

LUXURY MARKET INSIGHTS IN THE VALLEY

THE  
**PEAKS**  
2025 Q3

*Inside this issue...*

**kendle design collaborative**

**Gracie Home Inspections**

**Citywide Commercial Real Estate**

# Market Overview

The Phoenix luxury market continued a very slow decent into a buyer's market in Q3. The most noteworthy sign of a market slowdown continues to be "Days on Market (DOM)," which has consistently increased year-over-year throughout 2025. Despite the increased days on the market, the three core luxury areas in the Valley each saw an increase in price per square foot. This indicates that despite gloomy national housing forecasts there is still plenty of opportunity to get a high price for your home. The best advice I can give prospective sellers is two-fold:

1. Understand how your timeline will impact the price you can get for your home
2. Work with an agent that can create clever buyer incentives.

**Biltmore's** housing market has always been variable. The small geographic area and varied property sizes (and qualities) make sure of that. It's also the original luxury market of the Valley, predating Paradise Valley by at least 20 years. That means homes can be older, often needing interior upgrades. Q3 had several positive takeaways compared to Q3 2024: there were 22% more homes sold, averaging 8% more per square foot with an average sale price increase of 28%. A good chunk of that sale price increase is from the sale of a \$9.5M home in the Circle. Overall, I maintain that overall, Biltmore is an overlooked niche of luxury real estate, with the opportunity to substantially improve the value of many older properties.

**Arcadia's** market has been HOT for over a decade, with the trend being to stuff as much house as possible onto lots that are generally smaller than Paradise Valley. This means that most new builds involve multiple levels and close neighbors, key distinguishing factors from Paradise Valley. Year over year, the Arcadia area saw its first drop in homes sold (-10%) and sale price (-3%) in several years. Average days on market also increased dramatically (up 90%). My impression is that these unideal stats show the oversaturation of new builds that focused on maximizing square footage – not to meet the prospective buyer's needs.

**Paradise Valley** continues to lead not only the Valley in luxury sales but has proven to be a national force in the luxury space. With the highest number of luxury homes in the Valley, trends in this part of town will have direct impacts on the market overall. Year over year, Paradise Valley continues to lead the luxury market here, though by a narrower margin than previous quarters. 39% more homes closed, but average sale price dropped 14% despite four homes selling for over \$10M. On a positive note, price per square foot still rose 4%.

My prediction for the next six months is that we will continue to see year-over-year slowdown through the end of 2025. However, plenty of homes are still commanding top dollar with minimal buyer concessions. The key is having a home that is in top condition with recent updates. Those are the homes that are moving and will continue to move through the end of the year.

Regardless of what direction the market goes and whether you're buying or selling, having the right agent makes all the difference. Give me a call so we can discuss your plans and create a strategy that's unique to you.

JT Carden

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# Easy-Access Beauty

I feel the stress leave my chest as I leave the chaos of the highway and merge to the old Apache Trail, now known as Highway 88. The sky seems to get larger as the road narrows to 2 lanes as cacti whip by and the Superstition Wilderness looms.

I briefly consider skipping the Lost Dutchman park \$10 entry fee and finding a dirt road to leave my car, but decide to keep it simple and cough up the cash.

I smile and shake my head when the ranger offers me a trail map. Strictly following a map is not part of the plan today. I don't plan to go far.

I firmly turn away from the Flatiron trailhead and head northeast on a small, nameless trail. I wind through the trails, letting my feet lead the way as I enjoy the cool October breeze, blowing the last gasps of summer away.

Hikers smile as they walk past, each enjoying their own search; for peace, beauty, exercise, or something unknown. The desert is here to heal all ailments.

After about an hour of meandering, I finally find what I came for: a rock, big enough to sit on, surrounded by the desert wildflowers that popped up after last week's monsoon.

I munch on the granola bar and apple I had brought with me, enjoying the flowers, the breeze, the peace.

When I get back to the car, I realize with a smile that I've earned the second objective of today's adventure: a burrito.

- A local Arizona hiker



# BILTMORE

JUL-SEP 2025

CLOSED LISTINGS

11 ▲

AVG DAYS ON MARKET

117 ▲

AVG PRICE PER SQ. FT.

