



MULTIFAMILY REPORT

Phoenix Delivers

September 2023

Development Heading for Record

Rents in Recovery Mode

Investment Still Muted

PHOENIX MULTIFAMILY



Strong Supply Hits Rents, Occupancy

Phoenix rents stabilized on a trailing three-month basis through July, after 10 months of negative values, still under the pressure of consistent completions. The average rate was down year-over-year, at -3.5% as of July, marking the second-slowest rate of growth among major U.S. metros. Meanwhile, national growth decelerated to 1.6%, reaching \$1,729. Phoenix occupancy slid 60 basis points in the 12 months ending in June, to 93.9%.

Unemployment stood at 3.9% in June, slightly higher than both the Arizona (3.5%) and U.S. (3.6%) averages. Employment grew by 2.4%, or 37,500 jobs. Education and health services (19,700 jobs) led the way, while trade, transportation and utilities continued to shed positions, down by 3,300 jobs. Information, financial activities and other services also experienced losses. Meanwhile, construction expanded, as Phoenix held the country's largest industrial pipeline as of June (58.8 million square feet).

Developers delivered 5,892 units this year through July and had an additional 37,606 units underway. Yardi Matrix expects 18,571 units to come online across Phoenix during 2023, for a decade high and the country's second-largest expected delivery volume after Austin (24,145 units). Meanwhile, investment activity slowed, with \$1.3 billion trading year-to-date through July, for a price per unit that was 34% higher than the national average.

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Recent Phoenix Transactions

The Aston Scottsdale



City: Scottsdale, Ariz.
Buyer: The Connor Group
Purchase Price: \$142 MM
Price per Unit: \$428,788

Soltra at SanTan Village



City: Gilbert, Ariz.
Buyer: Premiere Residential
Purchase Price: \$140 MM
Price per Unit: \$ 368,421

The Griffin



City: Scottsdale, Ariz.
Buyer: Eaton Vance Management
Purchase Price: \$128 MM
Price per Unit: \$461,300

Phoenix Manor



City: Phoenix
Buyer: Reliant Group
Purchase Price: \$50 MM
Price per Unit: \$111,111