



MULTIFAMILY REPORT

Phoenix Struggles to Find Footing

January 2026

Deliveries Signal New Annual Peak

Rents Fall, Occupancy Holds Firm

Investment Volume Hits \$3.5B

PHOENIX MULTIFAMILY



Occupancy Holds Amid High Supply

The Phoenix multifamily market continued to adjust to elevated supply in late 2025. Advertised asking rents slid 0.6%, on a trailing three-month basis through November 2025, 30 basis points below the U.S. figure, to an average of \$1,519. Phoenix rents were down 4.1% year-over-year through November, the second-lowest rate recorded among Yardi Matrix's top 30 metros, while the U.S. figure inched up 0.2%, to \$1,740. The occupancy rate in stabilized properties, however, rose to 93.4% in October, in the context of more than 60,000 units added since January 2022.

Phoenix's employment growth rebounded to 0.6% year-over-year through August, trailing the 0.8% U.S. rate. Unemployment was 4.1% in September—on par with the state (4.1%) and below the U.S. (4.3%) rates. Employers added 35,900 net jobs over the 12 months ending in August, with seven sectors recording gains—led by education and health services (19,700 jobs)—while three sectors lost 2,000 jobs combined. Supporting the metro's expansion, Valley Metro's \$1.3 billion South Central Extension/Downtown Hub opened last June, while Amkor Technology is developing an advanced semiconductor campus in Peoria.

Developers added 18,201 units in 2025 through November, while nearly half of the 28,136 units under construction broke ground in 2025's first 11 months. Meanwhile, investors traded more than \$3.5 billion in assets during the same period.

Market Analysis | January 2026

Contacts

Jeff Adler

Vice President & General
Manager of Yardi Matrix
Jeff.Adler@Yardi.com
(303) 615-3676

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x14006

Doug Ressler

Media Contact
Doug.Ressler@Yardi.com
(480) 695-3365

Author

Anca Gagiuc

Senior Associate Editor

Recent Phoenix Transactions

Konrad



City: Phoenix
Buyer: ColRich Multifamily
Purchase Price: \$77 MM
Price per Unit: \$231,928

Echo Biltmore



City: Phoenix
Buyer: Millburn & Co.
Purchase Price: \$71 MM
Price per Unit: \$331,628

Scottsdale on Main



City: Scottsdale, Ariz.
Buyer: Goodman Real Estate
Purchase Price: \$66 MM
Price per Unit: \$555,462

The Morrison

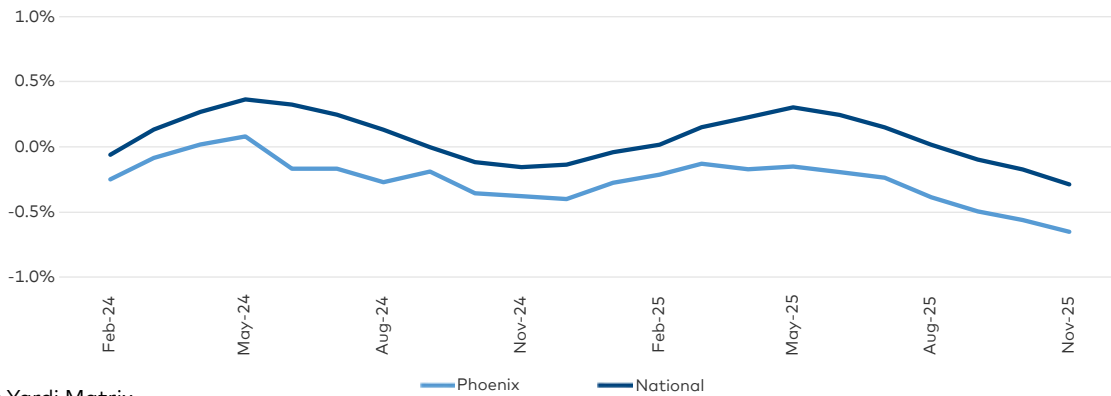


City: Mesa, Ariz.
Buyer: InTrust Property Group
Purchase Price: \$60 MM
Price per Unit: \$177,381

