

Yardi® Matrix

Phoenix: The Desert Is Calling

Multifamily Report Summer 2018

Hiring Rate Outpaces Nation

Development Activity Remains Solid

Robust Demographics Push Up Demand

PHOENIX MULTIFAMILY

Yardi® 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-square-foot 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



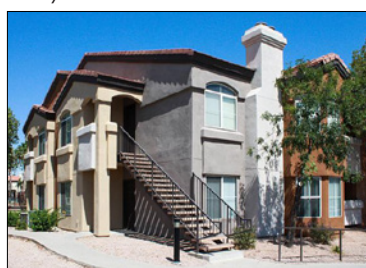
City: Phoenix
Buyer: PGIM Real Estate
Purchase Price: \$115 MM
Price per Unit: \$219,885

Modena



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

Carlyle at South Mountain



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

Broadstone Fashion Center



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