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Multifamily Report Summer 2018

Hiring Rate Outpaces Nation

**Development Activity Remains Solid** 

**Robust Demographics Push Up Demand** 

# PHOENIX MULTIFAMILY

# Yardi<sup>®</sup> Matrix

### **Market Analysis**

Summer 2018

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## **Demand Keeps Up With Supply**

Thanks to its warm climate and low business costs, Phoenix has slowly turned into a magnet for companies relocating from nearby California, pushing healthy demographic trends and boosting housing demand in the process. As a result, rents rose 4.0% year-over-year as of April, with further improvement in the cards for the Valley of the Sun.

Phoenix added 60,000 jobs through February, up 2.7% year-over-year and well ahead of the national rate. Tech companies have flocked to the Silicon Desert of late, a case in point being Galvanize, the Denver-based technology learning community, which opened a refurbished 58,000-squarefoot warehouse, transforming it into a startup hub and learning center for the industry. Intel is working on its \$7 billion Fab 42 project, which at full capacity is expected to host as many as 3,000 engineers.

Investors have set their eyes on Phoenix: The transaction volume exceeded \$1.4 billion in multifamily properties in the first four months of the year, pushing the per-unit price up to \$144,603. Nearly two-thirds of the deals traded RBN assets, reflecting investor interest in Phoenix's ample value-add opportunities. Apartment construction is strong, with more than 16,600 units underway and 26,000 in the planning and permitting stages. As a result, we expect rent growth to reach 5.0% in 2018.

#### **Recent Phoenix Transactions**

Ten01 on the Lake



City: Phoenix Buyer: PGIM Real Estate Purchase Price: \$115 MM Price per Unit: \$219,885

#### Carlyle at South Mountain



City: Phoenix Buyer: Western Wealth Capital Purchase Price: \$90 MM Price per Unit: \$163,043

Modena



City: Phoenix Buyer: Knightvest Capital Purchase Price: \$110 MM Price per Unit: \$143,229

#### Broadstone Fashion Center



City: Phoenix Buyer: Starlight Investments Purchase Price: \$84 MM Price per Unit: \$250,746