



MULTIFAMILY REPORT

Phoenix: Lower Peaks In 2025

September 2025

Supply Strong, New Starts Moderate

Employment Growth Trails US

Asking Rents Slide

PHOENIX MULTIFAMILY



Growth Challenges Across Fundamentals

Robust supply growth continued to challenge Phoenix's multifamily market, marking the third-weakest rent performance among the top 30 metros tracked by Yardi Matrix. Average advertised asking rents fell 2.7% year-over-year, to \$1,553 in July. On a trailing three-month basis through July, rates in the metro were down 0.2%. Phoenix's occupancy rate in stabilized properties slid 20 basis points year-over-year, to 93.1% in June.

Employment growth was 0.2% year-over-year through May, slower than the 0.8% U.S. rate. Phoenix's workforce grew by 14,300 net jobs. Gains were recorded in only four sectors, led by education and health services (20,300 jobs) and government (4,800). Six sectors lost 13,100 jobs combined, with the largest losses in transportation and utilities (-4,200). Meanwhile, the metro's unemployment rate stood at 4.0% in June, 10 basis points below the U.S. and state figures. The metro had several projects underway that will sustain its economic development, including Mayo Clinic's \$1.9 billion expansion at its Phoenix campus and Amkor Technology Inc.'s \$2 billion chip packaging and test facility.

Developers delivered 9,850 units in 2025 through July and, while new construction moderated, the pipeline remained high, with 32,840 units underway. Investment activity remained slow, reaching \$2.1 billion in 2025 through July, while the price per unit fell 1.1% year-to-date, to \$267,475.

Market Analysis | September 2025

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Recent Phoenix Transactions

Zaterra



City: Chandler, Ariz.
Buyer: Ares Management
Purchase Price: \$138 MM
Price per Unit: \$350,765

Calista



City: Scottsdale, Ariz.
Buyer: Knightvest Capital
Purchase Price: \$119 MM
Price per Unit: \$288,835

Redstone at SanTan Village



City: Gilbert, Ariz.
Buyer: Mesirov Financial
Purchase Price: \$119 MM
Price per Unit: \$310,209

The Core Scottsdale

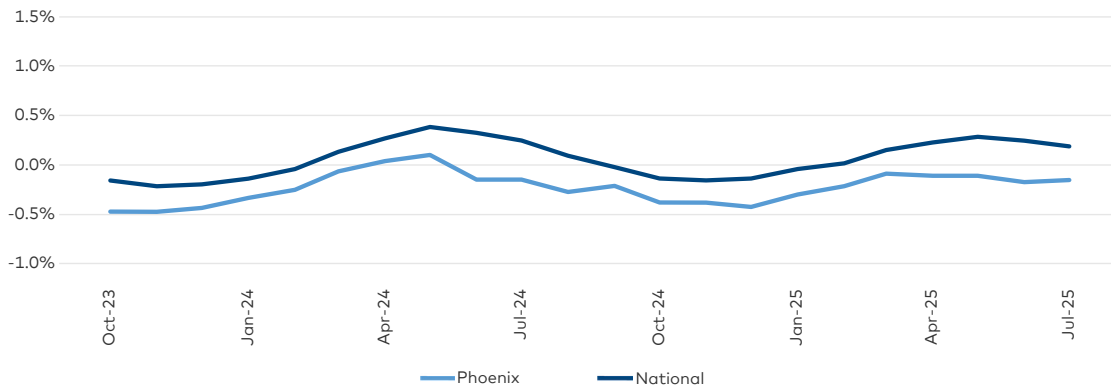


City: Scottsdale
Buyer: MC Cos.
Purchase Price: \$98 MM
Price per Unit: \$345,745