\$659 ▲

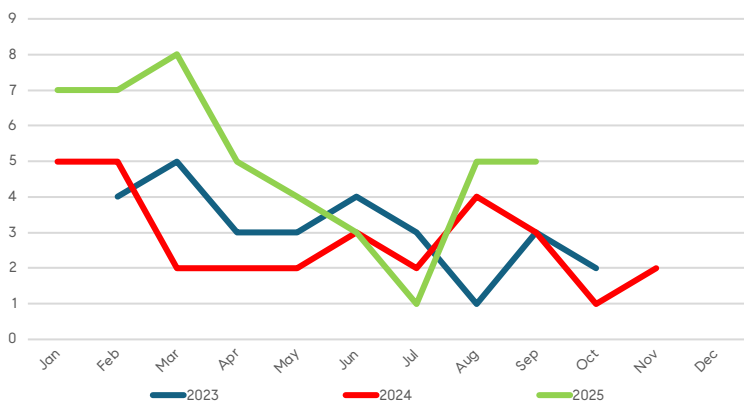
SALE TO LIST PRICE RATIO

94% ▼

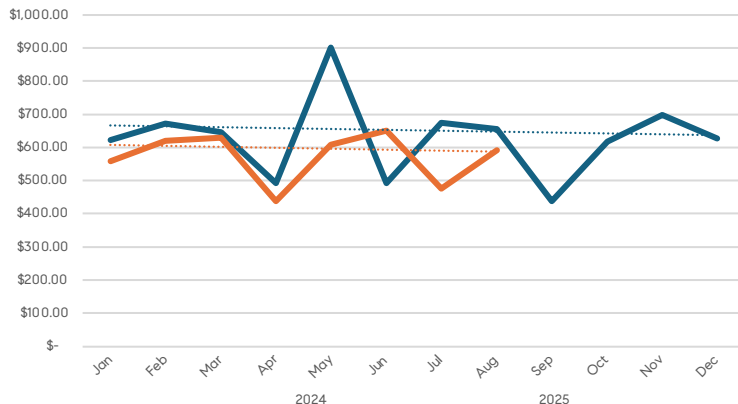
AVERAGE SALE PRICE

\$3.2M ▲

Biltmore Properties Sold by Year



Biltmore \$/SF 2024-Present



## 2025 TOP 3 (by price)



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40 Biltmore Est	\$9,500,000
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34 Biltmore Est	\$5,778,000
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5045 N 22nd St	\$5,175,000
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## 2025 TOP 3 (by \$/sf)



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6191 N 29th Pl	\$901.44/sqft
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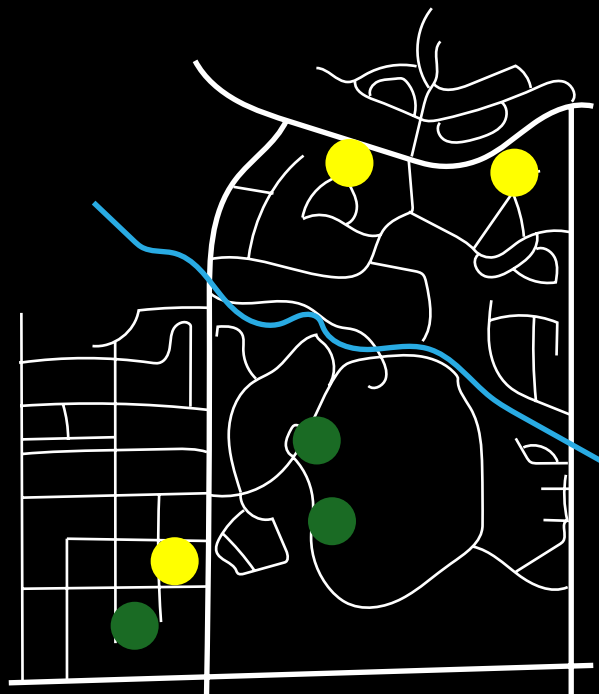
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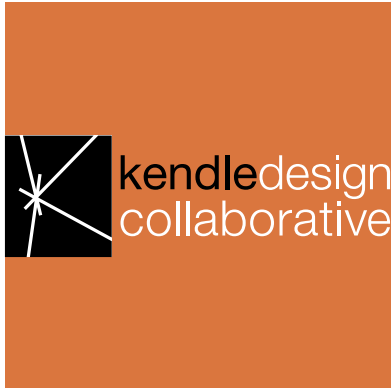
5225 N 23rd St	\$851.06/sqft
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6324 N 31st St	\$835.78/sqft
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Rooted in the desert Southwest and working globally, Kendle Design Collaborative is an award-winning architecture firm dedicated to creating modern homes that respond intimately to place, climate, and the lives of those who inhabit them.

