



MULTIFAMILY REPORT

Phoenix Still Bright

September 2022

Softening Demand, Healthy New Supply Dent Occupancy

Rent Growth Moderates, Still in Double Digits YoY

Investment Activity Remains Elevated

PHOENIX MULTIFAMILY



Robust Supply Outpaces Softening Demand

Phoenix's economy has been in expansion mode since late last year, when it recovered all jobs lost during the pandemic. Its prospects are mostly dependent on national and global events. Expectedly, the multifamily market reacted to the positive economic performance with robust fundamentals, especially on the supply and investment scenes, delivering all-time high figures. Consequences of the recent substantial supply volume reverberated in rent growth—moderating since the start of the year and up just 0.3% on a T3 basis through July, to \$1,690—and pushed occupancy down 110 basis points in the 12 months ending in June, to 95.3%.

Phoenix unemployment stood at 3.4% in June, according to preliminary data from the Bureau of Labor Statistics, leading the U.S. (3.6%) and trailing the state (3.3%). The job market added 81,000 positions, up 4.0% in the 12 months ending in May, with gains led by the leisure and hospitality segment (23,300 jobs). The financial activities and government sectors lost 2,800 jobs combined, but overall, the metro had 15,000 more office-using positions than it did pre-pandemic.

Developers delivered 7,701 units in 2022 through July and had another 34,700 units under construction. Meanwhile, investment activity exceeded \$7.5 billion, above the volume recorded during the same period last year, with the price per unit surpassing the \$300,000 mark following a 48% annual increase.

Market Analysis | September 2022

Contacts

Jeff Adler

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

Ron Brock, Jr.

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

Doug Ressler

Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

Author

Anca Gagiuc

Senior Associate Editor

Recent Phoenix Transactions

The Moderne



City: Scottsdale, Ariz.
Buyer: JB Partners
Purchase Price: 260 MM
Price per Unit: \$704,607

Skywater at Town Lake



City: Tempe, Ariz.
Buyer: KB Investment
Development
Purchase Price: \$160 MM
Price per Unit: \$487,805

Reveal



City: Phoenix
Buyer: Aukum Group
Purchase Price: \$142 MM
Price per Unit: \$323,295

Indian Springs



City: Mesa, Ariz.
Buyer: Rise48 Equity
Purchase Price: \$142 MM
Price per Unit: \$308,696