

Yardi® Matrix

# Riding Phoenix's Heat Wave

Multifamily Report Summer 2019

Rent Growth Still Strong

Development Surge Continues

Transaction Activity Remains Elevated



# PHOENIX MULTIFAMILY

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## Market Analysis

Summer 2019

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## Rent Growth Leads Nation

The Phoenix multifamily market kicked off 2019 with strong rent growth, completions and transaction activity. At 6.8% as of May, nearly three times the U.S. average, year-over-year rent growth led all major metros in the country. The development boom continues, with 4,053 units coming online in the first five months of 2019. Even so, occupancy in stabilized properties actually inched up 20 basis points over 12 months, to 95.5% as of April.

Employment growth was robust in the metro, which gained 58,500 jobs in the 12 months ending in March, a 3.1% increase, nearly double the national rate. Improvement was widespread, with all sectors recording net gains. Construction led the way with the addition of 14,000 positions, buoyed by the sustained expansion of real estate development. Education and health services followed closely, adding 13,900 jobs during the same period, bolstered by both Arizona State University and the booming bioscience field. Professional and business services is also growing (11,600 jobs), as the metro is competing with Texas in corporate relocations and expansions.

Some \$2.5 billion in multifamily assets traded in the metro this year through May. Boosted by rapid population growth and a burgeoning economy, housing demand is poised for a strong 2019, while new supply struggles to keep up. We expect the average Phoenix rent to rise 5.3% this year.

## Recent Phoenix Transactions

Bella Mirage



City: Avondale, Ariz.  
Buyer: The Milestone Group  
Purchase Price: \$112 MM  
Price per Unit: \$156,643

Roosevelt Row



City: Phoenix  
Buyer: Weidner Investment Services  
Purchase Price: \$84 MM  
Price per Unit: \$266,456

The Core Scottsdale



City: Scottsdale, Ariz.  
Buyer: Starlight Investments  
Purchase Price: \$80 MM  
Price per Unit: \$285,106

Elevation Plaza Del Rio



City: Peoria, Ariz.  
Buyer: LivCor  
Purchase Price: \$70 MM  
Price per Unit: \$209,910