RENT TRENDS

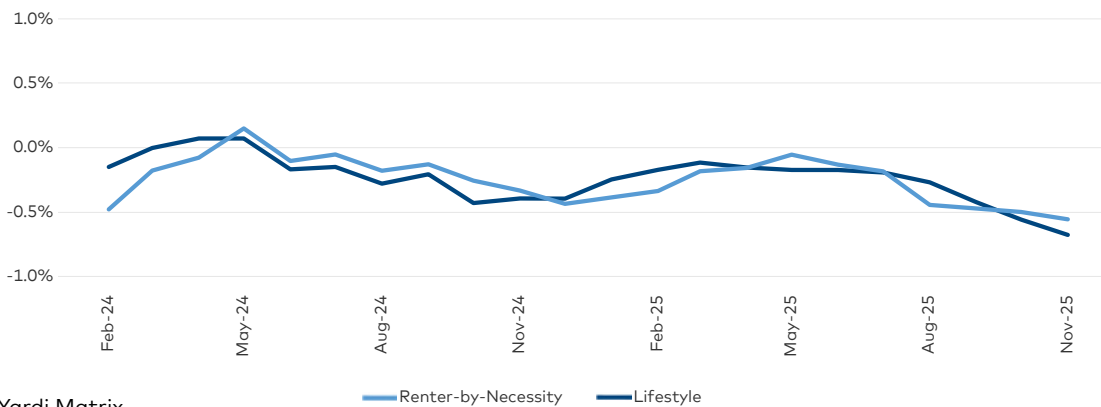
- Phoenix's advertised asking rent fell 0.6%, on a trailing three-month (T3) basis through November 2025, to \$1,519, while the U.S. rate ticked down 0.3%, to \$1,740. While a decline is typically expected during the leasing season, the metro's rent performance reflects ongoing pressure from strong supply growth. Rents fell 4.1% year-over-year through November, while the national figure increased 0.2%.
- Average advertised asking rents for the upscale Lifestyle segment were down 0.7%, on a T3 basis through November, to \$1,708, while the rate for the working-class Renter-by-Necessity segment slid 0.6%, to \$1,251.
- The occupancy rate in stabilized properties remained resilient, up 40 basis points year-over-year, to 93.4% in October. Lifestyle occupancy reached 94.0% following a 30-basis-point increase, and RBN occupancy rose 40 basis points, to 92.5%.
- A few bright spots emerged across Phoenix's submarkets for year-over-year average advertised asking rent growth. The largest increases were recorded in Mesa–Airport (1.5% to \$1,738) and Phoenix–West Uptown (0.5% to \$1,270). The five priciest submarkets all recorded declines. Phoenix–Paradise Valley Village remained the most expensive, at \$1,997 (-3.0%), followed by Scottsdale–North (-1.1% to \$1,928) and Phoenix–Downtown (-1.9% to \$1,925).
- SFR advertised asking rents fell 0.9%, to \$1,980 in November, while occupancy rose 1.0% year-over-year to 93.6% in October.

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 employment growth was 0.6% year-over-year through August, a 30-basis-point increase over the previous month but still trailing the 0.8% U.S. rate. To aid economic development, Arizona awarded \$3 million in grants to apprenticeship programs in 2025, an initiative intended to double participation in 2026. Unemployment reached 4.1% in September, up 60 basis points year-to-date, on par with the state (4.1%) and below the U.S. (4.4%), according to BLS data.
- Phoenix added 35,900 net jobs over the 12 months ending in August. Seven sectors recorded gains, led by education and health services (19,700 jobs) and mining, logging and construction (4,000). The other three sectors lost 2,000 jobs combined, led by information (-1,100) and trade, transportation and utilities (-800).
- Notable projects include Valley Metro's \$1.3 billion South Central Extension/Downtown Hub light rail. The 5.5-mile extension of the two-line network opened in June, having created more than 5,000 jobs during development. Amkor Technology broke ground on a semiconductor packaging and test campus in Peoria and expanded the initial \$2 billion investment to \$7 billion across two phases. The campus will comprise more than 750,000 square feet of cleanroom space and create 3,000 jobs, with the first facility slated for completion in mid-2027.