The firm's process begins with listening — not only to the land, but to the people who will call it home. Each project is approached without ego, guided by the belief that architecture should embody a client's values, rhythms, and aspirations. The result is timeless, grounded spaces that feel deeply personal. Specializing in regionally inspired modernism, Kendle seamlessly integrates architecture with indoor and outdoor living. Their homes evolve with the light, engage the landscape, and unfold gradually, revealing layered experiences through movement and time. Structure and site are woven together to create spaces that feel both expansive and sheltering.

Increasingly, Kendle Design Collaborative's clients are seeking generational homes — residences designed to serve families for decades. These homes are crafted as vessels for memory, thoughtfully designed to support the rituals of daily life while creating space for the moments that define a family's story. They balance lasting beauty and function while honoring a family's history, values, and future. A home created not just for today, but for generations to come.

Each residence becomes a true reflection — not of the architect — but of the people who live there and the land they call home.





*"The architecture is pure art without being showy or ostentatious. While it would be a gorgeous home in any other location, it feels like a house that was perfectly designed to frame and elevate the view of Camelback and all of the stunning desert features outside. You really feel the awe of nature in every part of the house. The proportions, angles, curves, and materials are extraordinary, and the interplay of each of those elements creates a whole that far exceeds the sum of its parts. It is a symphony in the form of architecture."*

*-KDC Homeowner describing their home*

# ARCADIA

JUL-SEP 2025

CLOSED LISTINGS

19 ▼

AVG DAYS ON MARKET

124 ▲

AVG PRICE PER SQ. FT.

\$771 ▲

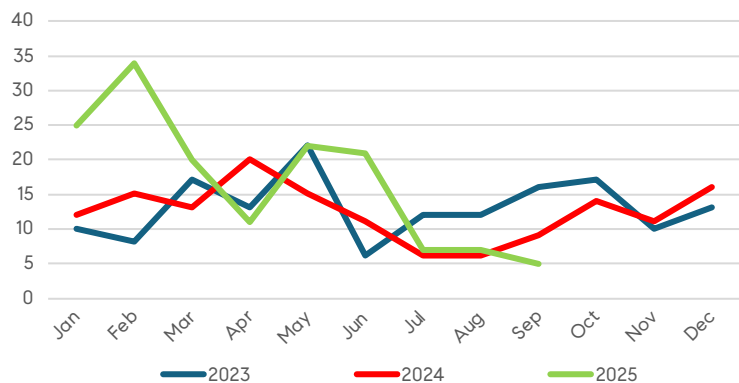
SALE TO LIST PRICE RATIO

94% ▲

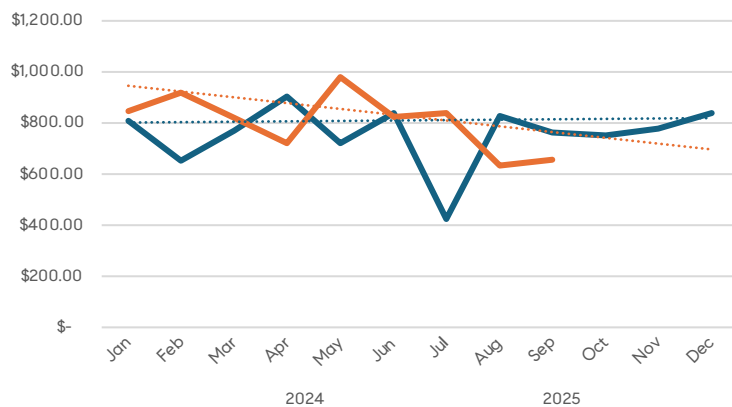
AVERAGE SALE PRICE

\$2.9M ▼

Arcadia Properties Sold by Year



Arcadia \$/SF 2023 - Present



## 2025 TOP 3 (by price)



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6230 E Hillcrest Blvd	\$11,800,000
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5059 N Ascent Dr	\$11,466,089
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5302 E Royal View Dr	\$10,650,000
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## 2025 TOP 3 (by \$/sf)



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5000 N Camelback RD 402	\$1,559.53/sqft
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5000 N Camelback RD 406	\$1,559.04/sqft
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5302 E Royal View Dr	\$1,547.52/sqft
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# Staying Ahead of the Curve: HVAC, the New Refrigerant Mandate, and Phoenix's Luxury Homes

by Dave Roeske, Gracie Home Inspection

For luxury homeowners in the Valley of the Sun, a seamless and efficient HVAC system is not a mere convenience, it's an absolute necessity. However, a significant shift in environmental regulations is set to impact the air conditioning industry, and by extension, your home's comfort and value. Starting January 1, 2025, new federal laws are mandating a transition to more environmentally friendly refrigerants, and being proactive is the best strategy.

