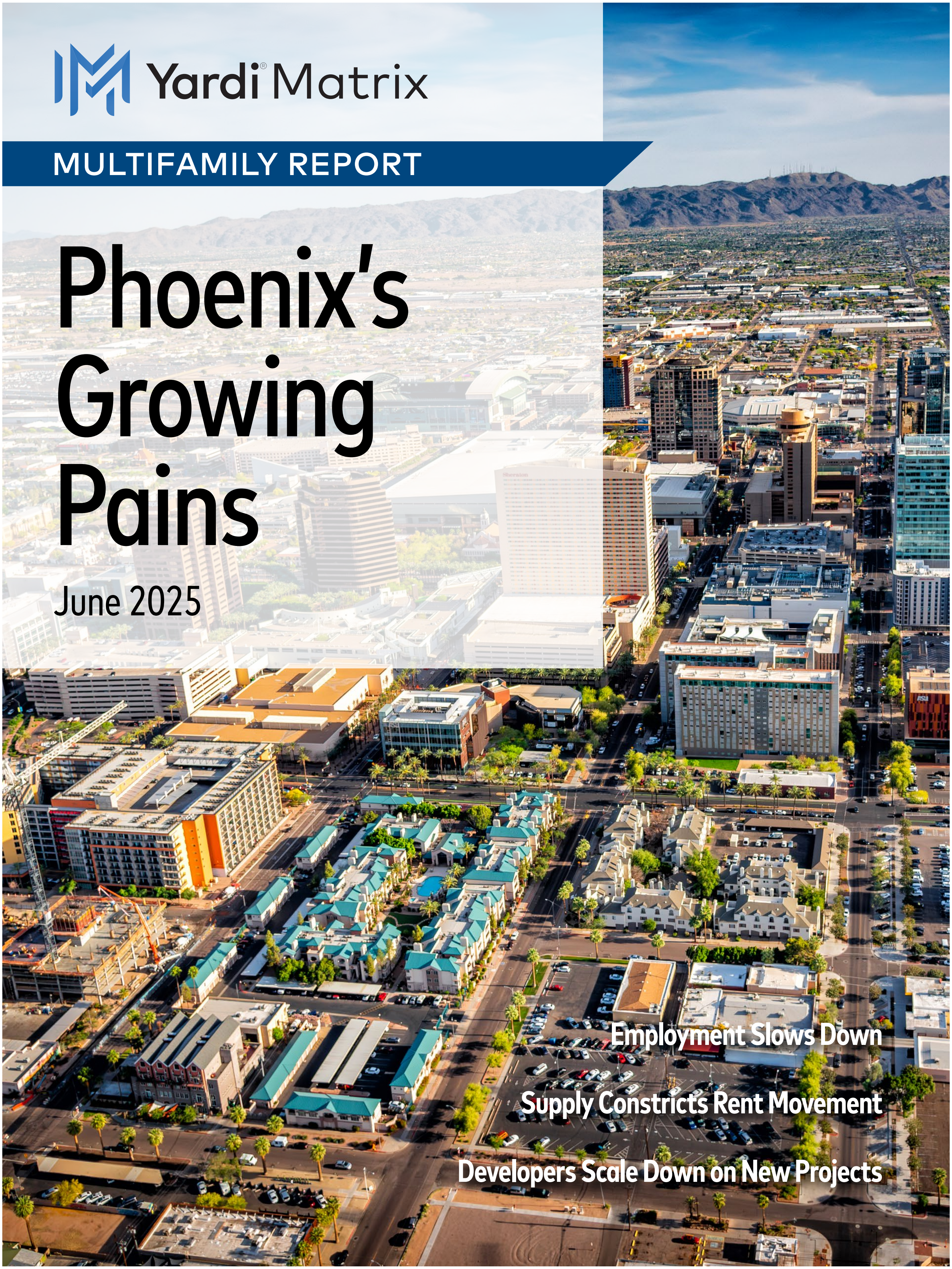
Yardi Matrix

MULTIFAMILY REPORT

Phoenix's Growing Pains

June 2025



Employment Slows Down

Supply Constricts Rent Movement

Developers Scale Down on New Projects

PHOENIX MULTIFAMILY

Yardi Matrix

Strong Supply Dominates Fundamentals

Robust supply continues to pressure Phoenix's multifamily market, restraining rent growth and impacting occupancy. Average advertised asking rents fell 3.1% year-over-year, to $1,550 in April, posting the third-lowest performance among Yardi Matrix's top 30 metros. More recently, however, losses slowed to a 0.2% decline on a trailing three-month basis. New supply also pushed down occupancy in stabilized properties. The rate decreased 40 basis points year-over-year, to 93.0% in March, lagging the 94.4% U.S. average.

Phoenix's employment market remained on a softening trend, up 0.5% as of February. The metro actually lost 7,500 net jobs over 12 months. Yet, the unemployment rate was 3.1% as of April, outperforming the U.S. (4.2%) and state (4.1%). Phoenix's main employment sector, education and health services, added 12,600 positions. Professional and business services shed the most jobs (-10,600). While some of these positions were at Intel, the company's $32 billion expansion across two new factories in Ocotillo is still expected to create 3,000 direct manufacturing jobs.

Following a two-year wall of deliveries, the pipeline is steadily cooling off. Still, figures remain fairly robust, with 3,763 units completed this year through April and an additional 34,937 units underway. Investment totaled $628 million through April, for a price per unit that stood virtually flat compared to last year.

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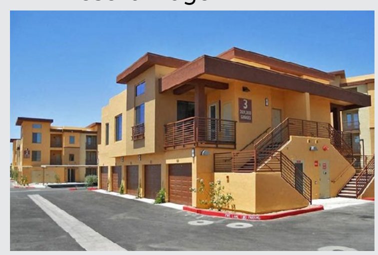
Recent Phoenix Transactions

Spire Deer Valley

City: Phoenix
Buyer: Goodman Real Estate
Purchase Price: $131 MM
Price per Unit: $337,887

IMT Desert Ridge



City: Phoenix
Buyer: IMT Capital
Purchase Price: $126 MM
Price per Unit: $340,541

Arches at Hidden Creek

City: Chandler, Ariz.
Buyer: Brookfield Properties
Purchase Price: $95 MM
Price per Unit: $220,940

Obsidian at South Mountain

City: Phoenix
Buyer: Tower 16 Capital Partners
Purchase Price: $48 MM
Price per Unit: $289,157