RENT TRENDS

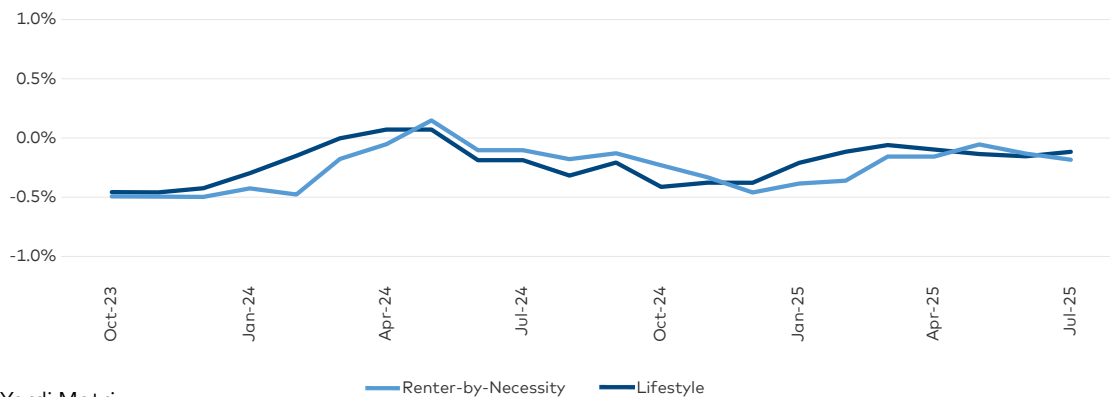
- ▶ Phoenix's advertised asking rents slid 0.1%, on a trailing three-month (T3) basis through July, to \$1,553, while the U.S. rate maintained a 0.2% increase, to \$1,754. Phoenix's short-term rates recorded only one minor 0.1% increase in the past 36 months, as the metro was overburdened by supply. Year-over-year through July, Phoenix posted the third-weakest rent performance among Yardi Matrix's top 30 metros, down 2.8% and outranking Austin and Denver. Meanwhile, the national average increased 0.8%.
- ▶ Average advertised asking rents for the working-class Renter-by-Necessity segment declined 0.2% on a T3 basis, to \$1,284 in July, while Lifestyle rates slid 0.1%, to \$1,749. RBN rates followed Lifestyle, lagging for several months and in line with the seasonal pattern.
- ▶ The occupancy rate in stabilized properties slid 20 basis points year-over-year to 93.1% in June. RBN occupancy remained unchanged at 92.3%, while Lifestyle decreased 40 basis points, to 93.6%. Meanwhile, the U.S. average inched down 10 basis points, to 94.7%.
- ▶ Of the 46 submarkets tracked by Yardi Matrix, seven registered gains in advertised asking rents year-over-year through July, including the three priciest: Scottsdale-North (3.2% to \$1,996), Phoenix-Paradise Valley Village (0.1% to \$1,996) and Phoenix-Downtown (0.9% to \$1,994).
- ▶ The SFR-BTR sector outperformed multifamily. Advertised asking rents fell 0.5% year-over-year to \$2,008 in July, while occupancy rose 1.1% to 93.7% in June.

Phoenix vs. National Rent Growth (Trailing 3 Months)



Source: Yardi Matrix

Phoenix Rent Growth by Asset Class (Trailing 3 Months)



Source: Yardi Matrix

ECONOMIC SNAPSHOT

- Phoenix's job growth continued to decelerate, inching up 0.2% year-over-year through May, while the U.S. rate held at 0.8%. The metro's employment figure remained on a downward trend since June 2024, when it was at 2.6%.
- Phoenix added 14,300 net jobs over the 12-month period ending in May. Education and health services accounted for most of the metro's gains, with 20,300 positions added. Three other sectors expanded: government (4,800 jobs), other services (1,300 jobs) and financial activities (1,000 jobs). Meanwhile, six sectors lost 13,100 jobs combined, with the steepest drops in trade, transportation and utilities (-4,200 jobs).
- The unemployment rate in Phoenix rose to 4.0% in June, according to preliminary data from the Bureau of Labor Statistics, slightly below the national and state rates, which were both at 4.1%.
- Ongoing projects that will boost the local economy in coming years include Mayo Clinic's 1.2 million-square-foot campus expansion. Design work for the \$1.9 billion investment is set to begin later this year, with completion slated for 2031. Another notable investment is Amkor Technology Inc.'s \$2 billion advanced chip packaging and test facility in Peoria. Apple announced plans to invest in the project with funds from its new \$100 billion program. Completion is scheduled for 2027 and the project is expected to create 2,000 jobs.