## The Refrigerant Shift: What's Happening?

For years, the standard refrigerant for most residential HVAC systems has been R-410A. While it was a replacement for the now-banned, ozone-depleting R-22, R-410A still has a high Global Warming Potential (GWP), making it a target for environmental regulations. The new laws require all newly manufactured air conditioning and heat pump systems to use refrigerants with a significantly lower GWP, like A2L refrigerants such as R-32 or R-454B.

It's important to note that this new law doesn't require you to immediately replace your existing system. However, the change will have a ripple effect on the cost and availability of service for older units.

## Your Home, Your System: What to Consider

The age and condition of your current HVAC system are the most important factors. A system nearing the end of its life (typically 10-15 years in the extreme Phoenix climate) or one that requires frequent repairs is a prime candidate for an upgrade. Continuing to service an older R-410A system will become increasingly expensive as the supply of the refrigerant dwindles.

Here's a breakdown of what you might need to budget for, depending on your situation:

### • For a Full HVAC System Replacement:

If your system is old or a breakdown is imminent, a full replacement is the most prudent long-term solution. A new system that uses A2L refrigerants cannot be retrofitted with older R-410A components, so the entire system, including the outdoor unit and indoor coil, must be replaced. (Continued on next page.)

## Luxury Buyer's HVAC Checklist

### Before Closing on Your Dream Home:

- Identify Refrigerant Type**  
Ask your inspector or HVAC technician which refrigerant each unit uses (R-410A, R-32, etc.).
- Check System Age**  
Units 10+ years old are more likely to require costly repairs or replacement soon.
- Evaluate Efficiency**  
Look for SEER2 ratings on equipment. Higher ratings mean lower long-term energy costs.
- Request Service Records**  
Well-maintained systems have fewer surprises. Lack of records may indicate deferred maintenance.
- Plan for Future Replacement**  
If systems use phased-down refrigerants, budget for upgrading within the next 3–5 years.

# Staying Ahead of the Curve: HVAC, the New Refrigerant Mandate, and Phoenix's Luxury Homes

(continued)

· (Continued) The cost of a new, compliant HVAC system in the Phoenix area can range significantly based on the size of your home and the system's energy efficiency rating (SEER2). You can generally expect to budget anywhere from \$11,000 to over \$20,000 for a high-end, energy-efficient system, with prices projected to increase by 15-30% due to the new technology and manufacturing costs.

· **For a Newer System (R-410A):** If your current R-410A system is relatively new and in good working order, there is no need for immediate action. You can continue to use and service it. However, be aware that as the phase-out progresses, the cost of R-410A refrigerant and compatible parts will likely rise. Planning for a future replacement is still a smart move to avoid being caught off guard.

· **For an Older System (R-22):** If your system is older than 15 years, it likely runs on the now-phased-out R-22 refrigerant. Servicing these systems is already a costly endeavor due to the scarcity of R-22. A full replacement is the most cost-effective and practical solution.

## The Upside of Upgrading

While the upfront cost of a new HVAC system can be a significant consideration, the benefits far outweigh the expense in the long run. New systems with A2L refrigerants are designed to be more energy-efficient, which translates to lower monthly utility bills—a welcome relief during Phoenix's scorching summers. Additionally, many of these systems come with advanced features, better performance, and longer warranties, providing enhanced comfort and peace of mind.

Ultimately, a modern, compliant HVAC system is not just an expense; it's an investment in the value of your luxury home, its environmental footprint, and your family's comfort for years to come.

*Dave Roeske is the owner of Gracie Home Inspection & Pinnacle Building Inspections, specializing in residential and commercial properties in Phoenix, Scottsdale, and Paradise Valley. Dave provides detailed evaluations that help buyers make confident, informed decisions about their real estate investments.*

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# Paradise Valley

JUL-SEP 2025

CLOSED LISTINGS

85 ▲

AVG DAYS ON MARKET

97 ▲

AVG PRICE PER SQ. FT.

