

**YARDI**<sup>®</sup> Matrix

# Phoenix Rising

Multifamily Report Spring 2017

**Rent Gains Top Nation**

**Central, Southeast Submarkets Attract Development**

**Investment Market Reaches Cycle Peak**

# PHOENIX MULTIFAMILY

# YARDI® Matrix

## Market Analysis

Spring 2017

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## Investor Demand on the Rise

Phoenix is riding a wave of solid performance. New supply is keeping pace with demand, helping to maintain healthy vacancy rates. Employment is improving, and while its rate has slowed from previous years, job growth in the Sun Belt is expected to be among the nation's highest in 2017, thanks to the region's warm climate and relatively low cost of living. Both of these benefits attract people from across the country.

Mining, logging and construction; leisure and hospitality; and education and health services are Phoenix's main economic drivers. The metro's burgeoning economy attracts investment and development; some 784,000 square feet of speculative office product is scheduled for delivery by the end of 2017. Among new deliveries is Ryan Cos.'s 271,000-square-foot regional headquarters for health-care company McKesson, currently under construction in South Scottsdale.

Rents rose 5.1% year-over-year through March, well ahead of the national average. Although homeownership remains less costly than renting, and Phoenix is less expensive than many major markets, affordability is becoming more challenging. Upcoming supply is robust, with more than 9,000 units currently under construction and 16,000 in the planning stages. Investor demand is also strong: More than \$5 billion worth of multifamily properties have changed hands since the start of 2016.

## Recent Phoenix Transactions

Citrine



City: Phoenix  
Buyer: Simpson Housing  
Purchase Price: \$94 MM  
Price per Unit: \$301,000

Mirabella/Luxe



City: Phoenix  
Buyer: Priderock Capital Partners  
Purchase Price: \$88 MM  
Price per Unit: \$122,378

Crescent Scottsdale Quarter



City: Phoenix  
Buyer: Nevada Public Employees' Retirement System  
Purchase Price: \$87 MM  
Price per Unit: \$316,364

Almeria at Ocotillo



City: Phoenix  
Buyer: PASSCO Real Estate  
Purchase Price: \$82 MM  
Price per Unit: \$210,765

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