

Yardi® Matrix

Phoenix: Finding A Second Wind?

Multifamily Report Summer 2017

**Rent Growth
Outpaces Nation**

**Leisure, Hospitality
Lead Job Gains**

**Property Values Hit
Post-Recession High**

PHOENIX MULTIFAMILY

Yardi® Matrix

Market Analysis

Summer 2017

Contacts

Paul Fiorilla

Associate Director of Research
Paul.Fiorilla@Yardi.com
(800) 866-1124 x5764

Jack Kern

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

Author

Anca Gagiuc

Associate Editor

Maintaining Momentum in the Desert

Outpacing the country in job creation and population growth, Phoenix is appealing to multifamily developers and investors looking for opportunities in second-tier markets. Although rent growth decelerated in the first half of 2017, rents rose by 3.4% year-over-year through July, which is still well above the 2.6% national average.

Employment growth is diversified, with leisure and hospitality, education and health services, and professional and business services occupying top positions in the number of jobs added. Companies such as Facebook, Boeing and Intel are planning expansions in the metro, while JP Morgan Chase is developing a 67-acre campus in Tempe, where it aims to locate more than 4,000 jobs.

The metro's investment activity remains strong, with nearly \$2.4 billion in multifamily properties trading in 2017 through July. As the city competes with California, Texas and the Mountain States to attract talent, jobs and companies, housing demand has exceeded supply in recent years. As a result, development is robust, with 17,000 units under construction, some 5,600 of which are slated for completion by year-end. Although the occupancy rate was just 94.9% as of July, down 60 basis points in 12 months, we expect demand to remain strong, with the average rent rising by 5.3% in 2017.

Recent Phoenix Transactions

Mirabella/Lux



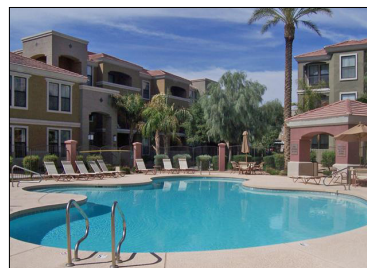
City: Avondale, Ariz.
Buyer: Priderock Capital Partners
Purchase Price: \$88 MM
Price per Unit: \$122,377

Broadstone Scottsdale Quarter



City: Scottsdale, Ariz.
Buyer: Public Employees' Retirement System of Nevada
Purchase Price: \$87 MM
Price per Unit: \$316,364

Andante



City: Phoenix
Buyer: Security Properties
Purchase Price: \$85 MM
Price per Unit: \$148,003

Almeria at Ocotillo



City: Chandler, Ariz.
Buyer: PASSCO Real Estate
Purchase Price: \$82 MM
Price per Unit: \$210,765

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Hollie Zepke

Audience Development Specialist
Hollie.Zepke@Yardi.com
(800) 866-1124 x5389