



## MULTIFAMILY REPORT

# Rents Still Cooling In Phoenix

June 2023

**Deliveries Point to New Record**

**Investment Slows, PPU Down 25%**

**Rate Expansion Trails All Major Markets**



# PHOENIX MULTIFAMILY



## Strong Supply Dents Rent Growth, Occupancy

Phoenix's robust stock expansion continues to impact rates and occupancy. The average rate posted the weakest performance among major U.S. markets, down 2.8% year-over-year through April, to \$1,608. Meanwhile, the national figure decelerated to 3.2%, reaching \$1,709. Occupancy slid 130 basis points in the 12 months ending in March, to 94.0%, with a larger decline in the Renter-by-Necessity segment.

Unemployment stood at 2.9% in March, flat for four consecutive months, leading the state and U.S. figures, both at 3.5%. Employment grew by 3.1%, or 54,900 jobs, in the 12 months ending in February, with only trade, transportation and utilities contracting, down by 5,600 positions. Education and health services and leisure and hospitality led gains, and both are poised for continued growth. Moreover, Phoenix's industrial market continues to expand. Notable planned and underway projects include LG Energy Solution's \$5.5 billion battery-manufacturing complex and KORE Power's \$1.3 billion gigafactory.

Developers delivered 3,159 units this year through April and had an additional 33,201 units underway, with a substantial number of these slated for completion by year-end. Meanwhile, investment activity slowed, amounting to \$667 million year-to-date through April, for a price per unit that slid 25%, to \$241,227. However, the rate was still significantly above the \$178,275 U.S. figure.

## Market Analysis | June 2023

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### Recent Phoenix Transactions

#### Tempe Station



City: Tempe, Ariz.  
Buyer: Alliance Residential Co.  
Purchase Price: \$110 MM  
Price per Unit: \$275,000

#### Lennox



City: Avondale, Ariz.  
Buyer: Knightvest Capital  
Purchase Price: \$103 MM  
Price per Unit: \$251,225

#### Ironwood at Happy Valley



City: Phoenix  
Buyer: Hamilton Zanze & Co.  
Purchase Price: \$90 MM  
Price per Unit: \$305,000

#### Mountain Park Ranch



City: Phoenix  
Buyer: LaSalle Investment  
Management  
Purchase Price: \$70 MM  
Price per Unit: \$291,729