



MULTIFAMILY REPORT

Phoenix Supply Soars, Rents Fall

January 2024



Rents Continue Descent

Deliveries Mark New High

Investment Volume Above \$2.5B

PHOENIX MULTIFAMILY



Supply Marks New Record, Rents Decline

Responding to the surge in demand and rent growth, developers expanded Phoenix's pipeline in recent years, but now the metro has reached the tail end of its stellar post-pandemic performance. The average asking rent contracted 3.7% on a year-over-year basis through November, posting the second weakest performance among Yardi Matrix's top 30 metros. At \$1,583, Phoenix was still affordable compared to the U.S. figure, which inched up 0.4% during the year, to \$1,713. Meanwhile, occupancy held on surprisingly well, declining just 60 basis points in the 12 months ending in October, to 93.4%.

Phoenix's employment market expanded 2.1% in the 12 months ending in September, 20 basis points behind the U.S. rate. While three sectors lost jobs—information (-2,700 jobs), other services (-1,500) and manufacturing (-500)—the bulk of the 51,700 positions added were in the education and health services (20,700 jobs), leisure and hospitality (9,600) and government (7,700) sectors.

Deliveries marked a new decade-high, amounting to 11,980 units through November, and unlike the national trend, new construction starts in 2023 increased from 2022's volume. The pipeline had 35,088 units under construction. Meanwhile, investment moderated, with \$2.5 billion in multifamily assets changing hands, for a price per unit that fell 14.6% from 2022 rates, to \$272,467 as of November.

Market Analysis | January 2024

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 x2404

Doug Ressler

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

Author

Anca Gagiuc

Senior Associate Editor

Recent Phoenix Transactions

The District at Scottsdale



City: Scottsdale, Ariz.
Buyer: Fairfield Residential
Purchase Price: \$162 MM
Price per Unit: \$486,446

Aiya



City: Gilbert, Ariz.
Buyer: Olympus Property
Purchase Price: \$112 MM
Price per Unit: \$311,111

MAA Central Ave



City: Phoenix
Buyer: MAA
Purchase Price: \$102 MM
Price per Unit: \$316,873

NOVO Broadway



City: Tempe, Ariz.
Buyer: MG Properties
Purchase Price: \$100 MM
Price per Unit: \$309,414