



MULTIFAMILY REPORT

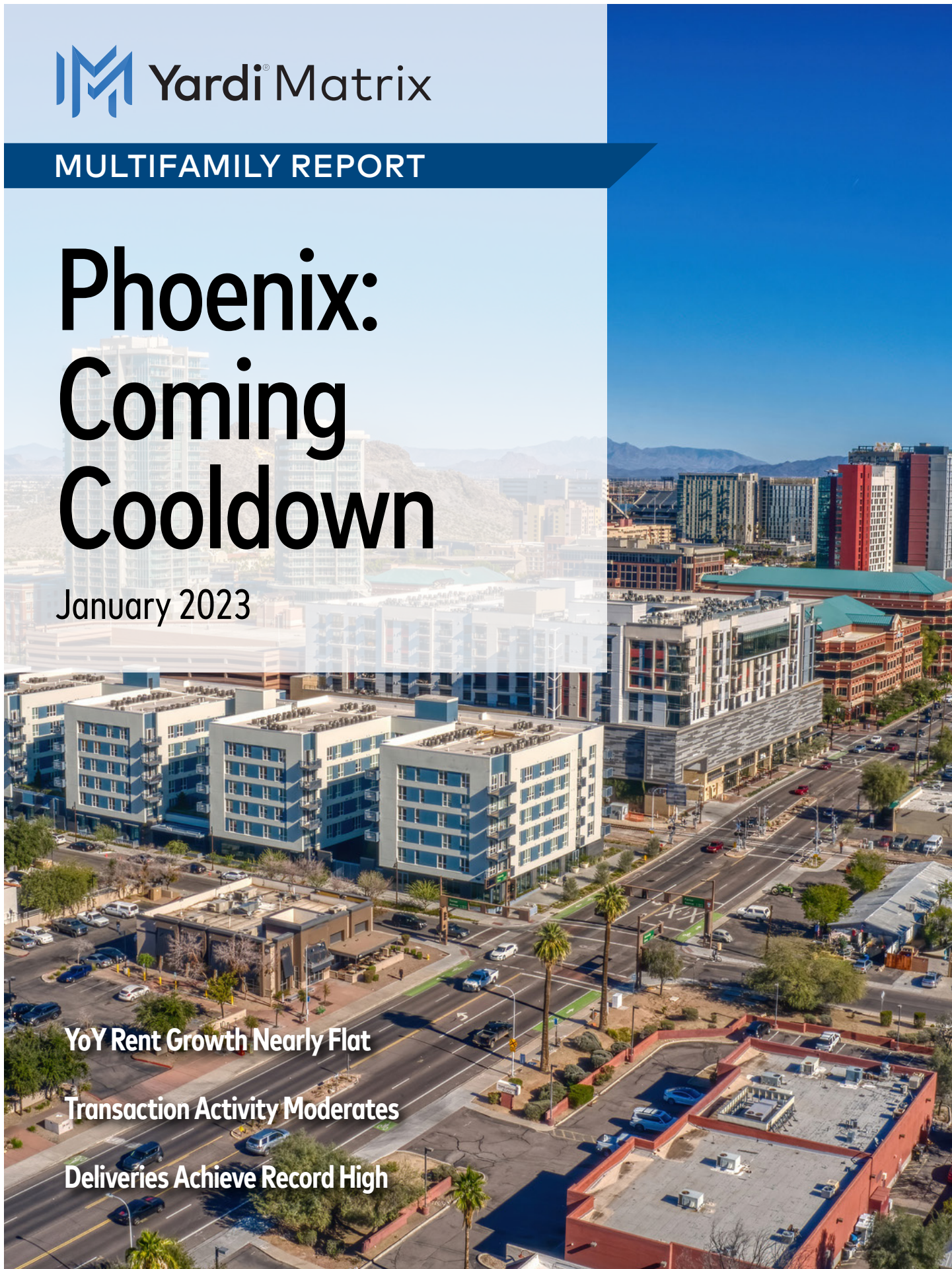
Phoenix: Coming Cooldown

January 2023

YoY Rent Growth Nearly Flat

Transaction Activity Moderates

Deliveries Achieve Record High



PHOENIX MULTIFAMILY



Record Supply Represses Rate Gains, Occupancy

Phoenix had a tepid year in 2022, affected by national and global events and will likely remain sensitive to upcoming shifts in the economy. The multifamily market is cooling down after a remarkable run, responding to record supply additions and tempering in-migration, which diluted demand. Consequently, rents declined 0.4% on a trailing three-month basis through November, faster than the 0.1% U.S. rate, and occupancy lost 160 basis points in the 12 months ending in October, decreasing to 94.3%.

Phoenix unemployment stood at 3.5% in October, outperforming the state (3.9%) and the nation (3.7%), according to preliminary data from the Bureau of Labor Statistics. The job market expanded just 3.9% in the 12 months ending in September, lagging the U.S. rate by 30 basis points. During the period, just the financial services sector lost jobs (1,400 jobs). Phoenix's largest sectors led employment growth—education and health services, professional and business services, and trade, transportation and utilities—with 55,600 positions combined. Company expansions in the metro include Sendoso, Nestle and XNRGY.

Deliveries marked a new record high, with 11,258 units completed through November. Another 38,406 units were underway, but the number of construction starts dwindled. Meanwhile, investment volume totaled \$10.5 billion, with the price per unit rising 31.6% year-over-year, to \$325,644.

Market Analysis | January 2023

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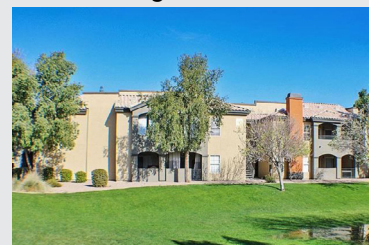
Recent Phoenix Transactions

Clifton on 7th



City: Phoenix
Buyer: Knightvest Capital
Purchase Price: \$91 MM
Price per Unit: \$270,833

Desert Mirage



City: Gilbert, Ariz.
Buyer: Investors Capital Group
Purchase Price: \$86 MM
Price per Unit: \$333,333

Portola West McDowell



City: Phoenix
Buyer: SB Real Estate Partners
Purchase Price: \$73 MM
Price per Unit: \$229,063

Rise Suncrest



City: Tempe, Ariz.
Buyer: Rise48 Equity
Purchase Price: \$50 MM
Price per Unit: \$312,500