



## MULTIFAMILY REPORT

# Phoenix Supply Soars, Rents Fall

January 2024

**Rents Continue Descent**

**Deliveries Mark New High**

**Investment Volume Above \$2.5B**



# PHOENIX MULTIFAMILY



## Supply Marks New Record, Rents Decline

Responding to the surge in demand and rent growth, developers expanded Phoenix's pipeline in recent years, but now the metro has reached the tail end of its stellar post-pandemic performance. The average asking rent contracted 3.7% on a year-over-year basis through November, posting the second weakest performance among Yardi Matrix's top 30 metros. At \$1,583, Phoenix was still affordable compared to the U.S. figure, which inched up 0.4% during the year, to \$1,713. Meanwhile, occupancy held on surprisingly well, declining just 60 basis points in the 12 months ending in October, to 93.4%.

Phoenix's employment market expanded 2.1% in the 12 months ending in September, 20 basis points behind the U.S. rate. While three sectors lost jobs—information (-2,700 jobs), other services (-1,500) and manufacturing (-500)—the bulk of the 51,700 positions added were in the education and health services (20,700 jobs), leisure and hospitality (9,600) and government (7,700) sectors.

Deliveries marked a new decade-high, amounting to 11,980 units through November, and unlike the national trend, new construction starts in 2023 increased from 2022's volume. The pipeline had 35,088 units under construction. Meanwhile, investment moderated, with \$2.5 billion in multifamily assets changing hands, for a price per unit that fell 14.6% from 2022 rates, to \$272,467 as of November.

## Market Analysis | January 2024

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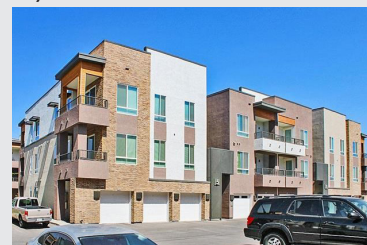
### Recent Phoenix Transactions

#### The District at Scottsdale



City: Scottsdale, Ariz.  
Buyer: Fairfield Residential  
Purchase Price: \$162 MM  
Price per Unit: \$486,446

#### Aiya



City: Gilbert, Ariz.  
Buyer: Olympus Property  
Purchase Price: \$112 MM  
Price per Unit: \$311,111

#### MAA Central Ave



City: Phoenix  
Buyer: MAA  
Purchase Price: \$102 MM  
Price per Unit: \$316,873

#### NOVO Broadway



City: Tempe, Ariz.  
Buyer: MG Properties  
Purchase Price: \$100 MM  
Price per Unit: \$309,414