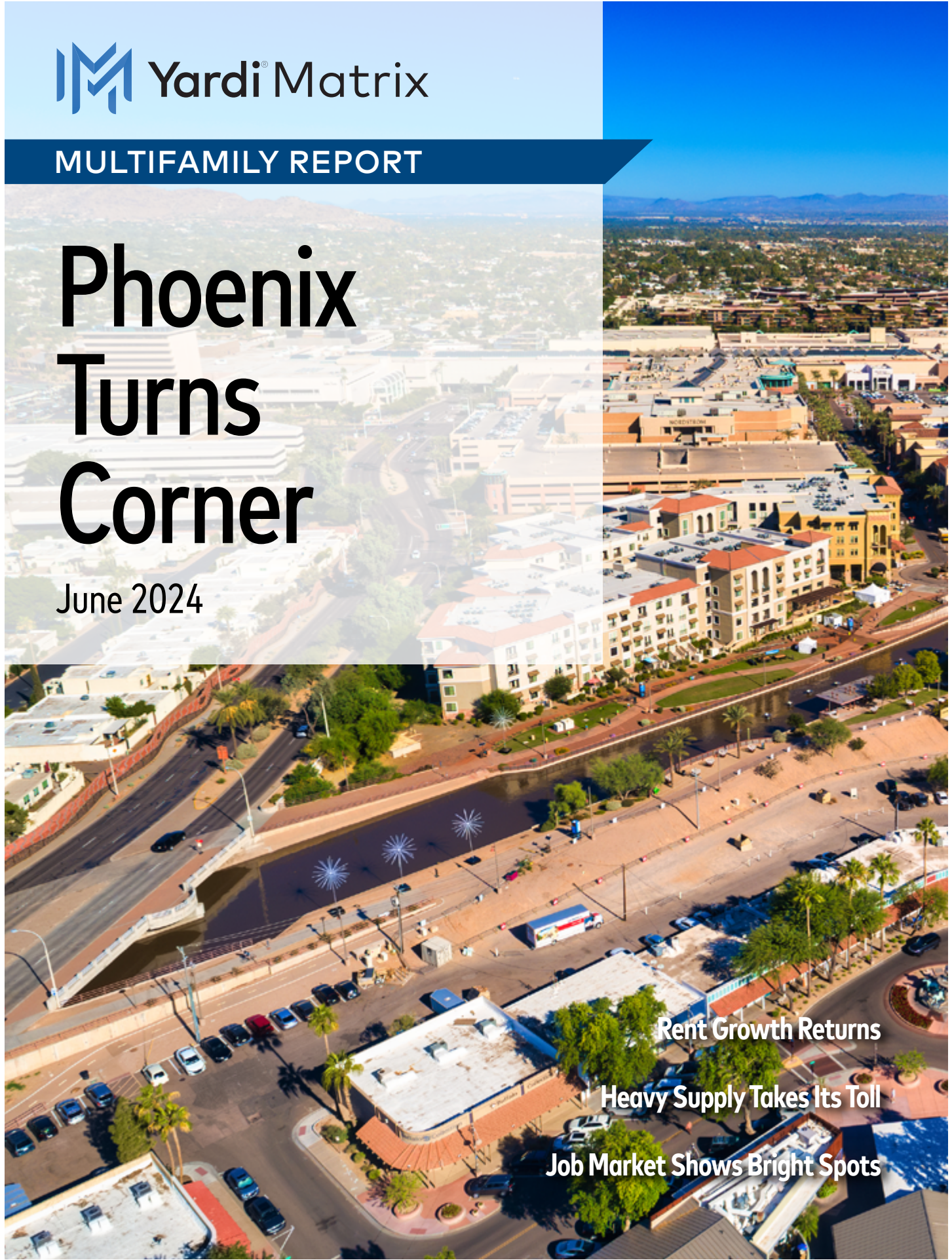




MULTIFAMILY REPORT

Phoenix Turns Corner

June 2024



Rent Growth Returns

Heavy Supply Takes Its Toll

Job Market Shows Bright Spots

PHOENIX MULTIFAMILY



Rents Stable, Occupancy Down

Phoenix's multifamily fundamentals were stable as the new leasing season began, with rents inching up 0.1% on a trailing three-month basis through April, to \$1,587. This followed 20 months of flat or negative performance. Last year's strong supply volume took its toll, with occupancy down 80 basis points year-over-year through March, to 93.1%. However, overall absorption still points to steady demand.

The Phoenix job market added 52,700 net jobs in the 12 months ending in February, for a 2.5% expansion rate, outperforming the U.S. figure by 100 basis points. Unemployment fell to 2.6% in March, reflecting tighter employment than the national and state averages, which were both at 3.8%. Four sectors—information, leisure and hospitality, manufacturing and financial activities—lost a combined 8,300 jobs during the period. Meanwhile, education and health services (27,200 jobs) and government (11,800 jobs) led gains. Despite the current slowdown, manufacturing has bright prospects, with several projects underway, including massive facilities from Intel, TSMC and Amkor Technology.

Developers delivered 3,134 units this year through April and had an additional 35,972 apartments underway. Construction starts, however, declined to 2,120 units in the first four months of the year. Meanwhile, investment remained tepid, with \$715 million in assets trading through April, for a per-unit price that stood its ground.

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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

Skywater at Tempe Town Lake



City: Tempe, Ariz.
Buyer: Weidner Investment
Services
Purchase Price: \$112 MM
Price per Unit: \$341,463

Sentio



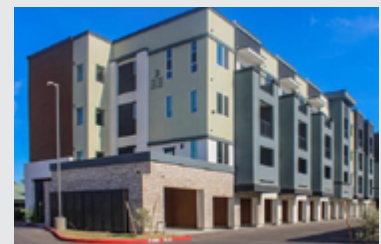
City: Glendale, Ariz.
Buyer: IDEAL Capital Group
Purchase Price: \$108 MM
Price per Unit: \$332,308

IMT North Scottsdale



City: Scottsdale, Ariz.
Buyer: IMT Capital
Purchase Price: \$96 MM
Price per Unit: \$400,000

Alta Chandler at the Park



City: Chandler, Ariz.
Buyer: Olympus Property
Purchase Price: \$95 MM
Price per Unit: \$324,742