

Yardi® Matrix

Phoenix Hits Cruise Speed

Multifamily Report Fall 2018

Investment Sales Stay Strong

Demand Fuels Completion Rate

Job Growth Firing on All Cylinders

PHOENIX MULTIFAMILY

Yardi® Matrix

Market Analysis

Fall 2018

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Phoenix Plays to Its Strengths

With rent growth rebounding to nearly double the national rate, Phoenix is experiencing a sudden sprint in rent improvement, as positive demographic trends and one of the most active economies in the U.S. prop up the metro's multifamily market. Rents were up 5.4% year-over-year as of September, to an average of \$1,085. Despite high completion rates, average occupancy in stabilized properties actually rose to 95.2% in August, up 40 basis points year-over-year.

Employment growth continued at an elevated rate, with 61,300 jobs added in the 12 months ending in July. Improvement was widespread, with all but one sector recording net job gains. Construction added 12,900 positions, as the sector continued to benefit from an expanding multifamily pipeline, with 15,700 units underway as of September. The metro's office pipeline also remains strong, as more than 4.2 million square feet of space was underway as of October.

Strengthening market fundamentals have proved appealing to investors, leading total sales to \$4.4 billion through the year's first nine months. Going forward, Phoenix is likely to continue having strong delivery rates, as 6,800 units had already been added as of September, and another 3,000 were expected to come online by year's end. All in all, rents are likely to continue their rise.

Recent Phoenix Transactions

Kota North Scottsdale



City: Scottsdale, Ariz.
Buyer: CBRE Global Investors
Purchase Price: \$160 MM
Price per Unit: \$217,527

Ten01 on the Lake



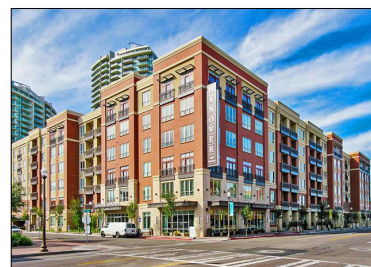
City: Tempe, Ariz.
Buyer: PGIM Real Estate
Purchase Price: \$115 MM
Price per Unit: \$219,885

Modena



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

Hanover Mill Avenue



City: Tempe, Ariz.
Buyer: Goldman Sachs & Co.
Purchase Price: \$95 MM
Price per Unit: \$278,886