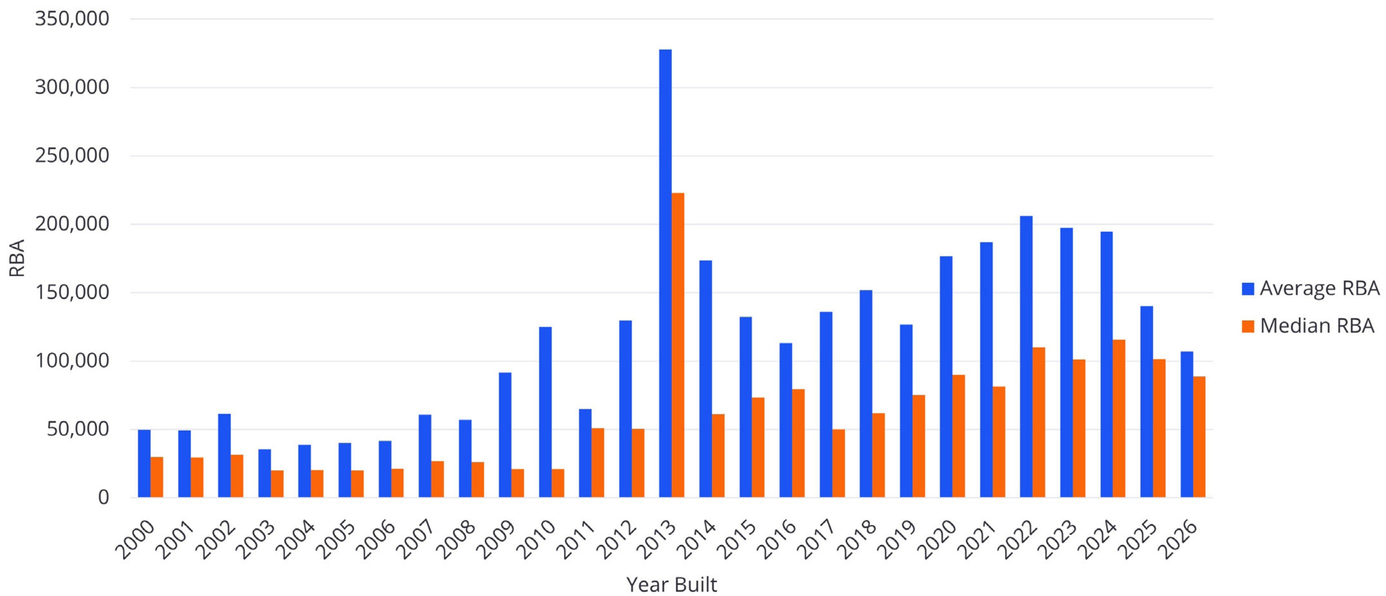
PHOENIX INDUSTRIAL MOVES FROM BIG-BOX TO SMALLER PRODUCT



Source: Colliers Research, CoStar

Phoenix industrial buildings are trending smaller as the market shifts away from mega big-box development. Over the past five years, the typical new industrial project has become noticeably smaller, reflecting changes in tenant demand and development economics. Large build-to-suit distribution centers were common in the early 2010s, but post-2020 development has increasingly favored mid-size facilities geared toward logistics, manufacturing, and service-oriented industrial users.

From 2012 to 2019, Phoenix experienced a clear climb into larger distribution buildings. In 2013, for example, the Southwest Valley saw the delivery of the 1.2-million-square-foot Marshalls Distribution Center — one of the few true megabox build-to-suit projects of that era. Aside from these isolated outliers, the region's broader "Megabox Era" peaked between 2020 and 2022, driven by pandemic-era e-commerce expansion. Major deliveries included nearly 1M-square-foot Amazon facilities in Glendale, Surprise, and Deer Valley, along with several 600k–1.2M speculative logistics buildings along Goodyear, Glendale, and the Loop 303 corridor.

Since 2023, average building size has trended downward. Developers have shifted toward shallow-bay infill and projects designed for smaller tenant footprints. The "new normal" for recent deliveries appears to be in the 100k–150k-square-foot range, a sign of a smaller overall pipeline. With most big-box construction completed before or during the pandemic, today's market is increasingly centered on mid-sized, multi-tenant projects and a more diversified submarket footprint across Greater Phoenix.