\$1,280 ▲

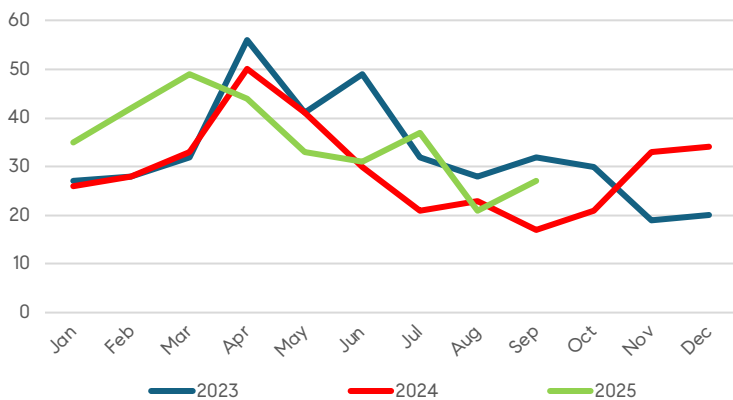
SALE TO LIST PRICE RATIO

96% ▲

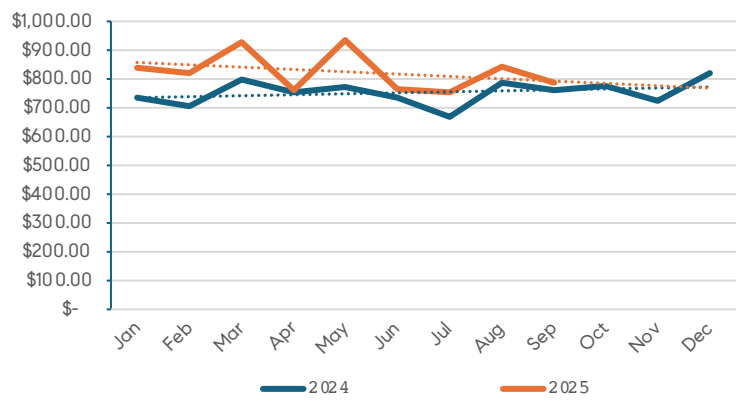
AVERAGE SALE PRICE

\$7.1M ▲

PV Properties Sold by Year



PV \$/SF 2024-Present



## 2025 TOP 3 (by price)



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5815 N Saugaro Ln	\$30,000,000
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6203 E Joshua Tree Ln	\$17,000,000
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5704 N Wilkinson Rd	\$17,000,000
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## 2025 TOP 3 (by \$/sf)



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7140 N 40th St 12	\$2,072.38/sqft
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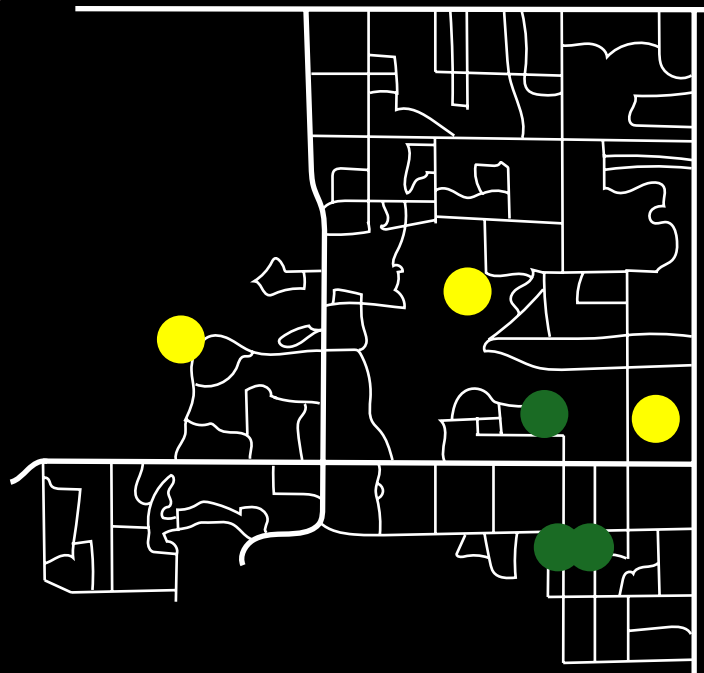
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5701 E Mockingbird Ln	\$2,051.10/sqft
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6587 N Palmeraie Blvd	\$2,030.71/sqft
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# A LOOK INTO THE PHOENIX METROPOLITAN INDUSTRIAL MARKET

