



MULTIFAMILY REPORT

Phoenix: Riding The Updraft

Summer 2021

Employment Market Outperforms Nation

Construction, Transactions Remain Elevated

Healthy Demand Keeps Rent Growth on US Podium

PHOENIX MULTIFAMILY



Strong Demand Outpaces Consistent Supply

Some of Phoenix's strong points—including lower population density and an income tax rate that's roughly three times lower than California's—continued to encourage relocations to the area, with the pandemic fueling an existing trend. This has helped the metro's multifamily market remain a top national performer. The average rent increased by 0.9% on a trailing three-month basis through April to \$1,316, while the U.S. rate rose 0.5% to \$1,417. Year-over-year through April, the average rate grew by 8.1%. Meanwhile, the national figure was up just 1.6%.

Phoenix's unemployment rate slid to 6.7% in February and preliminary data for March pointed to 6.1%. The employment market posted a 3.7% contraction in the 12 months ending in February, outperforming the -7.2% national rate. The metro's largest sector—trade, transportation and utilities—was the only one that gained jobs during the period, expanding by 2.7%. Amazon's substantial expansion sustained job growth, and its plans for 2021 will likely help maintain the trend.

Last year's elevated transaction activity and stock expansion made 2020 the metro's second-best year this past decade. The trend continued in 2021: Through April, multifamily sales surpassed \$2.3 billion, while developers delivered 3,214 units and had an additional 28,804 under construction.

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Recent Phoenix Transactions

Heritage at Deer Valley



City: Phoenix
Buyer: Millburn & Co.
Purchase Price: \$179 MM
Price per Unit: \$214,543

Ten01 on the Lake



City: Tempe, Ariz.
Buyer: Oxford Properties Group
Purchase Price: \$146 MM
Price per Unit: \$279,158

Andante



City: Phoenix
Buyer: MG Properties Group
Purchase Price: \$145 MM
Price per Unit: \$252,170

Almeria at Ocotillo



City: Chandler, Ariz.
Buyer: Sentinel Real Estate
Purchase Price: \$129 MM
Price per Unit: \$332,262