Phoenix Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	422.8	17.2%
90	Government	259.4	10.5%
80	Other Services	79.7	3.2%
55	Financial Activities	210.4	8.5%
70	Leisure and Hospitality	268.5	10.9%
15	Mining, Logging and Construction	183.3	7.4%
50	Information	39.2	1.6%
30	Manufacturing	147	6.0%
60	Professional and Business Services	385.7	15.7%
40	Trade, Transportation and Utilities	465.3	18.9%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- Phoenix gained 783,502 residents between 2010 and 2022, a robust 19.2% increase and more than double the 8.9% national rate.
- Metros with similar population growth levels during the period included Atlanta (18.9%), Seattle (19.2%) and Las Vegas (19.5%).

Phoenix vs. National Population

	2019	2020	2021	2022
National	324,697,795	326,569,308	329,725,481	331,097,593
Phoenix Metro	4,761,603	4,860,338	4,787,811	4,864,209

Source: U.S. Census

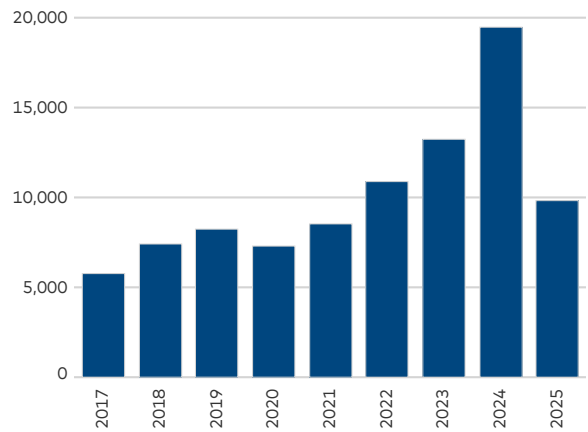
SUPPLY

- Supply growth remained elevated in Phoenix, with 9,850 units delivered in 2025 through July, the equivalent of 2.6% of its total stock, while the national rate lagged at 1.6%. Deliveries were nearly exclusive to Lifestyle projects, with 90% of the units in such assets, while those in RBN and fully affordable projects comprised only 6.1% and 3.9%, respectively.
- With 32,840 units underway and another 100,000 in the planning and permitting phases as of July, completions will likely remain elevated. Lifestyle continued to run high in developers' selection, accounting for 84.6% of the pipeline. Meanwhile, fully affordable assets accounted for 14.0% and RBN only 1.4% of the pipeline.
- In line with the national trend, Phoenix's new construction activity moderated, down 24.2% year-over-year through July and closer to average levels. Construction starts decreased to 8,686 units across 41 properties in 2025 through July from 11,464 units across 48 properties during the same interval in 2024. New construction totaled 20,515 units across 83 properties in 2024.
- Developers had active projects in 27 of the 46 Phoenix submarkets tracked by Yardi Matrix.

More than half of these had at least 1,000 units underway, led by Phoenix–Downtown (3,528 units), Tempe–North (2,536 units) and Phoenix–Happy Valley (2,315 units).

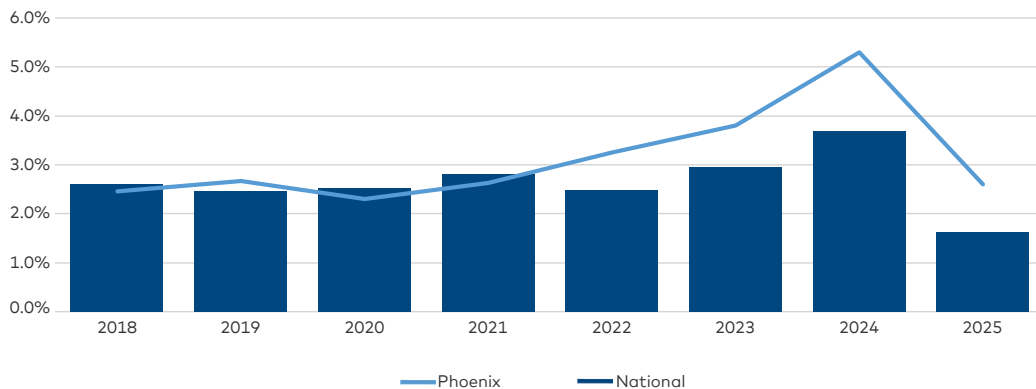
- The largest project delivered in 2025 through July was Meritum Sheely Farms, a 678-unit Lifestyle property in Phoenix–Maryvale. The asset is owned by IDM Cos. and holds a \$109 million construction loan originated by Wells Fargo Bank in 2023.

