



MULTIFAMILY REPORT

Phoenix's Resilience Tested

Summer 2020

Property Sales Slow, Values Hold

Development Maintains Solid Pace

Demand Keeps Rent Growth Positive

PHOENIX MULTIFAMILY



Diversified Employment Holds Up Economy

Compared to other large metros, Phoenix seems to have been better-equipped to withstand the blows dealt by the health crisis—at least for now. Following two months of contractions, the metro's average rent was up 0.1% on a trailing three-month basis through July, and 20 basis points above the U.S. rate. The \$1,209 rate remained well behind the \$1,460 U.S. figure. Occupancy in stabilized assets declined just 30 basis points year-over-year, to 95.0% as of June.

The unemployment rate slid to 8.4% in May from 12.5% in April, but the spike in virus cases will likely affect the economy; preliminary June data pointed to an additional increase to 9.7%. Leisure and hospitality contracted by 26.8%, while the metro's main economic drivers—trade, transportation and utilities and professional and business services—contracted by 0.6% and 6.7%, respectively. Since the outbreak of COVID-19 and through the end of July, roughly 840,000 unemployment claims were filed across the state.

Development maintained the robust pace of recent years with nearly 22,000 units underway as of July, while deliveries amounted to 3,746 apartments this year through July. Meanwhile, transactions slowed down, totaling just \$1.7 billion, with the per-unit price improving slightly. We expect the average Phoenix rent to rise 0.4% in 2020.

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Contacts

Jeff Adler

Vice President & General
Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(800) 303-615-3676

Jack Kern

Director of Research
and Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x2404

Author

Anca Gagiuc

Associate Editor

Recent Phoenix Transactions

Tides at South Tempe



City: Tempe, Ariz.
Buyer: Federal Capital Partners
Purchase Price: \$72MM
Price per Unit: \$162,132

Park Place at Fountain Hills



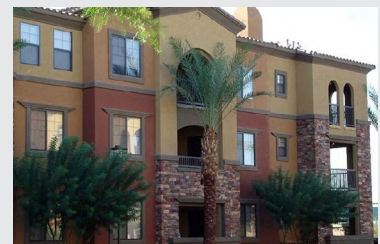
City: Fountain Hills, Ariz.
Buyer: Button Capital
Purchase Price: \$63 MM
Price per Unit: \$275,000

Mason Oliver



City: Phoenix
Buyer: Knightvest Capital
Purchase Price: \$59 MM
Price per Unit: \$202,000

Zone Luxe



City: Glendale, Ariz.
Buyer: Sunroad Enterprises
Purchase Price: \$55 MM
Price per Unit: \$219,000