Phoenix Employment Share by Sector

Code	Employment Sector	Current Employment	
		(000)	% Share
65	Education and Health Services	423.2	17.3%
15	Mining, Logging and Construction	187.3	7.7%
55	Financial Activities	211.1	8.6%
80	Other Services	80.1	3.3%
90	Government	251.2	10.3%
60	Professional and Business Services	384.1	15.7%
70	Leisure and Hospitality	260.1	10.6%
30	Manufacturing	148.1	6.1%
40	Trade, Transportation and Utilities	463.1	18.9%
50	Information	38.3	1.6%

Sources: Yardi Matrix, Bureau of Labor Statistics

Population

- Phoenix's population expanded 14% over the decade ending in 2022, well above the 6.3% U.S. rate.
- As of July 2024, Phoenix's population reached 5.19 million, 6.4% above the 2020 Census, with growth led by in-migration, according to U.S. Census data estimates.

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

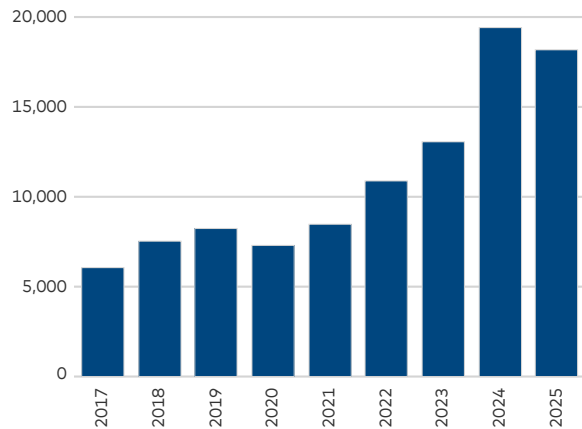
SUPPLY

- ▶ Developers added 18,201 units in Phoenix in 2025 through November last year, equal to 4.7% of total stock. The composition favored Lifestyle projects, which accounted for 84.8% of deliveries, followed by fully affordable (9.4%) and RBN (5.8%). The metro recorded exceptional growth over the past four years, expanding its inventory by nearly 62,000 units.
- ▶ Phoenix's construction pipeline was robust as of November, with 28,136 units underway and another 100,000 in the planning and permitting phases. Lifestyle continued to lead, but with a lower share of units underway (60.4%), followed by RBN at 32%, while units in fully affordable developments comprised 7.4%.
- ▶ Supply pressures will likely continue in Phoenix as new construction remained elevated—12,889 units across 56 properties broke ground across the metro in 2025 through November, slightly below the 15,657 units across 60 properties that started construction during the same interval in 2024.
- ▶ Construction activity was widespread, with 29 of the 46 submarkets tracked by Yardi Matrix having at least one 50-unit project underway. The top five submarkets for development each

had more than 2,000 units underway, led by Phoenix–Downtown (2,659 units), Phoenix–Happy Valley (2,590) and Phoenix–Paradise Valley Village (2,295).