Phoenix Completions (as of July 2025)



Source: Yardi Matrix

Phoenix vs. National Completions as a Percentage of Total Stock (as of July 2025)

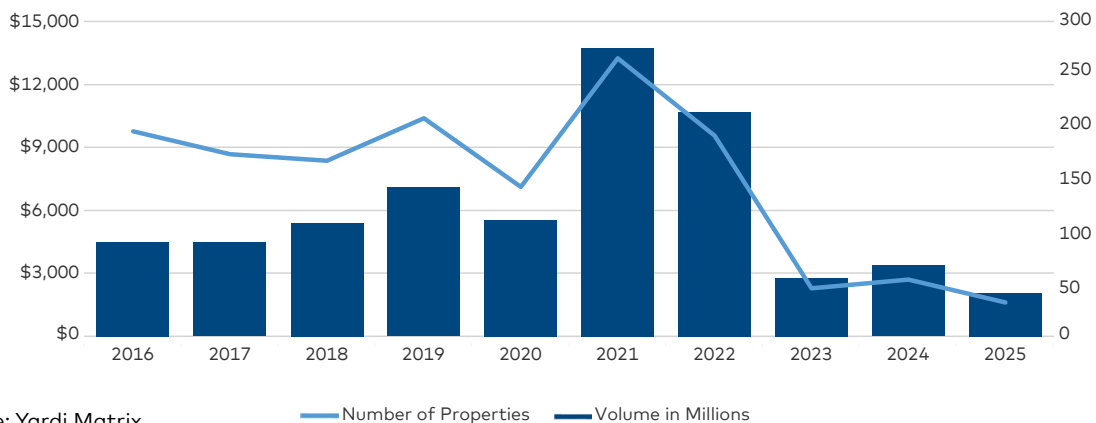


Source: Yardi Matrix

TRANSACTIONS

- ▶ Multifamily investments were moderate in Phoenix, as \$2.1 billion traded year-to-date through July—on par with the same period last year. Investors marked the third year in low gear after the 2021 (\$13.7 billion) and 2022 (\$10.7 billion) decade highs. The metro's annual transaction volume averaged \$2.7 billion during the post-pandemic years and has yet to rebound to the \$5.4 billion figure recorded in the five-year pre-pandemic period.
- ▶ Phoenix's average price per unit decreased 1.1% year-to-date, to \$267,475 in July, while the U.S. figure rose 7.4%, to \$207,299. Of the 37 sales that closed in the first seven months, 22 were for Lifestyle assets (\$305,829 per unit) and the rest involved RBN properties (\$163,949).
- ▶ In the largest transaction this year through July, Ares Management paid \$138 million for a 392-unit Lifestyle community in Chandler, dubbed Zattera. The P.B. Bell Cos. sold the asset at \$350,765 per unit.

Phoenix Sales Volume and Number of Properties Sold (as of July 2025)



Source: Yardi Matrix

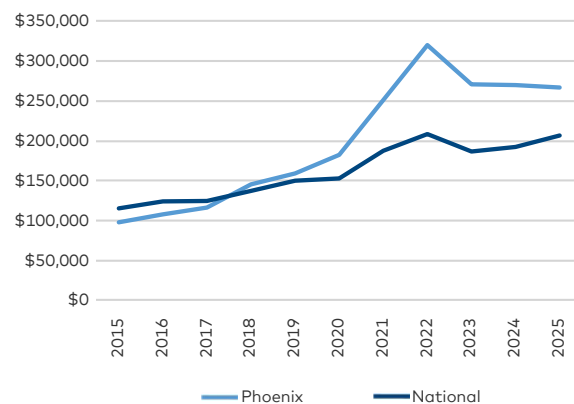
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Phoenix—Paradise Valley Village	540
Chandler	463
Glendale—South	268
Tempe—North	242
Phoenix—The Village	181
Phoenix—East Camelback Village	176
Scottsdale—North	174