<b>ABSORPTION</b> <small>12MO/NET/SF</small> <b>23.8 ▲</b>	<b>VACANCY</b> <b>12.2%</b>	<b>RENT GROWTH</b> <small>12 MONTH</small> <b>2.2% ▼</b>
<b>SALES</b> <small>COMPARABLES</small> <b>709 ▲</b>	<b>SALES</b> <small>PRICE/SF</small> <b>\$180 ▲</b>	<b>CAP RATE</b> <b>6.7% ▲</b>
<b>UNDER CONSTRUCTION</b> <small>SQUARE FEET</small> <b>21.8 M ▲</b>	<b>PERCENT</b> <small>OF INVENTORY</small> <b>4.6% ▲</b>	<b>PRELEASED</b> <b>46.5% ▲</b>



## Signs of Stability After a Supply Charge

The Phoenix industrial real estate market is beginning to stabilize after more than a year of rising vacancies caused by a flood of new construction. Vacancy rates have leveled off at 12.2%, thanks to a slowdown in new building completions and steady tenant demand.

While this is a welcome change, the current vacancy rate is still the highest since the Great Recession, and growth remains muted. The main reason? An unprecedented wave of construction over the past few years.

## Demand Holds Up, But Can't Fully Keep Pace

Although leasing activity has cooled from the breakneck speed of 2021–2022, demand remains strong. In fact, leasing over the past year was **33% higher** than the pre-pandemic average (2017–2019), driven by companies in logistics, construction, retail, and advanced manufacturing.

This demand translated into **13.2 million square feet** of net absorption in the last 12 months — the fourth-highest total in the U.S. But even this impressive figure hasn't been enough to offset the sheer volume of new space being delivered.

Vacancy has climbed from just **4.2% in mid-2022** to today's 12.2%, and could rise further if demand slows.

## Large Buildings Feeling the Strain

Nearly 90% of recent construction has been large-format buildings over 100,000 square feet. These "big box" properties now have a vacancy rate of **over 16%**, the highest in 15 years, with another 9 million square feet of unleased space still in development.

By contrast, smaller properties under 50,000 square feet are holding up better, with vacancy at **5%** — although that figure is also inching upward.

# PHOENIX INDUSTRIAL

## Rent Growth Slowing

The surge in available space has cooled rent growth. Average asking rents rose **2.2%** over the past year, a sharp drop from the **13.7%** growth seen in late 2022.

Looking ahead, rent growth is expected to slow further until the market absorbs the current over-supply. Owners of centrally located and smaller properties will likely have more pricing power than landlords with large buildings on the outskirts of the metro area.

## Risks and the Road Ahead

Right now, **24.3 million square feet** of industrial space is under construction — about half of it speculative — which will likely keep vacancy rates high through the year. A potential slowdown in economic growth or trade, especially if tariffs increase, could further impact demand.

Still, Phoenix's location remains a strong selling point, offering access to West Coast ports and Mexico — a major advantage for logistics operations.

The good news: the development pipeline is already starting to thin. If this trend continues, the market could see vacancies tighten in 2025, setting the stage for healthier rent growth in the years ahead.

## ABOUT CITYWIDE COMMERCIAL

Citywide Commercial Real Estate is a boutique brokerage firm specializing in industrial, office, and retail properties across the greater Phoenix market. Known for our personalized, hands-on approach, we offer the market expertise of a larger firm with the agility and client focus of a small, innovative team. Our services go far beyond traditional brokerage — we provide strategic guidance on investment opportunities, tenant attraction, and professional property management. At Citywide, we bring deep insight into the nuances of each property type, offering tailored solutions that align with your unique goals. When you work with us, you're partnering with a team committed to your success, now and into the future. For more information about Citywide Commercial Real Estate, visit [citywidecre.com](http://citywidecre.com).

### Seller/Landlord Representation

We work with you to develop a plan and strategies that will increase the value of your property before bringing it to market.

### Buyer/Tenant Representation

We will help you identify purchase or lease options and guide you through the entire process.



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REPRESENTATION



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DISPOSITIONS



INVESTMENT  
STRATEGIES



MARKETING STRATEGIES &  
IMPLEMENTATION



PROPERTY &  
SITE EVALUATIONS

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# COMPASS

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