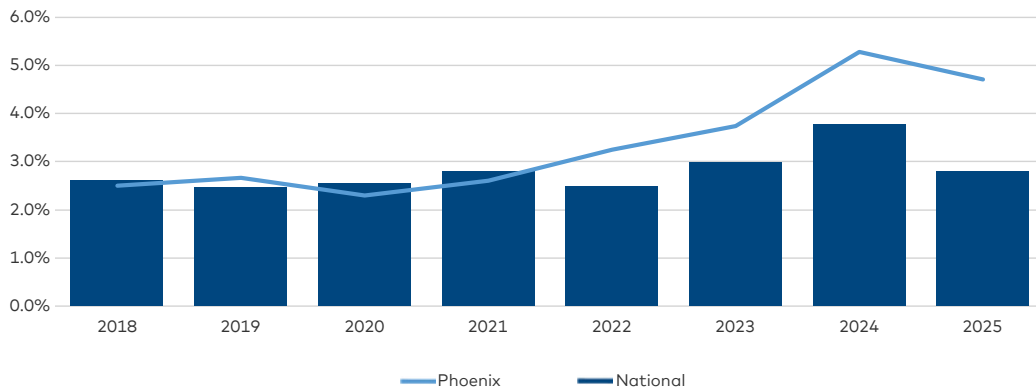
- ▶ Mill Creek Residential delivered 800 units and 30,000 square feet of retail space across three Lifestyle properties in Phoenix–Paradise Valley Village. All three projects were built with aid from construction loans for more than \$274 million.

Phoenix Completions (as of November 2025)



Source: Yardi Matrix

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

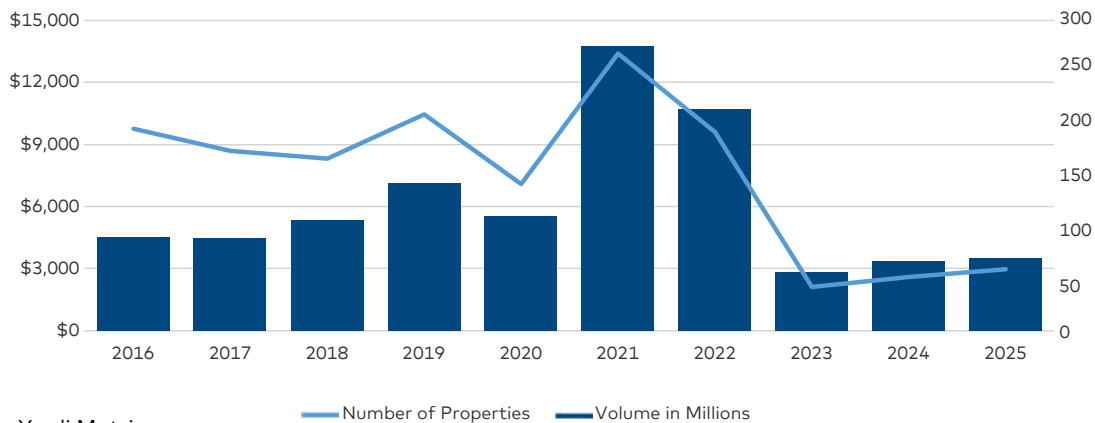


Source: Yardi Matrix

TRANSACTIONS

- ▶ Investors traded \$3.5 billion in multifamily properties in 2025 through November, with stronger activity in the second and third quarters, each at \$1.3 billion. Phoenix's annual investment volume increased for the third consecutive year but was still behind the \$4.6 billion decade average, excluding outlier years 2021 (\$13.7 billion) and 2022 (\$10.7 billion). The sales composition of assets that traded in 2025 through November was balanced across segments—36 Lifestyle and 30 RBN properties.
- ▶ The metro's average price per unit clocked in at \$259,493 in November, down 3.7% from 2024's figure. Meanwhile, the national figure rose 7.0%, to \$206,794.
- ▶ Notable investors across Phoenix in 2025 through November included Fairfield Residential, which made a \$336 million, three-property purchase—one in Scottsdale and two in Chandler—and Mesirow Financial, which acquired two assets in Gilbert for \$234 million.

