

**Yardi® Matrix**

# Phoenix's Strong Tailwind

Multifamily Report Winter 2018

**Demand Outpaces Supply**

**Investor Interest Remains High**

**Tech Surge Boosts Economy**

# PHOENIX MULTIFAMILY

Yardi® Matrix

## Market Analysis

Winter 2018

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## Riding the Tech Wave

Phoenix is reinventing itself as a tech hub driven by a diverse economy, welcoming young professionals and investors looking for higher yields in secondary markets. The total transaction volume in 2017 was nearly \$4.5 billion, almost on par with the 2016 cycle peak.

Education and health services led employment gains with 10,100 jobs added in the 12 months ending in October 2017. The technology sector is quickly catching up. Statistics from the Arizona Office of Economic Opportunity Employment show that the professional/scientific/technical services subcategory jumped 4.8% for the same period. Phoenix ranked third among the country's hottest cities for tech jobs in 2017, according to *Money* magazine, with several companies relocating or expanding in the metro. Intel announced a \$7 billion expansion slated to bring 3,000 new jobs to Phoenix. The metro's industrial market is also performing well: Last year, Phoenix achieved its largest-ever annual net absorption gain, reaching 9.8 million square feet.

Development is not slowing down, as population growth and a thriving job market are fueling demand. Roughly 7,500 units are expected to come online in 2018, a projected 15% increase over 2017, when new units were quickly absorbed. Rent growth remains above the national average, despite deceleration in the last few months of 2017. Yardi Matrix forecasts a 5.0% rent growth for 2018.

### Recent Phoenix Transactions

Heritage at Deer Valley



City: Phoenix  
Buyer: Priderock Capital Partners  
Purchase Price: \$126 MM  
Price per Unit: \$150,841

Lakeview at Superstition Springs



City: Mesa, Ariz.  
Buyer: MG Properties Group  
Purchase Price: \$101 MM  
Price per Unit: \$149,408

Andante



City: Phoenix  
Buyer: Security Properties  
Purchase Price: \$85 MM  
Price per Unit: \$148,003

Onnix



City: Tempe, Ariz.  
Buyer: Bridge Investment Group Partners  
Purchase Price: \$77 MM  
Price per Unit: \$116,742

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