Source: Yardi Matrix

¹ From August 2024 to July 2025

Phoenix vs. National Sales Price per Unit



Source: Yardi Matrix

Top 10 US Markets for Multifamily Construction

By Anca Gagiuc

Despite numerous headwinds, including a challenging financing landscape and a shortage in skilled labor, the U.S. multifamily stock added 672,047 units in 2024, the highest annual volume on record. As of April, the under-construction multifamily pipeline remained robust, totaling 1,034,611 units across 4,774 properties, according to data provided by Yardi Matrix. How does the influx of supply impact fundamentals in the metros leading in under-construction multifamily pipeline, and which are these?

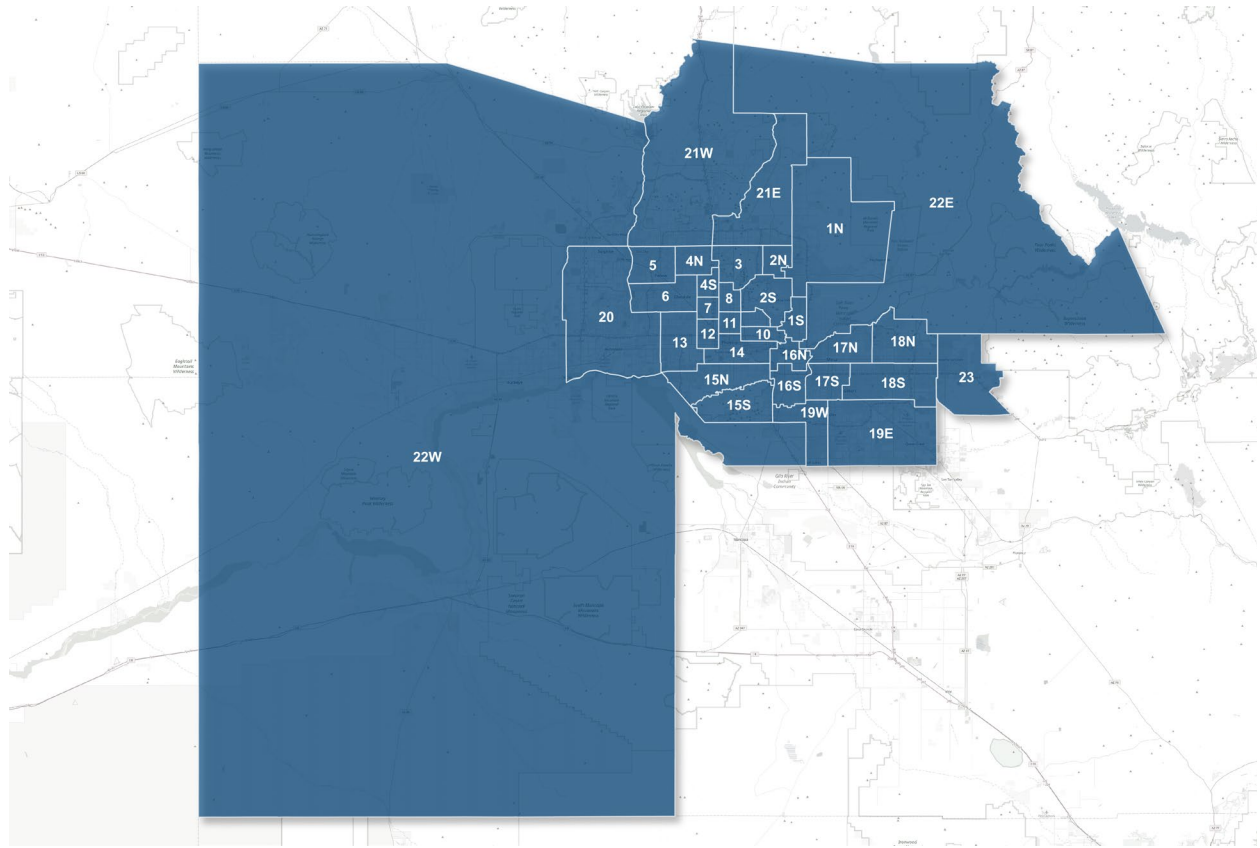
Rank	Metro	UC Units Lifestyle as of April 2025	UC Units Fully Affordable as of April 2025	UC Units RBN as of April 2025
1	Dallas–Ft. Worth	52,268	5,618	2,649
2	New York	33,514	9,531	3,323
3	Phoenix	39,333	4,605	393
4	Austin	29,118	8,562	1,116
5	Charlotte	33,432	2,574	867
6	New Jersey	33,899	1,085	1,584
7	Miami Metro	27,447	5,992	550
8	Atlanta	30,505	2,041	1,361
9	Los Angeles	20,314	8,485	893
10	Houston	24,348	4,039	963