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



Source: Yardi Matrix

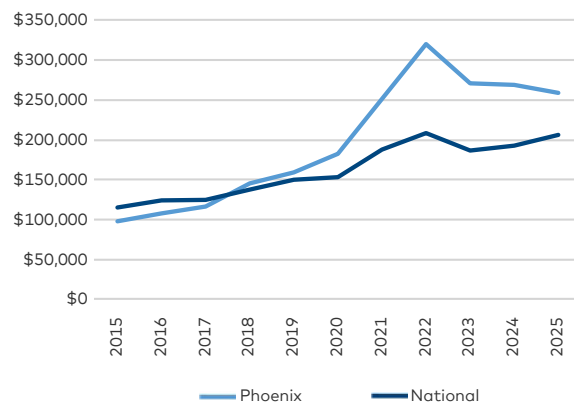
Top Submarkets for Transaction Volume¹

Submarket	Volume (\$MM)
Chandler	767
Phoenix-Paradise Valley Village	566
Glendale-South	312
Gilbert	234
Phoenix-West Uptown	184
Scottsdale-North	174
Mesa-West	158

Source: Yardi Matrix

¹ From December 2024 to November 2025

Phoenix vs. National Sales Price per Unit



Source: Yardi Matrix

Top 10 Markets for Multifamily Transactions in H1 2025

By Vicentiu Fusea

The U.S. multifamily market posted modest gains in early 2025 after a slow 2024, with improving investor confidence amid lower interest rates. National sales rose nearly 20% year-over-year to \$35 billion, and the average price per unit climbed to \$213,092, according to Yardi Matrix. The top 10 markets accounted for over one-third of total sales.

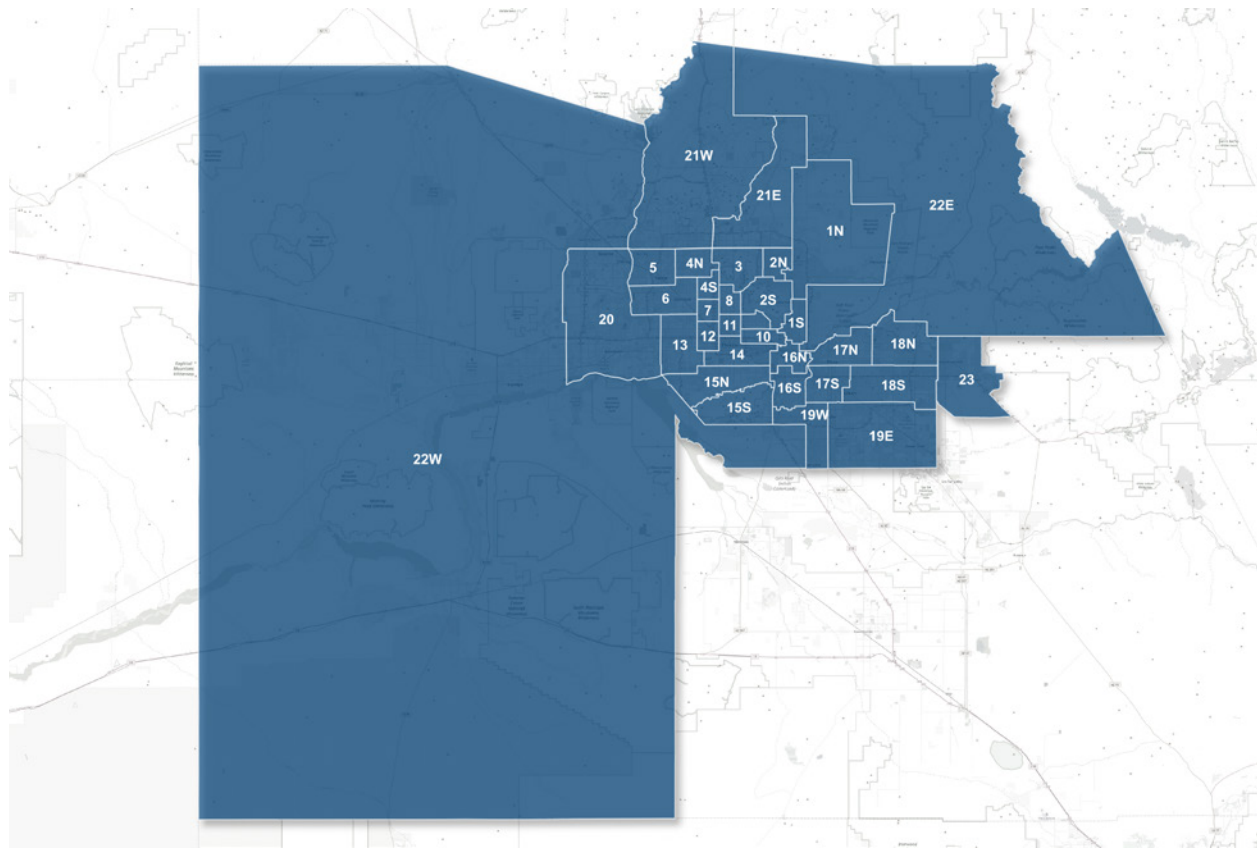
Rank	Market	Sales Volume H1 2025 (Millions)	Sales Volume H1 2024 (Millions)	Properties Traded H1 2025
1	Phoenix	\$1,853	\$1,789	31
2	Seattle	\$1,776	\$602.0	23
3	Atlanta	\$1,657	\$1,491	44
4	Dallas	\$1,608	\$1,219	91
5	Chicago	\$1,362	\$785.3	39
6	Denver	\$1,170	25	19
7	Los Angeles	\$970.7	\$932.7	24
8	Houston	\$960.0	\$1,004	63
9	Portland, Ore.	\$644.8	\$295.2	23
10	Kansas City, Mo.	\$304.8	\$135.1	22

