

Yardi® Matrix

MULTIFAMILY REPORT

Phoenix: Still In Motion

Spring 2020



Q1 Sales Volume Reaches \$1B

Unemployment Hits New High

Rent Gains Close Strong Quarter

PHOENIX MULTIFAMILY

Yardi® Matrix

Metro Ends Cycle On a High Note

Phoenix multifamily maintained its vigor going into 2020, with rents rising by 0.5% in the first quarter, ahead of the 0.2% national rate and again leading all major markets. The \$1,216 average rent remained behind the \$1,474 national figure. Robust rental demand, however, faces strong short-term headwinds as a result of the COVID-19 pandemic, with rent growth likely to significantly temper.

Phoenix has shown exceptional performance in recent years, turning into one of the nation's fastest-growing economies and ending 2019 with a 2.8% year-over-year job increase—100 basis points above the U.S. rate. Phoenix gained 68,800 jobs in 2019, with all sectors except information expanding. The novel coronavirus health crisis, however, is putting nearly one-third of the metro's employment at risk. In the first five weeks since the state shutdown, nearly 580,000 unemployment claims were filed in Arizona, amounting to more than 10% of the state's workforce.

The cycle ended on a high note for Phoenix, with transactions and completions marking cycle peaks last year. The strong performance extended into the first quarter of 2020, when \$1 billion in multifamily assets traded and developers brought 1,399 units online, with another 17,898 underway. Both metrics are slated to moderate, at least in the short term.

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Recent Phoenix Transactions

Parc Midtown



City: Phoenix
Buyer: FSC Realty
Purchase Price: \$79 MM
Price per Unit: \$ 256,536

Broadstone Osborn



City: Phoenix
Buyer: Logan Capital Advisors
Purchase Price: \$60 MM
Price per Unit: \$300,000

Circa Central Avenue



City: Phoenix
Buyer: PrivatePortfolio Group
Purchase Price: \$58 MM
Price per Unit: \$253,304

Avenue 25



City: Phoenix
Buyer: Bluerock Real Estate
Purchase Price: \$56 MM
Price per Unit: \$218,898