Phoenix

Phoenix had 44,331 units under construction as of April, with upscale units accounting for 89%, while 10% were fully affordable apartments. RBN units were barely present, with just 1%. Completions through April amounted to 6,618 units, with gains serving mostly the Lifestyle segment (5,761 units), while RBN added 641 units and fully affordable 216 units. Supply growth increased progressively between 2020 and 2024, excelling in 2024 with 24,051 units, up from the 9,263 units added in 2020.



PHOENIX SUBMARKETS



Area No.	Submarket
1N	North Scottsdale
1S	South Scottsdale
2N	North Paradise Valley
2S	South Paradise Valley
3	Sunnyslope
4N	North Black Canyon
4S	Metrocenter
5	Sun City–Youngtown–Peoria
6	Glendale
7	Northwest Phoenix
8	Christown
9	East Camelback
10	Central East Phoenix
11	Uptown
12	Central West Phoenix
13	Maryvale
14	Sky Harbor

Area No.	Submarket
15N	South Phoenix
15S	Mountain Park
16N	North Tempe
16S	South Tempe
17N	North Mesa
17S	South Mesa
18N	East Mesa
18S	Superstition Springs
19E	Gilbert
19W	Chandler
20	Western Suburbs
21E	Union Hills
21W	Deer Valley
22E	Northeast Maricopa County
22W	Southwest Maricopa County
23	Apache Junction

DEFINITIONS

Lifestyle households (renters by choice) have wealth sufficient to own but have chosen to rent. Discretionary households, most typically a retired couple or single professional, have chosen the flexibility associated with renting over the obligations of ownership.

Renter-by-Necessity households span a range. In descending order, household types can be:

- *A young-professional*, double-income-no-kids household with substantial income but without wealth needed to acquire a home or condominium;
- *Students*, who also span a range of income capability, extending from affluent to barely getting by;
- *Lower-middle-income ("gray-collar") households*, composed of office workers, policemen, firemen, technical workers, teachers, etc.;
- *Blue-collar households*, which barely meet rent demands each month and likely pay a disproportionate share of their income toward rent;
- *Subsidized households*, which pay a percentage of household income in rent, with the balance of rent paid through a governmental agency subsidy. Subsidized households, while typically low income, extend to middle-income households in some high-cost markets, such as New York City;
- *Military households*, subject to frequency of relocation.

These differences can weigh heavily in determining a property's ability to attract specific renter market segments. The five-star resort serves a very different market than the down-and-outer motel. Apartments are distinguished similarly, but distinctions are often not clearly definitive without investigation. The Yardi® Matrix Context rating eliminates that requirement, designating property market positions as:

Market Position	Improvements Ratings
Discretionary	A+ / A
High Mid-Range	A- / B+
Low Mid-Range	B / B-
Workforce	C+ / C / C- / D

The value in application of the Yardi® Matrix Context rating is that standardized data provides consistency; information is more meaningful because there is less uncertainty. The user can move faster and more efficiently, with more accurate end results.

The Yardi® Matrix Context rating is not intended as a final word concerning a property's status—either improvements or location. Rather, the result provides reasonable consistency for comparing one property with another through reference to a consistently applied standard.

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- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
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