



MULTIFAMILY REPORT

No Sunset In The Valley Of The Sun

Winter 2021



Employment Market Outperforms Nation

Lifestyle Units Lead Rent Growth

Surges In Supply, Property Value

PHOENIX MULTIFAMILY



Strong Demographics Support Rental Demand

Phoenix's proximity to denser, more expensive cities had been fueling migration of both residents and businesses during the second part of the last cycle and the pandemic has exacerbated that trend. This has benefited the metro's multifamily market, boosting demand for multifamily units, which pushed the average rent up 0.8% on a trailing three-month basis through November, to \$1,259. Even so, the figure trailed the \$1,465 U.S. average, which was flat for the fourth consecutive month.

Employment growth in the 12 months ending in September marked a 4.2% decline, well above the -9.3% national level. The unemployment rate slid to 6.2% in September, following a spike in the number of virus cases in midsummer. October preliminary data pointed to an increase to 7.5%. Two sectors added jobs in the year ending in September, including the metro's largest—trade, transportation and utilities—which expanded 2.6%. The sector benefited from its ability to adapt to the current situation and from Amazon's planned expansion, which was projected to bring 3,000 new jobs ahead of the holiday season.

Development maintained pace, with 8,218 units delivered in 2020 through November and another 26,483 under construction. Meanwhile, nearly \$4.4 billion in assets traded, for a per-unit price that rose 12.8% year-over-year to \$182,669.

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Contacts

Jeff Adler

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

Jack Kern

Director of Research and Publications
Jack.Kern@Yardi.com
(800) 866-1124 x2444

Ron Brock, Jr.

Industry Principal, Matrix
JR.Brock@Yardi.com
(480) 663-1149 x2404

Author

Anca Gagiuc

Senior Associate Editor

Recent Phoenix Transactions

Onnix



City: Tempe, Ariz.
Buyer: Western Wealth Capital
Purchase Price: \$118 MM
Price per Unit: \$178,300

Cortland Biltmore



City: Phoenix
Buyer: Cortland
Purchase Price: \$117 MM
Price per Unit: \$462,451

Maxwell on 66th



City: Phoenix
Buyer: DWS Group
Purchase Price: \$113 MM
Price per Unit: \$322,350

Arcadia Cove



City: Phoenix
Buyer: Priderock Capital Management
Purchase Price: \$99 MM
Price per Unit: \$228,009