PHOENIX

Phoenix led the nation in multifamily transactions, recording nearly \$1.9 billion in sales across 31 properties totaling 7,284 units. That's slightly above the almost \$1.8 billion and 28 properties that traded a year earlier. However, the average price per unit saw the sharpest drop among major markets, falling more than \$27,000 from 2024's \$297,112. A major deal in May saw Ares Management acquire Zattera, a 392-unit luxury community in Chandler, for \$137.5 million, or \$350,765 per unit.



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.

To learn more about Yardi® Matrix and subscribing, please visit www.yardimatrix.com or call Ron Brock, Jr., at 480-663-1149 x14006.



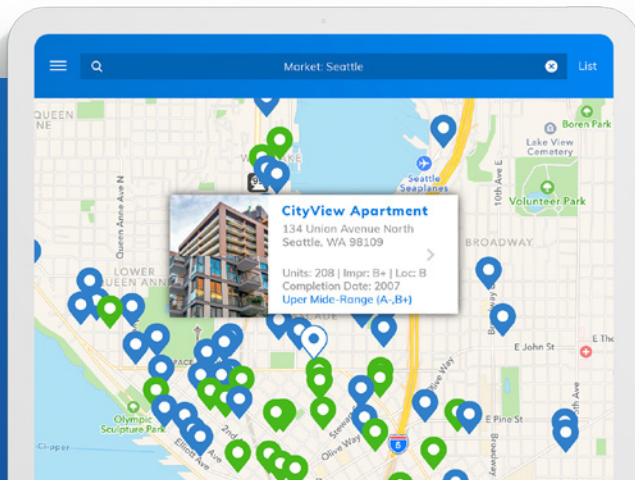
Yardi® Matrix

Power your business
with the industry's
leading data provider



MULTIFAMILY KEY FEATURES

- Pierce the LLC every time with true ownership and contact details
- Leverage improvement and location ratings, unit mix, occupancy and manager info
- Gain complete new supply pipeline information from concept to completion
- Find acquisition prospects based on in-place loans, maturity dates, lenders and originators
- Access aggregated and anonymized residential revenue and expense comps



Yardi Matrix Multifamily provides accurate data on nearly **23.5 million units**, covering over **92%** of the U.S. population.



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